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Social Provision in Low-Income Countries

New Patterns and Emerging Trends

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Strategies of Social Provision: Key Design Issues

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1. INTRODUCTION

There exists today increasingly widespread agreement on the desirability of the rapid extension of access to a range of basic goods which are linked to essential human capabilities. These goods, which have merit good properties and may exhibit positive externalities, may be called 'social goods'.¹ It is desirable that these basic social goods (especially key social services such as health services, education, and water and sanitation) be accessible to all, both because these serve as an essential means towards other ends and because they enable individuals to realize human capabilities which are important ends in themselves.² Despite this broadly shared contemporary consensus on the goal of universal access to basic social goods, there is no comparable degree of agreement on the means by which this goal is to be attained, either in the rich or in the poor countries.

This chapter addresses some key issues which are relevant to the design of strategies for extending access to basic social goods in poorer countries, whatever the institutional agency—state, market, 'civil society', or an amalgam—through which this is ultimately to be achieved.

Key issues in the design of successful systems of provision of basic social services which will be addressed here include the role of incentives to which agents are subject and diverse motivations of which agents are capable, the devolution and delegation of

Some text and evidence in this chapter also appear in my joint work with Anthony Pereira on *The Role and Reform of the State* (Reddy and Pereira 1998). I am also grateful to Jan Vandemoortele for use of evidence from our joint paper, on the 'User Financing of Basic Social Services' (UNICEF 1996).

¹ The term 'social goods' is used primarily to designate those 'types of social services referred to elsewhere in this book as "quasi-public goods", e.g., health, education, and related services which exhibit to a considerable degree properties of publicness and social externalities as well as features of merit goods, thereby arousing a social interest in their provision' (UNU/WIDER Project proposal on provision and financing of public goods in developing countries: 'A search for new approaches'). The term 'institution' is used in this chapter not in the sense of North (in this volume), which distinguishes it from an 'organization', but rather in the ordinary language sense, of a 'significant practice, relationship or organization in a society or culture' (Webster's Ninth New Collegiate Dictionary).

² See, for example, Sen (1992).

immediate responsibilities for the provision of social goods, and the goal of bringing about universality of access to social services. These do not exhaust the range of issues of relevance in the design of systems of social provision, but are certainly among the most important. Each of these issues in the successful design of systems of social provision will be discussed in sequence.

The main aim of this chapter is to provide a forward-looking conceptual framework for the design and evaluation of systems of social provision, rather than an evaluation of the actual performance of such systems, although, where appropriate, empirical examples and evidence will be provided. The latter task is of interest but it is too ambitious to be undertaken satisfactorily within the current constraints, and has been partially attempted elsewhere (see, for example, Reddy and Vandemoortele 1996; Reddy 1998).

2. INCENTIVES AND MOTIVATIONS

A central dimension of the 'neoliberal' critique of state-financed and -provided social services in developing countries has been that they have 'got the incentives wrong'.³ Public provision, argues this critique, has been highly inefficient and wasteful because of a failure of incentives on at least three levels. First, state officials charged with the provision of social services have often lacked in incentives to *use* resources in their highest priority uses and in furtherance of the public purpose. Failure to establish adequate incentives *internal* to the bureaucratic apparatus of social service provision has led to lack of attention to the efficiency of use of public resources and, much more damagingly, to the translation of public resources into private privilege, in the form of access to social services, goods, cash, or leisure. This concern in the realm of social services is parallel to the larger contemporary anxiety over 'rent-seeking' and 'directly unproductive activities' highlighted in so-called 'neoclassical political economy' (see, for example, Krueger 1974; Bhagwati 1988).

A second level of inadequate incentives in traditional systems of public provision, according to a common strand of the neoliberal critique, is that political leaders and state officials have not had incentives even to *design* systems of public provision which benefit those who ought most to be benefited by them. Rather, the design of public provision itself (that is, even prior to its actual execution—which is the subject of the first plank of the critique) has been highly prone to 'capture' by particular powerful interests (state officials and political leaders themselves, and more generally privileged groups), whereas the ostensible beneficiaries are often left without effective access to these systems. Thus, it is frequently argued that the public provision of health services and education in developing countries has widely been 'top heavy' with excessive public investment in services ostensibly consumed disproportionately by the non-poor (for example, curative and advanced health services, tertiary education, and piped water systems). In this

³ The term 'neoliberal' is used here to refer to the view that, in the context of social services, 'government failure' is a more serious problem than 'market failure'. It follows therefrom that the role of government in the provision of social goods ought to be severely restricted.

conception, public institutions have lacked appropriate *external* incentives, to serve those groups which are most needy.

Finally, a third level of inadequacy of incentives with which the neoliberal critique challenges existing systems of public provision is that users have lacked incentives to use publicly financed and provided services in a socially optimal way. In this conception, poor public management of the structure of relative prices (with many of these having nominally been set at zero), has led to failure on the part of users to internalize the true costs of service provision. As a result, users have 'overused' services or used them 'frivolously' (for examples of arguments of this kind, as well as questioning of their logic and importance, see Appleton, in this volume; Reddy and Vandemoortele 1996 and Watkins, in this volume).

The first two classes of concerns regarding poor design of incentives in public provision have sometimes also been described in the language of 'principals' and 'agents'.⁴ In this description, a principal is the party to a contractual relationship which seeks the performance of a service, whereas the agent is the party which contracts to perform that service in accordance with an appropriate payment scheme. A general result of the literature on principals and agents is that, where there is uncertainty and where the information available to the two is unequal, outcomes may be—as a result of the divergence of interest between principal and agent—inefficient in the sense that both parties could conceivably have been made better off if they had acted differently.⁵ In this perspective, the failure of state officials to execute their functions efficiently in the furtherance of their assigned ends, and the failure of policy-makers to design policies which serve the interests of those they are ostensibly meant to serve, is a failure to put in place efficient and enforceable implicit or explicit 'contracts' between the appropriate principals and agents. An 'optimal' solution in this view would be a 'contract' between principal and agent which brings about the best possible outcomes subject to constraints of 'incentive compatibility' which require that it should be in the agent's interest to act as desired by the principal. 'Corruption', or the illegal trading off of public authority and resources in return for private gains, of which public officials have often been accused, is to be interpreted in this perspective as a failure of the contracts to which public officials are subject to be 'incentive compatible'.

