THE POLITICS AND GOVERNANCE OF PUBLIC SERVICES IN DEVELOPING COUNTRIES

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Abstract

Politics and governance have become central to explanations of the widespread under-provision of public services in developing countries. Political analysis offers an understanding of what might otherwise appear to be exclusively managerial or capacity problems. The articles in this special issue of PMR contribute to three main aspects of this new literature on the political economy of service provision: how the incentives of elites are formed and affect whether, to whom and how services are provided; how top-down and bottom-up systems of accountability may act and also interact to affect incentives; and the effect of service provision on state-society relations. The analysis in this and the following articles suggests that the politics of service provision should be understood as a cycle of causation: politics affect the policy, governance and implementation of services, but in turn service provision is a theatre of politics and affects citizen formation and the development of state capacity and legitimacy. Taken as a whole, the articles suggest that a political perspective enables new insights into the causes of weak service provision, and how it can be improved.

Keywords: Public service provision, politics, governance, developing countries
INTRODUCTION

The articles in this special issue focus on the effect of politics and governance on the performance of public services in developing countries. They respond to a growing body of literature concerned with how governance and political factors may determine not only whether services are delivered, but also where, to whom, and how well. They explore some of the central tenets of what has been a major trend in development thinking over the past decade or so: putting politics and governance, and their relationship, at the heart of diagnoses of the widespread under-provision of basic services.

This opening article locates the special issue in terms of recent policy and academic debates on our topic. It is pitched at what we take to be PMR’s main readership, which is familiar with public management theory and practice in industrialized countries, but perhaps not with trends in international development circles.

The article proceeds by first sketching the shifts in thinking about the role of government in public services, and the salience of politics and governance as both a cause and consequence of service performance. It goes on to outline the principal themes in the debates about the political factors that influence service provision, noting in particular recent concern with the feedback effects that service provision may have on the stability and legitimacy of the state, particularly in so-called fragile states. Finally, it outlines the contribution of the articles in the special issue to those debates.¹

An initial qualification is in order. While the articles reflect the way that politics and governance have become central to recent analyses of the performance of public services in developing countries, we do not think that any of our contributors would wish to downplay the concomitant effects of management and professional practice. Political analysis helps us to understand what might otherwise appear to be exclusively managerial or capacity problems, but politics do not explain everything.

THE REVIVAL OF CONCERN WITH PUBLIC SERVICES
Thinking about public services has reflected the way the public policy pendulum has swung in both developing and industrialized countries: a movement towards the market and a smaller state, and then a reassertion of government’s role, though often now in partnership with the market and civil society. However, the swings have been sharper in developing countries because external agents have often had their hands on the pendulum, so to speak, and the rhythm has not always been that of slowly changing local circumstances.

The small state ideology of the 1980s and early 1990s as it applied to developing countries was embodied in a suite of economic policies which John Williamson (1990), who observed them in Latin America, was the first to call ‘the Washington consensus’. It is in the nature of a policy consensus that it becomes the One Best Way to do business, in this case to reform economies and public sectors, a kind of policy steamroller smoothing out the political arena. Yet evidence piled up that very often the policies were failing in precisely the countries which seemed to need them most, to a considerable degree because policymakers were tripping over bumps in the political arena which the steamroller had failed to flatten (for example Mosley et al., 1991; Nelson, 1990; Waterbury, 1993; and Whitehead, 1990). Briefly, unless the One Best Way happened to coincide by accident with the interests and priorities of political actors in the relevant countries, those political actors would reject it; and the development agencies, especially the International Monetary Fund and World Bank which led in promulgating it, were powerless to stop them. A landmark World Bank publication, taking those studies on board, cleared the air with the candid admission that ‘the lending cum (policy) conditionality process works well only when local polities have decided, largely on their own ... to address their reform needs ... Successful reform depends primarily on a country’s institutional and political characteristics’ (World Bank, 1998: 52-53).

