Amita Singh · Eduardo T. Gonzalez
Stanley Bruce Thomson *Editors*

Millennium Development Goals and Community Initiatives in the Asia Pacific

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Preface

The magnificent idea called 'Asia', which finds its origin in the great Asiatic resurgence of the post-Second World War period, stands like a demoralised hostage of Western donors. The bold governance research, which attempted to capture this idea in totality irrespective of the usages common today in governance research, is gradually being lost to implanted visions about poverty, capacities and development. This book is an effort of NAPSIPAG's ongoing efforts to generate a non-West literature in governance, which resonates with local public policies, developmental programmes and requirements of global market competition besides bridging the gap between the academic and administrative research.

Governance in the Asia Pacific region has an idealistic origin in the idea of total human development and the widespread acceptability of the spiritual values in place of the bare markets of goods. The local, regional and global vision emerging from Asia has kept the West occupied since its phenomenal origin in the 1950s and 1960s when 'Panchsheel Agreements' and Bandung Conference established the solid grounds for Afro-Asian solidarity and peace. As the three stalwarts and legendary political leaders Nehru, Nasser and Tito faded in the violence of the Cold War and mutually assured destruction strategies of dominant powers, Asia was thrown open to implanted solutions bought from the West. Since then the world of governance studies continues to be dominated by ideas and projects largely located in USA or Europe. There is a shrinking ground for the voices exclusively and indigenously coming from the Asiatic region. Research in governance has narrowed scope for capturing local policy innovations and implementation initiatives especially needed to achieve lasting development or more precisely to achieve MDGs which present a mutually agreed lowest common denominator for development in the region.

NAPSIPAG selected the state of Kerala as a location on December 2010 to deliberate upon the manner in which the government of Shri V. S. Achuthanandan, the chief minister during that period, could encounter corruption, involve people in developmental programmes, strengthen ordinary people in local institutions and tame technology for women's development and access to health and education. The bureaucracy served the requirements of institutional governance and could communicate the planning processes to those for whom they were formulated. Kerala had

the highest developmental indicators in the otherwise haggard India struggling to overcome an unmanageable corruption with its undefeating impact upon all people's developmental programmes. Governance faced the problem of balancing the perplexing gulf between creating wealth and promoting social justice. Kerala model of development was nearest to this search for the ideal of governance.

The authors found it pertinent to treat MDGs as a base for studying developmental efforts in a comparative context within Asia. Scholars have by and large agreed upon the manner in which quantifiable targets were set for achieving these goals. Developing countries were found to be more focused in their approach, and many have made sincere efforts in cost and manpower management within the budgetary allocations. As Malaysian experience stands as an example of knowledge-based leadership both in government and politics, the MDG targets have mostly been achieved for this country. However, South Asia in contrast suffers from leadership crises, and whatever success has come its way is due to local community leaders, administrative leadership in local institutions and success in planning strategies. This does not guarantee any success or rise in developmental indicators for the country or achievement of MDGs as these experiments in best practices are scattered and personality driven. A large number of scholars, administrators and NGOs participate in the development process, but for the governmental failure in monitoring and evaluating their contribution, there is weak incentive to do better and greater incentive to earn through developmental funds. Most contributors to this volume have laid faith in the state-driven programmes with meaningful partnership of civil society agencies. However, scholars agree that capacity enhancement should precede goal achievement; otherwise, the goals are likely to be diverted to serve the vested interests of donor agencies.

There are many organisations which deserve to be appreciated in making this volume a success. The first and foremost is NAPSIPAG (Network of Asia Pacific Schools and Institutes of Public Administration and Governance) located at the Centre for the Study of Law and Governance, Jawaharlal Nehru University, New Delhi, India. Shri N. Ravi Shanker, (secretary, DIT and NIXI), Mr. Keshav Desiraju (additional secretary, Ministry of Health, Government of India) and Ms. Anne F. Stenhammer (regional programme director – UN Women, South Asia Regional Office) provided the ideological frame and focus for the policy debate, and Dr. K. N. Jehangir of the Indian Council of Social Science Research (ICSSR) extended valuable suggestions on interventions wherever needed in achieving MDGs through social science research. The enterprise of preparing a volume filled with rich country experience without being passionate about national and patriotic leanings would not have been possible if NAPSIPAG had not received inputs from some of the leading administrators and public sector planners from Asia on primarily academic papers from universities. This could be possible due to the support and swift undertakings possible under the leadership of Dr. Manupipatpong Worapot, director, capacity building and training, and Dr. Anbumozhi Venkatachalam, capacity building specialist of Asian Development Bank Institute, Kasumigaseki at Tokyo. More than 50 administrators arrived from South Asia and adjoining countries to share their experience and get involved into a mutual learning process. The administrators

of the Kerala Government, to name a few, Dr. P. Prabhakaran, chief secretary, and Mr. T. K. Manoj Kumar, director, Institute of Management in Government; Shri SM Vijayanand, IAS; Shri Rajeev Sadanandan, IAS; Dr. Mridul Eapon; and Dr. Ajay Kumar, secretary, DIT Kerala Government, Trivandrum, along with their political leaders Dr. Thomas Issac, honourable finance minister, and Ms. P. K. Sreemati, minister of health, Kerala, participated in a truly democratic classlessness rarely visible in other states of India. Some of the developmental specialists from the region, Dr. Mridul Eapon (State Planning Board, Kerala, India), Prof. S. Parasuraman (director, Tata Institute of Social Science, Mumbai, India), Dr. Thirumalainambi Murugesh (Optus, Australia) and Dr. Jacob Kumarasan (WHO – Kobe, Japan), Prof. Manzoor Hassan (director, BRAC, Bangladesh), Justice (Rtd.) Nasir Aslam Zahid (dean, Law Faculty, Hamdard Law University, Karachi, Pakistan), Prof. Norma Mansor (National Economic Advisory Council, Malaysia), Dr. Mohad. Gazali Abas (director, Economic Planning Unit, Malaysia), Dr. George Mathew (chairman, Institute of Social Sciences) and Prof. RFI Smith (Monash University), have shared their rich experience in administration, policy implementation and adoption of technology solutions to governance reforms to make the chapters of this volume more balanced, dispassionate and free from the ideological baggage of bureaucracy bashing or also of the fashion of the third sector worship. The studies have covered a vast area of governance research in education, health, technology, leadership and third sector partnerships, but the focus has been the drive and achievement towards the MDGs.

There are several others who need to be extended heartfelt gratefulness before this preface cum acknowledgement closes down: some young scholars and administrators from JNU like Ms. Sylvia Yambem (executive research coordinator – NAPSIPAG, JNU), K. Naresh Sharma (editorial assistant), Mr. Deepak Arya (Legal Cell, JNU), Dr. A.K. Malik (formerly at JNU and presently Registrar, South Asian University) and Ms. Geeta Malik (community health specialist, Ministry of Health). We would also like to take this opportunity to thank Jawaharlal Nehru University for their continuous support and guidance in all our endeavours. In this whole preparation, what cannot be left without notice is the timely support in fund management and in building institutional cohesiveness much needed to complete the undertaking such as motivating, encouraging and arguing like a family with editors and with contributors were Prof. Sharif As-Saber (chairperson, NAPSIPAG) and Mr. Raza Ahmad (former capacity expert at ADB). This volume is a result of their enriching human qualities and managerial skills to keep international experts firmly settled over the bridge that links theory to practice.

Last but not the least, the editors and contributors feel indebted to Ms. Sagarika Ghosh of Springer for her patience, knowledgeable and speedy corrections and amendments which have strengthened the quality and content of this book.

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About NAPSIPAG

The Network of Asia Pacific Schools and Institutes of Public Administration and Governance (NAPSIPAG) is a network of schools and institutes of public administration located in the Asia Pacific region. The network was officially launched through an international conference held in Kuala Lumpur, Malaysia on December 6–8, 2004. Today NAPSIPAG has institutional and individual members in all the Asia Pacific countries and even from France, Grenada, the United States of America and others. NAPSIPAG research is directed to enhance the quality of governance and public administration in the Asia Pacific region by building the capacities of its national governments to promote good governance, through practical, relevant and responsive training, education, and research, guides NAPSIPAG. Since its inception, NAPSIPAG has organised eight international conferences, seven capacity building workshops and five knowledge-sharing and best practice learning sessions. NAPSIPAG has also published 6 books, and its official journal is Journal of Administration and Governance (JOAAG).

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Chapter 1
Tracking Implementation

Amita Singh and Anbumozhi Venkatachalam

This book highlights the need for attending to smaller governance initiatives and practices which have successfully withstood the turbulence of the times and delivered goods and services to people. Governments belligerently adopt mega-reforms which remain underperformed due to their inability to resonate with the requirements of local people. The contributors have analysed some successful practices from across the region of Asia-Pacific and suggested ways in which such community led initiatives could involve governments, universities and NGOs to upscale and replicate them as the deadline to achieve MDGs approaches, and country governments face a performance test in United Nations.

At the time of writing this introduction to the present volume, the world is less than 3 years away from its deadline of 2015 for halving the world's population trapped in abject poverty. This is the most prioritised first Millennium Development Goal (MDG) which on achievement will usher in a world free of poverty, hunger and disease. It also directs nations towards an increasingly just and accountable system of governance with stronger institutional ability for programme implementation as they progress towards MDGs.

In September 2000, 189 countries resolved to achieve the eight Millennium Development Goals in the United Nations Millennium Declaration. These eight goals are interrelated, and to achieve them in isolation of the other is impossible. It is this entangled nature of MDGs that the Asia-Pacific countries have demonstrated varying achievement graphs in poverty reduction, health, education, gender disparity

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and environment. The present volume encapsulates country-based studies which are comparable and indicate the possibility of replication under certain conditions.

The MDGs are an expression of strong commitment by the countries to inclusive and sustainable growth. They offer a set of concrete targets that can be used to assess the quality of economic development and integrity of poverty eradication strategies. Even though critics[1] disagree with the targets and the fixed deadlines for achieving them, yet the MDGs are noteworthy in creating a lowest common denominator of progress to be achieved by all UN member states.

Amongst the subregions of the Asia-Pacific region, the greatest progress has been in Southeast Asia, which has already achieved 11 out of the 21 development indicators[2] and is on track for another four. Except on forest cover and carbon dioxide emission, Southeast Asia was more or less on track. Although many countries have achieved significant progress in reaching MDGs, some countries face great challenges in addressing the issues related to education, health and environment. Not surprisingly, much progress has been made by the booming People's Republic of China (PRC), India, Indonesia and Malaysia. These four fastest economies of the region have reduced the number of people living in 'absolute poverty'. The battle against disease, the sixth MDG goal has been especially encouraging. Asian percentage of people living with communicable and non-communicable disease has stabilised since 2000, though country reports indicate that the overall number of people living with HIV and TB are increasing especially in India. The MDGs have also been credited for reaching out to enhance capabilities of the disadvantaged or disempowered groups. When countries signed onto the MDGs, they agreed to work to lift the living standards of all people, particularly women and least advantaged.

Despite the best of intentions and advances made, the policy environment remains disappointing in many countries. Country reports and regional studies indicate that most Asian nations will not meet all the targets in 2015 (Heilbuth 2009). Advances in fight against poverty, hunger, environmental degradation and diseases have begun to slow as a result of the global economic crisis, job losses and governance challenges. Corruption and weak governance in general undermines pace of poverty reduction and hinders the attainment of health-related MDG goals.

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[1] There has also been a scathing criticism of MDGs. Samir Amin the economist writes, 'while commendable the goals are vague, "ideological cover" for western neo-liberals and redolent of "pious hope".' (Special Report, "Rating Asia's Progress", Development Asia, Oct–Dec. 2009)

[2] To enable monitoring and objective performance evaluation of the progress towards MDGs leading experts from UN, OECD, IMF and World Bank agreed to set 18 targets and 48 technical indicators to the 8 MDGs. i.e.; Goal 1 is to eradicate extreme hunger and poverty. This is divided into two targets, first, to halve between 1990 and 2015 the number of people below $1 a day. Second target is to halve between 1990 and 2015 the number of people who suffer from hunger. The indicators for achieving the first target are, (1) proportion of population below $1 (1993PPP), (2) Poverty Gap Ratio (3) Share of poorest quintile in national consumption. The indicators for the second target are, (1) prevalence of under five underweight children (2) proportion of population below minimum level of dietary energy consumption. (55/2 *Millennium Declaration in the 8th General Assembly Plenary Meeting*, 8 Sept. 2000; UN Millennium Project 2005)

Poor governance carries both social cost and real economic cost, and it is the poor and the vulnerable who inevitably bear the brunt. Funding gaps are evident for programmes needed to improve maternal health, the MDG goal towards which least progress has been made. Developing countries have had a major reduction in donor funding. The ability of most Asian countries to finance development programmes adequately may be in jeopardy. Salil Shetty, the director of the UN Millennium Campaign, laments that the overseas development assistance in the last 50 years for development has been a meagre US $2 trillion as compared to US $18 trillion given in the last 1 to bail out financial companies from their mess (Heilbuth 2009).[3] The social upheavals in the form of 'London Protests', 'Occupy Wall Street' or 'Occupy Boston' indicate the mood of people ready to rampage the unjust institutions of decision making. Therefore, the success of community-based entrepreneurial models, such as the Kerala model of development, which suggests better utilisation of public resources on the principles of decentralisation, harnessing community efforts for local empowerment and educational revitalisation for disadvantaged could be a good governance practice to replicate elsewhere with suitable modifications. Most chapters of the present volume suggest that many MDG initiatives in the Asia-Pacific require a bottom-up approach involving grassroots and local community structures and are often encouraged by public service deliveries and governmental aspirations for e-governance. Studies indicate that further decentralisation and creation of market cooperatives or small private enterprises based upon cooptation[4] are more suitable for resuscitating failed poverty reduction strategies.