There is undoubtedly considerable merit to the critique of existing (often bureaucratic and admittedly inequitable and inefficient) systems of public provision as having 'gotten incentives wrong'. There is considerable evidence to support this view (although there is also some reason to doubt that 'incentive problems' are as ubiquitous as sometimes suggested).⁶ What is in considerably greater doubt is whether the conventionally favoured solutions to these 'incentive problems' follow either logically or pragmatically from these criticisms. If the incentives have been 'wrong',

⁴ See, for example, Stiglitz (1994), Roemer (1994), and Przeworski (1995).

⁵ 'The economic literature has focused primarily (but not exclusively) on the case in which (1) the agent's action is not directly observable by the principal, and (2) the outcome is affected but not completely determined by the agent's action. (Were it not for the second condition, the principal could infer the agent's action by observing the outcome)' (Arrow 1991).

⁶ See, for example, Reddy and Vandemoortele (1996).

then presumably a large part of the answer is to get them 'right'. How is this to be achieved?

The following principles can be identified which are likely to assist in avoiding the difficulties usually lumped under the heading of 'incentive problems', and more generally in tapping human energies in a manner which furthers the provision of vital social services.

2.1. 'Get the Incentives Right', but Avoid Institutional Fetishism

Even if we confine ourselves to the narrow framework of the principal-agent representation of the problem of institutional design, it is evident that 'getting incentives right' is in principle a matter of the details of institutional structure and not of ownership or institutional type.⁷ In other words, appropriately designed public institutions should *in principle* be able to 'get incentives right' just as well as a system of provision of social services which allocates the central role to private agents. It is widely recognized that there is little in the standard economic theory of institutional design, and in particular of the principal-agent framework, which by itself suggests the necessary superiority of one ownership form over another (see, for example, Roemer 1994; Stiglitz 1995). It is true that there are some particular obstacles to the design of efficient public institutions which require special attention. For example, public organizations are more likely to suffer from the inefficiency induced by the perception of a 'soft-budget constraint' than are private institutions.⁸ This is a problem typically thought to be faced in relation to state-owned productive enterprises, but it may also play a role in social provision. For example, a large state-run hospital in a capital city may be more likely to run consistently over-budget if it has cause to believe that these deficits will be financed by the health ministry, which may not wish to restrict care for political or social reasons. The threats of the health ministry to enforce this budget may not in the first place be credible if these motivations are widely known. In contrast, a private or non-governmental institution without similar access to 'deep pockets' with political and social interests may be forced to maintain the discipline of a budget constraint. Even such problems—which are associated with a particular (traditional) bureaucratic, hierarchical, and unitary model of the public sector—can in principle be mitigated, however, if institutional forms are appropriately designed.⁹

In general, greater and more creative implementation of internal measures of monitoring, performance, and rewards within public service delivery systems can enhance efficiency. It is important, however, that fetishism (that is, blind attachment

to a stereotyped form) should be avoided. This avoidance entails a flexible conception of the objectives to which the system of incentives may be directed, of the form which incentives may take, and of the kind of institutions within which it is thought that incentives can best operate. A suggestive example of the danger of taking too narrow a view of the role of incentives is to be found in the implementation of the UNICEF-WHO 'Bamako initiative' for the revitalization of local health delivery in Africa and elsewhere. To encourage the collection of user fees, which has been a vital element of the Bamako initiative, local health posts have often been permitted to retain a proportion of resources collected in the form of increments to health workers' salaries, or discretionary resources for use in the health post. Although these retained earnings (and in particular the increments to salary) have been a powerful incentive to raise revenue, they may have been counterproductive in other important respects. In particular, exemptions from payment for the poor, which local health officials are often responsible for granting, result in a reduction in revenue without any countervailing incentive to provide them. As a result, the balance of incentives faced by health workers is tilted in favour of their denying fully deserved exemptions. A better designed incentive system would provide incentives to achieve the *non-monetary* as well as *monetary* objectives of the programme, in the form of appropriate incentives for granting exemptions where deserved. Moreover, as will be discussed further below, incentives do not have to be in the form of augmenting the private income of officials. In the case of the Bamako initiative, health post workers have been thought to have been motivated to raise resources to improve the quality of local health delivery, and not only to serve their personal interest. In Ceara state in north-eastern Brazil, workers in a regional maternal and child health programme were thought to have been highly motivated by competitive 'status' rewards for meeting performance goals (Tendler 1997).

'Getting incentives right' is a matter not only of the internal design of organizations—public or private—but (as will be discussed further below) of establishing an appropriate regulatory and legal regime within which individual organizations operate. Even in a system of provision of essential social services which draws heavily upon the efforts of private or non-governmental providers, there is a need for public action to create the external environment of incentives within which these organizations will direct themselves towards socially desired objectives. For example, public financing can (in principle through a targeted voucher system or direct subsidies) complement private and non-governmental provision to ensure that areas and persons are served for which there would otherwise be no incentive to provide. A system of individual legal recourse for malpractice and non-performance of contracted services as well as for regulation of the degree of monopolistic power which is bound to exist locally in any decentralized system of provision are equally necessary to develop in any system of provision, whether primarily public or private, although such systems are in an extremely weak or non-existent state in most developing countries. The appropriate design of such legal and regulatory structures deserves far greater study and analysis.

Finally, the discussion here has been primarily about the first class of incentive problems identified at the beginning of section 2 above, that is, poor incentives to *use* resources well, even within the constraints of an established system of social provision.

⁷ The 'principal-agent' framework is criticized in 2.2. below as being not sufficiently complete.

⁸ For the idea of a 'soft budget constraint' see Kornai (1986).

⁹ For example, subordinating service providers to statutorily independent (and in principle possibly competing) 'social funds' mandated to serve certain social goals—rather than directly to the state—can in principle mitigate or eliminate even the problem of the 'soft-budget constraint' (these could perhaps be partially financed through earmarked taxes or other 'automatic' resource mobilization instruments, as well as through stakeholder subscriptions). 'Social investment funds' incorporating some of these features have been widely adopted in many developing countries in recent years, although not specifically with this objective in mind (for more on these funds, see Graham 1994; Reddy 1997).

In contrast, the second class of incentive problems identified—poor incentives for policy-makers to *design* the system of social provision in a manner in which it serves the interests of those whom it should most serve, can require entirely different methods of solution. Here, the key question concerns not how to establish *control* over the behaviour of those 'below' in a system of hierarchy from 'above' (through the appropriate structuring of incentives and disincentives) but rather how to establish *accountability* of those in a position of institutional power ('above') to those whom they ought to serve ('below'). Mechanisms which institute social and political participation and democratic accountability, assisted by the free flow of relevant information, rather than simply the setting of appropriate 'prices' and the creation of monitoring systems, are likely to be indispensable in establishing such accountability.¹⁰

2.2. *Recognize the Range of Human Motivations*

The language of 'incentives' and of 'principal-agent' relations does succeed in capturing an important dimension of the design of institutions, and reasons for variation in their performance. However, it is also an incomplete, inadequate, and often misrepresentative language to do so.