The reassertion of government’s role in the last decade has led to a revival of scholarly and practitioner interest in public services in developing countries. It derives from a benign confluence of ideas and cash. The Millennium Development Goals (MDGs) adopted at the UN Millennium Summit in September 2000 became the effective agenda for international development, and goals like that of a two-thirds reduction in childhood mortality by 2015 have an obvious implication for public services such as health and sanitation (United Nations, 2011). As a direct consequence, the UN produced no fewer than five reports between 2002 and 2007 on the role of public administration in achieving the MDGs, encouraging governments to ‘make it a priority to improve service access and delivery’ (see World Bank, 2003). The driving force of the MDGs has influenced the focus not only of
policy but also of research on some core services, particularly urban water supply, sanitation, primary education and health (Batley and McLoughlin 2010).

In addition to the thrust of international policy, developing country governments have been in an improving position to put money where their mouths are. The adoption of the MDGs precipitated a substantial increase in development aid spending by the rich countries, ratified at the G8 summit in Gleneagles, Scotland in 2005. More importantly in the long run, economic growth has improved in impoverished regions: dramatically so in China and India, as most readers will be aware, but also in other countries in South Asia and much of sub-Saharan Africa, two regions where so many of the 'bottom billion' live on whom international concern has increasingly concentrated (Collier, 2005). And some of that growth has translated into tax income available to be spent on public services.

Yet none of that in itself changes longstanding features of developing country public administration whose failures were in part responsible for the small state ideology of the 1980s and 1990s. In many places, criticisms persist of inefficiency and patronage or outright corruption in the provision of public services. Some of the most committed advocates of increased aid such as the Gates Foundation have also been the most impatient with the seeming inability of public agencies to play their part in delivering on the MDG promises, and have preferred to bypass them, setting up non-state structures to deliver their programmes (Garrett, 2007).

The late 1990s and early 2000s have therefore seen a growth of concern with the politics and governance of public services in developing countries in three respects. Firstly, the role of government in overseeing if not always directly delivering services has been re-emphasized. Secondly, there has been an emphasis on ‘governance’ as the core development problem, whether at the level of the rules that regulate the public realm or at the local or corporate level of the decision-making arrangements that govern actors within organizations and service sectors (Hyden et al, 2004; Grindle, 2011). Thirdly, political analysis and in particular political economy analysis have been widely adopted by international agencies as well as researchers to explain why public services do and do not work.

**THE POLITICAL ECONOMY OF PUBLIC SERVICES: INCENTIVES, ACCOUNTABILITY, ELITES AND STATE-SOCIETY RELATIONS**

Together with the revival of concern with the politics of development, it has become common currency in development circles that we cannot rely exclusively on technical, capacity-based
explanations in order to understand bottlenecks and inefficiencies in public services. The point about politics and governance being intimately related can hardly be new to practitioners, but until recently we have lacked mid-range conceptual tools for making sense of the relationship. In the last decade we have started to develop some tools. Recent moves to supplement donors’ country-level governance assessments with sector-level political economy analysis are an indication that development agencies are taking the politics of service provision more seriously (GSDRC, 2009). A small but growing niche of academic research is also beginning to critically examine how political economy factors – typically centring on actors, institutions, and incentives - influence whether and how basic services are provided and to whom (Mcloughlin and Batley, 2012). In doing so, it is dismantling some of the catch-all explanations of failure that have dominated the literature up to now, such as lack of political will (Crook, 2010).

In this section we review four topics in this new analysis: the incentives which the political economy creates to provide services, and in what way; systems of accountability; the role and behaviour of elites; and the effect which service provision has on state-society relations.

**Incentives**

The starting premise for the new political economy of service provision is that whether and how basic services are provided, and to whom, can be explained by differences in the way political institutions operate (Mcloughlin and Batley, 2012). Political institutions give policymakers incentives to act on service provision both at the level of the state and at the ‘street level’ (Lipsky, 1980) where citizens experience services. Thus we have what Joshi and Houtzager (this issue) describe as the two-fold problem of service provision. In terms of the former, to what extent does representative democracy create an incentive in the form of meaningful accountability? In terms of the latter, what incentives do street-level bureaucrats have to deliver services well, and to deliver them universally rather than skewing them towards certain ethnic or other kinds of groups?