The region of South Asia has the largest concentration of the poor in the world as it supports 22% of world population with just 2% of world production which it is able to generate. This poorest region of the Asia-Pacific also has the highest youth illiteracy which is above 23% for males and 40% for females resulting into non-implementation of health programmes, increased corruption of implementing administrators and waste of public money. The various studies also indicated the pathetic and patchy achievement graph of Asia-Pacific region. While the region is constituted of 18 economies, it includes the five most populous and poor regions such as Bangladesh, People's Republic of China (PRC), India, Indonesia and Pakistan. China has the best achievement results as it has reduced poverty of those living on USD 1.25 a day to as low as 16%. This is followed by Pakistan (23%), Indonesia (29%), India (42%), and Bangladesh (50%). The five economies with the largest poverty gap ratios are Nepal (19.7), Uzbekistan (15.0), Bangladesh (13.1), Lao PDR (12.1) and India (10.8). These economies will find it especially hard to

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[3] Ibid p. 9.

[4] Cooptation is a kind of cultural appropriation when subcultures replace a settled way of living and transacting in society. Cooptation is a strong theme in the literature that looks at developing countries (Tandon 1989; Najam 2003; Fisher 1998). Third sector organisations have a long and illustrious track record of influencing (i.e. coopting) government policy to reflect their interests.

meet the MDG poverty target thus straining and loosing out on efforts of health departments which are investing in programmes for making health more affordable and accessible.[5]

MDGs occupy much of the contemporary governance design and direction in the Asia-Pacific. The principles set in the *The Paris Declaration*, of March 2005, would primarily target poverty reduction through institutional improvements, mutual accountability of actors and corruption control, reliance upon local systems, appropriate simplification of procedures and measurement of results. There is fervent activity going within countries on speculations about progress and the reliability of strategies which are being adopted to attain the targets. These countries are undergoing a period of frantic nervous activity by formulating new programmes for livelihood generation and experimenting on their efficacies. The flow of wealth, service industry and manufacturing units from the developed countries to Asia-Pacific region has created increased confidence in these governments about improved possibility of achieving the MDGs yet the results present a different scenario. Governance is neither apolitical nor a treatise on public finance; hence, the balance tilts in favour of the more consolidated vested interests. Governments look towards the nearer electoral outcomes rather than sustainable gains which may have long gestation periods. Thus most administrative structures created to facilitate service delivery have an inbuilt tendency to deviate from the new policy demands emanating from the commitments for MDGs. It is due to the embedded influences which direct the way governance functions that development in the Asia-Pacific region is too uneven, sluggish and in some countries regressive. It is more feasible to innovate implementation methods, reduce extraneous controls in decision making, build local capacity to decide and enhance fund management skills and training.

The chapters of the present volume suggest that the state is not an isolated factor in approaching MDGs singlehandedly. Some of the most successful governance initiatives or the so-called Best Practices in the Asia-Pacific have been the ones where governments have stepped backwards to accommodate new strategies, programmes and techniques initiated by non-state actors or local communities. The transformation of Asia-Pacific is claiming the wisdom of smaller actors such as local NGOs and indigenous communities since the pursuit of public administration reforms in this region has never been a straight forward process (Cheung 2005). The process of indigenisation of reform initiatives in this region is likely to create a base for a more appropriate alternative to Anglo-American or Eurocentric approaches. Asian values have since long been a clarion call of political leaders who have passionately transformed their countries. During the 1990s, Singapore's Lee Kuan Yew or Malaysia's Mahathir Mohamed has generously indulged into the Asian values discourse to motivate, mobilise and achieve social cohesion as these political leaders knew too well that the wealth creation programmes in this region can be accepted

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[5] Asia-Pacific Regional Report, "Achieving the Millennium Development Goals in an Era of Global Uncertainty"

2009/10, ESCAP, ADB, UNDP, 9–37.

and supported only if they are able to generate respect for traditions along with social cohesiveness. As Gray (1994:192) rightly explains that 'market institutions are viewed instrumentally, as a means to wealth creation and social cohesion, not ideologically, as ends in themselves.' The crises wrecked Asia-Pacific of the 1970s, and the 1980s has enormous embedded energy as the four tiny dragons South Korea, Taiwan, Singapore and Hong Kong have shown as progenitors of 'the East Asian Miracle' (World Bank 1993). Asian values are generated through cultural and communitarian embeddedness of reform initiatives. Sheridan (1999:2–3) suggests that 'though these Asian values have an anti-Western tinge in the sense that they are always defined in contrast with the West, but that is not really what drives them either. They are much more to do with an internal Asian debate about the nature of the good life, about regional community, about the dynamics of modernisation, about whether modernisation means Westernisation, about the civic dimensions of life, about the reconciliation of indigenous traditions with new cosmopolitan dynamics and about the challenges of globalisation.'

These values have dispersed versatility of approaches, diversity of structures and a multiplicity of actors in driving the wheels of development and progress towards the achievement of MDGs.

The contributors to this volume have captured the above mentioned diversities and distinctions in their analysis of governance initiatives where communities have shown the way forward. Various local level experiments have been evaluated and examined, and their impact is studied in close approximation to the commitment to MDGs. The book has one detailed country case study of Malaysia which has successfully achieved many MDGs in contrast to several others in the region which are trailing behind. The rest of the book has highlighted successful governance initiatives and the neglected areas of appropriate leadership in e-governance and university education to resonate with communities and neighbourhood. A study also suggests the need for upscaling the localised practices to achieve faster progress towards MDGs.

The country case study of Malaysia by Shamsulbahriah Ku Ahmad and Norma Mansoor investigates Malaysian progress towards MDGs in their study 'Narrowing Disparities via the New Economic Model (NEM): Is Malaysia Set to Excel Beyond its MDGs Targets'. Malaysia is one of the fast achievers in the region yet as authors indicate that the need to address issues relating to ethnicity, gender, vulnerable groups and the rural urban divide in the New Economic Transformation Model, and Vision 2020 is a governance imperative. Nonetheless, Malaysia's recently announced Government Transformation Programme, the Economic Transformation Programme, the New Economic Model and the Tenth Malaysia Plan which aim to guide Malaysia in achieving Vision 2020 are set to consider lessons and weaknesses of previous policy instruments. The case study of Malaysian government initiatives establishes the need for narrowing disparities and dispersing the benefits of growth to all sections of society. The key theme of narrowing disparities as outlined in second document of NEAC report on the NEM addressing the needs of the bottom 40% of households and reducing income disparity among others are testimonies to Malaysia's continued commitment to ensure that all Malaysians benefit from growth and economic progress as the nation approaches the MDG deadline.

Eduardo T. Gonzalez in 'The scaling-up process and health MDGs in the Philippines' suggests that unless upscaling of implementation is attended to, the country's 2015 MDG health target is unlikely to be fully met. This is equally true for other governance initiatives as upscaling and effective replication has never been a sincere priority of most governments. The paper makes an important suggestion on effectively integrating the centrally sponsored and the locally initiated health programmes. This implies that centrally based, top-down governance and locally driven, bottom-up governance is considered complements rather than substitutes. But pilot projects seldom spread geographically and centrally directed health programmes have reached bureaucratic exhaustion. The key to unlocking this dilemma is to reinvent the scaling-up process: in the process of reaching out, centrally directed health programmes should be 'localised' down without loss of coherence, and local initiatives should be scaled up without loss of context.

The concern with implementation processes of programmes to achieve MDGs has been one of the prime concerns of policymakers in the Asia-Pacific. The uneven and iniquitous development and the social and linguistic fragmentation and disparities obstruct and slow down most initiatives. The impact of climate change has further added to the already difficult times for governance. The contributors to this book have brought out valuable suggestions out of their country experiences which indicate a change from conventional approaches to a more vibrant and participatory system which is able to provide greater elasticity and decisional freedom to local communities, while at the same time ensuring continuous social security against poverty, exclusion and disease during transitional times.

Two papers on climate change-related concerns and solutions suggest changed roles for the private and public sector. First paper of Md Khalid Hossain and Sharif N. As-Saber in 'Healthcare governance and climate change adaptation: A pharmaceutical industry perspective' attempts to understand the interlinkages of health care and climate change within which the role of pharmaceutical industries gains prominence. As climate change adaptation entails both risk aversion and opportunity utilisation, it may, therefore, be considered useful to study the pharmaceutical industry in relation to its exposure to climate change, and subsequent adaptation measures to the demands of MDGs. Second paper by Suman Sharma has adopted a political economy approach to suggest both international and regional action in governance studies or a South Asian initiative in the area of poverty, health and climate change. She points out that the virtual failure of global and regional efforts due to prolonged, action-less deliberations, lack of political will to accept the inevitable and change course for the survival of humankind has been holding back development and progress towards MDGs in the region. Poverty reduction is also dependent on the governmental ability to prevent the sinking of millions of poor in poverty due to high cost of health care. Health-care financing has so far remained a neglected area in most studies on MDGs despite its overwhelming control of inclusive governance in Asia.

Rumki Basu, Sheila and Neha Rai revisit health-care financing for the poor and highlight the Government of India's recent initiative on providing security and support to the disadvantaged sections through health insurance. Basu's 'Interrogating the

PPP Model in Health Insurance', highlights the need for caution in making use of private companies in the health insurance sector. With the introduction of Rashtriya Swasthya Bima Yojana (RSBY) in April 2008, vulnerability and marginalisation has been reduced as it is the first government social sector scheme to embrace a business model of profit. National health accounts data (2010) reveal that the government sector (centre, state and local) together accounted for only 20% of all health expenditures and 78% took the form of out-of-pocket payments – one of the highest percentages in the world. Poverty reduction exercise is set at naught without health insurance. Sheila and Neha Rai look into the RSBY initiative from its multidimensional outreach to rural areas incorporating IT networks and the active participation of state and insurance companies.

The chapters by Emilia Pedrosa Pacoy and Isaias S. Sealza have suggested ways to obviate gender disparities and bring in a more gender just development and service delivery systems. Pacoy in 'Local Innovations in Service Delivery: Gender-Responsive Budgeting in Davao City, Philippines' writes about the need for advocacy through gender-responsive budgeting. Her paper addresses two basic issues: one, how is the 5% gender budget utilised for gender and development? And two, does the mandate of allocating this budget manifests the effort to ease gender gaps and improve women participation in development? Further on engendering programmes to achieve MDGs Isaias's in 'women empowerment through LLP in southern Philippines' demands greater community networking for women. Learning and livelihood project (LLP) chose to use informational isolation and powerlessness as entry points for development intervention to help women and to lessen gender inequality. With the idea that women could be empowered via literacy and numeracy trainings, LLP promotes women in project planning and implementation for better transparency in community development works.

More suggestions arrive on the need for involving communities in implementation through a more knowledgeable interaction. Martadha and Raudah Danila in 'Revisiting the Role of Universities in Achieving MDGs' lament that much of the action towards the achievement of MDGs escapes the synergy required in making university education relevant and impactful. The sterility of degree-based education and the creation of ivory tower intellectuals is not the role which any university can boast about in present times. Education which resonates with public action is the most important contribution of universities. This paper therefore, attempts to explore Malaysia's public universities' role in helping its surrounding community. Using stakeholder's theory and corporate social responsibility's model as a framework of study, the study argues that public universities should move beyond its traditional mission of education and research and instead be more sensitive to and aware of the needs of its local community. This collaborative effort in Malaysia has increased the accessibility of ICT among rural communities, strengthened e-governance and expanded the base of people's participation which would not have been possible without the active roles of academia. Mervin Gascon goes further on the roles universities are expected to play to suggest in 'Community-University Partnerships for Improved Governance' that the gap between theory and practice can be bridged oriented curriculum for BS in Public Administration (BSPA). This effort hopes

to produce public administration professionals who are equipped with the necessary research skills and knowledge. Research as a capability is believed to improve the quality of local governance by ensuring that decision making at all levels of the government must be based on the real dimensions and state of things in the community.

Chamila Jayashantha and Wijekoon, in 'Regulatory Mapping in Local Governance and The Economic Governance Index in Sri Lanka', emphasise the need for developing administrative and local capacities for creating holistic access towards MDGs. In Sri Lanka, the role of local authority is important today more than ever after the government aligned its development agenda with United Nation's Millennium Development Goals and implemented Local Economic Governance (LEG) programme. The Asia Foundation (TAF) carried out Economic Governance Index (EGI) study in 19 local authorities to understand government-influenced constraints to economic growth at the local level. Based on the findings, TAF introduced regulatory mapping to synergise public and private actions. However, any amount of governance reforms may fail to work in the absence of a meaningful leadership. Awang Anwaruddin has explored the contours of 'leadership' in 'e-leadership for e-government in Indonesia' as a dimension which had occupied the management thinkers for long but has not been studied appropriately in the politico-administrative studies. As administration works within the framework prescribed by the country's political system, the impact of political leadership has strong ramifications for implementation. e-Governance programmes have been failing in the absence of leadership. The Nepal experience in e-governance is an indispensable study by Ishtiaq Jamil and Tek Nath Dhakal titled, 'Benefits and Challenges of E-Governance for Service Delivery in Nepal'. It brings out the socio-technological framework of support which came from e-governance processes in Nepal which enhanced accountability and performance but could not be inclusive.

