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Public Service Reforms – Trends, Challenges and
Opportunities

Naresh C. SAXENA

Contents

Need for reforms	2
Merit-based recruitment	3
The new public management (NPM)	4
<i>Reforms in Brazil</i>	5
Whole-of-government approach	6
Improving accountability	8
<i>Performance evaluation system</i>	8
<i>Programme delivery through results based management</i>	9
<i>Citizen Charters</i>	10
Public financial management: Tracking resources for better results	11
Improving stakeholder ownership and participation	13
<i>Outcomes and indicators of participation</i>	14
Decentralisation	15
Political economy of reforms	18
<i>Conditions for success</i>	19
Summing up	22
ROLE FOR THE NEW CENTRE	23
Partnerships and research agenda	24
Public-People partnerships (PPP) and Outsourcing	25
E-Governance	27
Management Information Systems (MIS)	28
Structures of rewards and punishments	29
Training	30
Dealing with increasingly uncertain, and complex policy issues	31
Summing up	32

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Need for reforms

Public service in both the developed and developing world plays a vital role in providing public goods, such as defence, public order, property rights, macro-economic management, basic education, public health, disaster relief, protection of environment, and coordinating private sector activity. A capable public service is essential for creating a favourable investment climate and facilitating people's participation in economic life. As countries get more globalised governments face increasingly complex and cross-cutting issues, such as economic volatility, climate change and migration. Wide use of the internet has made citizens more aware and impatient and that puts public servants under greater public scrutiny. Against this backdrop, public service delivery has acquired new dimensions as governments need to respond not only to changes in the global environment but also to the demands of an active citizenry. Formulating integrated policies and their effective implementation would require an adaptable and efficient public service that can anticipate emerging challenges and ensure that potential strategies are informed by better understanding of future contexts. It must also learn to empower people and be able to work with them, as traditional vertical accountability systems can act as a major impediment to working across boundaries².

There is a widespread perception that public servants in many Governments have not delivered what was expected from them. On the other hand, returns from improving effectiveness of the government are immense. An efficient public service is necessary (though not sufficient) for benefits to reach the socially and economically weaker sections of the society who have fewer alternatives to services provided by government. Mere allocation of funds for programmes that do not work effectively would be a waste of public money unless extra efforts are spent on improving government efficiency, and also to ensure that the poor are able to participate and put pressure on public administration to deliver so that they receive the intended benefits.

The importance of good governance and having honest and competent public sector institutions for a country's economic and social development is now widely accepted. Daniel Kaufmann, who worked as the World Bank's Director for global governance, states that countries that improve their governance effectiveness raise their standard of living, as measured by per capita incomes, by about three times in the long run³. Poorly functioning public sector institutions and weak governance are major constraints to equitable development in many developing countries. In addition, governments must work with the people to 'build anticipative capacity, inventive government and foster an innovative society in order to create emergent solutions to

² O'Flynn, Janine L., Blackman, Deborah Ann and Halligan, John, Working Across Boundaries: Barriers, Enablers, Tensions and Puzzles (September 14, 2011). Available at SSRN: <http://ssrn.com/abstract=1927666> or <http://dx.doi.org/10.2139/ssrn.1927666>

³ World Bank 2000: Reforming Public Institutions and Strengthening Governance: A World Bank Strategy. However growth may take place without following the route of traditional governance reforms, as in Central Asian Republics where the growth pattern is based on export of natural resources (oil, gas) and labour-intensive raw materials (cotton), commodities that allow high degrees of monopoly at the expense of broad-based pro-poor economic development. See Jörn Grävingholt, 2011: The Political Economy of Governance Reforms in Central Asia, German Development Institute

the complex challenges'⁴ that the society may face in future. In other words, the Classical model that saw government as primarily a provider of professional services is no longer sufficient today. Public interest now is a collective enterprise that involves government, citizens and civil society as value creators and co-producers of public goods.

Governments and governance the world over are undergoing a 'paradigm shift' in their traditional roles and structures of inflexible control and procedure orientation, towards result orientation, flexibility, facilitation and a citizen-centric approach⁵. Success however would, to a large extent, depend upon a cultural change in the Civil Services. Excessive caution, reliance on precedents and following the beaten path have to give way to innovation and inventiveness and to trying out new methods. Merit, capability and quality should matter more than mere seniority.

However any external effort towards reforms should take account of the economic, social, cultural, constitutional and political context of the state in which they are implemented. Reforms that have evolved in some developed countries and have improved accountability of their civil service cannot be replicated elsewhere unless local social and political conditions are kept in mind.

Some of the common issues and challenges associated with public service reforms are discussed below.

Merit-based recruitment

The concept of public service in the industrialized countries developed in the late nineteenth century, often with the provision of municipal services of gas and water. Later, other services such as electricity and healthcare got added. However, up to the 19th century, there was extensive nepotism, favoritism, and political patronage attached with the staffing and recruitment of public servants, which was often referred to as a "spoils system". Though some of these characteristics are still prevalent in the first world countries, things started changing with passage of time in some countries. Transition from an oppressive to responsive bureaucracy even in these countries has not been smooth or quick, and has taken almost a century to mature. As state functions and the number of public servants started increasing rapidly in the post War scenario in Western Europe, the need to make them more efficient and outcome focussed was felt leading to reforms in many developed countries, such as UK, New Zealand, and Australia. These countries, though not many others, have aimed to make their bureaucracy have the following characteristics:

- it is merit-based and politically neutral;
- it is well-structured, "right-sized", and well-paid;
- it is accountable, professional, and generally free of corruption;
- it is relatively autonomous, responsive, and representative; and
- it is well-trained, performance-oriented, and relatively open.

⁴ See module 5 of A New Synthesis of Public Administration: Serving in the 21st Century by Jocelyne Bourgon. Kingston: School of Policy Studies and McGill-Queen's University Press , 2011 at <http://www.nsworld.org/>

⁵ Anita Karwal, Effective Public Service Delivery and e-Governance: Who Drives Whom?, at

Although career civil servants in these developed countries are now generally recruited on merit, 'spoils' system continued for short term postings, such as appointments of chairmen of various public sector boards and advisory committees in UK. The non-transparent system was changed in UK only in 1994 to reduce perceived cronyism and to lessen public cynicism. A position of Commissioner for public appointments was created that follows a Code of Practice governing ministerial appointments to public boards based on merit and transparency⁶. For such hybrid appointments in Canada, the Cabinet Secretary's Office proposes a list of candidates to the Prime Minister, who selects a candidate from this list acting on behalf of Cabinet. These recommendations take into account the views (not necessarily his consent) of the relevant Minister⁷. This to a large extent reduces subjective political judgments.

However, not all countries do merit-based recruitment. Patronage—the discretionary allocation of public sector jobs to reward followers and to cement political and personal relationships—continues to be a dominant way government is staffed in most Latin American countries⁸. Its use in the governance of Latin America has a long tradition and is widely spread across authoritarian as well as democratic regimes. Although pressures are mounting to replace patronage-based public administrations with career civil service systems, the region's older systems are proving resistant to the reformers' criticism.

Civil service laws and regulations have not been regularly enforced in these countries. In Ecuador for example, 12,000 employees joined the government in 1983; only 300 of them had taken the required examination; only 10 percent of overall public sector workers had tenure. In Mexico, up to 30,000 positions change hands when new administrations are elected. In Panama, only 18 percent of public positions are not available for patronage and some 25,000 employees were dismissed after elections in 2004. In the Dominican Republic, some 3,000 employees incorporated into the career system lost their jobs in 2004 as a result of a change of government. In Colombia, a 2004 law sought to put an end to five years of legal ambiguity in which provisional appointments reached 38 percent of the career personnel. In Venezuela, some 7,600 people lost their public sector jobs as a result of signing a referendum to recall the president in 2004.

The new public management (NPM)

In the late 1970s and early 1980s, public sectors around the world began to undergo a significant transformation. Driven by trends towards market based efficiencies, new technologies and management models, as well as a public call for more responsive and accountable public services, governments began to move away from state-directed intervention, adopting market norms for public service delivery, applying business principles to their operations, and paying new attention to

⁶ Meredith Edwards, John Halligan, Bryan Horrigan, Geoffrey Nicoll 2012: Public Sector Governance in Australia, ANU E Press Canberra; also Select Committee on Public Administration: Fourth Report at <http://www.publications.parliament.uk/pa/cm200203/cmselect/cmpubadm/165/16505.htm>

⁷ Shepherd Geoffrey 2003: Civil Service Reform in Developing Countries: Why Is It Going Badly? 11th International Anti-Corruption Conference, 25-28 May, Seoul

⁸ This section draws heavily from Grindle Merilee S., 2010 'Constructing, Deconstructing, and Reconstructing Career Civil Service Systems in Latin America', Harvard University, March

customer choice and satisfaction⁹. Many public sectors embarked on sweeping market-driven reforms: privatisation, deregulation, liberalisation, corporatisation, outsourcing, subsidy withdrawal, and budget cuts were introduced in both developed and developing countries. In general, the movement saw the disaggregation of ministries, departments, and agencies into executive agencies who had to sign a performance contract with the Ministry but were given financial and managerial autonomy implementing programmes based on final results or outcomes, rather than inputs and processes¹⁰. Some countries, such as Singapore, where privatisation has not been a priority as public sector was considered quite efficient opted for 'corporatisation' of selected public utilities to introduce business management practices while still retaining public ownership.