To understand service incentives, we have to understand the interplay between regime type and the motives of elites (Mcloughlin and Batley, 2012), and the basic incentives, or disincentives, created by the nature of the state and the political settlement. Since empirical evidence has produced divergent and even contradictory findings (see for example, Stasavage, 2005 and Carbone, 2009), researchers have turned their attention recently to institutional variation within rather than across regime types. Booth, for example, argues in this issue that incentives for governments to provide public goods
cannot be deduced solely from regime type, and well-functioning bureaucracies can occur even in neo-patrimonial political systems. Partly because the regime-type model has failed to account for institutional variation, attention has shifted to the specific ways in which incentives for elites to provide universal services arise: for example, how issues like poverty are framed in political debate, and the extent to which the ties of elites to the constituencies from which they draw their support oblige them to respond to their particularistic demands for services (Amsden, DiCaprio and Robinson, 2011).

Consequently, recognizing the importance of elite actors in service provision has entailed viewing those actors as products of the networks in which they are embedded (Unsworth, 2010; McCourt 2003, 2007). In that context, the leadership of elites becomes more a matter of mobilizing constituencies in pursuit of shared and negotiated goals rather than of the heroic determination of particular individuals (Leftwich and Wheeler, 2010). Empirical research on the politics of reform has demonstrated that reform leaders’ ability to alter the political equilibrium of interests and institutions that sustains an existing policy depends on their ability to mobilize their constituencies (Grindle, 2006). This is complicated by the fact that international agencies have often been important determinants of the balance of power between national elites and of the programmes they, at least nominally, follow (Batley, 2004).

**Accountability: top-down and bottom-up**

Holding elites and street-level providers to account is a powerful incentive for them to raise their game. But systems of accountability are also important in their own right, and not only as ways in which incentives are generated. Unfortunately, at least since the World Bank’s *World Development Report (WDR) 2004* (World Bank 2003), we have been painfully aware of the gap between how accountability frameworks are supposed to operate and how they actually operate. Studies from all over the developing world have identified dysfunctional relationships between clients, politicians and service delivery organizations which get in the way of demand-responsive services (McCourt, 2007; Keefer and Khemani, 2003).

Accountability has been viewed from both the top down and the bottom up; respectively, ‘vertical’ or ‘long-route’ accountability of service providers up the organizational hierarchy to their superiors and through them to politicians, and from politicians to citizens through the ballot box; and ‘short-route accountability’ of service providers directly to their clients. (Long- and short-route
accountability are terms coined by *WDR 2004*, which favoured the short route. See also O’Donnell, 1998.) From the top-down perspective, the focus has been on how formal political institutions, including regime type, political parties and the dynamics of political competition, influence the accountability of providers. One explanation for the widespread failure of accountability systems is that of ‘political market imperfections’. In developing countries, it is argued, there are glaring information asymmetries between service users, politicians and providers. Users simply don’t know who to blame when services let them down. Thus the electoral competition which we see over public services in some industrialized countries fails to arise. Moreover, politicians would not be credible if they tried to compete for votes on this basis, given their history of favouring particular groups in service allocations (Keefer, 2007).

Empirical studies have detected this pattern in many places. Some such studies have found that electoral politics generate incentives for politicians to steer public goods to ethnic or other kinds of groups that they favour or whose support they need (see Andre and Mesple-Somps, 2009, and Burgess et al, 2010). Targeting provision at those groups may, unfortunately, be a more cost-effective way of attracting electoral support than delivering good public services to everyone (Collier, 2007). Likewise, popular demand for political accountability may be weak in emerging democracies with legacies of less deliberative political systems (Bratton and Logan, 2006).