Human beings possess a range of potential motivations. Although material reward is among these, it is only one. Other motivations, such as the desire for civic engagement, the manifestation of collective identity, and the fulfilment of social responsibility, can be equally powerful. These motivations, whether or not they are limited in domains such as that of industrial production, are plausibly quite significant in the arena of social provision. It is fundamentally for this reason that non-governmental and private voluntary organizations have always been and are increasingly invoked as significant providers of key social services. Even in state institutions, the strength of such motivations can determine the success or failure of institutions and programmes. Thus, Tendler and Freedheim (1994) and Tendler (1997) provide a range of examples from the state of Ceara in north-eastern Brazil of unusually successful and efficient state provision of social services. A highly successful maternal and child health programme was founded on extension workers being motivated by a strong sense of mission and social purpose, despite relatively low pay and job security. Local people developed relations of trust with the health care providers which often extended well beyond the official scope of the programme, creating a sense of common purpose and mutual commitment to improvements in public health. Similarly, a study of eleven successful development organizations in five Asian countries stresses the importance of what it calls 'associative-emotive' aspects of the programmes, and specifically the development of shared interests, 'team feeling', 'brotherhood', and common identity among field workers (Jain 1994).¹¹

¹⁰ For a fuller treatment of principles for designing accountable institutions, including the role of 'transparency', see Reddy and Pereira (1998).

¹¹ These are promoted, it is argued, by training that emphasizes emotional commitment to the programme's mission and approach, campus-like living arrangements and standardization of conditions, and frequent group review of events in different areas so that team members know the most important aspects of the situation in others' domains.

Because the language of principals, agents, and incentives confines its description of the relations between agents to the transfer of rewards and the fulfilment or non-fulfilment of implicitly contractual obligations, it is incapable of capturing often crucially important informal interactions and understandings (such as 'trust'), which likely are vitally important in the provision of social services, especially (though not exclusively) where non-governmental and private voluntary organizations serve as providers. The fundamental importance of such informal relations in making for successful institutional performance of all kinds, including productive enterprise, has been discussed extensively by Sabel (1992), Best (1990), and others. More generally Kreps (1997) provides evidence of the pervasive significance of 'intrinsic incentives' (that is, motivations to abide by norms not for instrumental reasons but as ends in themselves) in social institutions, as well as that the level and nature of such motivations can be influenced by features of the prevailing environment.

2.3. *Institutionalize Participation*

Hirschman (1970) distinguished two mechanisms whereby an institution could be influenced to change: exit and voice. Exit refers to the possibility of expressing discontent through ending or limiting one's relationship to a particular institution. A consumer's decision not to buy a particular brand of product (whether to express her feelings about the intrinsic merits of the product, or about the firm which produces it) is an example of exit, as is the decision of an individual to move from a municipality with poorly provided public services to one with superior services. Voice, in contrast, refers to the possibility of directly articulating one's interest in change. An individual's participation in a school parent-teacher association or on a community health or water board, a response to a survey designed to elicit preferences about a public good, and the decision to vote are examples of the role of voice.

Institutional designs for enhancing the quality and cost-effectiveness of social service delivery must guarantee some measure of exit or voice if they are to institutionalize any degree of accountability to service recipients. Accountability is in turn the most promising long-run guarantor of these goals. The appropriate combination of exit- and voice-related mechanisms will depend on particular circumstances. For example, exposing state-owned enterprises to competition with other—privately or publicly owned—firms (and thereby to the possibility of 'exit') may be an essential element of enhancing their efficiency—both through indirectly providing information about firms' cost structures and consumers' preferences, and through directly creating revenue pressure. In contrast, there are arguments for universality in the provision of some social services, such as health care, which would call for the restriction of opportunities (especially on the part of the better off) to exit, and highlight the role of voice in enhancing the accountability of service providers, and thereby the quality and efficiency of service delivery. In the latter example, it has been argued that fewer opportunities for exit from a public health system on the part of the well-off will lead to greater expression of their more powerful voice in the political process in favour of enhancing the quality of public services. On the other hand, a service provider may be all the more responsive

to directly expressed complaints from its customers ('voice') because it is aware that they have the possibility of exit through purchase from its competitors. A monopolist, in contrast, might have little incentive to take account of these complaints. Thus voice and exit can, depending on the specifics of the context, serve either to *complement* or to *substitute* for one another. It is clear that the discipline of exit and the transformative potential of voice should both be incorporated in the design of concrete institutions and mechanisms for social provision, taking into account their specific characteristics. Whereas the power of 'exit' to influence decisions and transform institutions can be readily captured in the language of incentives, this is not entirely the case with 'voice'. The power of voice is that:

1. it enables information to flow—regarding states of the world, and the actual performance of individuals and institutions at different levels of an organization, thereby facilitating monitoring, holding to account, and organizational planning and decision;¹²
2. it can help to transform others' opinions—voice is not only informative but persuasive—in a manner which may enhance efficiency and the quality of democratic deliberation;
3. it strengthens the power and efficacy of exit decisions, by enabling the coordination of dissent, and their formation on a rationalizable basis.

It has been widely recognized that there is considerable scope and need today for enlarging the currently limited scope of 'voice' in state institutions, especially in the provision of social services. The role of the institutionalization of 'voice' among other kinds of service providers has been less widely discussed. For example, although social service providers within 'civil society' may respond to the concerns expressed by a particular constituency (for example, a religious group), it should not be assumed that this constituency is identical with the beneficiaries of the service. As well, the supposed efficiency of private provision derives usually from 'exit' and rarely from the institutionalization of principles of 'voice'. There is considerable need to analyse further the possible regulatory and facilitative role which states can play in ensuring that service providers of all varieties institutionalize 'voice' mechanisms, in recognition that *all* organizations ought to take *some direct* account of stakeholders and not only shareholders (whether the latter are implicit—as in some NGOs—or explicit—as in private for-profit organizations). This regulatory and facilitative role ought to ensure not only that such mechanisms *exist*, but also that they ensure participation on something approaching an equally *accessible* basis. Recent literature on 'participation' in development studies has given more attention to the former than to the latter.