Reforms in Brazil¹¹

As opposed to other Latin American countries, reforms in Brazil initiated in 1995 have been quite successful. These aimed at fiscal adjustment, making public administration more efficient and focused on citizens' needs and creating autonomous agencies controlled through management performance contracts. Reforms faced political obstacles, resistance from lower and middle civil servants, unions, leftist political and interest groups; a political elite in fear of losing privileges; and opposition from the judiciary.

Luiz Carlos Bresser-Pereira, Minister of State Reform, was the main intellectual and political architect of the reform. His intellectual leadership was crucial to push these reforms into the spotlight, convince the government, shape public opinion, influence the party members, and get the constitutional amendments approved. He was not only adept at the technical issues but possessed political skills to sell the reforms. His proximity to the President; and the fact that government had brought an end to a decade of unprecedented high inflation and per capita income stagnation helped in making him succeed.

Key elements of Bresser's reforms included¹²:

- gaining credibility by implementing reforms which did not depend on legislative approval but would show immediate improvement such as information technology to manage the payroll and tackling procurement;
- de-emphasizing procedure in favour of accountability for outcomes, and greater autonomy to managers for pursuing goals freely as opposed to close supervision and auditing at each step;
- reforming the entrance system for careers in public service by holding regular public examinations open to university graduates;

⁹ Haque, M. S. (2004): Governance and bureaucracy in Singapore: Contemporary reforms and implications. *International Political Science Review*, 25(2), 227-240.

¹⁰ Haque, M. S. (2003): New public management in Malaysia and Singapore. *Journal of Comparative Asian Development*.

¹¹ Simone Bunse and Verena Fritz 2012: Making Public Sector Reforms Work; Policy Research Working Paper 6174 The World Bank August

¹² <http://www.princeton.edu/successfulsocieties/policynotes/view.xml?id=150>

- breaking away from Brazil's previous centralization, and strengthening the core and simultaneous agencification; and
- entrusting the non-profit sector (social organizations) as primarily responsible for a significant portion of service provision under renewable government contracts, such as in healthcare and higher education.

These reforms led to a decline in the public sector wage bill (from 50% of federal expenditure in 1995 to 35% in 2001), the average wage increase of public officials (21% in 2001), and the rising percentage of federal officials with a university degree (from 39% in 1995 to 63% in 2001). In addition, substantive policy change was achieved in organizational arrangements and personnel legislation. The bureaucratic merit index which evaluates the degree to which effective guarantees of professionalism in the civil service are in place and civil servants are effectively protected from arbitrariness, politicization, and rent-seeking, ranks Brazil amongst the region's top performers.

Whole-of-government approach

NPM sought to create semi-autonomous organizations which could handle individual tasks easily within the organization. But it also led to proliferation and fragmentation of the government apparatus and reduced the capacity to handle multi-sectoral issues, such as unemployment, social unrest and climate change that transcend organizational boundaries and vertical chains of administration. This has led many countries to introduce new reforms as it has increasingly been recognized that the specialization of the public sector apparatus furthered by NPM was not fit to tackle the big issues in society that the government sector was expected to handle. The functional line ministries and autonomous agencies no longer corresponded with some of the more complex problems in society, as there was a mismatch between the problem and the organizational structure¹³.

The new coordination practices are known by various names, such as whole-of-government, integrated governance, outcome steering, joined-up governance, holistic governance, new public governance, networked government, partnerships, connected government, crosscutting policy, horizontal management or collaborative public management. A common feature is the notion that working across organizational boundaries will enable more effective policy development, implementation and service delivery. These new ideas in a way countered 'departmentalization' and a 'silo mentality'.

Since 2001 Norway has embarked on a major reform, inspired by post-NPM, of its central welfare administration. It merged the central pensions and employment agencies and created a local one-stop-shop welfare office in all municipalities. A reorganization in 2008 established regional pension units and administrative back offices in the counties that were allocated tasks and resources by local units. The reform was to improve service delivery of pensions through coordination of the three welfare sub-sectors – pensions, employment and social services so as to make the new welfare administration more user-friendly, to bring more people on welfare into the workforce and to become more efficient.

¹³ Tom Christensen 2012: Welfare reform and 'wicked issues' – from coupling to de-coupling?, University of Oslo, Rokkan Centre For Social Studies, Working paper, April

Much before the idea of NPM got popular the Swedish public administration always had a number of autonomous implementation government agencies operating at arm's length from their 'home' ministries. This separation of policy-making and administration has been practised in Sweden for centuries. However, in 2005 a new Agency was created to supersede the previous 21 geographically dispersed offices, which is responsible for much of the social security system. This amalgamation of regional agencies into a mono agency has helped to bring about a sharp reduction in the number of central government agencies. In 1990 there were 1,394 agencies; by 2007, the number had fallen to 478¹⁴.

Canada too launched horizontal management initiatives to tackle policy issues such as innovation, poverty, and climate change. Australia and New Zealand have improved performance on outcomes and service delivery by rebalancing centre and line ministries, and through rationalizing public bodies to achieve integration of the agendas of various agencies. In UK rather aggressive top-down style whole-of-government initiatives were implemented by the Blair government, which strengthened the role of central government and established structures such as strategic units, reviews, and public service agreements. Both UK and New Zealand have a clear hierarchical component in their style of 'joining-up'. Central control mechanisms have been enhanced while retaining autonomy for the officials charged with delivering services, which shows hybrid features. 'The hierarchical strengthening of the centre has also led to a stronger prime minister's office, in both a political and an administrative sense, as seen in the UK, Australia and New Zealand. It also implies stronger audit systems, tightening up financial management and strengthening governance and accountability regimes, as in Canada. Measures like this are primarily concerned with strengthening central political capacity, potentially making subordinate agencies and companies less autonomous'¹⁵.

In Australia the Prime Minister's office has been strengthened and the specialized agencies have been brought under greater central control. The horizontal dimension, seen as even more important than the vertical, typically concerns policy areas that cut across traditional boundaries. In Australia and New Zealand¹⁶, for example, new organizational units, such as new cabinet committees, inter-ministerial or inter-agency collaborative units, inter-governmental councils, the lead agency approach, and task forces for cross-sectoral programmes have been established with the main purpose of getting government units to work better together¹⁷.

¹⁴ Johan Quist and Anna Pauloff 2009: Centralisation and specialisation in Swedish public administration; Paper presented at the EGPA Conference, Saint Julian's, Malta, 2-5 September 2009

¹⁵ Tom Christensen 2012: Welfare reform and 'wicked issues' – from coupling to de-coupling?, University of Oslo, Rokkan Centre For Social Studies, Working paper April; and Tom Christensen and Per Lægreid 2006: NPM and Beyond: The Second Generation of Reforms, Paper presented at the NASPAA (National Association of Schools of Public Affairs and Administration) annual conference October 19-21.

¹⁶ Tom Christensen and Per Lægreid 2006: NPM and Beyond: The Second Generation of Reforms, Paper presented at the NASPAA (National Association of Schools of Public Affairs and Administration) annual conference October 19-21

¹⁷ Halligan, J. and J. Adams (2004). "Security, capacity and post-market reforms: Public management change in 2003." *Australia Journal of Public Administration*, 63(1): 85-93

The post-NPM reforms focus also on values, such as teambuilding, trust, value-based management, and improving the training and self-development of public servants¹⁸. The argument is that there is a need to re-establish a 'common ethic' and a 'cohesive culture' in the public sector because of the reported corrosion of loyalty and increasing mistrust brought about by NPM, which was rooted in diverse economic theories. Services are now being provided via the internet or by telephone, with the latter entailing the establishment of large regional call centres.

Improving accountability

Traditional governance structures in many ex-British colonies are characterized by rule-based approaches. The focus of the civil services in India, for instance, is on process regulation: compliance with centrally prescribed standards and rules; in other words, how things should be done and how inputs should be aligned¹⁹. With such focus on processes, systems in government are oriented towards input usage: how much resources, staff and facilities are deployed in a scheme, programme or project and whether such deployment is in accordance with rules and regulations. The main performance measure thus is the amount of money spent and the success of the schemes, programmes and projects is generally evaluated in terms of the inputs consumed. Once the allocated money is spent it is taken for granted that the intended outcomes have been achieved.

While such an approach satisfies the considerations of economy of inputs and compliance with process regulation, it fails to indicate the results achieved by the activities of government in general and deployment of public funds in particular. In fact, the focus on inputs for accountability and control has led to a situation in which civil servants are rarely held accountable for the outcomes.

Therefore compliance with rules is not sufficient for achieving outcomes. Obviously, the objective must be to shift the focus away from traditional concerns such as expenditure and activity levels towards a framework that would manage for results by developing robust indicators to assess performance in terms of results. This has been tried in many countries by developing performance evaluations systems, simplifying budgetary procedures, improving stakeholder participation, and through decentralisation of authority. We discuss below these innovations.

Performance evaluation system

Accountability for results requires an effective performance evaluation system, because if one cannot measure results, then one should forget about achieving results in the government. In addition to setting goals and objectives, one should establish institutions to determine whether one is achieving them or moving away from them. Not doing so is analogous to giving medicine to a diabetic patient without having the ability to monitor blood sugar levels.

At present, field officials in many countries spend a great deal of time in collecting and submitting information, but this is not used for taking corrective and remedial action or for analysis, but only for forwarding it to a higher level. As data is often not

¹⁸ Ling, T. (2002). "Delivering joined up government in the UK: dimensions, issues and problems." *Public Administration*, 80 (4): 615-642

¹⁹ Administrative Reforms Commission, 2008: 'Performance Management System.' X Report of the Second Administrative Reforms Commission. New Delhi, Government of India.

verified or collected through independent sources, field officials are prone to reporting inflated data, which renders monitoring ineffective. The field officials are thus able to escape from any sense of accountability. The situation can easily be corrected if governments show greater transparency in record management by putting all relevant information on a website, coupled with frequent field inspections by an independent team of experts, and beneficiary stakeholders.