One important fall out of the present decade is the whiff of confidence which has seeped into local communities. These communities have become new centres of implementation and capacity building for progress. Three papers have studied local community-based initiatives which have worked well in regions where the government was either not interested or did not have the capacity to deliver. Rabindranath Bhattacharyya in his work on the 'Impact of NGCSOs in developing capability of the low-income people in South Australia' unleash the latent energy of people so far trapped within rigid local structures. On the basis of arguments given in the text, the author concludes that NGCSOs deliver immense services to the isolated communities for coping up with the challenges posed over them by their economic position. Sylvia Yambem in 'From Reinvention to Communitization: The Himalayan Indian State of Nagaland Shows the Way', suggests that despite being conflict ridden and economically backward, communities in this border state of Nagaland joined hands with the government to tackle the problem of failing public service standards. Nagaland's communitisation initiative thus emphasises upon the significance of the state in public service reforms. Irina Ningthoujam in 'Reaching out to the people:The role of Leikai-Club in the state of Manipur (India) in achieving the MDGs' has brought out an analysis of a

unique community grouping or a club which became a successful partner in public service delivery. The role of Leikai-Club in the state of Manipur has mobilised community support and patronage to implement local empowerment programmes in places where the state led administration had been quite indifferent, demotivated, corrupt and ineffective.

The last section 'Thinking About Reaching Out: Analytical Approaches To Develop Feasible Projects' is an epilogue by RFI Smith on the process of implementation which at best is an inclusive, time bound and cost-effective exercise generating wealth and empowerment of people's institutions. The paper proposes that logic models can help managers and staff think about opportunities to implement development goals by improving focus, accountability, feasibility and targeting. In this analysis, lack of focus and accountability aggravates shortfalls. Targeted interventions backed by financial and political resources make a difference. Approaches to improve targeting therefore deserve high priority in the Asia-Pacific progress towards MDGs.

Conclusion

Most contributors to this volume believe that the Asia-Pacific's growth momentum must be fostered and further strengthened. Yet, most MDG-related policy interventions are silent on the mechanisms of an intervention; these need to be outlined in order to trigger implementation processes beyond a particular context. A meaningful convergence of planned activities within a holistic framework of governance is one option which is difficult to formulate but is the only option which can facilitate speed and progress towards MDG deadlines. Also, by promoting regional cooperation, including sharing good policy practices, governance models, efforts to increase intraregional trade and investments in services, to build resilience to external shocks can be made part of convergence planning.

Greater political will and leadership is required to attain a transparent and accountable delivery of public services. The formulated programmes for implementing developmental policies and plans are likely to fail the destination MDGs if the focus is diverted from pro-poor and excluded groups to serve the powerful lobbies and corporates. This would entail that programmes need to prioritise expenditures on the MDGs, ensure accountability and transparency in managing public money and prioritise domestic resource mobilisation. Countries and states that have made good progress towards MDGs have shown strong leadership and competent administrative systems which have not only collaborated with civil society groups but in turn have trained them to participate more meaningfully in the implementation process. In conclusion, MDGs have united the Asia-Pacific governments to look beyond their petty historical disputes and concentrate their attention to their sociocultural capabilities in overcoming the bane of poverty, hunger and disease.

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Chapter 2
Narrowing Disparities via the New Economic Model (NEM): Is Malaysia Set to Excel Beyond Its MDGs Targets MDGs

Shamsulbahriah K.A. Rodrigo and Norma Mansor

Introduction

The report entitled "Malaysia – The Millennium Development Goals at 2010" confirmed that Malaysia had achieved most of its MDGs ahead of time while showing progress in moving towards some of the goals and targets that it has yet to achieve. This report, prepared by the UNDP in Malaysia in close cooperation with the Economic Planning Unit of the Prime Minister's Department, reaffirms the 2005 findings that Malaysia's achievements were indeed impressive in aggregate terms. Nonetheless, findings in this report also acknowledged that Malaysia still lagged behind in areas such as maternal mortality, women in managerial positions and female political representation, HIV/AIDS and the persistence of tuberculosis at a relatively high level.

Given the spirit and intent of the MDGs to promote equitable and inclusive development and taking into consideration Malaysia's ambition to promote inclusive development and become a developed high-income nation by 2020, this chapter will focus on a key theme that brings together several issues raised in the report in the context to Malaysia's recently announced Government Transformation Programme (GTP), the Economic Transformation Programme (ETP), the New Economic Model (NEM) and the Tenth Malaysia Plan (10 MP) that aim at guiding Malaysia in achieving vision 2020.

The key theme of narrowing disparities as outlined in second document of NEAC report on the NEM (Chap. 6) covers among others issues such as inclusiveness,

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affirmative actions, addressing the needs of the bottom 40% of households and reducing income disparity.

In addressing this key theme this chapter aim to contribute towards answering the question raised in the UNDP report with regard to poverty and inequality, as income inequality remained high despite Malaysia's success in bringing

Inequality in Malaysia

Development theorists have long been attentive to the issue of equity with development as is evident in the debate on redistribution with growth in the 1970s. The overall impact of economic development, who benefit, how and why, was subjected to detailed scrutiny. The conclusion was that economic growth, then considered synonymous with economic development, does not automatically ensure equity or redistribution of economic wealth and neither does it eliminate poverty. More importantly, it was established that access to the products of development may be determined by a complex interrelationship between economic, social and political factors.

Disparities between the rich and the poor, developed and developing countries appear to be on the rise as economies developed and technologies advanced. Inequality is a multidimensional phenomenon and covers a wide range of issues such as inequality of income, wealth, ownership of factors of production, credentials, welfare, opportunity, political domination or subjugation among others. Hence, to address the issues of inequality and to derive measures to correct disparities between individuals or countries requires an understanding of the economic, social and political dimensions that influence the distribution resources. The concept of inequality, however, has been largely influenced by definitions arising from mainstream economic thinking focusing on income disparities and distribution dominated by the work of Kuznet (1955). His inverted U-hypotheses stipulate that income inequality worsens in the early stages of development and becomes more equal as economies develop. Nonetheless a consensus has yet to be reached regarding its validity (Hayami 2001, p. 167).

The Need for an Integrated Framework

While poverty has been more popularly approached as a static social problem that requires appropriate social reforms particularly by means of public policy instruments, the theme in this chapter is to identify and locate the poor and address the relationship between social, economic and political inequality in the context of a broader structural change and economic development, while simultaneously providing the framework to address disparity as propagated by the NEM. The premise here is that the persistence of inequality must first be understood from a systems perspective, that is, from an understanding of the systems of social stratification that operates in society that produce and reproduce inequality and the poor through an

interplay of criteria. Systems of social stratification or systems of inequality and resource allocation refer to the mechanisms that categorise people, the rich or the poor, into groups that occupy different levels or strata in society. Membership of these groups or strata is therefore determined by a selection of shared group characteristics. While such a system is arguably specific to particular types of societies or economic systems, some common criteria have been identified and applied in numerous studies on inequality, distribution and poverty as the literature indicated. Given the role of the state in the development process within these systems, this chapter then contextualised the analysis of the MDGs within Malaysia's New Economic Model (NEM) that serve as a tool for socioeconomic engineering through public policy, possibly paving the way forward for Malaysia to excel even more.

Inequality is also a social construct. It builds on existing approaches and argued that the structuring of inequality and the creation of the poor is derived by a process deeply embedded in the social and productive structure of society and forms the basis of an interrelated system of stratification continually shaping the structure of inequality and creating the rich and the poor worldwide. Through this social process, certain groups suffer from relative deprivation in terms of owning less of desired attributes such as income, education, employment and political power while other groups own more. Relative deprivation and gains arising from group membership is also crucial. This can lead to differential access to economic, political and social resources depending on the social and political power of particular groups. Deprivation and poverty among indigenous people and other minority groups is yet another case in point as it leads to constraints to access, for example, as a result of school location, availability of transport, attitudes of parents and cultural and religious factors, among others. Likewise equal opportunity alone does not necessarily ensure equal access to economic and social resources. Relative deprivation among sociocultural groups may also be further aggravated through political deprivation as equality of citizenship may not automatically translate into equality of access to resources. Social processes therefore contribute towards creating the poor eventually leading to institutionalised differences between the poor and the rich within the social fabric of society. Inequality as a social construct means that it is not merely a number or an index. Inequality can be seen as a structure whereby group membership on that structure can be labelled as the rich or the poor "club" or strata and can be empirically identified within the social structure. By identifying these strata from the data, a picture inequality as a social structure can be derived (see Fig. 2.1).

So, where are most Malaysians on the strata of inequality today? The majority of Malaysians can be found at the lowest level of the inequality structure or pyramid, as members of the working class. This is true for the Malays, Chinese and Indians as well as gender wise. Although apparently unintended, 20 years of affirmative action programmes through the New Economic Policy (NEP) appeared to be most successful in creating a sizeable Malay proletariat. Nevertheless, the middle class have also doubled in size, making up about a third of the Malaysian population. While the size of the Malay middle class has also grown tremendously, the Chinese share of middle-class membership remained largest and considerably higher than its share of the population. Despite the NEP's restructuring efforts, ethnic divisions have definitely
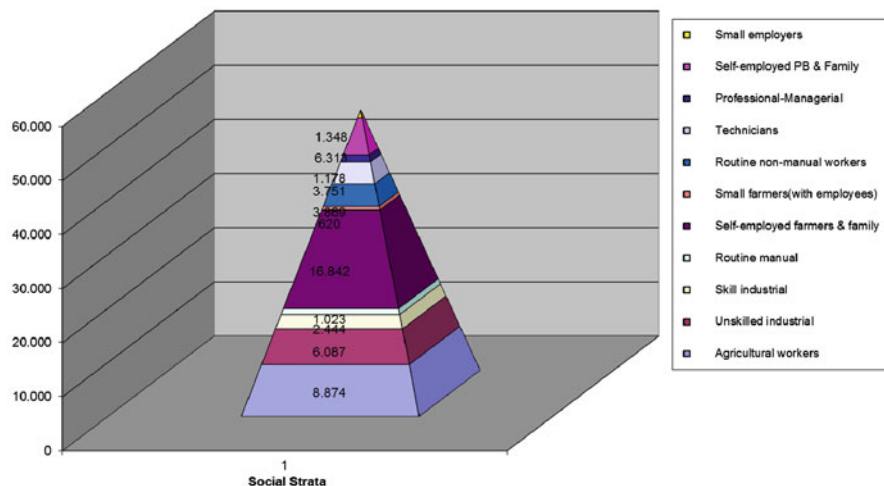
Fig. 2.1 Malaysia's inequality pyramid (Source: Statistics Department and various other official statistics)

been maintained and reproduced in some segments of the class structure. The NEP appears to have had the most adverse effect on the Indian community. The size of the Indian working class, for instance, remained disproportionately large while there are cases where their membership of the middle class was reduced. Gender inequality, on the other hand, remained wide across the class spectrum. However, Malay women seemed to have benefited most from the NEP, albeit indirectly. While the majority entered the rank and file of the industrial working class, their entry into the lower middle class is particularly significant and appeared to have been at the expense of Malay men as well as men and women from the other races.

Perhaps the fundamental question that needed to be asked is what had actually changed to alter poverty and inequality in contemporary Malaysia. With regard to the elimination of the hard core poor, Malaysia has achieved this MDG objective and the overall poverty rate of 3.8% from an incidence of poverty of 50% in 1970. These are not small achievements. Nonetheless, the structure of inequality has not changed. The majority of Malaysia's population is still found at the bottom of the inequality pyramid irrespective of race or gender. This is the structure of inequality left by the New Economic Policy (1970–1990). Education has undoubtedly facilitated the entry of Malaysia's rural population into the rank and file of urban wage earners – the salaried middle classes and the working class. This structure of inequality also mirrors the inequality of income among those located on different positions within this structure. As evident from Fig. 2.2, the income gap between those at the bottom and the top of the inequality pyramid remained alarmingly large.