The literature which approaches service provision from a bottom-up perspective has been concerned with the conditions under which 'social accountability' based on citizens’ and users’ engagement motivates service providers to do better. But we have learned that citizen-centred accountability is no more a panacea than top-down accountability. Informal controls over public officials are likely to be an inadequate substitute for vertical accountability (Hossain, 2010). Likewise, it may be only a small minority of citizens who directly petition public officials (Unsworth, 2010). Direct user pressure may face severe generic limitations, as Booth argues in this issue, especially when top-down authority and control are inadequate (Booth, 2011; Crook, 2010; Leonard, 2008). Consequently, even the strongest advocates of citizen voice and accountability acknowledge the need to work on ‘both sides of the equation’, making alliances between politicians and senior public officials on one side and groups representing citizens’ interests on the other (Benequista and Gaventa, 2011: 39).

**Services and state-society relations**
As our sketch of the main debates indicates, much of the literature on the links between the politics and governance of public services has focused on the influence of politics on services. However, since roughly the mid 2000s, an interest has emerged in the opposite direction of causality; that is, the effect of services on the very legitimacy and stability of the state. This new concern with the feedback effects of service performance reflects the state-building agenda that some donor agencies have pursued, particularly in ‘fragile states’, and often in queasy combination with a foreign military presence. In such countries, where the fundamental capacity and legitimacy of the state cannot be taken for granted, the provision of basic services has been conceived as part of what constitutes the social contract and state-society relations (OECD, 2010; DFID, 2010). There has been limited empirical research on this aspect of service provision in state-building up to now. The papers in this issue by Alex Hurrell and Ian MacAuslan, and by Derick Brinkerhoff, Anna Wetterberg and Stephen Dunn break new ground in this respect - as we shall outline in the following review of the articles in this special issue.

THE ARTICLES IN THE SPECIAL ISSUE

In planning the special issue, we highlighted three issues. The first was politics as a constituent part of the environment in which service delivery organizations and practices are embedded: not merely a contextual factor, but one which penetrates and shapes organizations and practices. The concern of most of our contributors with the effect of regime types, political settlements, elite incentives, and political competition on service policies relates to that theme. The second issue is service provision as a shaping influence on politics, as we have outlined above. Two of the articles in this issue analyse the effects of services on the distribution of resources and power between social groups, on citizens’ trust and on the legitimacy of governments.

The third issue is the governance of service provision. ‘Governance’ is a term that is used in very different ways in different contexts. Here we use it to signify the internal organizational arrangements that structure relations between service providers, beneficiaries and excluded groups. This is where politics and the state are experienced on an everyday basis by citizens through the services they receive. It is also, from another point of view, where politics is embodied in decision-making structures that order power relations between interest groups.

The separation that we are making between politics and governance is an analytical rather than a practical one: in real life they are of course intertwined. The articles in this special issue therefore
often cover more than one of these aspects of politics and governance, at least partly because all but those by David Booth and by Anuradha Joshi and Peter Houtzager analyse country and service cases which can hardly be understood without noting the interaction between political causes and effects, and contextual and organizational factors. Jeremy Holland, Laurent Ruedin, Patta Scott-Villiers and Hannah Sheppard analyse a project in Nepal that was designed to strengthen excluded groups’ capacity to demand services and service providers’ capacity to respond. Mark Turner examines the introduction of a policy of One-Stop Service Shops in Mongolia, showing how the reform was supported by arguments of efficiency and by the government’s wish to show a commitment to their citizens’ welfare but, on the other hand, obstructed by bureaucratic and political resistance to the loss of control which the reform could have implied.

With regard to service sectors, three articles investigate social insurance and cash transfers. Dan Harris and Jenny Qu Wang examine the structural factors that have framed actors’ incentives for the development of health insurance policies in China. Stephen Jones analyses the socio-political conditions and party competition that have provided the basis for reforms promoting inclusive social protection and health insurance in Nepal. Hurrell and MacAuslan, recognizing that political analysis has hitherto largely focused on the determining effects of politics on policy, explore the counter-argument: how cash transfer programmes have affected politics in Kenya. Like Hurrell and MacAuslan but in another field - water supply in Iraq - Brinkerhoff et al. critically examine the thesis that improved services may increase citizens’ trust and the legitimacy of government.