The demand that all organizations—whether public, private, or in 'civil society'—should facilitate the expression of 'voice' of a wide range of stakeholders can be phrased in both instrumental and intrinsic terms. Most calls for participation in development studies have focused exclusively on the former, arguing that 'participation' enhances the

¹² For the possible momentous significance of impeding such informational flow, see Drèze and Sen (1989), on the role of informational lacunae in causing famine deaths during China's 'Great Leap Forward'.

quality of service provision and of development outcomes generally (see, for example, World Bank 1995a and 1997a). A contrasting rationale for 'participation' is that it is of inherent and irreducible value for people to have the opportunity to be involved in the decisions which affect them. Although in the realm of basic social services, the actual quality of provision of services is clearly of primary interest, the inherent significance of participation cannot be neglected.

The existing participation discourse has paid insufficient attention to the demands of facilitating equal and egalitarian participation. There is a wide range of examples of supposedly participatory institutions for delivering basic social services generating highly inequalitarian outcomes as a result of the inequality of the participation process in already unequal societies (see Reddy and Vandemoortele 1996, and Reddy 1998, for example). This can result from unequal consciousness of needs and interests, unequal ability to articulate demands, and unequal ability to influence the process which transforms demands into decisions. While no ready solutions exist to this conundrum, given the widespread deep inequality of existing conditions, institutional design must be more alive to these concerns than it has been. Further, recent participation discourse has suffered often from inadequate attention to the demands that meaningful local participation imposes on the knowledge and capacities of local communities. Decentralization and dispersal of responsibility cannot be successful if it is not accompanied by considerable and ongoing investment in, and monitoring of, the planning and decision-making capacities of the bodies charged with these roles (see, for example, Reddy and Vandemoortele 1996 for a number of instances from the arena of social provision of significant difficulties which have resulted from failure to attend to this issue).

Finally, recent participation discourse has often suffered from a simplistic and sometimes even dishonest representation of what participation entails. For example, it has been not unusual to treat participation (see, for example, World Bank 1995a) as largely a matter of making financial or material contributions to service provision. Elsewhere, perfunctory consultation has been seen as sufficient to ensure participation. Participation viewed in this manner is essentially hollow, and thus without consequences attributable specifically to it. Participation viewed satisfactorily is a multi-dimensional and demanding concept.¹³

A meaningful and effective conception of participation will involve the institutionalization of procedures for broad-based and effective consultation with service beneficiaries and all relevant stakeholders, in an equitably accessible manner. Such a conception, if taken seriously, will also entail that truly participatory institutions cannot be expected to maintain a perpetually static character, but that the process of participation itself must lead to their continual revision. Social policy-makers must be willing to accept the resulting variation which this will entail, and to view the experimentalism with which it will be associated as an asset, while continuing to seek the benefits of coordination and common purpose across localities. The vision that emerges here is one of local and democratic institutional experimentalism, set in motion with a view to discovering—through the process of deliberation—and effectively implementing—under

¹³ For example, see the discussion in Ugaz in this volume.

the discipline of democratic accountability—the forms of social provision best suited to local conditions, within a regulatory framework which can ensure equal access to the process of participation in decisions. Such a vision is not localistic, however. It *requires* the indispensable support of public authority at higher levels. First, where services are provided locally by private and non-governmental agencies, public authorities must still establish the legal and regulatory framework by which these should be bound, and through which the rights of participatory consultation can be guaranteed. Where states are directly involved in the provision of social services, they can ensure that local service provision is in accordance with desired principles. Second, public effort may be required to maintain and disseminate a repertoire of available organizational models and technical tools for social provision, which can be called upon by local service providers. The role of national and international agencies in the development and dissemination of low-cost health, agricultural, and water technologies stand as examples of the value of such a role. Widespread information about the availability of alternatives may be the most effective means of facilitating their adoption. Third, there is a central role for public authority to strive for equity of access to services, whether through shaping the type, location, and cost to the poor of publicly provided services, or by establishing appropriate financial or other instruments through which the poor may gain access to services provided by other types of providers (for example, through vouchers, directed subsidies to providers, or mandated provision of services), and by regulating them.

3. DIVERSITY, FLEXIBILITY, AND CONTROL

In recent years, as prevailing conceptual models of social provision centred on financing and direct provision by the state have come to be questioned, and both devolution and delegation of traditional state roles have widely been called for, and implemented. Devolution refers to the transfer of effective authority to lower levels of state structure, whereas delegation refers to the transfer of immediate authority for provision outside of the state altogether. In addition to these transfers of authority, there has also been a corresponding reduction—at least in relative terms—of the extent to which states have taken fiscal responsibility for social provision. The resulting new model of social provision has made both for-profit providers and community and non-governmental organizations increasingly important actors. The criticism of state-centred modes of financing and provision has certainly been overly strong, but it has also had its merits. Although the neoliberal solution to the deficiencies of state performance in social provision has not been either well thought-out or effective (see, for example, Reddy and Vandemoortele 1996; Colclough 1993a; Watkins 1998), the neoliberal critique has brought needed attention to the urgency, as well as possibilities for, institutional reform and innovation.

It is unrealistic and undesirable to advocate a wholesale return to models of provision which do not take into account the genuine areas of deficiency of traditional bureaucratic and centralized modes of public provision. Instead it seems necessary to identify approaches to reform of traditional models which take into account these criticisms and the need for *realistic* alternatives while—unlike the preferred neoliberal solutions—avoiding

blindly ideological commitment to private financing and provision, and maintaining paramount attention to the goal of equity in access to services. What could be the shape of such reforms?

3.1. Devolution

A widespread claim in recent years has been that the devolution of authority and responsibility for the provision of services within states, to lower levels of government, is likely to enhance the quality and cost-effectiveness of services.¹⁴ The rationales which have been provided for this view include the argument that lower levels of government are more likely to be effectively held to account by service recipients, and that services provided by local government can better reflect variations in local delivery conditions and community preferences.

These arguments are plausible and, indeed, have enjoyed widespread popularity. Undoubtedly, decentralization can in principle have the intended effects. However, there is also reason for expressing some caution about the conception that decentralization can be a panacea, and to qualify the conditions under which it is likely to be effective. General issues and experiences relating to decentralization are being dealt with in considerable detail elsewhere in this volume. As a result, only a few issues related to the implications of devolution for the flexibility as well as controllability of a system of provision of essential social services are mentioned here.