Given the above scenario, the commitment of the NEM to narrow disparities that has worsened over the last two decades is indeed welcome. The following section provides a brief overview of the main thrust of the NEM with regard to addressing inequality and narrowing disparity.
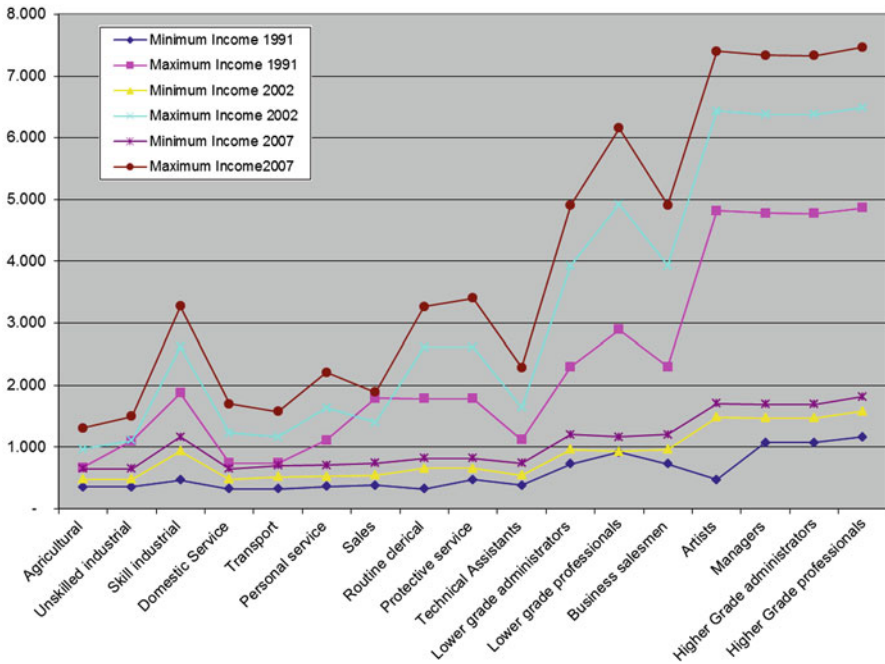
Fig. 2.2 Income gap by class 1991–2007 (Source: Statistics Department and various other official statistics)

NEM and Inequality: Narrowing Disparities

Inclusive growth in the NEM is about ensuring that every Malaysian has an equal access and opportunity to be an active participant of the economic development. The focus is on uplifting the bottom 40% of Malaysian households with an average monthly income of RM 1,500 (US $484)*. The policy recommendations are of two categories. The first is about the state's provision of basic social services and social-welfare type of services. This includes having a good and reliable data set to track and monitor the poor. It is also recommended that an overarching social policy is established so that social assistance programmes are well coordinated and holistic. Accessibility to good healthcare and housing is still an issue for the bottom 40%, and NEM considers this as vital in achieving an inclusive growth. Therefore, the second thrust of the NEM is to promote capacity building as a category of policy measures. Access to better education is considered critical in raising the income and living standards of the poor in both, rural and urban households. The NEM then placed a heavy emphasis on providing educational and training opportunities for the bottom 40% to enhance their capabilities, and this is well reflected in the Tenth Malaysia Development Plan. This is in line with the basic principle of the NEM

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* Note: In 2012 prices, US $ 1: RM 3.1.

which promotes productivity, more value added and knowledge-based economic activities and should in turn raise the level of income of the bottom 40%.

However, rural education remains a challenge, and yet education is an important factor in ensuring better employment. In the NEM, it was proposed that as many Malaysians as possible must complete their basic education through to SPM. Notwithstanding the government's effort to improve the quality of rural schools under the Government Transformation Programme (GTP), more hostels were proposed in the NEM to house children from remote areas and thus present them the opportunity to obtain quality primary and secondary level education. To address the problem faced by households in remote areas that find it financially challenging to send their children to residential schools, NEM suggests for the government to provide adequate financial and social support to ensure that the children remained enrolled in such schools. Specific to rural communities, the NEM's policy measure is in line with the government's support under the National Key Economic Activities (NKEA) for Agriculture. The suggestion is to transform agro-based rural activities anchored upon market needs, economies of scale and value chain integration.

The new approach will be a "market-friendly affirmative action" that will ensure, wherever possible, that its implementation will not undermine the functioning of the market. The NEM advocates the use of transparent procedures and criteria to promote capacity building and the elimination of approaches that contribute to rent seeking and patronage. The capacity building is part of market enhancement effort to improve labour efficiency and reduce activities that rely heavily on unskilled foreign labour. The NEM seeks to encourage reward based on performance and to foster greater competition by removing excessive protection and promoting sectoral liberalisation. The newly introduced Competition Act and the Anti-Profiteering Act are well aligned to promote equal opportunity in the economy.

The NEM, MDGs and Inequality in Malaysia

The thrust of the NEM provides the policy context that will further illuminate Malaysia's performance in addressing widening inequality by narrowing disparities between groups, especially through measures that targets the needs of the bottom 40% of the population. In this context, three major focus of the NEM are highlighted in assessing Malaysia's progress in achieving its MDGs targets:

1. State provision/welfare (equal opportunity in access to quality health and housing)
2. Capacity building (access to quality education)
3. Market-friendly affirmative action irrespective of race focusing on bottom 40%

More specifically, the concluding part of the NEM emphasises pro-poor, inclusive growth to address income disparity and social inequality, while lifting the disadvantaged population out of poverty. Nonetheless, in this regard, attention is given to addressing transportation and housing needs as well as measures to break the poverty cycle through education. These will also lead to capacity building for the bottom

40% as a whole. One of the main concerns of the bottom 40% is access to affordable housing. The NEAC proposes that state level Housing Development Boards be established to work with stakeholders to address the housing needs and issues relating to this group. Another significant portion of household expenditure goes to transportation cost. Apart from providing affordable transportation, the NEM considers education and skills training to be crucial to enable access to better employment opportunities. In this context, the number of vocational, technical and community training institutions will be increased and allowing special consideration be given to students in the bottom 40% households in line with the 10 MP as more than half of the bottom 40% had no school certificate. The NEM's inclusive objective is focused on reducing disparity and uplifting the bottom 40% of households irrespective of race. The key features of this target group are as follows:

- Income: Households in the bottom 40% has an income of less than RM2,300 (US $742) per month with a mean income of RM1,440 (US $465) of which 73% is Bumiputera.
- Size: In 2009, there were 2.4 million households in the bottom 40% with an average of 3.8 persons per household. This implies that there are approximately nine million in this low-income category. Of this, 7.6% are classified as poor and 1.8% as hard core poor.
- Geographical location: 51% of the bottom 40% resided in urban areas and 48% in rural areas.
- Education: 52% of the bottom 40% had no school certificate.

The section below provides an overview of Malaysia's MDG achievements in the light of assessing if Malaysia is set to excel beyond its MDGs targets given the focus of the GTP and the NEM. It focused on the means to break the cycle of poverty, reducing disparity between groups in the context of uplifting the bottom 40% of the population such as health, education and housing and within this scope looking at areas where Malaysia is lagging behind in achieving the MDG goals. In the area of health for instance, Malaysia is slow in addressing maternal mortality, HIV/AIDS and the rise in tuberculosis. The issue of women in managerial and political positions will be assessed in relation to education. Issues regarding access to housing will be interpreted in the context of income gap between those at the top and the bottom of the structure of inequality. Malaysia's success story can be interpreted as the result of a coherent set of public policies directed at poverty eradication, employment and income generation, basic services such as universal education and health care, housing programmes for the poor as well as capacity building programmes in education and training. Malaysia is also set to achieve the MDG goals for universal primary education, reduction in child mortality, making progress towards improving maternal health, combating HIV/AIDS, Malaria and other diseases. Nonetheless, the goal of MDG1 remained big on Malaysia's development agenda as it covers intertwined issues relating to relative poverty and inequality, employment, gender and ethnicity in particular its impact on the bottom 40% of the population. As evident from the GTP and NEM outlined above, Malaysia continues to undertake measures to address the issue of poverty and inequality and to promote inclusive growth and development.
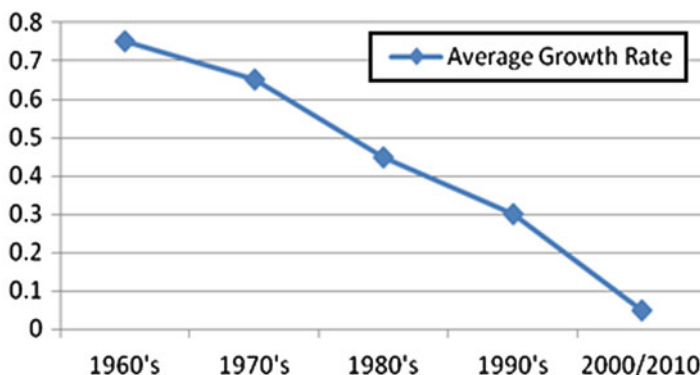
Fig. 2.3 Proportion of population bellow $1 (PPP) average growth rate (Source: Ministry of Finances and Department of Statistics)

This section focuses on an overview of Malaysia's success in achieving the targets of the first Millennium Development Goals (MDGs) which is to eradicate extreme poverty and hunger and the goals of MDGs 4–6 on health. These MDGs are interrelated and are crucial in ensuring Malaysia's success in its transformation process.

MDG1: Eradicate Extreme Poverty and Hunger

MDG1 has three targets, which are to:

- 1A. Halve between 1990 and 2015, the proportion of people whose income is less than US$1 a day.
- 1B. Achieve full and productive employment and decent work for all, including women and young people.
- 1C. Halve between 1990 and 2015, the proportion of people who suffer from hunger.

These three targets represent three facets of a single focus: a decent livelihood for all and the vision of equity and inclusiveness for all to share in the benefits of development. The national incidence of poverty for Malaysia fell by half by 2009, while the national poverty gap index also went down considerably between 1999 and 2007. By this measure, Malaysia has achieved target 1A of the first MDG goals. The fall in rural poverty has also surpassed the MDG target although the poverty rate in Sabah is highest in the country at 19.7% in 2009 while some states like Johor, Kedah, Pahang, Perak, Sarawak and Selangor recorded an increase in rural poverty. Among rural household, agriculture and fisheries had the highest incidence of poverty at 14% and accounted for over 57% of total poor rural households in 2009, a drop of 25% since 1990. Aggregated data on proportion of population living below USD1 per day (Fig. 2.3) and the poverty gap ratio average growth rate (Fig. 2.4) confirmed a steady decline from 1960 right to 2010.
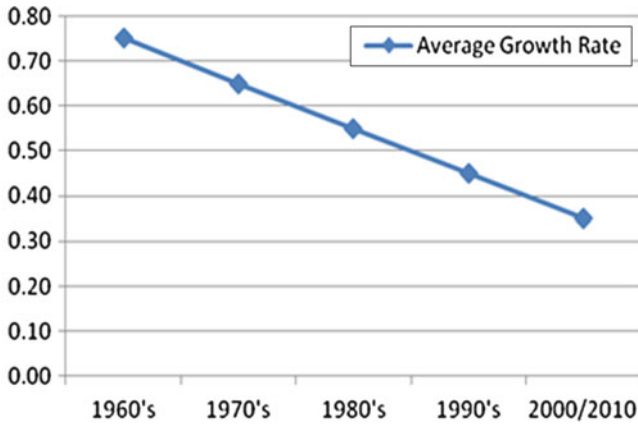
Fig. 2.4 Poverty gap ratio average growth rate (1960–2010) (Source: Ministry of Finances and Department of Statistics)
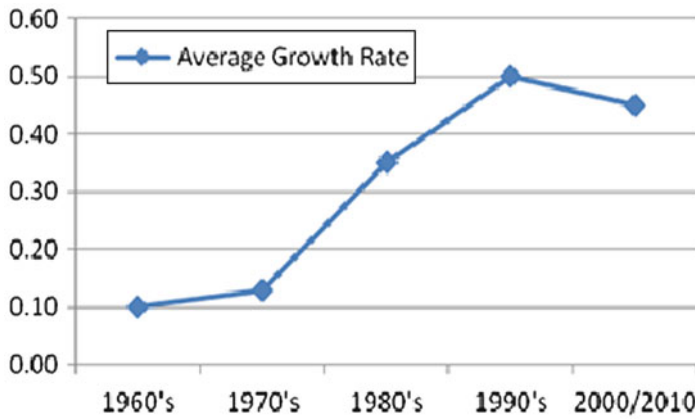
Fig. 2.5 Growth rate of GDP per person employed in Malaysia average growth rate (1960–2010) (Source: Ministry of Finances and Department of Statistics)

While Malaysia does not have an explicit target for MDG 1B, which is to achieve full and productive employment and decent work for all, including women and young people, aggregated data (Fig. 2.5) on average growth rate of GDP per person employed in Malaysia between 1960 and 2010 showed impressive growth during the NEP period while moving towards a declining trend from the 1997 crisis onwards. In terms of halving the proportion of people suffering from hunger, there is no direct surveillance in Malaysia or time series data on the proportion of children or adults suffering from hunger. Data from the ministry of health's clinic data is indicative that it is possible that Malaysia has cut by half, the proportion of children with moderate under nutrition or is likely to achieve it by 2015 (UNDP Report 2010, p. 27).
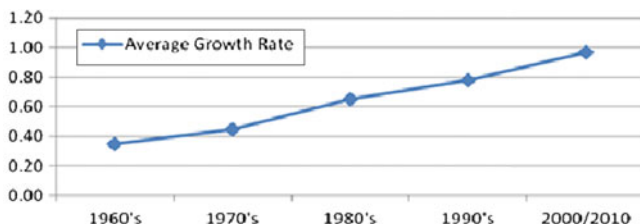
Fig. 2.6 Proportion of births attended by hospitals average ratio growth rate (1960–2010) (Source: Ministry of Health Malaysia and Department of Statistics)

MDG 4, 5 and 6: Health-Reducing Child Mortality, Improve Maternal Health and Combating HIV/AIDS and Other Diseases

The UNDP 2010 report also acknowledged that Malaysia is likely to achieve the target of reducing the under five mortality rate between 1990 and 2015. Nonetheless, she still lagged behind in addressing maternal health, HIV/AIDS, and the persistence rise in tuberculosis. In terms of improving maternal health, the target of the MDG is to reduce by three quarters between 1990 and 2015, the maternal mortality ratio (MMR) and achieve universal access to reproductive health by 2015.