Government of India by passing the Right to Information Act in 2005 has to a large extent improved transparency and accountability of public servants. In addition, free press, judicial activism and civil society action have also emerged in India as a big corrective factor on the arbitrary use of executive power. After witnessing the enormous impact that the Act made in India, Bangladesh too passed the Right to Information (RTI) Act on March 29, 2009²⁰. Its success requires due publicity and creation of strong demand to achieve its potential. The strong network of Non-governmental organizations (NGOs) that already exists in Bangladesh has helped people to obtain their entitlements of health care, food, education, and other services.

Programme delivery through results based management

Results based management is a programme/project life-cycle approach to management that integrates strategy, people, resources, processes and measurements to improve decision-making, transparency, and accountability. The approach focuses on achieving outcomes, implementing performance measurement, learning, and adapting, as well as reporting performance²¹.

Several governments around the world have recently established 'delivery units' at the centre of government to drive performance improvements. This development may be in addition to whole-of government reforms to improve performance, such as citizen charters, service agreements, or performance reporting. Examples of such units include the UK's Prime Minister's Delivery Unit, the Cabinet Secretariat for Performance Management in India, Indonesia's Presidential Unit, Malaysia's Performance Management Delivery Unit (PEMANDU), and South Africa's 'Delivery Unit,' which falls under the planning commission in the Premier's Office. Such delivery units have a distinctive role of chasing progress on behalf of the head of government, monitor the performance of key government policies, provide a forum for coordination, and give a clear signal that government is holding ministers and senior staff to account for delivering the government's key priorities²².

In Indonesia, the Delivery Unit is located in the Vice President's Office and focuses on delivery of the 11 major priorities of government. In Malaysia, the Delivery Unit is located in the Prime Minister's Office, reflecting the implementation and service delivery leadership role of the PM, focusing on the key results areas. The equivalent unit in Chile is being developed in the President's Office. It is important that the unit

²⁰ The Power of Using the Right to Information Act in Bangladesh: Experiences from the Ground, World Bank, at <http://wbi.worldbank.org/wbi/Data/wbi/wbicms/files/drupal-acquia/wbi/Final%20version%20-%20The%20Benefits%20of%20Using%20the%20RTI%20Act%20in%20Bangladesh.pdf>

²¹ <http://www.acdi-cida.gc.ca/rbm>

²² GET Note: Center of Government Delivery Units, "Recently Asked Questions" Series November 2010 at <http://siteresources.worldbank.org/EXTGOVANTICORR/Resources/3035863-1285601351606/NovemberGetNote.pdf>

is given the full support of the highest level of the executive, with most located close to, and enjoying the direct patronage of, the President or Vice President.

Citizen Charters

Citizen Charters (CCs) are public agreements between citizens and service delivery providers that clearly lay down expectations and standards in the realm of service delivery. Introduced by the United Kingdom in the early 1990s, CCs are now being tried in a number of countries—including the United States, Kenya, India, Jamaica, and Mexico—to improve the quality of service delivery and enhance public sector management. At the outset, it is important to note that the success of CC interventions is contingent on promoting substantial process-oriented, organizational, and cultural changes within service delivery organizations. Accordingly, while drafting a CC is a step in the right direction, the effectiveness of CC interventions ultimately depends on engaging stakeholders and establishing a clear commitment to making the CC part of an organization’s “DNA”²³. The extent to which CCs are effective is based on a number of interrelated factors: they must reflect citizens’ priorities, have the support of senior management and staff, and include a well-functioning grievance redress mechanism.

Box 1: Mayor’s declaration in Philippines²⁴

Since 2001, we have been issuing what we call a Citizens Charter. We passed a local law requiring City Hall to have the Citizens Charter updated every three years. That charter tells you exactly what the city government is going to do for residents of the city. For instance, issuance of business permits, issuance of building permits, who is responsible, what are the fees, and the like. All that information is published in a book. The book is distributed to residents of the city so they know exactly what they can expect of their City Hall. This minimizes corruption significantly. When you know the procedures, when you know who is responsible for the procedures, it makes the system transparent and accountable. —Jesse Robredo, Mayor of Naga, Philippines

Right to Public Services Laws²⁵ - One positive development in India has been the enactment of the Right-to-Public-Services Acts by several state governments with five declared intents: (a) assurance of the service, (b) service within a stipulated time frame, (c) holding designated officers accountable, (d) a system of grievance redressal by two stage appeal, and (e) a system of penalty and fine for delay/denial in service. The services may include documents (certificates, licences and permits), cash (pension, stipends) and kind (electricity, water connections). It is encouraging to note the enthusiasm of the State bureaucracy in pushing for its implementation, as they are taking proactive steps to digitize parts or the whole of the service delivery system connected with these services, with clear internal control and transparency built in it.

²³ World Bank, Citizen Charters: Enhancing Service Delivery through Accountability

²⁴ http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2011/08/24/000386194_20110824014624/Rendered/PDF/638900BRI0Citi00Box0361531B0PUBLIC0.pdf Citizen Charters:

²⁵ Based on Sircar, Ashok Kumar. 2012: ‘The Right-to-Public-Services Laws,’ Economic and Political Weekly, 47(18). 5 May

One good example is Bihar, the poorest state in north India, where the designated monitor can track each application by name on his/her computer screen. The enthusiasm of the State governments, at a time when the political class and bureaucracy are suffering from low public credibility, is probably an indicator of a conscious political attempt to regain the faith of the middle class in the political and bureaucratic system. These rights-based legislations are clearly an attempt to regenerate faith in public administration in the Hindi heartland well known for its fractured polity and unstable political allegiance.

One way to bring in accountability is to start the system of holding public hearings in matters pertaining to the works handled by each office. Prominent social workers and NGOs should be associated with this exercise for more productive results. The teams would undertake surveys of quality of service delivery in key areas; scrutinize policies programmes and delivery mechanisms. Civil servant's views on work constraints and reporting fraud and corruption should be elicited. The reviews conducted should also form the basis of time bound changes and improvements which should be monitored.

Needless to say that such comprehensive reforms need for their sustenance strong political and administrative will from the top. In its absence, reforms remain only on paper. Accountability has to be induced; it cannot be decreed by fiat. Accountability is a result of a complex set of incentives, transparency in processes and decision making, and checks and balances at various levels of government. Thus, the seniors in the government departments have to put their weight behind new accountability systems and review it from time to time.

Public financial management: Tracking resources for better results

Sound public financial management is an essential part of good governance. It supports the efficient and accountable use of public resources, helps foster macroeconomic and fiscal stability, and guides allocation of resources to address national priorities. Since resources can leak wherever systems are weak, public financial management covers all phases of the budget cycle including budget preparation, internal control and audit, procurement, monitoring and reporting arrangements, and external audits. While fiscal deficits are common, some countries have difficulty in spending the available resources effectively, and departments are obliged to return resources to the Finance Ministry at the end the fiscal year. Identifying the symptoms and their causes is thus an essential prerequisite to designing reforms²⁶.

The World Bank has identified six objectives in public financial management: Policy-based budgeting; Predictability and control in budget execution, accounting, recording and reporting expenditure; External scrutiny and audit; Comprehensiveness and transparency; Budget credibility; and sound donor practices.

Often departments are not able to spend their budget allocations within time. This may be due to many reasons, such as inability to find contractors to build the planned facilities; shortage of trained staff (e.g. teachers, nurses) to deliver the services, or

²⁶ European Commission 2009: Public Sector Reform, An Introduction, January, at http://www.quebec.ca/observgo/fichiers/10454_GRA-1.pdf

capacity constraints in the administration to design, manage and deliver the programmes²⁷. Often the budget cycle is too short for full utilisation of funds for capital works. Expenditure budget should be valid for two to five years, so that capital expenditure can be completed without surrender of funds. In Singapore, expenditure budget is valid for five years, and Departments are free to exceed or delay their annual allocation without any reference to Parliament (see Box below).

Box 2: Establishing accountability between budgets and performance in Singapore²⁸

Each Ministry in Singapore sets a spending ceiling for the next 5 years, which is derived through a zero-based approach, whereby the Ministry's line item expenditure patterns and needs are used to determine a baseline budget. Until the next 5-yearly review, the baseline budget will grow in proportion with the smoothed GDP growth rate, which means that each Ministry's annual spending ceiling is automatically adjusted to economic conditions. Within this ceiling, Ministry of Finance (MOF) empowers the line Ministries to make spending decisions based on their respective strategic outcomes and priorities. Ministries can borrow, with interest, in one year against allocations in subsequent years or to rollover funds from one year to subsequent years. They are also able to tap on budget savings they had set aside during the past three years. Hence, the 5-year spending ceiling provides certainty, predictability and fiscal discipline for funding in the medium term, while allowing for some degree of flexibility in adjusting annual nominal budgets through the allowance for carry forwards, advances and rollovers.

While block budgets provide Ministries with a great deal of autonomy, this decentralised approach to budget management is balanced by accountability measures such as budget feedback mechanisms to ensure that resources are allocated efficiently and used effectively. Key performance indicators are developed and monitored by Ministries to support whole-of-government outcomes developed jointly by MOF and line Ministries. Performance information is used mainly by the relevant Ministries in assessing strategy, though the MOF does use the information when evaluating each Ministry's block budget and medium term funding needs.