First, consider the theme of flexibility. It is often assumed that locally planned and provided services will enjoy enhanced compatibility with local needs. It is possible that this will not be so for a variety of reasons. One major reason is that local communities may be driven by internal divisions that cause locally planned and administered resources to be more inequitably distributed than otherwise (see, for example, Reddy and Vandemoortele 1996). Indeed, worries about the potential for such consequences can be so significant that households may prefer that 'management should remain with an external agency, accepting the defects of such a system as a better option than perceived unfairness or ineffectiveness in existing village political structures'. Altaf *et al.* (1992) found that nearly two-thirds of households surveyed in rural Punjab regarding authority for water supply voiced such a preference for exactly these reasons. As Cleaver and Elson (1995) point out, a common error is to equate the concept of a service-using community with that of a decision-making community (which is in control of local government and institutions). However, the class, gender, ethnic, and geographical profile of the two may be different, leading to consequences which may not at all be in accord with the preferences of the 'service-using community'.

A second major reason why locally provided services may fail to meet the promise of 'flexible' locally tailored provision is that lower levels of government (especially at the level of small communities) may lack the technical and managerial capacity to provide

¹⁴ Economic arguments for decentralization have enjoyed a long history in the theory of 'fiscal federalism' (see, for example, Musgrave 1959; Tiebout 1956; Quigley and Smolensky 1994). However, political momentum for decentralization has begun to build only in recent years.

such services as effectively as sometimes imagined, and thereby to absorb all of the responsibilities which some advocates of devolution would like to thrust upon them. Indeed, responsibilities are often transferred to lower levels of government and to communities precisely because they have proved beyond the capacity of higher levels of government. These responsibilities may include the choice of appropriate technologies, identification of needs, provision of funding, maintaining and sustaining facilities, and determining the level of contributions (Cleaver and Elson 1995). These are formidable tasks indeed, and it should not be assumed that communities and local governments will be capable of undertaking them without sustained capacity development, and certainly not without adequate support and clarity of role definition (McPake, Hanson, and Mills 1991). Prud'homme (1995) showed how the centralization—not decentralization—of the water and sewerage functions in Tunisia's municipalities led to a remarkable improvement in services, suggesting that administrative and technical capacities are key factors, not solely the method of financing and the level at which control is exercised. Genuine decentralization and devolution of authority should involve the transfer of responsibility *and* capacity. Devolution of responsibility supported by an appropriate and realistic devolution of authority and fostering of local capacity *can* play a vital role in making services more flexible and appropriate to local circumstances. Other elements of flexibility, such as variation in the form of financing of social services where these are financed locally (employing varying combinations of cash, in-kind contributions, and labour) may also benefit from being determined at the local level.

In recent years unsuccessful as well as successful examples of decentralization have multiplied.¹⁵ What accounts for variation in these outcomes? More generally, can decentralization be initiated in a manner which maintains 'control' over the quality of outcomes? On the one hand, genuine decentralization of authority is clearly incompatible with the maintenance of ongoing and frequent 'control' over *decisions* by central social policy-makers. On the other hand, at the level of overall institutional design, it is imaginable that the *structure* of authority and responsibility across public bodies can be designed in such a way that on the whole it furthers the overall *goals* of central authorities while devolving responsibility over specific matters. Such a redesign of the structure of authority and responsibility can be consistent with genuine devolution, in that it need not entail ongoing ad hoc interference in local decisions.

Successful devolution will involve an ongoing and significant role for central authorities. One role which central authorities can be expected to play is to enforce across localities common minimum standards of provision and criteria for equitable access to services. To the extent that services are partially financed by localities themselves through tax or other revenues (especially on movable factors of production) not directly linked to service use, such minimum standards serve the role not only of directly safeguarding standards of provision and equity of access, but of dampening a service-worsening 'race to the bottom'. A second important role for central authorities

¹⁵ For example, in 1990, Papua New Guinea devolved the administration of health services to the district level, only to discover later that medical care had become less efficient, that decisions were being made by people with little health training and that there was a generalized lack of financial resources for supplies (*The Economist*, October 1995).

will be to encourage coordination of investment in and operation of infrastructure and services which can potentially be of common use. A third important role for central authorities will be to ensure inter-regional equality. Where devolved services are to be financed partly or wholly through local revenues, there is a danger that existing patterns of inter-regional inequality will prevail, and perhaps widen. Reddy and Vandemoortele (1996) present examples of widening inter-regional inequality in service provision resulting from such factors in Sri Lanka, Mali, and Papua New Guinea. Central authorities can mitigate such inequality by partially financing services or through coordination of appropriate forms of 'equalization payments' or cross-subsidization. It is clear, however, that such 'equalization' will inevitably be politically challenging.¹⁶

Finally, central government can play a vital role in facilitating participation and accountability at lower levels of government. In the north-eastern Brazilian state of Ceara, the state government gave local authorities responsibility for a new health programme but, at the same time, launched its own health information campaign, informing the public at the local level what to expect from the programme. This information made the local public better informed and allowed it to engage in effective monitoring of the performance of local authorities. The state government also kept control of the recruitment of the large, municipally based, labour force of health workers (Tendler and Freedheim 1994). This example suggests that, as Prud'homme puts it, the issue may not be 'whether a certain service should be provided by a central, regional or local government, but rather how to organize the joint production of the service by the various levels'. The institution of checks, balances, and common ground through which mutual monitoring, holding to account, exchange of information, and spurs to innovation can take place *between* levels of government may be the key to truly successful devolution.

3.2. Delegation

In recent years momentum has developed for states not only to devolve their functions to levels of government more accessible to people but also to hand over some functions altogether. Calls for 'delegation' of this type have encompassed at different points both financing and provision. In this perspective pure privatization consists of the 'delegation' to private agents (citizens and firms) of responsibility for both the provision and financing of public goods. The implementation of user financing in state institutions involves the delegation of responsibility for financing but not for provision. The delegation of provision but not of financing is the model identifiable with both 'vouchers' and 'social funds'. The discussion that follows is confined to the delegation of provision.

It has been claimed widely that delegation—like devolution—is sure to lead to services being more flexible in their content and method of provision and thus better adapted to local circumstances. Non-state providers of social services, in this view, enjoy

¹⁶ An example of cross-subsidization to reduce inter-regional inequality is that of Umgeni water in Natal, South Africa, which subsidized rural water consumers through the fees paid by urban dwellers. However, it was made feasible not only by appealing to concern for equity, but to the need of urban dwellers to reduce negative externalities related to upstream pollution (Nigam and Ghosh 1995). It seems likely that this cross-subsidization would have been less feasible and acceptable in the absence of this appeal.

by virtue of their type and scale greater proximity as well as accountability to service beneficiaries.