The long-term MMR trend for Malaysia showed impressive declines between 1970 and 1990 recording a reduction from 140 per 100,000 live births to 20 within that period, a decline of 85% within 20 years. In 1991, however, confidential enquiries by the ministry of health reported an MMR of 44 per 100,000 live births for that year. MMRs are high among certain groups such as migrants and other Bumiputera categories. This report showed that maternal deaths was highest at 60%, among women who do not practice contraception and 10% in cases where deliveries were conducted by unskilled personnels. Long-term trends indicate that the proportion of maternal care and births attended by hospitals has steadily increased between 1960 and 2010, which is in tandem with the rise in the average ratio growth rate of public hospitals in rural areas and the rise in the average ratio of medical doctors per 10,000 people (Figs. 2.6, 2.7, 2.8).

The problem of HIV/AIDs in Malaysia is observed to be on the decline. Between 1990 and 1996, the number of newly detected HIV cases attributed to drug injections rose from 60 to 80%. By 2002, however, the number of new cases detected declined. The most at risk groups in this case are the drug abusers, female sex workers, homosexuals and the transgender population.

Tuberculosis on the other hand seems to be on the rise in Malaysia with an annual increase of 1–5%. In 2009, 18,102 new cases were registered, reflecting a notification rate of 64 cases per 100,000. The number of tuberculosis cases is markedly high in Sabah, although some reduction was observed between 1990 and 2009, while some states in the Peninsular has shown a small and gradual increase. Multidrug-resistant tuberculosis remained a treatment problem in Malaysia and worldwide. As such continued monitoring is required.
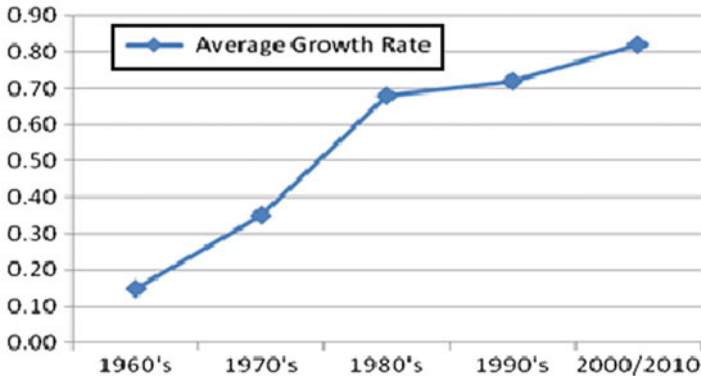
Fig. 2.7 Public hospitals expansion in rural areas average ratio growth rate (1960–2010) (Source: Ministry of Health Malaysia and Department of Statistics)
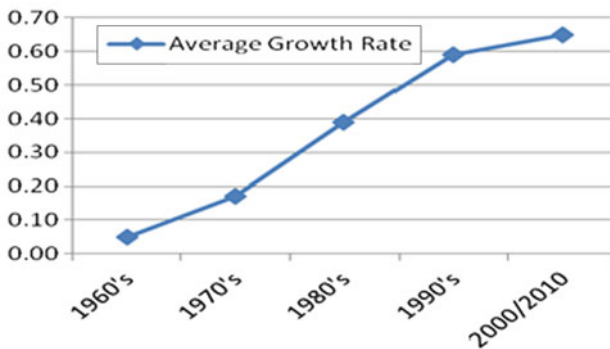
Fig. 2.8 Number of medical doctors by each 10,000 people average ratio growth rate (1960–2010) (Source: Ministry of Health Malaysia and Department of Statistics)

Capacity Building: Access to Quality Education and Gender Equality

MDGs 2 and 3 aimed at achieving universal primary education and to promote gender equality and empower women. Education as a whole is crucial in achieving other MDG objectives for instance those relating to reducing poverty, enhancing employment, improving health, combating aids and uplifting the income and standard of living of the bottom 40% of the population. While Malaysia is close to achieving the MDG2 target, it still lagged behind in terms of proportion of women in managerial positions and female political representation.

Nonetheless, the long-term trend in net enrolment ratio in primary education for instance indicates a steady growth from the 1940s right through to 2010. A similar trend is observed in net enrolment in higher education and the growth of higher education institutions for the same period (Figs. 2.9, 2.10, 2.11).
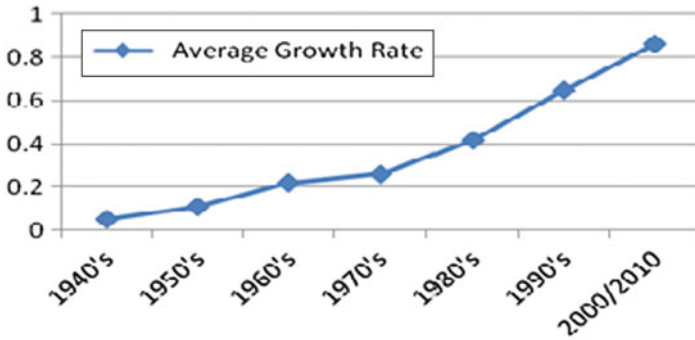
Fig. 2.9 Education to elementary school growth rate (1940–2010) (Source: Ministry of Education Malaysia, Higher Ministry of Education Malaysia)
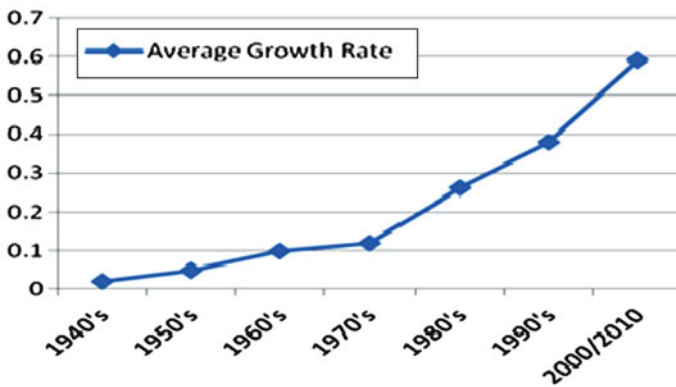
Fig. 2.10 Higher Education growth rate (1940–2010) (Source: Ministry of Education Malaysia, Higher Ministry of Education Malaysia)

The demand for higher education in Malaysia has been met through the liberalisation of education policy that saw the growth of private educational institutions superceding the role of the government as a higher education provider from the late 1990s (Fig. 2.12). Throughout the same period, the number of Malaysian students studying abroad observed a marked increase from the 1980s onwards (Fig. 2.13).

Segregated by gender, data for men and women in higher education indicate an increasing trend for women and a declining trend for men. In urban areas, women have exceeded men in higher education since the 1990s while a similar trend looks likely to be repeated for the rural areas (Fig. 2.14).

Gender Inequality

MDG3 is measured through four indicators. The first is the ratio of girls to boys in primary, secondary and tertiary education. The second is gender wage parity and the
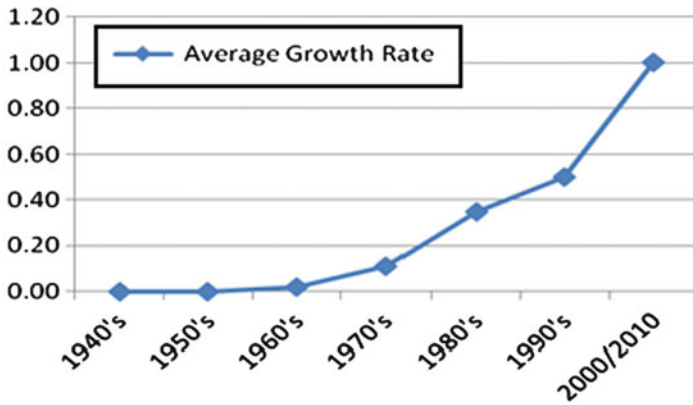
Fig. 2.11 Higher education institutions growth rate in Malaysia (1940–2010) (Source: Ministry of Education Malaysia, Higher Ministry of Education Malaysia)

Fig. 2.12 Higher education institutions growth rate between private and public institutions in Malaysia (1940–2010) (Source: Ministry of Education Malaysia, Higher Ministry of Education Malaysia)
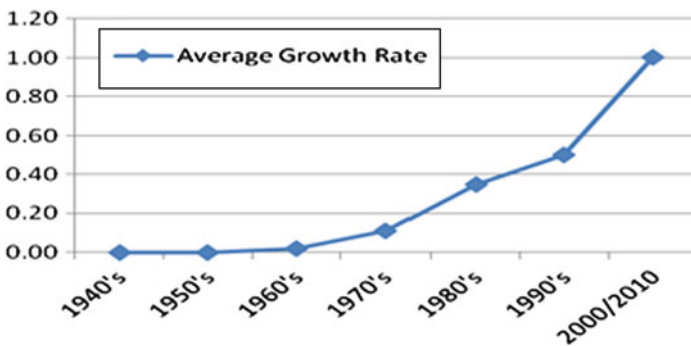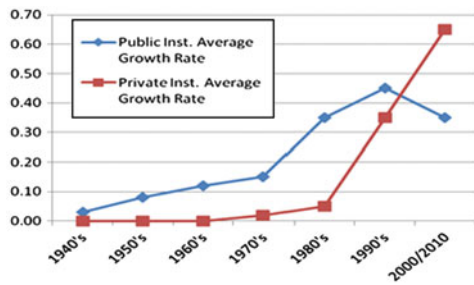
Fig. 2.13 Number of Malaysian students in overseas growth rate (1940–2010) (Source: Ministry of Education Malaysia, Higher Ministry of Education Malaysia)
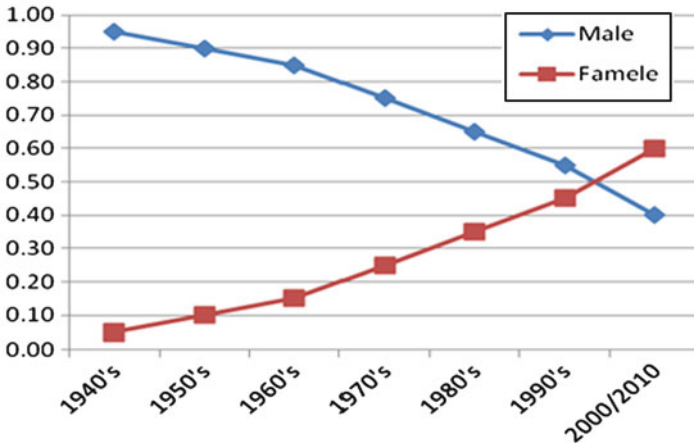
Fig. 2.14 Gender in Malaysia education growth rate in Malaysia (1940–2010) (Source: Ministry of Education Malaysia, Higher Ministry of Education Malaysia)

proportion of women at different levels of the occupational structure. The third is the proportion of women in decision-making positions in both the public and the private sector, while the fourth is the reported violence against women as measured by domestic violence and rape. The Malaysian gender gap index developed by UNDP recorded an improvement in gender inequality from 0.34 in 1980 to 0.25 in 2009. The index on education and health, however, registered very low inequality of 0.041 and 0.121, respectively. The index for economic participation showed moderate inequality of 0.246 and the index for the empowerment of women a high inequality of 0.578.

Given the above trends and indicators, the following section take a look at the role of education in enhancing Malaysia's progress towards achieving the MDG goals and fulfilling its aspiration under the NEM and the potential role of gender ideology in inhibiting the progress of MDG3 which aim to promote gender equality and empower women as well as increasing the proportion of women in managerial positions and female political representation.

Education: The Gender Trap

Development planning in Malaysia has ensured the expansion of educational opportunities for all, especially since the 1970s. One significant impact of the expansion of education has been an overall increase in the country's literacy rates and a narrowing of the gap between literacy rates of men and women. The increase in school attendance among females over the two decades is also significant and, by 1991, the percentage of females who had ever attended school had risen to 80% compared with 88% for males. This proportion was only 58 and 76%, respectively, in 1970 (Population and Housing Census 1970, 1980, 1991).

Although gender disparity in education has been reduced, gender stereotyping is nevertheless still prevalent in the Malaysian education system. From an early age, boys and girls attending schools were taught gender-specific roles as part of the socialisation process.

Thus, it can be observed that schooling and training have a major influence in reinforcing the sexual division of labour through the manipulation of gender ideology whereby men and women are believed to have different and specific masculine and feminine roles in society. Gender ideologies in turn define the types of occupations men and women do. If gender has the overriding role in determining the occupational positions of men and women, and as occupations are widely used as a proxy for class positions, arguably it is gender that determines the social class position of men and women and not occupation. As such, by "trapping" men and women into predetermined roles before they enter the labour market, gender ideologies, acquired through education and socialisation are responsible for gender segmentation in the labour market and serve to perpetuate class inequality between men and women.