Block budgeting produces strong incentives for Ministries to reduce waste and improve their processes, and imbues public agencies with more confidence to make investments for the future. It transforms the nature of dialogue between the MOF and the ministries — from short-term oriented haggling over detailed budget allocations to longer-range discussions about medium-term strategic priorities and outcomes.

Ghana²⁹ improved its budget classification system and identification of pro-poor spending to enable the better management and tracking of spending. It brought in regular reconciliation of accounting and banking data to assure the integrity of

²⁷ European Union 2009 Public Sector Reform, An Introduction, March

²⁸ Saxena, N.C. 2011. Singapore Public Service and National Development, Ministry of Foreign Affairs, Singapore 2011

²⁹ These examples have been taken from Public Financial Management: Tracking Resources for Better Results, at <http://siteresources.worldbank.org/IDA/Resources/IDA-PFM.pdf>

budget expenditure reporting and reduced expenditure payment arrears. In budget reporting, it improved the classification of in-year expenditure reports to match the budget and enable closer management of spending to improve accounting accuracy. Progress was shown by the 2006 budget being the first to be enacted before the start of the financial year, an achievement repeated in subsequent years. The budgets also gave more information about internally-generated funds and donor grants. Key factors that helped produce progress include strong country commitment to improving public financial management performance, an external assessment that highlighted weaknesses, and a government-led reform strategy. IDA helped by providing technical assistance, analysis, and donor co-ordination to support the government strategy and lending.

Mali has also made good progress in strengthening budget preparation and execution. A medium term expenditure framework has been introduced and extended to several ministries. Budget execution has been improved by decentralizing important functions from the Ministry of Finance to spending ministries, increasing their responsibility and management for a smooth budget process. Government leadership around public financial management reforms is well-supported by donors, including IDA.

In Nigeria, IDA has helped the federal government since 2003 to make progress on macroeconomic and governance reforms, including the introduction of an independent oil price fiscal rule. To promote governance reforms at the sub-national level, where about 50 percent of public expenditures take place, the World Bank has supported three states in improving their public financial management and public administration and law reforms. The project helped double tax revenues of two states, while at the same time cutting in half the time to submit relevant financial reports.

Improving stakeholder ownership and participation

Participation of the local people in programme delivery not only improves the confidence of the women and other marginalised groups in themselves, but also

- makes bureaucracy more accountable and hence improves the efficiency and effectiveness of government programmes;
- improves their awareness and hence makes them better recipients of intended benefits of government programmes;
- ensures that MNCs and big business (often they also control media and are able to project their interests as national interests) do not dominate policy and implementation; and
- reduces repression and exploitation.

In the recent years, participation and empowerment has been one of the goals in many development programmes. However it has often remained more or less rhetoric, as an ideology without a methodology. Much of the development effort continues to be supply driven, top-down, does not involve people, non-transparent, and hence full of leakages and not sustainable³⁰.

³⁰ Saxena N.C. 2012, Administrative Reforms for Better Governance, National Social Watch, New Delhi

A limited view is that participation means getting people to agree to and go along with a project which has already been designed for them, or to get support of a few leaders. This has been the approach in many development schemes that did not work. People did not identify themselves with the assets created such as the hand pump or trees planted, nor did they undertake the responsibility of maintenance of assets. "I manage, you participate", was the dominant underlying principle behind such projects. These tended to try to make people aware of their responsibility without giving them any authority to spend funds or to manage assets. People's participation was then expressed not in a manner that would establish their rights over assets, land or its produce. The important question is, participation for whose benefit, and on what terms?

Participation should include the notions of contributing, influencing, sharing, or redistributing power and of control, resources, benefits, knowledge, and skills to be gained through beneficiary involvement in decision making. Participation is a voluntary process by which people, including the disadvantaged (in income, gender, caste, or education), influence or control the decisions that affect them. The essence of participation is exercising voice and choice, and developing the human, organizational and management capacity to solve problems as they arise in order to sustain the improvements.

Outcomes and indicators of participation³¹

Participation in decision making is an important capacity building process. As people participate in making new decisions and solving problems, learning takes place. This learning is internalized, because it is accomplished experientially. It therefore leads to changes in attitude, behaviour, confidence, and leadership. Newly acquired knowledge is therefore the first outcome of participation.

Empowerment is a result of participation in decision making. An empowered person is one who can take initiative, exert leadership, display confidence, solve new problems, mobilise resources, and undertake new actions. Empowerment, it is hypothesized, is an important outcome of high levels of participation involving control over decision making for a range of activities. Hence empowerment is a leading outcome of successful capacity building at the individual and institutional levels.

The third outcome is organization building. Decentralized programmes require strong local organizations. When local organizations get the opportunity to manage resources and support development, they can become stronger. Participation in decision making is hypothesized to strengthen the capacity of local organization to carry out activities. Local organizations can be a few people working on joint management committees, or a village council, or organizations of several villages.

These three outcomes of participation – learning, empowerment, and a vibrant organization – need to be measured through observable indicators, which will vary from project to project. Each project must develop clearly observable indicators on people's participation, so as to judge whether they are on track or not. Such

³¹ Saxena N.C., Nadine Speich, and Paul Steele (2005), Review of the Poverty - Environment Links Relevant to the IUCN programme, April, IUCN, Geneva

indicators should then be given to monitors and evaluators, who have to do mid-course evaluation and impact assessment.

A report³² analysing almost 500 studies on participatory development programmes shows that in the short run distributing cash or other material payoffs induce people to participate, but such benefits are not sustainable in the long term. After the source of funds from the project dries up, committees are disbanded or abandoned, and the livelihood base of the poor remains only marginally improved, if at all. 'Only when projects explicitly link community-based organizations with markets, or provide skills training, do they tend to improve group cohesiveness and collective action beyond the life of the project'. The report also suggests that outcomes are better when formal decentralized institutions are created with resource allocation in favour of the disadvantaged.

Decentralisation³³

A more formal way for inducing local participation is decentralization of resources and authority to local governments. Since the early 1990s, many developing countries have taken bold policy decisions to promote decentralized governance. Some examples are: transferring decision making powers to province-level and district-level governments (regencies and municipalities) in Indonesia, creating elected councils at the sub-district and village level in India and entrusting them with implementation of development programmes, replacing the bureaucrat as district head by an elected nazim (administrator) in Pakistan, and allocating spending responsibilities in Vietnam to lower level governments at the province, district and the commune (a group of villages) level through their respective elected People's Councils.

Major arguments put forward in favour of decentralization are: increased grass-root democracy, protection of freedom and human rights, increased efficiency through delegation of responsibility, higher quality of services, and enhancement of social and economic development aimed at overall poverty reduction.

However, local governments may lack the capacity to translate national visions and strategies into concrete measures. The legal and regulatory system may not provide for full and meaningful participation of citizens in resource allocation and expenditure decisions. In such a situation local service delivery may deteriorate where financial and administrative capacity is weak. Increased local authority without adequate capacity may allow the elite to dominate local politics. It may lead to increased corruption, especially when financial oversight of local officials is weak. Hence capacity development instruments must accompany along with decentralization, or follow soon after creation of local institutions.

Such policy instruments may be: clear assignment of decision making powers with appropriate administrative staff and functions, fiscal decentralization, promoting participation and decision making by the people through locally elected councils with

³² Mansuri, Ghazala, and Vijayendra Rao. 2013. *Localizing Development: Does Participation Work?* Washington, DC: World Bank

³³This section is based on author's paper for UNDP available at http://www.thepowerofhow.org/uploads/resource/CD_Strategies_to_support_Decentralization_in_Asia_27.pdf

special attention to the marginalized sections of society including women, and most importantly, building accountability relations.

In Cambodia decentralization reforms took place in January 2001 which provided citizens to elect commune councillors. However, there is a general lack of clarification and delineation of mandatory and optional tasks in service delivery. No significant public service has been delegated to commune (called sangkat) councils. De-concentration to these councils has been confined to relatively routine activities such as civil and voter registration and the collection of basic statistical information related to development planning. Despite the commune/sangkat's capacity to do much more, there is a hesitation or unwillingness of most national ministries to delegate substantial powers to any sub-national agency³⁴.

On the other hand, transfer of power to provinces and district governments in Indonesia has been accompanied with transfer of about two million central civil servants to the regions and districts, which has built the capacity at the local level and improved service delivery, besides strengthening grassroots democracy.

One of the ways to assess the extent of financial decentralization is to study the ratio of sub-national share in total revenues and expenditure. China and Mongolia have a sub-national share of public expenditures over 30 percent, while Malaysia and Indonesia are under 20 percent, and Philippines and Thailand under 10 percent³⁵. However, higher expenditure at the local level should be matched with higher tax collection at that level. For instance, the share of local bodies in total revenues is less than five per cent in India, rendering them totally dependent on central and state governments for devolution of funds.

It is tempting to argue that the more dependent local bodies are on their own citizens for financial resources, the more likely they are to use scarce material resources to promote their perceived development needs. They should therefore not only decide the rate of taxes (subject to a minimum prescribed from above) on land, irrigation, drinking water, power, new construction, and houses, but also be given the authority to levy taxes on politically unpopular subjects such as agricultural income on large holdings. However this view point has been contested in some empirical studies³⁶.