The arguments for why this might be so in the case of for-profit providers are well known. The central insight of these arguments is that the discipline of 'exit' through consumer decisions in a competitive environment exerts revenue pressure on service providers to improve the quality and cost of services. There are three major deficiencies to arguments of this type, however. The first is that the uneven distribution of purchasing power inherently creates the danger that this modality of service provision will cater to different classes differently unless it is accompanied by a countervailing public effort to generate purchasing power for services in an equitable manner. The second is that purely private provision and financing is likely to suffer from various departures from social optimality such as failure adequately to internalize the full benefits of services which have public and merit good characteristics. Principal-agent problems (for example, involving the possible divergence of interest between doctor and patient) can be accentuated in for-profit environments. Public action in the form of subsidy or regulation can, of course, mitigate these factors. Finally, the third major type of deficiency of purely private provision is that it institutionalizes only the discipline of 'exit' but not that of 'voice'. As such, in frequently quasi-monopolistic local environments where private provision is only limitedly subject to the threat of exit, private provision can become less than efficient or responsive.

The arguments behind the supposed natural accountability and efficiency of provision by 'civil society' are less well developed. In most instances 'civil society' has been mechanically conflated with 'non-governmental organizations'. This is an error. It is important to make a distinction between the participation of NGOs and the participation of communities. NGOs are potentially the representatives of communities but they need not be. Often, NGOs represent sectional or even external interests from those of the communities in which they operate. As this last statement suggests, NGOs are often also *as* 'external' to the communities in which they operate as are state bodies. In the rush to find a workable 'third prong' of service-provision centred on civil society, these all-important distinctions have often been fatally overlooked.¹⁷ The distinction made in the last section between 'service-using community' and 'decision-making community' is also relevant here. NGOs may be given a special position in the latter even where they have little relationship to the former. Equally, it cannot *always* be assumed that NGOs are motivated to assist local communities. Rather, NGOs can be platforms of private ambition or venality and sites of contestation over interests. As the role of NGOs expands, and more resources are funnelled through them, this is bound to become a greatly significant issue. Recent experience with so-called 'demand-driven' social funds (which fund proposals from NGOs for local projects on a competitive basis) which have been faced by a proliferation of NGOs of dubious merit and no appropriate mechanism for sifting through claims that these organizations represent

¹⁷ As an example, in Zambia's community 'demand-driven' Social Recovery Fund and Microprojects Unit, it was found that, where projects were implemented by 'strong organizations from outside the community', such as churches, these tended to reduce substantially the community's sense of 'ownership' of the project (Stewart and Van der Geest 1995).

communities, confirms this.¹⁸ This is not to suggest that it is impossible to sift through these claims, but rather that it is *essential* that procedures to do so be designed.¹⁹ Such procedures must, however, also be designed so as to minimize the danger of genuinely representative organizations failing to be recognized, especially if they challenge external authority. New legal frameworks for the organization and regulation of NGOs are required.

The issue of whether, even where NGOs are 'grounded' in communities, they are fully representative of them, is central. It is not evident that NGOs, any more than states, can escape becoming 'captured' by a factionalized civil society. In both instances a successful relation to communities must be based on the difficult balance of being both 'embedded' in them and yet relatively 'autonomous' in their decision-making capacities (see Evans 1995). A legal and regulatory framework which presents the opportunity for authority to be challenged and held accountable, mandates representative and equitable participation, and creates the opportunity for other levels of authority to intervene where appropriate are all essential if approaches to service provision which give an important role to NGOs are to be meaningfully pursued.

A final concern regarding NGOs is that their capacities are highly uneven. As mentioned earlier, the capacities of local governments and community bodies can be substantially lower than often presumed. This is equally true of NGOs. The points made in the last section will not be repeated here. It is important to note, however, that systematic unevenness in capacity across regions or communities can be a serious danger in an

¹⁸ Favouritism in the disbursement of contracts to NGOs has been a serious issue. 'In Egypt, NGOs sponsored by influential individuals get priority treatment in funding from the safety net programme. In Ghana, a large NGO beneficiary of the social fund is a thinly disguised political organization' (Vivian 1995). Another serious dilemma is that in many areas, NGOs of dubious grassroots credentials have proliferated as a result of the availability of funds through SSNs. Whitehead (1995) suggests that this has occurred widely in Bolivia and Peru, and worries that the role of such NGOs as intermediaries could lead to the development of new unequal 'patronage' relationships. She reports that in Bolivia, 'Organizations which were formed for the purposes of obtaining support from the ESF often disintegrated once the activity was finished'. Similarly, private contractors began to approach existing NGOs with project proposals. Benin's Food Security Pilot Project is reported to have experienced similar difficulties (Jayarajah, Branson, and Sen 1996). In Peru, the Foncodes SIF gave rise to a whole new term for a class of NGOs—'Foncodista NGOs', with 'little or no link to the larger community' (Burt 1996). See also Reddy (1998).

¹⁹ An example of a concerted approach to deal with this issue in the arena of 'social funds' is provided by the proposed guidelines of the Malawi SAP, which require that executing NGOs be 'properly registered with the government', have 'requisite technical and organizational skills with adequate experience in the appropriate field', and 'have credibility with the beneficiary group it intends to work with' (MASAF Working Paper, 10 February 1995). There is a danger, however, that such guidelines will be used to select for 'preferred' NGOs on the basis of the government's rather than the communities' views. A second approach, applied in Senegal's AGETIP and Peru's FONCODES, with all implementers of projects (including both private contractors and NGOs) is to subject projects to ongoing external supervision and monitoring (in AGETIP's case further sub-contracted to private firms). FONCODES and Zambia's SRF use 'beneficiary assessments' to assess the legitimacy of the executing agencies and to determine their ongoing impact. A third approach is to have proposals approved by local or national associations of NGOs which will exert some amount of mutual oversight. In Peru, the Predes programme relied upon this approach to form 'district development committees' led by a mayor and comprising local organizations, to oversee project funding and implementation. These committees were only partially successful in some poorer communities lacking in a dense network of existing organizations (Burt 1996). Similarly, it was proposed to develop an umbrella network of NGOs to help manage a social fund in Jordan (Van Dijk 1992). This original and promising approach deserves serious consideration elsewhere.

NGO-centred model of service provision. In the case of demand-driven 'social funds' in developing countries, it has been found repeatedly that highly vocal and articulate communities and organizations which enjoy a capacity to formulate and submit superior project proposals, as well as being better informed about opportunities, absorb a disproportionate amount of allocated funds (see, for example, Reddy 1998; Graham 1994). There is an essential role for public sector and civil society initiatives to generate greater evenness in the capacities of NGOs, and to provide preferences and special assistance to worthy NGOs known to represent needy communities.²⁰

NGOs can be a vital ingredient of a new strategy of social provision. They can play a central role in a new, more locally flexible, and participatory mode of service provision. It is possible that a wide range of NGOs representing diverse origins and organizational forms can help to compose a diverse 'landscape' of social provision. A reasonable hope is that the diversity in this landscape will give rise to a heightened pace of innovation in organizational structure and everyday technique. However, it must be recognized that a vital prerequisite and complement to such a strategy of social provision are legal, regulatory, and interventionist frameworks (a 'control regime') which can ensure that decentralized provision in this modality does not become hostage to many of the same difficulties which have beset the unimaginative modes of provision that have preceded it.