**Accountability and incentives**

In line with the wider literature on public services, the papers in this special issue indicate that service provision is motivated by expectations of political returns which are not confined to electoral gains, as Harris and Wang illustrate in the case of China. However, the underlying institutional conditions that shape the interests and incentives of political actors have a fundamental importance. Two of them are prominent in this issue: systems of formal and informal accountability that link citizens with public agencies, and the effect of political systems in structuring incentives for state actors to deliver services and public goods.

‘Social accountability’ is often used as an umbrella term to describe all forms of downward accountability to citizens or users. Joshi and Houtzager define it more precisely as ‘citizen-led action for demanding accountability from providers’. They go on to argue that it is essentially a political
process and not a set of apolitical mechanisms or ‘widgets’ (a term that we consider a useful addition to the development lexicon): it is about collective action to hold service providers - whether of the public or non-state sectors; and its form evolves dynamically in response to changing conditions and the priorities of collective actors. In different contexts, they suggest, actors may prioritize accessing information, monitoring of services, making demands, expressing grievances or protesting against the poor quality of services. They call for research on the evolution of such citizen engagement in different contexts and its effects on services.

The main argument of Booth’s article is that there are strong incentives, ideologies and interests among development actors - donors, governments and professional groups - which make them resistant to non-conventional research findings such as the value of ‘working with the grain’ of existing institutional arrangements. He concludes that the political economy of research uptake should itself be a field of research. However, his article is also striking in the context of service accountability because of its support for the view that citizen empowerment cannot be an adequate source of pressure for better service performance on its own. Indeed, he finds that direct pressure from service users in Africa to improve incentives for the delivery of local public services is likely to have only a weak or even negative effect unless it is matched by strong top-down, supply-side pressure from political leaders and senior officials. Drawing on outputs from the African Power and Politics research programme which he has been leading, he argues that neo-patrimonial systems, which have usually been dismissed as anti-developmental, can generate incentives for performance by service-providing organizations even in the absence of bottom-up accountability. In such cases it is possible to work with the grain of established practices despite their manifest imperfections. The article by Holland et al. provides further support through its analysis of donor-led interventions in Nepal to support both social accountability and the capacity of government to respond to citizen demands.

**The politics of policy choices**

Several of the articles trace the way that particular service policies have their roots in, and also owe their development to, the underlying political economy, implicitly contesting conventional explanations of those policies in purely professional or administrative terms. Harris and Wong seek to explain why Chinese health insurance is targeted at specific sections of the population and largely excludes peasant migrants. They examine the structural constraints that arise from the political and economic history of China and the institutional factors that make for fragmentation (social,
bureaucratic, fiscal and administrative), and how these create incentives for relevant actors (government, providers, enterprises, residents and even migrants themselves) to exclude migrants. Their account of the way that the health system is evolving towards universal coverage reinforces Joshi and Houtzager’s stress on the need for a dynamic analysis which recognizes that incentives change over time.

Jones’s analysis of social protection through cash transfers and health care in Nepal is also dynamic. His concern is to explain not only the status quo but also how and why policies have moved towards greater inclusiveness. He identifies four factors that have supported change: the political crises that have transformed Nepal’s political system and constitution, party competition that has led to a search for political advantage through inclusive policies, the ability of senior officials to present the case for social policy to political leaders and a preference for administratively simple policies. However, crisis and political competition do not always have the positive impact on service provision that they have had in Nepal. Turner, explaining the Mongolian government’s cautious reforms, shows how political turmoil and party competition in the 2000s led to a commitment to preserving control through the bureaucratic apparatus which was at the expense of improving services. The One-Stop Service Shops that eventually emerged were a compromise which demonstrated some concern with citizens’ welfare while allowing central government to keep control.

**Feedback effects of service delivery on politics**

There is an obvious circularity between politics as cause of service reform and politics as consequence: if there was no political benefit from providing services, why on earth would elites want to provide them? The articles by Brinkerhoff et al. and Hurrell and MacAuslan use recent empirical data to test whether the expectations of political benefits are realized. They explore the thesis that we outlined above, and which is now adopted by some development agencies: namely that service delivery is an important element of the social contract between states and citizens, and so effective services contribute to the legitimacy of states and to state-building (OECD, 2010).