³⁴ CHHIV Yiseang and Philippe LAFOSSE 2007, Deconcentration, Decentralization and Poverty Alleviation: The Case of Cambodia, paper presented at the International Conference on "Public Administration and Governance at the Forefront of Change: Dimensions, Dynamics, Dysfunctions and Solutions" December 5-7, Manila, Philippines

³⁵ Fiscal Decentralization and Citizen Participation in East Asia, at <http://unpan1.un.org/intradoc/groups/public/documents/apcity/unpan049833.pdf>

³⁶ . There is an interesting IDS report, which asserts that "governments of countries that are administratively decentralized (deconcentration) tend to spend a higher proportion of their revenues on pro-poor social spending while politically decentralized states spend little on social sectors. The research concludes that "there is no consistent, significant statistical association between the degree of fiscal decentralization and pro-poor public spending. See Institute of Development Studies, University of Sussex: www.id21.org/society/s8aas1g1.html

Box 3: Indirectly elected district nazims in Pakistan – accountable to whom?³⁷

The indirect election of the district nazim (administrator) in Pakistan complicates the accountability linkage with voters because the re-election of an incumbent nazim is not decided directly by the voters, but rather by a few hundred union councillors who function at the sub-district level. Indirect elections like these raise the potential for abuse. Nazims are very conscious of the need to keep their "electoral college" (i.e., the union councillors) on board. Therefore, they often decide to use funds by parcelling out small sums to councils in order to try to secure support. As a result, union administrations may not be left with sums needed to carry out the schemes their constituents need, particularly water and sanitation for rural areas. Conversely, where nazims have used other criteria to allocate development funds between union councils, those who have received little funds have accused the nazim of partisan behaviour.

Safeguards against elite capture - The overall outcome of decentralization in developing countries is mixed: good and not so good cases of success. Despite an elaborate legal framework to ensure participation of weaker sections of citizens in resources, benefits and services, elite domination prevails. For instance, public goods provided by the local government are community and site specific and it is often possible to exclude immigrants, minorities, or some other ethnic groups. Specific safeguards are needed to protect their interests.

Accountability is a prerequisite for improving public sector performance, and information is the key to accountability. Unless the public knows what public goods and services are provided, how well they are provided, who the beneficiaries are, how much the goods and services cost, and who paid for them, local constituencies will not encourage effective government³⁸.

Through a carefully designed methodology, it is possible to measure the performance of local institutions, and to what extent they are inclusive and participative. Their performance should be publicised so as to increase the sense of competition amongst them. Bangalore (a metropolitan city in South India) and several other Indian districts use report cards to evaluate service delivery, Uganda requires beneficiary feedback on some government services, and Nicaragua used a series of public opinion surveys to reform the bus system and adjust fares.

Decentralization may reduce the imbalance between the centre and the regions, but, in the absence of appropriate accountability norms, it may increase the disparity between the richer and the poorer regions. For instance, the concern of some Indonesian and foreign experts is that in the absence of transparency and accountability at the local level, decentralization could bring about corruption and the rise of "little kings" in the regions. In this regard, it is worth noting that the experience of the Philippines with decentralization was not entirely successful. According to former Philippine Presidential Adviser Jose Almonte, some of the

³⁷ Manning N., Porter D., Charlton J., Cyan M. and Hasnain Z. (2003): Devolution in Pakistan – preparing for service delivery improvements, Working Paper prepared for the Forum on Intergovernmental Relations and Service Delivery in Pakistan 27-29 June 2003.

³⁸ <http://www1.worldbank.org/publicsector/decentralization/what.htm>

unintended effects included corruption at the local level, emergence of fiefdoms, and degradation of services formerly delivered by the central government.

To sum up, effective public service performance requires both, centralization and decentralization, and a healthy balance between the two needs to be maintained for effective and efficient functioning of government. There are some functions that cannot or should not be financed and managed in a decentralized fashion. Even when national governments decentralize responsibilities, they should retain crucial policy and supervisory roles. At the same time they should create such enabling conditions that allow local units of administration to become effective. With passage of time the local governments could take on more responsibilities.

Political economy of reforms

While designing any strategy for reforming the civil services of developing countries the political context has to be kept in view. Trying to promote a universal model of reforms along the lines of UK or New Zealand in which civil servants are chosen on merit, protected from arbitrary removal, and remain politically neutral is not likely to succeed unless there is political consensus amongst the national elite on such a model. Power in many countries is intrinsically linked with kinship, ethnicity or personal factions that shape the roles, behaviours and expectations of all stakeholders. Institutions and personal interests in such countries may thwart formal incentive and accountability systems and prevent mobilisation on the basis of shared interests rather than narrow sectional loyalties, and thus influencing negatively on the outcomes of civil service reforms³⁹.

Even in many democracies of the developing countries the quality of public management depends to a large extent on the nature of party politics and the quality of political leadership. There is a growing belief widely shared among the political and bureaucratic elite in many governments that state is an arena where public office is to be used for private ends. Immediate political pressures for distribution of patronage are so intense that there is no time or inclination for the ministers and bureaucrats to improve governance, do conceptual thinking to design good programmes, weed out those that are not functioning well, and monitor the programmes with a view to take remedial action to improve the effectiveness of delivery.

External donor pressure for reforms is thus often nullified due to resistance from those who stand to lose from the reforms. The losers may not only be the politicians, often civil servants too oppose reforms. Although many senior civil servants in India hold the view that it is the nature of politics that largely determines the nature of the civil service and the ends to which it would be put and, therefore, civil service reforms cannot succeed in isolation, causation is also in the other direction. Non-performing administration leaves little choice to the politicians but to resort to populist rhetoric and sectarian strategies⁴⁰.

³⁹ <http://www.ids.ac.uk/idsproject/the-political-economy-of-successful-governance-reforms>

⁴⁰ Saxena N.C. 2010, The IAS Officer – predator or victim?, Commonwealth & Comparative Politics, Vol. 48, No. 4, November, 445–456

Harun⁴¹ argues that civil servants in Indonesia opposed reforms as it meant downsizing or reduction in their wages or perks. More accurate monitoring and reporting of financial operations were also seen as a direct threat to their income levels in Indonesia where the dependence on non-salary, quasi-legal or illegal forms of remuneration of bureaucrats is significant. In such countries therefore a short term goal could be 'just enough governance'⁴², where the initial focus is only on economic growth, with the aim of addressing specific capacity and institutional constraints affecting growth, and not seeking to address in one go all possible institutional constraints affecting delivery of government programmes.

Conventional administrative reforms in the developing world have had a mixed record for several reasons. A major problem is in mobilizing the kind of political and administrative will necessary to implement them. Vested interests are able to block many reforms and make it difficult to monitor the few that tend to get adopted. It could also be that people are not certain about the final outcome of some of these reforms. As a result, many ambitious reforms are proposed in official reports that are seldom acted on. Much time and money are wasted on exercises that produce no impact on the ground.

However political pressures may also act in the positive direction if reforms result in better outcomes for the masses. In India, for instance, lately there has been a growing realization among some chief ministers (Bihar, Gujarat and Chhattisgarh are good examples) on the need to improve governance, and this has paid political dividends as they have been able to overcome anti-incumbency factors and have been able to get re-elected in the elections. Even in these states reforms have not been to the liking of many politicians as giving up patronage based administration in favour of building institutions has immediate costs and gains are delayed. The successful Chief Ministers have had to keep legislative assembly members and ministers under check, which is difficult when the state is under a coalition regime or the ruling party is constrained by a thin margin in the assembly, or is divided into factions. However the repeated electoral success of some chief ministers has certainly put pressure on others to professionalise administration and deliver on their promises.

Conditions for success

The local context in both low-income and middle-income countries may favour as well as oppose public sector reforms. Incentives for initiating public sector reforms include globalization, regional integration, or aid dependency⁴³. Intensive economic growth (and the shifts in interests and pressures accompanying it) appears to be a potentially powerful driver for public sector reforms. Brazil, China, and India have all been undertaking a range of public administration reforms in recent years – albeit

⁴¹ Harun 2007: 'Obstacles to Public Sector Accounting Reforms in Indonesia' *Bulletin of Indonesian Economic Studies* Vol. 43 No. 3, pp. 365-376

⁴² Brian Levy & Francis Fukuyama, 2010: *Development Strategies: Integrating Governance and Growth*; Policy Research Working Paper 5196, The World Bank January

⁴³ European Commission 2009: *Public Sector Reform, An Introduction*, January, at http://www.quebec.ca/observgo/fichiers/10454_GRA-1.pdf

often unfinished – that have feedback links with their economic development⁴⁴. However, this may not be true for all countries.

Many central Asian countries, such as Uzbekistan have shown high rates of economic growth without following the route of traditional governance reforms, such as ‘fundamental improvements in the security of property rights, transparency of state actions, checks and balances for state institutions, accountability of government officials and regular channels of participation in decision-making – all culminating in effective rule of law.’ This is due to the growth pattern in such countries which is based on export of natural resources (oil, gas) or labour-intensive raw materials (cotton), commodities that allow high degrees of monopoly at the expense of broad-based pro-poor economic development. The manufacturing and service sectors, by contrast, remain underdeveloped, unable to compete in international markets⁴⁵. Governance as well as human rights affairs in such countries continue to be run with medieval outlook.

Globalization, increased international competition and volatile capital flows enable capitalists to push for administrative reforms that reduce transaction costs (ports, customs, courts), level the competitive playing field (monopoly and trade regulations), and enhance transparency (budgets, international reserves, monetary policy)⁴⁶. Globalization is associated with a speedy dissemination of ideas, and success in one country puts pressure on its neighbours to follow its example. In Sub-Saharan Africa, Ghana pioneered the introduction of autonomous agencies in an attempt to improve public service delivery. After transforming its Rural Water and Sanitation Department to an agency, other countries, including Uganda, Tanzania, Kenya, and Zambia, followed suit⁴⁷.