3.3. *Managing Diversity*

It has become increasingly evident that rapid extension of access to social goods in developing countries is likely to be realized in many countries only through accepting and building upon the reality that there exist multiple forms of providers of social services, including, but not confined to, the formal public system. A key challenge therefore becomes that of how to *manage* this diversity, in a fashion which upholds ultimate public goals. This problem of managing diversity while furthering social objectives can be usefully parcelled into two distinct but linked components:

1. managing autonomy: the challenge which a central authority faces in attaining its overall goals given that the agents assigned to implement them are accorded a degree of autonomy and self-governing capacity;
2. managing diverse rationalities: the challenge a central authority faces in attaining its overall goals which stems from the diverse 'rationalities', or principles of reasoning and behaviour, which may be adopted by distinct types of agents.

The problem of managing autonomy is one which central authorities can face *even* when the agents which they seek to coordinate abide by the *same* form of rationality, simply by virtue of their being distinct and self-governing. For example, a health system constituted solely of decentralized public health authorities each pursuing similar objectives may still create difficulties of consistency and coordination for central authorities. (How are public goods such as health research and infrastructure to be provided for?)

²⁰ It is another matter that NGOs are often suspicious of state involvement of this kind. In Bolivia, Chile, and Honduras, for example, NGOs were initially reluctant to apply to state 'social funds' for this reason (Stahl 1996; UNCTAD 1994; Reddy 1998).

How much inter-regional inequality in quantity and quality of service delivery is to be tolerated?) The problem of managing diverse rationalities in contrast refers more specifically to the difficulty which central authorities may face in attempting to further overall goals given the diverse principles of reasoning and behaviour which are likely to be applied by different *kinds* of agent. A landscape of social service provision composed of state institutions, for-profit providers, and non-governmental or private voluntary organizations will require a system of rules and incentives which recognizes the distinct motivations and concerns of each of these types of actors. For example, economic incentives and disincentives may be more likely to influence for-profit providers, whereas mechanisms which facilitate coordination and the exchange of information, the assurance of accountability, and the generation of motivation, may be far more relevant to non-governmental organizations. Titmuss (1970) famously showed that monetary incentives have a dampening effect on the supply of blood, due to the psychological effect of commoditization on the self-understanding of blood donors. This is one clear example of the real importance of recognizing the diverse rationalities at play in service provision.

Little work has been done on the implications of 'multi-provision' for the ability to meet social goals, or on the possible shape of regulatory and incentive mechanisms which may be best used to facilitate this. Clearly, the very feebleness of the financial and administrative capacities of the state which has led the state-centred model of social provision to fail and multi-provision to be a pervasive reality, also suggests limits (albeit less severe than those on provision) on the regulatory and coordinative capacity of the state. Still, there are many unexplored and vital opportunities for institutional innovation in this area. Examples of existing innovative approaches to public regulation and coordination relevant to developing countries remain to be catalogued and analysed. Afsah *et al.* (1996), for example, report how a system of state-provided 'public information' regarding the extent of pollutants generated by private firms in Indonesia created popular pressures for self-regulation by firms. It is not difficult to imagine how a public role in monitoring the quality of services provided by private and non-governmental actors, and disseminating information about relevant differentials might similarly play a useful role in the realm of social services. Chakraborty *et al.* (1997) report a successful experiment in which researchers facilitated 'contracts' between informal and unlicensed village health care providers and local communities as a means of ensuring enhanced quality of health services. These 'contracts' were 'enforced' through monitoring by health workers which was in turn reported to providers and to the community as a whole. These specific and isolated examples are suggestive of a much larger range of institutional possibilities, which remain to be invented and explored, that may enable decentralized provision by multiple providers to be made more consistent with social objectives.

4. THE GOAL OF UNIVERSAL ACCESS

There now exists an extensive literature on the principles of targeting (see, for example, Cornia and Stewart 1993; Besley and Kanbur 1988; and Sen 1994) and on practical targeting mechanisms and experience (for example, Cornia and Stewart 1993;

Grosh 1994; and Reddy 1997) addressing institutional design and incentive issues (for example, the appropriate balance between 'errors of inclusion' and 'errors of exclusion', the choice and use of operational targeting criteria to best meet targeting objectives, the role of incentive-based self-targeting vs. direct selection of beneficiaries, the role of social perceptions of different types of programmes in determining rates of 'uptake', and the administrative costs of different systems) as well as issues of political economy (for example, the possible ability of universal programmes to generate a wider base of political support). These issues are all of relevance to the design of social policy in multi-provider environments, both because the public sector will likely continue to be the most appropriate central provider in such environments in developing countries, and because its role as regulator and facilitator of activities outside the state will still be paramount if universality is to remain a realizable goal. The political economy issue of how to maintain and extend support for the essential public role in multi-provider systems of social service delivery, given that many influential sections of a society are unlikely to rely on it strongly, is especially acute. The need of all users for some degree of state oversight of areas of social service delivery beset by imperfect information and potential opportunism by providers, is one factor which can underpin such a public role. However, this need is more likely to give rise to demands by more influential sectors of society for a public regulatory and coordinative role than for public action to provide services directly to the poor. The danger of a strategy of recognizing and encouraging multiple providers is that it will ultimately undermine the political incentives (and thereby the public will) directly or indirectly to provide services of acceptable quality for the poor.

An appeal to multiple providers, while superficially attractive due to its potential for lessening the load on the public infrastructure and exchequer, has to be seriously analysed in this respect, especially where a strong (even if limited in reach) public health system catering to diverse social groups is already in place. In such cases the strategy most politically conducive to attaining universality may be to seek to extend the reach of public services while also renovating them internally through decentralizing, transparency-enhancing and participatory mechanisms. In contrast, recognizing and facilitating the development of a multiplicity of providers may be a relevant and worthwhile strategy where such multiplicity is an already established and extensive reality which is better built upon than denied. Approaches which enable the activities of non-governmental providers to be made consistent with larger public goals exist and require greater analysis and application. The role of vouchers or other incentives which will enable the poor to be served in non-governmental and for-profit facilities as well as mandates that require all providers partially to serve the poor require greater consideration. In most instances, however, limiting the scope of public provision carries the dangers that it will undermine the political voice in favour of high quality public services. Advocates of the poor must therefore devote express attention to how a political context favourable to the goal of universality can be maintained. In many instances, it may be necessary to appeal to the ideals as well as the interests of the non-poor, although it cannot also be enough to rely on such motivations. A more hopeful possibility is that the poor may be empowered to demand higher quality social services directly, through creating more responsive and participatory institutions of social service delivery.