Gender inequality acquires more prominence if we compare differences at higher levels of educational attainment. While differentials are generally minimal for the younger age group (30 and below), gender imbalance in educational attainment appear to increase with age and at higher locations on the education pyramid. Among those with university degrees, 6% are males compared to 3% females. At the lowest level of the credential structure on the other hand, both males and females have a similar share of 41% of lower secondary qualification (SRP). The gender gap has, however, been significantly narrowed for the intermediate groups (SPM, STPM and diploma and certificate holders) (Population and Housing Census 1991, p. 122, Table 5.13). Hence, despite the expansion in educational opportunities for both men and women in Malaysia, the entry of women into tertiary education up to the early 1990s is still arguable slow, and this can at least partly explain their inability to enter the PMC. This situation, however, has been reversed over the last decade whereby female entry into tertiary level education has far exceeded that of males. In fact, the seriousness of gender imbalance in favour of women has caught the attention of academics and policy makers. Figures for 2005 on labour force by educational level and sex indicated that females with tertiary level education far exceeded that of males at 24.1 and 16.2%, respectively (Nagaraj et al. 2007). The implications of this reversal need to be examined more closely in relation to the corresponding occupational positions.

Labour Force Participation Rates (LFPR)

The LFPR for women has definitely increased since the 1970s, with the expansion of the Malaysian economy, boosted by the intensive industrialisation policies particularly in the manufacturing sector. The improvement in overall educational level, the decline in fertility rates, later age of marriage and the decline in agricultural employment

have all given rise to the need for new sources of income. The male LFPR is, however, generally higher than that of females. In 1991, it was twice the female rate for age group 30 and above. The male LFPR climbed steeply from age groups 15–19 to 20–24, remaining fairly constant at over 90% until age 54. A declining trend is observed for older age groups. Female LFPR on the other hand is highest at age group 20–24 followed by 25–29, which also corresponds to the age of female workers entering the manufacturing sector. Their LFPR in these two age groups, however, is only 60 and 50%, respectively. A declining trend was observed for females of 30 years and above. By 1991, the LFPR of males remained double that of females at 83.8 and 41.9%, respectively. The above trends replicates those observed in the 70s and 80s (see Population and Housing Census 1970, 1980, 1991).

The increase in women's LFPR in the past two decades was observed to be only limited to the younger age group of 20–29 years. Furthermore, this increase was not evenly distributed across the occupational structure. As reflected in their class position, women's employment remained concentrated in traditional female occupations. Even when women were employed in similar occupations to men, for instance, in the teaching professions, they are likely to be concentrated at the lower end of the occupational ladder.

Gender and the Distribution of Employment

Significant differences in the pattern of male and female employment in Malaysia still exist today. Despite changes in the past two decades, the gendered employment structure has undoubtedly been reproduced. A look at the distribution of employment by industry and sex shows that women are largely employed in manufacturing, services, wholesale-retail and agriculture. A tremendous increase is observed in the employment of women in the manufacturing, service and commerce between 1975 and 1990. The greatest disparity between male and female employment is still in the mining sector, construction and transport and communications. Except for social and related community services, personal and household services, which employ more women than men, large differentials in terms of male and female employment pattern is maintained in all the other sectors. The gap is narrowing significantly only in the manufacturing sector (Seventh Malaysia Plan 1996–2000). Hence, once again, it can be concluded that gender patterns of employment have not changed significantly since the post-independence period. Where significant female entry is observed, women remained confined to traditional segments.

The distribution of the work force by sex and occupation in 1995 also shows women to be still under represented in administrative, managerial and higher professional occupations. Only half of those employed in administrative and managerial occupations are women. Three main occupational groups appear to be employing more women than men by this year. Clerical and related occupations employed more than twice the proportion of males, and the professional and technical group employed 14% females and 8% males, while the proportion of male and female sales workers was equalised at 11% (Seventh Malaysia Plan 1996–2000). There is,

therefore, no clear break from earlier trends. Women continue to be concentrated in clerical employment, and while there has been an increase in their participation in the professional and technical groups, based on the class framework discussed earlier, they are most likely to be located in the lower professional group. A sales occupation on the other hand appears set to become a female domain if the growth rate for 1970–1980 is anything to go by.

The "housewives" category which is not surprisingly 90% female is considered to be outside the labour force in the census classification. This is a reflection of the value or the lack of value accorded to women's work in the economy and implies that the increase in women's participation in the work force has yet to be accompanied by a reduction in their domestic responsibility. This also means that women's decision to enter paid employment will continue to be influenced by their domestic and childcare responsibilities and the availability of reliable and affordable quality childcare services. Under such circumstances, the options available to women appear to be limited. Henceforth, the relationship between the domestic or private sphere of reproduction and the public sphere of production will need to be transformed if the occupational mobility and class mobility of women is to be ensured.

Gender and Wage Differentials

According to the occupational wage surveys 1977 and 1980, almost 90% of females were in the lowest wage category of M\$174–M\$374 (US \$56–121) (£36–£78) per month with a corresponding figure of only 30% for males. On the other hand, the percentage of females earning M\$600 (US \$194) (£125) and above actually declined for the same period. This implies that despite the Equal Pay for Equal Work act of 1969, wage differentials by gender still persisted in Malaysia. Data on occupational wages for 1970 and 1980 indicate that wage differentials for major industrial sector widen as one approaches the top level of the employment pyramid. Furthermore, for all the manufacturing industries surveyed, no women were found to be employed at the highest level in the managerial category. Unless differentials in educational attainment were clearly indicated, these differentials are more likely to be explained in terms of sexual discrimination, prejudices and stereotyping and attitudes towards women's work. Men are still considered to be the main bread winner in the family and implying that women are less capable than men. Data on average earnings by gender between 1974 and 1983 further support this view. In 1977, for instance, female professional accountants earned about half the male salary (occupational and wage surveys, 1970 and 1980, ministry of labour). Gender wage differentials at lower levels of the occupational structure are also high. For a similar period female typists, clerks and foremen earned half the income of their male counterpart. This is also true for female labourers, carpenters and lorry attendants, all of which are traditional male occupation. This may suggests that lower wages for females' workers may serve as a deterrent to restrict women from taking over male domains. Wage differentials were also prevalent in agriculture, with the monthly wage rate for

female rubber taper of M$268 (US $86) compared with M$282 (US $91) for males (occupational wages survey 1974, 1977, 1980, 1983, ministry of labour).

Data for the nineties indicate similar characteristics. Males remained dominant at higher levels of the occupational hierarchy, while wage differentials between men and women still exist at every level of the occupational structure. There are, however, some interesting changes, especially in the electrical and electronics industries, which not only employ 95% women, but also absorbed the bulk of the increase in female industrial workers. Confidential secretaries and typists, who used to employ 100% women, now see the entry of males. Furthermore, the average starting and monthly salaries of males in these occupations are substantially lower than that of their female counterparts. Another significant change has been the entry of women at higher levels of the occupational structure in this sector, in occupations such as systems analysts and human resource managers. For both of these, the average starting and monthly salaries of females are higher than males. A similar observation can be made in the case of female watchman (occupational wages survey in the manufacturing sector 1991). Despite these changes, however, the conclusion remains that the gendered occupational structures together with wage discrimination have undoubtedly been reproduced.

Wage discrimination is likely to be more prominent in the private sector, as it should be more difficult to discriminate directly in the public sector. Discrimination in the public sector can, however, take more disguised and subtle forms. Promotions to top level jobs for instance are not easily given to women if there is a male alternative. It is also easier for women to get job transfers in order to follow their husbands but not the other way round. As such in cases involving job transfers, it is wives who were forced to leave their work. In terms of benefits on the other hand, it is men who were discriminated against since the husbands of women in government services are not eligible for benefits available to wives.

Gender and Unemployment

Unemployment seems to have a gender dimension with women having higher unemployment rates and being worst hit in times of rising unemployment. During the recessionary period in the late 1980s, the overall unemployment rates were higher for females compared to males. Data on the distribution of employed persons by educational level and sex for 1989–1990 show that unemployment was higher for females despite similar educational attainment. From 1978 to 1988, a marked contrast can be observed for males and females with secondary level education, where female unemployment was almost twice that of males. This difference has, however, been reduced. Nevertheless, female unemployment in this educational group has remained much higher. Unemployment rates for this period was only higher for men with primary and lower secondary education. By 1991, except for age group 15–19 and those above 50, the male unemployment rate was almost double that of females. This may be a result of the expansion of the economy after the recession and the expansion of the electronics industry in that period. The unemployment rate by educational level
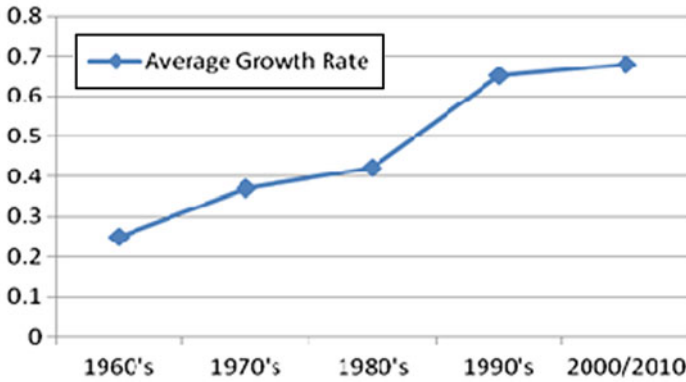
Fig. 2.15 Access to private housing average growth rate (1960–2010) (Source: Department of Statistics)

was also lower for females, except for those with university education. In this case, female unemployment rate is 3% compared to less than 1% for males (Labour Force Survey 1991).

It is plausible to conclude here that, women's class position are undoubtedly conditioned by a gendered pattern of employment and that, class structures and the market forces behind them are therefore, gendered. It has been demonstrated that in the Malaysian case, gender ideologies have functioned as a system of social closure to ensure the persistence of differential opportunities for men and women in gaining access to the occupational structure and hence class positions. Similar arguments were made by Hakim (1979), Crompton (1993), Crompton and Man (1986) and Marshall et al. (1988). The role of education is seen is also crucial in the structuring of gender inequality. While the level of education of women has increased, even at the tertiary level, they have remained in occupations defined by their gender. This is also true for men and has undoubtedly leaded to the perpetuation of job segregation. As such, with very few exceptions, women and men still perform gendered jobs while women have remained a small minority at higher levels of the occupational and class hierarchy. The implication here is that educating women will not necessary lead to the elimination of gender ideology.

Uplifting the Bottom 40%: Housing and Market-Friendly Affirmative Action

The following subsection look at the relationship between housing, occupation, income and the role of the government in supporting the housing needs of the lower income group especially given the thrust of the NEM to raise the income and living standards of the bottom 40% of the population.

As evident from Figs. 2.15 and 2.16, access to private housing has been steadily increasing since the 1960s. This rise corresponds to the rise in the availability of
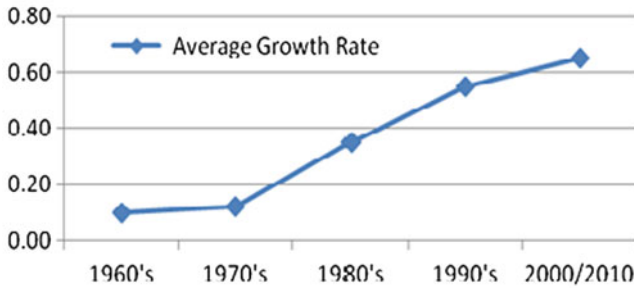
Fig. 2.16 Housing credit average growth rate (1960–2010) (Source: Department of Statistics)

housing credit over the same period. From the 1970s on, Malaysia observed an expansion and a change in its economic, employment and income structure as the population enters the rank and file of wage employment, at the same time increasing the demand for housing in urban centres. The following sections assess the accessibility to housing among wage earners in terms of income and other related issues.

Housing and Income

The income range of individuals in the class structure provides further evidence of the existence of an underclass among the unskilled industrial workers verifying several points raised earlier with regard to house ownership, housing quality, squatting and slum dwelling. Given the minimum and maximum income range for unskilled workers, not many individuals in this group will be eligible for low-cost housing. Their chances of owning a house will increase if we assume at least a two-income household of either a spouse or other family members. Even so, this eventuality may only materialise at a later stage of their work, assuming first of all that they have a permanent job which earns a stable income. In this respect, the indicator used by the Kuala Lumpur city council to identify the hard core poor in urban areas is perhaps much more realistic. The hard core poor are identified by city hall as those earning an income of RM$750 (US $242) per month NST, (29 December 1994) which is usually taken as half the official poverty line income (Kharas and Bhalla 1991). Based on that, we can therefore assume an urban household poverty line income of RM$1,500 (US $484) per month or a per capita poverty line income of 300, (US $97) per month. Even by using this inflated poverty indicator for the urban poor, a two-income household located at the lowest level in the class structure in 1991 will only earn RM$648 (US $209) at the beginning of employment and a maximum income of RM$1,768 (US $570). A two-income household will only be able to live above the poverty line at a much later stage of their employment, assuming in the first place that they remain in employment throughout that period.

For individuals living alone, even a per capita poverty line income of RM$300 (US $97) per month seemed inadequate given the current inflationary situation. Rental for a small room in a house, flats and low-cost apartments could easily range between RM$150 (US $48) and RM$300 (US $97) per month. Again, it appears that when income is taken into consideration, it is more realistic to conclude that while the majority of unskilled workers are owner occupiers, they are more likely to be either owners of squatter homes or tenant squatters. The situation is much better for individuals entering the professional-managerial class (except for artists). Their initial income is at least three times the city hall poverty line income per capita and 14 times the official poverty line income per capita. The other classes, however, will share a similar predicament as the unskilled workers until the latter part of their career or until they have a partner who contributes to their household income.