Reforms designed to improve efficiency and reduce waste and corruption may have a better chance of success if there is a free media and electoral competition with open elections. Free media and elections transmit demands for change and can be useful in holding politicians and officials to account. On the other hand, it can also be argued that significant improvement in the functional capability of the state often takes 10 to 20 years, if not more, which is clearly beyond the life-cycle of a single government for most democratic countries. Therefore the argument that implementing reforms in autocratic regimes is easier than in democratic regimes (given the limited opposition forces, and less dependence on electoral cycles) is quite appealing keeping in view the success achieved in Vietnam, China, and Singapore. However these countries are also endowed with a strong civil service, which is one of several reasons why in several East Asian economies, especially Japan, China, Singapore and South Korea, authoritarianism has coexisted with excellent economic performance. It can be argued that the link between authoritarianism and economic decline, so evident in

⁴⁴ Gaetani, F. (2003): Public Management Policy Change in Brazil: 1995-1998’ International Public Management Journal No 6, Vol. 3, pp. 327-41

⁴⁵ Jörn Grävingholt, 2011: The Political Economy of Governance Reforms in Central Asia, German Development Institute

⁴⁶ Blanca Heredia and Ben Ross Schneider 1998: The Political Economy of Administrative Reform: Building State Capacity in Developing Countries, March, at <http://lasa.international.pitt.edu/LASA98/Heredia-Schneider.pdf>

⁴⁷ Mansuri, Ghazala, and Vijayendra Rao. 2013. Localizing Development: Does Participation Work? Washington, DC: World Bank

Africa, has been inoperative in these Asian countries largely because of their strong civil service. Greater efficiency and effectiveness can legitimately be demanded of public administrations in many East Asian countries. Clearly, civil service systems in many East Asian countries cannot be considered a problem; they are, rather, an important part of the solution to these countries' other problems.

Box 4: Factors behind Singapore's success⁴⁸

How is it that Singapore has been so successful in building up an efficient civil service? This is because of the successful implementation of the following five policies: (1) the adoption of anti-corruption measures; (2) selective recruitment of the 'best and brightest'; (3) competitive pay; (4) massive computerization leading to transparency and greater consumer satisfaction; and (5) linking promotion and pay increments with both potential and actual output of the public servant.

While these policies promote individual excellence, attention has also been given to maximize institutional outcomes through (1) delegation of authority for operational decisions to autonomous agencies, while retaining the power of oversight with central agencies; (2) instilling in organizations a sense of pride and ownership of their outcomes through training and ethical movements; (3) linking performance measurement systems of institutions with incentives and awards for innovative practices; and (4) leading by example which transmits strong values and principles of good governance socially rather than formally throughout the organisation.

It must be noted that the city-state's situation is evidently very different from many developing countries. In coordinating the supply of trained personnel to meet the needs of the expanding economy, Singapore has one distinct advantage when compared with other countries. Its small geographical size and compactness (supported by an excellent communication infrastructure), besides lowering transaction costs associated with monitoring bureaucratic behaviour, allow for efficient planning, cohesive decision making, channelling of information, and deployment of personnel within and between the government and private sectors. Another is the virtuous circle through which resources for bureaucratic reform (such as civil service pay increases) have both contributed to, and been generated by, Singapore's remarkable economic ascent.

In addition to rules and procedures, performance of an organization is also influenced by its culture, which is created by and springs from the beliefs, values and assumptions of the founders of the organization. The early generations of leaders in Singapore, such as Lee Kuan Yew, Goh Keng Swee, and Rajaratnam, strongly believed in building up an effective civil service based on integrity, meritocracy and result orientation that would facilitate economic growth and social development. Overtime, these values were internalized by the civil service, and since then have stood as guiding principles for its policies and programmes.

Culture has also influenced the relations between state and the people. The success of the paternal culture that has developed in Singapore as regards how people view government is to some extent aided by the ingrained Asian values of respect and

⁴⁸ Saxena, N.C. 2011. Singapore Public Service and National Development, Ministry of Foreign Affairs, Singapore 2011

trust towards authority. The fact that two generations back most Singaporeans were immigrants with no sense of identification with the state and its politics, but at the same time hard working, rugged, pragmatic and concerned with their own economic development, has also helped in the evolution of state-people relationships.

Finally, Singapore has emerged virtually as a one-party democracy. This permits the government to be more involved in administration than with politics. Its main concern was and continues to be the management of Singapore, rather than how to manipulate voter behaviour in its favour. No other democracy can afford to announce, as the ruling party in Singapore does, that it will 'do what is right, not what is popular'.

Though freedom of the media is limited in Malaysia, an alliance of business interests, politicians and civil servants supported the need for efficiency and flexibility in public services, in the interests of national development and economic growth. Mahatir, as Prime Minister of Malaysia, explicitly rejected western style liberal democracy and yet pushed through reforms of the civil service from early in his incumbency. China, a one-party state, has implemented extensive public sector reforms, including reforms to recruitment, performance pay, avoiding over-reliance on deference and hierarchy, etc⁴⁹. Sometimes an overarching goal such as membership of the European Union for the Central Eastern European countries may put pressure on governments to pursue reforms⁵⁰.

In some cases, socio-economic and political dynamics often run counter to reform attempts, especially when these threaten the elites who enjoy privileges such as access to jobs, public sector contracts, and regulatory distortions. Therefore the operational design for reforms must explicitly build in the specific country context and should have the support from key political leaders.

Summing up

A good civil service is necessary, but not sufficient for good governance; a bad civil service is sufficient, but not necessary for bad governance⁵¹. However, as argued earlier, efficiency cannot be defined narrowly only in terms of achieving the stated goals of the regime in a cost effective manner. This is because a competent civil service may serve interests of the elite only, and be sometimes indifferent to the interest of the poor, women, and minorities, even in democracies. Therefore public service reforms should not only aim at delivering public services to the people, especially the disadvantaged, but should also aim at making them equal partners in administration and policy making. Rather than look upon people as mere users of government services, the new way of developing public institutions is to argue that 'people are the main value creators for a number of traditional public goods and an

⁴⁹ European Union, Public Sector Reform An Introduction March 2009

⁵⁰ Simone Bunse and Verena Fritz 2012 fn

⁵¹ Schiavo-Campo, S., de Tommaso, G., & Mukherjee, A. (1997). World Bank policy research working paper 1771: Government Employment and Pay in Global Perspective: a Selective Synthesis of International Facts, Policies And Experience.

increasing number of public policy issues'⁵². This shifts the relationship between government and people from one of subordination and dependency to one of parity, mutuality and reciprocity.

Some of the constraints identified in this paper that impede fulfillment of the above mentioned objectives and programme delivery are patronage based personnel management, antiquated and dilatory budgetary procedures, lack of focus on performance evaluation, disempowered citizenry, and insufficient accountability systems that are merely internal and upwards. The civil service's accountability to the public may be limited. While internal administrative accountability should be strengthened, it is rarely sufficient, because internal controls are often ineffective—especially when the social ethos tolerates collusion between supervisors and subordinates. Outward accountability with greater responsiveness to the needs of the people would need new institutions of citizen's charter, social audit, and transparency laws. People should be able to contribute and share power and resources, and be involved in decision making through appropriate decentralization mechanisms. The paper has discussed an imaginative range of possible prescriptions for enhancing outward administrative accountability to society and citizens. For instance, Right to Information Act has been used in many countries to curb misuse of power and to promote transparency and fairness in decision making by the agents of the state. Regulators have been set up to control tariff where delivery of public service has been outsourced. Autonomous and powerful vigilance commissions have been set up to control corruption. The number of countries aiming at better governance is likely to increase in future because of internal pressure from their own citizens and civil society, as well as because of external pressure from globalization and international organizations. As discussed below, it would be useful if the new Global Centre at Singapore can disseminate knowledge about these best practices to all concerned.

ROLE FOR THE NEW CENTRE

A new Global Centre for Public Service Excellence has been set up at Singapore with the collaboration of UNDP and the Government of Singapore. The Centre will be dedicated to policy, learning, and knowledge sharing on cutting edge research and practice in public services management and reform. The Global Centre will draw on the respective strengths of the two partners and strive to create a Centre of excellence in research and a convening hub on the theme of public services. Its goal of galvanising public service capacities for excellence can at best be indirectly achieved through dissemination of relevant knowledge to stakeholders and networking with appropriate national advocacy institutions. Obviously the Centre has to take a lead role in research and generating knowledge so that it could act as a convening hub on the theme of public services, and as an advocacy platform towards influencing senior public servants in other countries responsible for policy formulation and its implementation.

⁵² <http://www.nsworld.org/findings/Why-is-a-New-Synthesis-of-Public-Administration-Needed%3F/Citizens-as-Value-Creators>

As already discussed, in the area of civil service reform, Governments face many critical challenges. They must enhance the productivity of the civil service and make certain that each employee is performing socially relevant tasks. They must ensure the long-term affordability of the civil service, and must enforce procedures for rewarding and promoting merit, disciplining malfunction and misconduct, to strengthen accountability and performance quality. It has become necessary to reshape the bureaucracy so that it performs its core public functions and develop new ways of ensuring that critical economic and social services are provided directly or indirectly. A new work culture will have to be evolved at all levels of the staff. Innovation and performance should be encouraged and rewarded and steps should be taken to ensure effective supervision and control over the functionaries. To deal with the newer challenges, civil servants also need to continuously update themselves. They have to continuously expand their horizons through learning and training. Only this would equip them to keep pace with the changing times.

The Centre should develop a virtual portal where experiences of public service practitioners can be shared with intellectuals and academics. It should provide space for public service practitioners to reflect on their practices, through discussion forums, and will make available to a wider audience the work being done by individual public servants to bring about change in their respective sectors. As they reflect upon their own and the experience of others, organisational learning would be facilitated.