Realizing accountability cannot, however, be confined to developing an appropriate environment of either 'micro-' or 'macro-' politics. Rather there is an essential complementarity between these. (For historical evidence on how the extension and improvement of public social service delivery was linked to larger political movements favourable to the poor in Kerala, India, see, for example, Ramachandran 1997.)

The realistic acceptance that the state cannot successfully undertake the entire burden of social service provision in many developing countries is the source of the current interest in multi-provider strategies of social provision. This realism is appropriate, but should not deflect attention from the need for the public sector to continue to play a central role as a deliverer of last resort, and as a catalytic hand steering decentralized actors towards meeting the goal of universal access.

Debate over the concrete mechanics of attaining universal provision will have to take new forms. The economics of private not-for-profit activities and of competition between private for-profit and not-for-profit providers needs much further understanding before public catalytic and regulatory strategies can effectively be designed. Existing evidence from developed countries suggests that non-governmental not-for-profit providers provide higher quality services than for-profit providers, but that both survive in a competitive marketplace due to their distinct advantages (Rose-Ackerman 1996). The distinctions between sectors may not always be well founded. Weisbrod (1988), for example, describes the phenomenon of non-profit organizations which are 'for-profits in disguise'. These complexities generate considerable demands on public capacity for analysis and action, which cannot be shirked if the goal of universality is to be reconciled with the presence of multiple forms of social service provider.

5. CONCLUSIONS

The old contest between statism and privatism, command and market, is dying. It is in the process of being replaced today by a more promising rivalry among the alternative institutional forms of economic and political pluralism.

Roberto Mangabeira Unger, *Democracy Realized*

As noted in the introduction to this chapter, despite the broad-based contemporary consensus on the goal of universal access to basic public goods, there is no comparable degree of agreement on the *means* by which this goal is to be attained, either in the rich or in the poor countries. Debate over concrete mechanisms to extend urgently needed access to basic public goods has been an unwitting hostage of a now old and tired larger debate concerning the relative role of state and market in economic and social life. In this tired debate, both state and market have been viewed unimaginatively—the latter stereotypically as a single bureaucratic complex operating internally on principles of centralized command, and the former equally stereotypically as an unregulated field of contestation of narrowly self-interest maximizing entrepreneurs. This polarized conception has been unjust both in its description of the actually existing diversity of practices and in its failure to attend to the full range of available alternatives. Straight-jacketed by a narrowly dualistic vision, the participants in this debate have

failed to offer due attention to the possibilities for internal reorganization of state and market along lines other than their stereotyped representation—not to mention the areas of overlap and possibilities for fruitful collaboration between them.

This chapter has surveyed a range of aspects of the design of strategies for social provision. Suitable strategies must both recognize current constraints and circumstances (for example, the need to design institutional structures which respect the incentives faced by agents, as well as the reality of multi-provision) and look beyond these. It has been argued that effective approaches to the redesign of systems of social service provision should seek both to structure incentives effectively (in particular to solve key 'principal-agent' problems) while also attempting to tap the potential of non-self-serving ideals. Enhanced accountability, employing mechanisms of both exit and voice, will be an essential part of any revised strategy of social provision.

Devolution and delegation of conventionally centralized and state-managed social functions can be powerful instruments for enhancing the effectiveness and efficiency of services. However, if they are to serve this role, it is necessary that considerable attention be devoted to enhancing local capacities, enforcing minimum standards, and creating safeguards against widening inequalities. Where responsibilities are delegated to non-governmental organizations, it is necessary to pay considerably greater attention to the internal character of these organizations and to the degree to which they truly represent the interests of communities. Managing diverse types of service providers will become an increasingly urgent issue that requires attention to their different motivations and rationalities, as well as the pattern of rules, incentives, and enabling measures which will best generate consistency between their decentralized activities and social objectives. Finally, the means by which the goal of universality can best be furthered will continue to be a central policy issue, although one which will be recognized to be of greater complexity (especially in its political dimensions) in multi-provider environments.

The difficult—and important—questions concern the design of institutions in their particulars. The institutions which will enable the crisis in social provision to be dealt with effectively will correspond neither purely to existing 'privatist' models nor to centralized 'statist' ones, but rather to composites which effectively draw upon the diverse motivations of agents in state institutions, the private economy, and especially 'civil society'—the last viewed not simply as a collection of non-governmental organizations, but as a broadly and vibrantly participatory social order. The need for effective principles of design of the framework of social provision—some of which have been briefly surveyed above—will not end, but rather will be accentuated in this new era.

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Contexts of Caretaking: Privatism, Diversity, and Households in Social Provision

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1. INTRODUCTION

Despite the fact that the extended kin group is often acknowledged to be the main provider of care in the South, its meaning and workings are not well understood. Where households are included in the policy analysis, they are often misleadingly treated as unproblematic and homogeneous entities which share a common purpose and common interests. They are also treated as an unquestioned 'last resort' for the provision of social security and welfare.¹ The re-analysis of global social policy undertaken in this volume invites a more detailed examination of these assumptions, which have also become a cornerstone of the politics of the new 'welfare mix' in a number of advanced industrial countries. A comparative cultural perspective on social welfare, drawing on an anthropological approach to the analysis of needs, obligations, and well-being may suggest alternative models and frameworks (Edgar and Russell 1998).

The following discussion re-examines the role of households, kin, and individuals as welfare providers. It suggests that new approaches to social policy and the provision of public goods, such as health and education, can be complemented by more detailed attention to caregiving as a social practice, embedded in and inseparable from domestic cultures, family inequalities, and local moral communities. A corollary is that new ways of dealing with the general versus the particular, and ways of incorporating an understanding of the outcomes of policy innovation over time, need to be explored. This calls for a more detailed account of the conditions under which such activities are undermined or enhanced in particular local and historical circumstances.

It is therefore important to understand the 'contexts of caretaking', treating the household as a process rather than a unit, and evaluating the parameters, potentials, and

¹ This continues despite the long history of research on household organization and practices since the 1970s, for example, see Jones (1990).