It is perhaps relevant to link the above issues to the problem of effective demand for public low-cost housing among those at the lower level of the class structure. Under the low-cost housing scheme established in the late seventies, individuals earning less than RM $400 (US $129) Malaysian Ringgit (£100) a month is qualified to purchase low-cost homes which cost about RM $20,000 (US $6452) Ringgit per unit. The price of low-cost houses have now increased to RM $25,000 (US $8065) while the hard core poor who now qualify to apply for these houses can be identified as those earning RM $750 (US $242) per month (NST, December 29 1994). A low-cost house is now defined as one having a sale price of less than RM $25,000 (US $8065) and should have a minimum floor area of 43 square metres, two bedrooms, a lounge/dining room, kitchen and a bathroom/toilet (Yeung 1983). While priority to purchase has been given to those earning less than RM $750 (US $242) per month, there have been requests for this condition to be waived to allow those earning $1,500 (US $484) (those earning RM $1,000–RM $1,500 (US $323–484) is considered as the low-income group by the ministry of welfare recently) or less to apply (ISIS 1986, p. 6–7). Such schemes have continued over all the 5-year plan periods. In cases where low-cost houses have been allocated by state governments, more than 50% of house buyers have been unable to pay the monthly dues for the past 16–25 years. A study carried out by the Auditor-General's office in 1992 showed that 364 out of 17,000 buyers have never paid a single cent after moving into their houses (NST, 17th December 1994). For the state of Selangor alone, this arrears in payment amount to almost M$40 million, (US $13 million).

The problem of supply and effective demand is further compounded by the increase in house prices. Several reasons can be identified to explain the escalation in house prices generally. First is the exorbitant increase in the price of land, especially, as a result of rapid urbanisation. The increase in the price of building materials due to the expansion of the construction sector is another contributing factor. Most damaging, however, is the price hike caused by speculative buying by builders and investors, which not only deprives genuine buyers from owning houses but also causes a price spiral in other sectors (NST, 16 January 1995). Low-cost houses, however, are controlled items and are, therefore, not affected by the price increase. Moreover, the cost of building low-cost houses is already incorporated in the price of medium-cost houses. While the price of low-cost houses

remains at RM$25,000 RM$30,000 (US $8065–US $9677) the price of medium- and high-cost homes have increased from RM$50,000 RM$90,000 (US $16129– US $29032) and RM$100,000 RM$150,000 (US $32259–48387) in recent years (NST, 16 January 1995). While the low-income group may not qualify for low-cost homes anyway, it is the middle classes that seem most affected by the overall increase in house price. This may explain the increase in tenancy status among the middle classes since they can no longer afford to purchase medium- and high-cost homes based on their current income level.

The Malaysian government has identified urban centres, such as Kuala Lumpur, the Klang Valley, Johor Bharu, Penang and Ipoh, where the industrial working class are concentrated as the targets for its housing programmes. While confronted with acute shortage of houses, these areas are also facing serious squatter problems. These urban centres which are most affected by the housing shortage are usually the foci of industrialisation and internal migration. As such a prominent feature of housing shortage was the growth of squatter settlements and slum dwellings around these towns especially in the decade following the NEP and establishments of free trade zones. While the housing problems have not been satisfactorily resolved by low-cost housing policy, it may have contributed somewhat to the higher owner occupancy rate among the working class compared to the middle class.

The concluding part of the NEM emphasises pro-poor, inclusive growth which aimed to address income disparity and social inequality while lifting the disadvantaged population out of poverty. Here, the NEM recognises the needs to address persistent inequality within and between ethnic groups, between regions and between rural and urban areas. Here too, the NEAC acknowledges the special position of the Malays and the natives of Sabah and Sarawak and the legitimate interest of other communities, consistent with the federal constitution, hence does not seek to remove the positions or rights of any community. In this light, the NEAC's affirmative action policy is consistent with the subject of article 153 but seeks to modify the manner in which the interests of all Malaysians are promoted through pro-poor inclusive growth by means of market-friendly and transparent affirmative action. What does this mean?

Conclusion: The Road Ahead

Malaysia is undoubtedly positioned to excel beyond achieving its MDG targets as her achievements thus far were indeed impressive in aggregate terms, and she is moving ahead with addressing the areas where she lagged behind. Nonetheless, the bigger challenges remained in her intent to promote equitable and inclusive development and her ambition to promote equitable and inclusive development and to become a developed high-income nation by 2020. In order to succeed, Malaysia still needs to address issues relating to ethnicity, gender, vulnerable groups and the rural urban divide. Nonetheless, Malaysia's recently announced Government Transformation Programme, the Economic Transformation Program,

the New Economic Model and the Tenth Malaysia Plan which aim to guide Malaysia in achieving Vision 2020 are set to consider lessons and weaknesses of previous policy instruments. The key theme of narrowing disparities as outlined in second document of NEAC report on the NEM which covers issues such as inclusiveness, affirmative actions, addressing the needs of the bottom 40% of households and reducing income disparity among others are testimonies to her continued commitment and will be put to the test as she moves forward to ensure that all Malaysians will benefit from growth and economic progress.

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Chapter 3
The Scaling-Up Process and Health MDGs in the Philippines

Eduardo T. Gonzalez

Introduction and Background

The Philippine record in health-related Millennium Development Goals is perhaps best described as stable but critical, to borrow from medical parlance. Thus far, the Philippines has achieved major gains in key battleground areas such as under-5 and infant mortality reduction, public health (esp. control of malaria and tuberculosis), and water supply and sanitation and is statistically on track to meet most of the 2015 health targets. These successes, taken as a whole, represent a steady stride toward an upturn in health outcomes, but at the same time they signify major vulnerabilities: on the demand side, large divergences in health care across the geographic expanse of the country, with scores of far-off areas remaining underserved, and on the supply side, continued underfunding, shortages of medical staff with expert skills, and lapses in monitoring, accountability, and quality control procedures. Such weaknesses, plus the sluggish pace in another crucial health MDG, maternal mortality rate reduction (along with the subgoal of improved access to reproductive health), suggest that the country's 2015 MDG health target is unlikely to be fully met. As Social Watch Philippines (2010) indicates, the Philippines is at risk of "winning the numbers but losing the war" (against ill-health and disease).

The unanswered need therefore is how to *broaden the MDG reach* to expand access and enhance quality for more Filipinos over a wider geographical area to cover more impoverished areas and to do so in ways that are efficient, equitable, and sustainable. Huge challenges confront the health establishment in delivering culturally appropriate outreach services to nonmainstream constituencies having varying social and cultural experiences. To avoid bureaucratic exhaustion and piloting dead ends, the key is *a scaling up that is at the same time a localizing down*. On the one

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hand, scaling up must address the necessity of building a strong sense of national ownership in the articulation of priority health needs. The national coherence of the Philippine health system is still unquestionably a reasonable objective. On the other hand, localizing must highlight the development and testing of local solutions in an environment of empowerment and sustainable change. Instead of just relying on a centrally directed expansion, scaling up must reclaim the formulation of context-specific strategies for spreading out small-scale successes across wider terrains, until they reach a tipping point for national acceptance. Localizing allows it to retrieve vibrant local social networks and rely on them as resources for enlarging the reach of health programs. Health is at its core contextual—the result of *localized* interactions, responses, and shared experiences, not clinical aloofness.

A *focused-down scaling up* is made more urgent by the Philippines' experience *under a decentralized system,* in which local jurisdictions have been cut off from the central health bureaucracy and its regional health units. This requires a holistic approach and a coordination strategy that resolves the many contested issues of MDG execution in the health sector. It is important to recognize that without a reinvented scaling up, many of the needy health constituencies, the urban and rural poor (especially women) and indigenous communities, will continue to be under-served by the health-care programs of the government. *In the process of reaching out, centrally directed national activities should be focused down without loss of coherence, and local activities should be scaled up without loss of context.* Equivalently, current reform is unlikely to lead to large-scale improvement unless it combines a localized *top-down governance structure* with an expanded *bottom-up governance framework.*

Recent studies provide ample proof of the need to reach out by localizing the scaling-up process. Samoff et al. (2003) argue *against* the standard evaluation model (which is based on a linear sequencing from premises to goals and objectives to measures, to observations, to findings, to recommendations) and *for* contextual and experiential adaptation to modify structure, content, and practice. Likewise, both Simmons and Schiffman (2007) and Gilson and Schneider (2010) suggest that scaling up is not just about technology transfer, but is a learning process that involves building local capacities for innovation and undertaking the needed adaptation of tested innovations to local realities. Dede (2005) refers to previous lessons about the need to avoid the "replica trap" (duplicating everywhere what worked locally, without considering local variations) by fixing problems of magnitude (fostering the basic conditions for change in large numbers of geographically scattered settings) and variation (diverse and often unfavorable conditions across settings). Lee and Luykx (2005) emphasize the compromises in conceptual rigor and fidelity of implementation of an innovation as it is subjected to the realities of varied multilingual, multicultural, or urban contexts.

Framework of Analysis

Taking our cue from Bossert and Beauvais (2002) and Bossert (1998), a modified *principal-agent approach* supplies a promising way to examine how a localized scaling up might smoothen the progress of the Philippine health MDGs. In this

approach, decision-making is considered often hampered by the so-called agency problem, which assumes that agents, or the implementers, are likely to have other motives (usually driven by self-interest, such as increasing their own income) and better information about local conditions than do the principals, or central authorities. This gives them undue advantage that permits them to evade the mandates established by central authorities and instead use the agency's resources for their own benefit (a situation often labeled in the literature as moral hazard).

In the context of health care, several quandaries are inherent in the principal-agent problem: local health operations may be quite remote from the principal's direct oversight, making the actions of the agents unobservable; the principal may not possess the technical expertise needed to watch over complex health programs yet gaining more information may have prohibitive costs; and errors may be costly when agents are stewards of large amounts of resources and are responsible for projects affecting citizens' health.

To overcome this information asymmetry (i.e., offset the divergent interests between principals and agents), principals have to use incentives and sanctions to persuade agents to attain the agency's goals. The Philippine Department of Health (DOH), for instance, has to use alternatives like monitoring local health officials, conducting performance reviews, doing inspections, using inducements for proper behavior, providing grants and aid, and applying selective penalties in order to shape local decisions (Bossert and Beauvais 2002).

Following Bossert (1998), this principal-agent framework is extended by introducing the idea of *decision space*, which is a map of the range of choices observed by local government units and regionally based DOH offices (the agents) in order to achieve national health goals overseen by central DOH authorities (the principal). This decision space lays down the specific "rules of the game" for both field health offices (of the DOH) and local governments. A wide decision space connects central authorities to autonomous local governments within the context of decentralization mandated by a devolution law (the Local Government Code, or LGC), while a narrow decision space links them to their own field (i.e., regional) health offices. The DOH, as the principal, sets the targets and parameters for health policy and programs. This principal then grants resources to autonomous local agents—local government units, or LGUs—and authority to non-decentralized field offices, to carry out its objectives. That situates central government as a coordinating outfit, responsible for creating a supportive environment for community initiatives. Local authorities may make "wide" *innovative* choices that are different from a "narrow" *directed change* that the central authorities impose on their own regional units. By definition, autonomous authorities have a wider selection of decision choices than regional offices with a more constricted decision space.

An important part of this modified framework, shown graphically below, is the utilization of local health networks, which are at the bottom of the vertical chain of agents. Bossert (1998), taking off from Putnam's analysis of social capital, argues that communities with denser networks of civic and nongovernmental organizations will have greater *social capital* which will strengthen their capacity to decide which health innovations to pilot test and implement effectively. At a time when the Philippines is undertaking a far-reaching process of decentralization,

Principal

National Government

Decision space   Wide decision space   Narrow decision space

Scaling up

Agents   Other Local Government Units   Local Government Units   Regional Offices

Use of decision space   Diffusion /adaption   Health innovations   Directed change

Social capital   Local Social Networks

Implementation of national health programs

Adopted from Bossert (1998)

Ex-ante governance characteristics

Bottom up
Context-driven
Voice & consensus
'Empower/enable' model

Top down
Scale economies
Strong executive support
Compliance-driven

this situation offers opportunities in dealing with demanding health-care challenges. The presence of social networks allows for a quicker flow of information and interaction between local health service providers and consumers and should pave the way for a more organized involvement of citizens in reaching consensus regarding health goals, design, and financing and in monitoring service provision. The use of decision space creates a *community of practice* that evolves local health initiatives.

This expanded approach recognizes that local agents often have their own preferences for the assortment of health activities and expenditures to be carried out; they need to be responsive to local stakeholders and constituents who may have priorities that clash with those of the national level principal (Bossert and Beauvais 2002). The decision space outlook allows lower level officials to enhance flexibility at the ground level. To be sure, local agents with substantial local financial resources are likely to have greater leeway in generating locally directed innovations (Bossert 1998) that are not available to centrally directed field offices. The use of the decision space, either through the introduction of local health innovations or the enforcement of directed change, is thus critical in generating a two-way process: shaping choices at the periphery and providing advice to central authorities. It allows for a refocusing on what the national level can do to encourage local authorities to achieve the broad goals of health through the establishment of incentives and sanctions that effectively guide agent behavior without imposing unacceptable losses in efficiency and innovation (Bossert and Beauvais 2002). At the same time, it lets local authorities to

have a channel of power over which to influence central decisions, leading to health services that are more differentiated and better targeted to varying local needs. These local health providers need to have access to the discretionary authority needed to offer high-quality services (Lieberman 2002).