Partnerships and research agenda

As a leading research hub, the Centre should draw upon the best quality material emanating from the various think tanks, universities, and from on-going policy practice in Singapore and other countries, so that it helps in enhancing UNDP's existing knowledge and research capability. The Centre should bring together diverse experiences of many countries for promoting South-South collaboration, by sharing, exchanging and co-creating such knowledge so as to catalyze policy thinking on public service capacity for sustainable development. Best practices tried in low and middle income countries may also be useful for the richer nations. For instance, PROGRESA, the system of cash transfers for poor households pioneered in Mexico, is now being given a trial run in New York⁵³.

Such studies should be widely disseminated for advocacy. It will also build up public opinion in favour of reforms. Without adequate publicity acceptability of civil service reforms by the people cannot be assumed, even when intended reforms will benefit those who need them most.

The work plan for the new Centre needs to be drawn up keeping in view the requirement of the developing nations. While the detailed plan for achieving civil service reforms has to be prepared by each country, the new Centre could provide best practices by researching on themes that would necessarily be part of any national plan. In addition to subjects already discussed in the first part, the proposed research plan for the Centre may also include Public Private Partnerships, use of IT, and developing a good MIS, which are in the nature of low-hanging fruits, and are

⁵³http://www.mckinsey.com/features/government_designed_for_new_times/leading_transformation_in_the_21st_century

being adapted by many developing countries, with far reaching impact on public service delivery.

Some of the subjects on which the Centre should prepare policy and analytical papers so as to be useful to other countries are discussed below.

Public-People partnerships (PPP) and Outsourcing

Many countries are today setting up hybrid institutions⁵⁴ to undertake commercial activities that are somewhere in between totally state controlled (such as banks and industries in China) and fully privatized (such as in USA). In such parastatals ownership and management may be shared between the state and private sector. Such public-private partnership (PPP) takes different shapes, such as provision of land and concessional tax regime in SEZs (Special Economic Zones), total transfer of responsibility to private sector entities for providing essential services such as water and power in cities but setting up simultaneously a Regulator for deciding tariff, etc.

Some of the parastatals such as BBC in UK, Temasek Holdings Ltd in Singapore (a government-owned investment company), and Railways in India are wholly owned and controlled by government, but given considerable autonomy, and many are able to compete with the private sector. However lack of public scrutiny may sometimes impact on their accountability and may inhibit inclusive growth.

PPPs are quite popular in infrastructure projects where government commits to make in-kind or financial contributions to the project, whether through subsidies or guarantees, and the private partner builds, maintains, and operates the assets in exchange for some combination of user fees⁵⁵.

Many interesting innovations in governance and partnerships between the public and private sectors are coming from the developing countries. Manila Water Reforms deserve special mention because the city was infamous for its outdated, inefficient water system. The privatization of Manila's Metropolitan Waterworks and Sewerage System, on which IFC (International Finance Corporation) was lead advisor, fundamentally changed the sector. The privatization required the transfer of full operational and investment responsibilities to the private operators, and an independent regulatory unit was established in 1997 to monitor and enforce the concession agreements⁵⁶.

In the past three decades several states in Sub-Saharan Africa, in the Eastern Caribbean and in Europe (and other states as well) have used forms of outsourcing, usually to regional organizations, as a means to reduce the cost and increase the quality of some public services. In Sub-Saharan Africa: the Banque des Etats de l'Afrique Centrale,¹ (BEAC) and the Banque Centrale des Etats de l'Afrique de l'Ouest,² (BCEAO), established in the 1960s have been pioneer multi-country central

⁵⁴ Hybrid PPPs: Levering EU funds and private capital, January 2006, Report prepared by PricewaterhouseCoopers LLP ("PwC") for the World Bank

⁵⁵ http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2012/10/15/000356161_20121015035114/Rendered/PDF/732110BRI0PPI00PPPs020110Highlights.pdf

⁵⁶ http://www1.ifc.org/wps/wcm/connect/3f64d180498391a5856cd7336b93d75f/SuccessStories_MWSSweb.pdf?MOD=AJPERES

banks worldwide. Multi-country security agreements, as in the African Union (AU) or the Economic Community of West African States (ECOWAS), have been increasingly used to prevent or quench local conflicts. These agreements allow the deployment of multinational troops to help stabilize a potentially volatile situation. The rationale underlying a government decision to subcontract provision of some public services to a regional organization is to access higher quality (and possibly lower cost) public services than could be produced domestically. In that respect, contracting out a public service is not radically different from importing private goods and services, when producing these goods domestically is more expensive than purchasing them in the rest of the world⁵⁷.

The role of private sector in providing low cost sanitation and potable water can be quite significant and needs to be explored. Currently, in many cities, a water and sanitation unit is generally operated as a traditional public sector, line department. In this context, reform options may include converting the water and sanitation department into a corporate utility operated under an independent board with a legally binding performance management contract between the city and the utility. In this case, the city remains the owner and policy maker but service provision is now in the hands of a corporate provider at arm's length from the policy maker. Another option would be to bring in a private operator to manage the utility, further strengthening the arms length relationship between the policy maker and provider. In the solid waste sector, to take another example, cities may institutionally separate the operations of collection, transfer and landfill into different entities bringing private sector participation in where appropriate in the chain. If warranted by the economies of scale, a cluster of cities may jointly own and manage a common landfill operated by a corporate utility. Again, the regulatory function could be passed onto the State. These are examples of how the roles of policy making, provider and regulator can be separated.

One of the areas where public-private partnerships can be introduced is in the running of care homes. Asking government servants to run such homes is expensive (as salary and pension burden in government may be higher in many countries such as India than what the civil society pays to corresponding levels), and they lack the skills and motivation to provide care to the elderly or the disabled. Transferring such homes to the NGOs is cost-effective, as well as will ensure better services. Some other areas where GO-NGO partnership can be effective in making administration citizen friendly are

- Peoples' participation in natural resource management
- Community health and sanitation
- Monitoring primary education
- Village development schemes

Internationally, PPPs have demonstrated that sharing risks between private firms and the state can provide strong incentives for services to be delivered more

⁵⁷ Edgardo M. Favaro, 2010, USING REGIONAL INSTITUTIONS TO IMPROVE THE QUALITY OF PUBLIC SERVICES, World Bank, Economic Policy and Debt Department, October 15

effectively to users and, thereby, more efficiently for taxpayers. However, lessons learnt so far highlight the need for a robust governance framework, to ensure that PPPs provide value for money overall, are affordable in the long-term, and entail appropriate risk transfer. Otherwise, there is a risk that PPPs may be pursued because of short term fiscal constraints or ephemeral accounting reasons, with the consequent risk of exposing governments to unaffordable and perhaps unexpected long-term liabilities. This means that, on the one hand, PPPs are not seen as a mainstream route to infrastructure provision, and, on the other, PPPs are frequently applied inappropriately - early efforts to adopt PPPs for motorway projects in the Czech Republic, Hungary, and Poland have not been successful in delivering results, and consequently tarnished the public perception of PPPs⁵⁸.

The Centre may study different models and write papers on the comparative advantage and disadvantage of such arrangements. What are the conditions under which hybrid PPP arrangements lead to better public satisfaction?

E-Governance

As is well known, e-governance applications are now being widely used in the developing countries. This has made the citizen-state interface much easier, reducing transaction costs and public dissatisfaction. E-governance is less threatening to those in authority in contrast to some of the complex administrative reforms that have remained dormant in official reports. An e-governance application may look simple and limited in scope, yet it may have far reaching implications for the operating culture and performance of governments. E-governance is thus fast emerging as an important tool for achieving good governance especially with regard to improving efficiency, transparency and making interface with government user friendly.

Singapore is at the forefront in e-governance applications. It has used new technologies to streamline and speed up its interactions with, and services to, the public in almost all sectors of activity. It has also used IT in a big way in improving the internal management of its systems with respect to funds, personnel and assets (internal housekeeping). Based on this experience, the benefits of e-governance can be summarized as follows:

- It improves government's overall productivity.
- It promotes greater transparency and public accountability.
- It simplifies and speeds up the delivery of a wide range of public services.
- It improves service quality and thus increases citizen satisfaction.
- It aids dissemination of information and thus empowers people.
- It can make government seamless, and integrate departmental activities.

However the full potential of e-governance can be realized only when several other reforms are undertaken. Governments must be willing to share information with the citizens. Access to government information may be a right in many countries, but, practically speaking, it is usually cumbersome and often not achievable. Most citizens

⁵⁸ [http://nsworld.org/findings/Building-New-Capacities-Resilience/Resilient-Public-Policies#!prettyPhoto\[examples2\]/2/](http://nsworld.org/findings/Building-New-Capacities-Resilience/Resilient-Public-Policies#!prettyPhoto[examples2]/2/)

have little knowledge about what information is held within government coffers; let alone how to find it. Finding information can be time-consuming, costly and frustrating. If more than one agency is involved, the citizen can become a pinball, bouncing from one source to another.

Application of ICT must be accompanied with elements of organisational transformation and change. It needs new mind-sets, culture and processes in government organisations. Therefore, of late, most e-governance efforts inherently include business process re-engineering, aimed at generating citizen-centric and citizen interactive systems⁵⁹. In the absence of these reforms ICT can be quite frustrating for the citizens, as they lose face-to-face contact with public servants, and are bombarded with information that is of little use to them. There is a great deal of evidence to show that people are not happy with a faceless bureaucracy that is unable to meet accurately expectations of personalized services that recognize differences and uniqueness⁶⁰.