Brinkerhoff et al.’s paper offers an account of the concept of legitimacy and of the possible chain of relationships from service delivery to increases in trust and legitimacy. Using data from a survey of water services in Iraq and using willingness to pay as a proxy for trust, they suggest that fair and equitable provision plays a role in users’ trust of the state. However, ‘gains (were) contingent and often fragile’ and the effects depend on the starting point in terms of users’ expectations based on previous levels of provision.
Hurrell and MacAuslan’s article is complementary in this respect. After surveying approaches to understanding the influence of politics on cash transfers as a form of social protection, they turn to the less examined topic of the political consequences of social protection, setting up a framework for analysis which they apply to cash transfer programmes in Kenya. They explore the effects on symbolic power (whether and to whom there are legitimacy gains), on the social and political organization of recipients and non-recipients, and on the social distribution of wealth and power. Their conclusion is that the results of cash transfer programmes in Kenya were unexpected and sometimes perverse from a state-building perspective. For example, it was often donors and NGOs, not governments that gained legitimacy from the provision of services; and the programmes encouraged clientelistic rather than collective demands.

CONCLUSION AND DIRECTIONS FOR FURTHER RESEARCH

This special issue contributes to a sphere of analysis that has only quite recently got off the ground in relation to developing countries, but the evidence needs to be strengthened. Some of the following articles bring new light to long-standing research issues, such as how leaders, elites and interest groups negotiate over policy-making, how elite incentives are structured and change in response to crisis, and the effect of accountability systems. Their contribution is to bring this analysis to bear on explanations of performance in service delivery. Other articles focus on emerging issues, like the effect of services in building legitimacy and in citizen formation, which are firmly embedded in donor thinking though on the basis of little evidence. The articles contribute tentative evidence, conceptual frameworks and methodological approaches, but this area is ripe for further methodological development and analysis.

We presented our framework as being concerned both with the influence of politics on services and, in the opposite direction, with the influence of services on politics. The articles in this special issue provide illustrations of both directions of causality, but future research might more explicitly consider the relationship as being reciprocal. Politics affect policies and the governance and implementation of services, but in turn service provision is a theatre of politics and can affect citizen formation, political competition, and the development of state capacity and legitimacy. Closer attention to these circular feedback effects would enhance our understanding of what motivates states to pursue inclusive forms of provision in the first place, and the political returns they anticipate when they do so.
Several of the articles contribute to an important debate about the interaction between top-down and bottom-up forms accountability indicating that they are most effective where they are mutually reinforcing. However, top-down pressures for performance in public services can be effective even where bottom-up pressures are weak. Even in apparently exclusive regime types, political leaders may sometimes have incentives to demand service improvements. The possibility of ‘working with the grain’ of such environments presents challenges to development orthodoxies. Understanding how governments’, donors’ and NGOs’ ideologies, interests and incentives may themselves limit the acceptability of research findings is therefore itself a field for research, as Booth argues.

Research on the politics and governance of service provision has tended to concentrate on particular service sectors, particularly urban water supply, but also other services that are the focus of the MDGs - sanitation, education and health. Several of the articles in this issue bring focuses on social insurance, social protection and cash transfers. Future research needs to develop a more comparative approach, considering how the characteristics of services influence the incentives and relative power of principals and agents, providers and consumers of services.

Finally, readers might reflect on the implications which our special issue may have for services in industrialized countries. A better understanding of elite coalitions, the incentives to which they respond and the systems of accountability which ensure service quality might shed new light on why service innovations have taken root in some places but not in others. The concern with the legitimating effects of service provision in developing countries raises enticing questions about what might be the de-legitimating effects of reduced services in rich countries with declining budgets. A set of articles which complements ours by studying such questions in the context of industrialized countries might provide a basis for comparative research.
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