Singapore's success as a leading purveyor of effective E-Government is more than just enabling government services with technology. It also involves a monumental effort to reform the public service, which entails significant structural and operational changes. Over the last twenty years, the government's progressive and meticulously crafted national ICT programmes have established a strong foundation to transform the public service, coupled with a holistic E-Government framework that addresses not only technology but also management, process, governance, and social and cultural issues to deliver accessible, integrated, and value adding e-services to its constituents. Other countries with poor governance will therefore not be able to take full advantage of technological possibilities that ICT offers. One can only hope that application of e-governance would slowly put pressure on governments to initiate other administrative reforms too that are necessary for efficient programme delivery.

Management Information Systems (MIS)

The Centre should study the prevalent MIS for important national programmes of various countries, as it impacts on the quality of programme delivery. In most developing countries field staff reports only on activities, they are not involved in impact assessment, or in qualitative monitoring. The concept of stakeholder monitoring is unknown. No indicators exist for assessing public participation or their awareness. Emphasis is laid only on the initial or current expenses. After five years, little is done or monitored. Secondly, when money has been allocated for a particular activity in a particular area, it is assumed that the work in question has been done, and that it was sufficient. This ignores the fact that either of the above assumptions could be wrong. The primary monitoring activities have to do with fiscal accountability. While it is necessary, it should not be allowed to overshadow the need for technical and resource monitoring and planning work accordingly. At present, there is great pressure on the field staff as a whole to account for funds utilized, but not in terms of longer-term results, because those are not monitored. Thus financial planning is divorced from physical planning.

⁵⁹ Hannah Beardon ICT for development: empowerment or exploitation A two-sided coin; at http://www.actionaid.org.uk/_content/documents/ICTpo.pdf

⁶⁰http://wiki.dbast.com/images/4/4b/The_digital_media_and_the_reinvention_of_government.pdf

Performance budgeting on the lines of Singapore and other developed countries has either not been introduced or is only on paper in many developing countries. Generally there is ex-ante rather than ex-post control of expenditure by line agencies through the institution of Financial Advisors or the Ministry of Finance. Thus the performance budgeting system for reporting of outputs and outcomes is divorced from financial reporting and budget preparation. Given departmental allocations, operational efficiency and effectiveness crucially requires accountability. This encompasses

- fixing individual and collective responsibility for delivery of defined service outputs;
- personnel policies linked to performance, with performance being measured by actual outputs in relation to prescribed service delivery standards and preset targets;
- independent internal and external, financial and performance auditing with mechanisms for effective corrective or disciplinary action based on audit findings; and
- “customer” satisfaction surveys.

Further, transparency in financial management requires

- publication of programme performance reports, and
- feedback mechanisms to elicit client feedback on the quality of services provided. Aside from internal and external auditing, the institutional framework for service delivery in the developing countries hardly meets these standards and sanctions linked to poor performance, or programme modifications based on client feedback are sporadic, at best.

The new Centre should prepare policy and research papers covering the above issues with the ultimate objective of promoting south-south partnerships in collaborative learning.

Structures of rewards and punishments

The Centre may like to study the prevailing incentive structure that motivates public servants to excel. In many countries there are no well-enforced norms and rules of work discipline, very few punishments for ineptitude or malfeasance, and there are strong disincentives to take bold, risky decisions⁶¹. Howsoever we may criticize these constraints, but the hard reality is that little can be done to change them overnight. At the same time, it is possible to create some (perhaps symbolic to begin with) incentives for good performance within the system. Here, the magnitude of the reward or the severity of the penalty matters less than their certainty, swiftness and fair and uniform application. A rise in individual accountability must be accompanied by commensurate rewards and consequences for non-performance (on-the-job training, rather than penalties, may be the right response). The weight of evidence from all countries shows that the lack of credible consequences turns serious accountability reforms into bureaucratic formality.

⁶¹ http://epress.anu.edu.au/narayanan/mobile_devices/ch07.html

Apart from the subjects discussed above, the Centre should develop expertise in issues relating to accountability, programme delivery and evaluations, human resource management, and corruption.

Training

Should the new Centre be involved in organising training programmes for senior civil servants engaged in policy making in the developing countries? This is one issue that needs to be seriously considered. The other UNDP Centres at Oslo and Rio do not hold training sessions. However, international training programmes help the policy makers of a country to understand how governance has improved in a neighbouring country which faces similar constraints of political economy. For the faculty of the Centre and senior government officials networking would be mutually beneficial.

In addition to running short-term training programmes (duration may vary from one to two weeks), the new Centre should also be able to offer long-term fellowships for middle-level policy makers from developing countries, for periods ranging from three months to one year, so that the fellowship holder may develop expertise in a variety of subjects relevant to his/her country and Ministry.

In not too distant future it may also consider developing partnerships with national training institutions with a view to develop their capacity and hold joint training programmes.

However, training should be seen as an integral part of personnel management, and should be linked to recruitment, career and promotional avenues, human resource development, and general environment of governmental functioning. Without improvement in these related sectors, the efficacy of training would be limited.

Dissemination strategy - The new Centre could also promote communication among local stakeholders, such as businessmen, bureaucrats, economists and donors, which will improve acceptability of technocratic solutions and ownership of reform programmes by them. These may be accompanied by strategies to understand and address obstacles to reform that will often rely on communication among networks within and outside of government, among civil society organizations, and between citizens in the public sphere⁶². This method of reaching out to political leaders, policy makers, and legislators may be effective in many democratic countries. Similarly such training programmes and networking may also help in gaining the support of public sector middle managers, who are often the strongest opponents of change, and then foster among them a stronger culture of public service.

Many studies⁶³ have shown that 'successful implementation of public sector governance reform depends on high-level political commitment, strong technical capacity, and incremental approaches with the potential for cumulative impact over an extended time frame'. One needs to take into account the domestic conditions and work with reform-oriented politicians and bureaucrats with modest aims and build on incremental progress.

⁶² World Bank 2008 Governance Reform under Real-World Conditions

⁶³ <http://www.ids.ac.uk/idsproject/the-political-economy-of-successful-governance-reforms>

Some other subjects, such as Accountability, promoting peoples' participation, and decentralization that should be essential part of the Centre's research agenda have already been discussed in the first part of the paper.

Dealing with increasingly uncertain, and complex policy issues

Apart from long-term challenges such as national security, climate change and population that cut across traditional Ministry and agency boundaries, the Public Service will in future need to address more complex issues, such as the possibility of low-probability but high-impact events (known in the literature as "black swans"), like the 9/11 terrorist attacks and SARS epidemic. This suggests that it will not be possible for any government to correctly anticipate and prevent all major crises, all the time. Therefore, it is necessary for each country to go beyond its existing strengths in optimisation and efficiency, to develop capabilities to manage and respond to shocks and unforeseen events, and to enhance institutional resilience within the Public Service itself.

Given the importance of risk management skills and the ability to deal with unexpected events, the focus of public service reform should – in addition to enhancing the performance and efficiency of the bureaucracy – also be to develop an entrepreneurial and risk tolerant role. This would aim to prepare the Public Service to meet 'the known and unknown challenges' in the present and the future.

Recognising the need for greater policy coordination on complex issues, the government of Singapore has established national agencies headed by Permanent Secretaries and situated within the Prime Minister's Office. Inter-Ministerial Committees have also been established to coordinate policies on cross-agency issues such as export controls, population ageing and sustainable development, drawing together representatives from a spectrum of relevant public sector agencies. However, there are still obstacles to be overcome as members of such committees continue to receive their mandates from their parent organisations, with their own traditional priorities.

The new Centre may like to study how different countries have faced such situations, and what lessons can be drawn for building administrative capacity for addressing such unforeseen crises.

Nevertheless, coordinated and synergistic whole-of-government policies and implementation will become ever more crucial to achieving complex national outcomes. The success of countries will depend not on the strength of any one aspect of public policy, but on the synergistic whole in concerted action. The challenges facing whole-of-government initiatives are not to be under-estimated. It is not merely a question of wanting to work differently. The design and functions of complex organizations like federal governments cannot change overnight. Parliamentary mandates, accountability measures, financial legislation, organizational culture and the political undercurrents are just a few of the variables that will determine the success of such initiatives. Moreover a reverse trend to sectoral approach is being witnessed in some areas where it is seen as providing better results, e.g. the anti-corruption machinery that needs to be kept away from the influence of other Ministries.

Summing up

To sum up, the Centre should aim to be a platform for public service practitioners from both the developing and developed world to be able to participate in generation, production and dissemination of knowledge based on experiences from the field, and where the practitioners and empirical researchers communicate their practical experiences and learnings. Envisioned to empower them for change through dissemination and by connecting civil servants working on similar themes from across the world, the Centre should act as an intermediary for knowledge on innovative practices.

The new Centre should therefore have a robust research agenda on themes that are not only being tried with success in some countries leading to excellence, but should also include new thoughts that are emerging in the literature. UNDP as well as many external donors are engaged in helping governments in improving public service performance. UNDP provides technical assistance on administrative reforms and governance to many countries. Its portfolio also includes decentralization and peoples' participation. Hence the Centre should conduct systematic review and analysis of work being done in these sectors so that the capacity of UNDP's front-line staff to address these new challenges facing administration improves and their advice carries greater credibility.

In brief, the Centre should position itself as a think tank for germinating ideas, develop analytical frameworks and bring together public sector reform champions (intellectual, policy makers, and practitioners) to share their experiences and foster knowledge transfer and dissemination. It would create a bank of best practices, methodologies and tools in public service excellence both from the developed and developing world.