Rounding out this modified structure is a reminder of the ex ante governance characteristics of the two decision spaces. Most governance efforts commence as top-down initiatives with strong executive support (Earls 2011). Top-down governance is quite effective for setting standards, driving concurrence, and keeping general schemes intact. However, such structure emphasizes control in the governance process and requires role players to stick to process above all else (Andrews and Shah 2003). Top-down governance and decision models are based upon authority patterns and the power to enforce change. Once made, decisions are generally not open to debate, and compliance is not optional. Workers are expected to do as they are told (Thomas 2011).

Ultimately, health programs need to obtain greater local context and involvement from different stakeholders—and empower them to take more ownership of local governance initiatives (Earls 2011). Such an "empower and enable" model, within a bottom-up governance structure, must demonstrate *legitimacy and voice*: local stakeholders should have a voice in decision-making, either directly or through legitimate intermediate institutions that represent their intention, as well as capacities to participate constructively. Good governance likewise mediates differing interests to reach a broad *consensus* on what is in the best interest of the group and, where possible, on policies and procedures (Institute on Governance 2011). In short, bottom-up governance offers more *access, representation,* and *power* (Mediratta and Fruchter 2003).

This study relies on a critical assessment of a few significant cases of scaling up in public sector health service delivery systems in the Philippines. This chapter attempts to draw lessons, from the observations from the cases reviewed, regarding the links between local health contexts and a reinvented scaling-up process, utilizing the modified principal-agent approach.

Philippines MDG: Scale by Administration

To pick up the pace in complying with the MDGs, the Philippines made use of an existing model—bureaucratic mobilization and deployment. It is known in the literature as explosive scaling up due to desire for rapid implementation. According to Samoff et al. (2003), underlying this approach is the idea that it is best to mobilize the country's resources and leadership through high-profile national programs. When demand is kindled, it will fuel the ensuing expansion. As the momentum builds, the building blocks of the health initiatives are institutionalized, thus making it likely that they will be sustained.

Generally, health programs were organized in this way. The Philippine government has pursued this strategy in mounting national health campaigns. To combat infant and under-5 mortality, the National Policy and Plan of Action on Infant and Young Child Feeding (IYCF) has required (a) all hospitals and health facilities to

promote breastfeeding and rooming-in practices, while prohibiting the provision of breast milk substitutes, and (b) firms and shopping malls to establish breastfeeding facilities (Fabros 2010). They typify initiatives that carry features such as regulating behavior. Likewise, the Expanded Program on Immunization (EPI), the Maternal, Neonatal and Child Health and Nutrition (MNCHN) program that institutes child survival strategies and delivery service packages, the Essential Newborn Care (ENC) protocol that seeks to improve the health of the newborn through pre- and postdelivery interventions, and the Ensuring Food Security and Nutrition of Children 0–24 months all carry strong centrally directed mandates for implementation. A similar pattern can be observed in the field of public health, exemplified in the adoption of the DOTS strategy in the National Tuberculosis Control Program. The Philippine Development Plan (PDP) for 2011–2016, the country's development blueprint, itself carries national MDG targets from 2011 to 2016, thus allowing the government to direct health strategies, policies, and action plans (Pastrana 2011).

The benefit from centrally based efforts is clear: substantial energy and cost are spared in organizing and guiding scaling-up initiatives. It is also often the case that expanded central programs are associated with economies of scale. Likewise, cooperative strategies that piece together coverage distribute the burden across government entities (Simmons and Schiffman 2007). As Kirk and Standing (2006) point out, enabling institutional environments is best created within existing structures, however imperfect they are.

In a centrally directed setup, modifications and adaptations to accommodate diverse local settings generally come *after* rather than *before* the nationwide implementation (Samoff et al. 2003). Indeed, local governments quickly understand that their support of MDGs is contingent on instructions coming from principals at the center, such as the "Guide to Local Government Units in the Localization of the MDGs" issued by the Department of Interior and Local Government, policy guidelines and procedures in preparation of local budget proposals (which are required to include programs, projects, and activities in support of the MDGs), issued by the Department of Budget and Management, and the formulation of subnational MDG progress reports for the country's 17 regions (UNDP 2010).

Yet scale by administration has its downside. Centralized scaling-up initiatives, though authoritative, may be constrained by the tendency of central authorities to compel stiff implementation of a new health service model, making it hard to guarantee that innovations are fittingly tailored to local contexts (Simmons and Shiffman 2007). For instance, the MNCHN generally tends to be a top-down process, dependent on a hierarchical pool of health workers and for the most part driven by centrally directed agents rather than by those who are final consumers of the health delivery innovations.

Designing instruments at the national level and "cascading" them down to field levels, which is typical in bureaucratized settings, downplay the need to solicit inputs from the beneficiaries of central initiatives. Quickness of implementation of these programs may yield some encouraging results within a narrow decision space, but in the end it merely leads to waste in initiating the change, since the new approach is not likely to have taken root (Samoff et al. 2003). For example, when the DOH introduced

the risk approach to reduce maternal mortality, it was based on the untested premise that high-risk pregnant women could be identified during prenatal visits. Yet local experience (backed up afterward by research) would have clarified that most maternal deaths were due to life-threatening complications for which no antenatal screening was possible: puerperal sepsis, postpartum hemorrhage, and shock. These complications could neither be predicted nor prevented. It was only later that the DOH switched to an Emergency Obstetric Care (EmOC) approach, which requires a skilled attendant at delivery, 24-h access to emergency obstetric care, and a functioning referral system to allow the unimpeded flow of services to any pregnant woman who needs them at any place and at any time (May-I Fabros 2010).

Initial economies of scale in centrally managed programs may be offset by increasing unit costs (with respect to communicable disease control, regulation, financing, health education, personnel, procurement, and training activities) as the process of spreading out tries to touch base with those who are harder to reach. These include some 70 % of the population of the Autonomous Region of Muslim Mindanao having no access to potable water supply and almost all inhabitants of Tawi-Tawi, Lanao del Sur, and Sulu which have very low access to reproductive health services (Lais 2010).

Directives from the center's multiple principals often come out in an uncoordinated way, resulting in inconsistent policies and poor overall synergy. Health-related administrative orders, for instance, were issued without rhyme or reason, giving rise to a strong sense of incoherence. As Mai-I Fabros (2010) points out, the policy on natural family planning is separate from an overall policy on planned parenthood; a safe motherhood policy is disconnected from the reproductive health policy; a policy on the prevention and management of complications arising from abortion is detached from all other maternal care policies.

Local Initiatives: Scale by Expansion

Start small, step up steadily, and build on success: frequently termed *replication,* this is the universal model for enlarging scale. It is basically a stepwise learning process which starts with learning to be effective (start-up efficiency and coverage are low and mistakes are high), proceeds to learning to be efficient (reducing the input requirements per unit of output), and then progresses to learning to expand (recognizing the importance of local fit and pacing the expansion to match organizational capabilities) (Samoff et al. 2003).

The wave of momentum on small-scale, but open and user-driven, local innovations began to reach the health sector in the Philippines when it embarked on a wide-ranging decentralization that saw primary health-care services, more than 600 hospitals, other health facilities, and some 46,000 health personnel devolved to local jurisdictions. The decentralized service delivery model severed the hierarchical ties between local agents (cities, municipalities, and provinces) and central/regional health principals, but engendered local initiative, autonomy, and spontaneity in

addressing health challenges within a wide decision space. In fact, decentralization allowed subnational government units to resolve, in particular local contexts, stalemates in national health decision-making. The clearest example is reproductive health policy. While the national course of action on reproductive health has languished in legislative debates, mainly the outcome of Catholic Church resistance, to date there are 51 municipal ordinances and four provincial laws in support of reproductive health service provision (Mai-I Fabros 2010). When the national government stopped spending for modern contraceptives, many LGUs took up the slack, despite opposition from the Catholic hierarchy. In all these, local coalitions and focal groups (especially women) were consulted about the design of health and family planning services. As well, senior community leaders were asked to participate in program management, thus subsuming modern health leadership under the more customary system of local governance (UNDP 2010).

Within the narrower decision space, the decentralized structure requires that implementation of some pilot programs be vetted through the government bureaucratic machinery. These include the pay-for-performance scheme for field health workers who successfully persuade women to avail of facility-based (in lieu of home) deliveries, the PhilHealth Maternity Care Package (which accelerates access to facility-based services, including prenatal care, delivery, and newborn care), and lately, the Conditional Cash Transfer Program (or *Pantawid Pamilyang Pilipino Program*, which provides a monthly stipend to the poorest families but requires them to send their children to school and pregnant mothers to maternal care clinics). All these address the demand-side barriers to the use of maternal and child health services. Not surprisingly, as Mai-I Fabros (2010) reports, these centrally initiated pilots are not being widely applied in a synergistic manner. Their track record of success varies randomly from local government to local government, and their overall impact has tended to stay restricted to the original target areas, with few spillovers, signifying a letdown in meeting the needs of the underserved on the scale that is necessary in an uneven playing field.

With MDG donor pressures comes the demand to widen the reach of these programs, often in a short-term, quick-fix bureaucratic way. Deadline pressures to meet targets likewise tempt central authorities to hastily move toward completing projects while glossing over the need to accustom them to local circumstances. Yet, as Samoff et al. (2003) suggest, scaling-up success stories precisely rests on both systemic and specifically local elements. They address a well-understood "neighborhood" need and respond to substantive local demand. Finding out "what works" and what is "successful" is contextual and contingent, they argue, and depends on several factors:

- Promising local initiatives are doable precisely because they are small, the testing ground for trials and assessment is controlled, and the risks, should an initiative prove unviable, are limited. Efforts to scale up must recognize these constraints.
- Each initiative itself is largely locally derived and is nurtured by community stakeholders who are inventive and are able to build political coalitions to support

and shelter the innovation. Scaling up typically requires active sponsorship and concerted efforts from local networks of multiple stakeholders.

- Initiatives may not have an institutional base, particularly those introduced from above. Most good programs do not spread with ease, especially when no follow-up efforts at the local level occur. Scaling up must move beyond service delivery toward empowerment and change management.
- The programs are adequately financed locally. The scaling-up process must ensure significant local ownership, which is in part achieved if the community chips in its own resources.

The importance of "local content" becomes quite visible when scaling up fails, as manifested in the following[1]:

- The perceived local need that mobilized and energized participation in the pilots did not materialize in the new sites. That suggests that the program components of locally effective initiatives are often not universally reproducible, mainly because implementers have to deal not just with explicit, codifiable knowledge (which is easily documented and disseminated) but also with *tacit* knowledge, which is embedded in the community and does not move easily from place to place (Cortright 2001). Ethnographic studies in the Philippines, for instance, underline the important role of health practices located within the social, political, and historical milieu of indigenous peoples. Although the human experience of health care is universal, it is the cultural expressions that vary. Being able to understand the location-specific indigenous worldview around birth, healing, illness, and death is important for health practitioners in identifying and using "native" practices and models of care (Mai-I Fabros 2010). In general, communities with thriving pilots usually have high degrees of place-specific social capital (trust, *elan*, creativity) which are invested and generated by program processes. An unintended consequence of scaling up is the loss of the implicit features of the tested innovations.
- Managerial and administrative systems appropriate to a province or a country are not simply outsized versions of community-level oversight. In this case, organizational troubleshooting may overwhelm current managerial and administrative capacities. Moreover, expectations of how the innovation should work in the new project sites that commonly underlie citizens' own experiences become enormous challenges to expansion that envisages dramatic changes. For example, field demonstrations in the Philippines suggest that the accessibility, efficiency, and sustainability of essential health services pick up steam when based on community-focused operations. However, shifting to community-based services requires an intricate undertaking for evolving more complicated governance structures and policies. Hence, the clinic-based focus has unfortunately stayed as the foundation of most DOH health-care systems.

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[1] The reasons are drawn mostly from Samoff et al. (2003); the examples are separately supplied.

- Programs may be hijacked or redirected by local or national governments or other institutions, exposing them to new political controls and unequal bargaining power. Rent-seeking local elites can invoke a horde of sharing norms and other redistributive instruments to make certain that their privileged status is not diminished. Efforts to enlarge programs that are oriented toward distributive politics may instead destroy them. A good example is provided by the *Medicare para sa Masa* (MpM) program of the Philippine Health Insurance Corporation, or PhilHealth. PhilHealth partners with local government units to enroll their indigent populations in MpM, with premiums partially subsidized by both LGUs and the national government. However, these steps have not improved the coverage of poor households (Lieberman 2002), mainly because the targeting and selection of poor beneficiaries have been left to local politicians, whose tendency is to choose their own followers among the poor. While resources may reach the poorest, clients of the elites dispensing resources gain disproportionately to the exclusion of certain sections of the poorest (Kirk and Standing 2006).
- There is poor documentation of the local conditions governing effective initiatives and successful attempts at scaling up. Likewise, not enough result-based monitoring is done, nor is there identifiable accountability for outcomes. Although the Community-Based Monitoring System (CBMS) for MDGs is in place in 59 Philippine provinces, collecting and assuring the quality of information, especially from far-off provinces, municipalities, and cities in the country, has been extremely difficult (UNDP 2010). Because empirical findings are poorly recorded, there is the risk of little productive connection between lessons drawn from research and scaling-up policy. The need for empirically detailed accounts of the institutional arrangements and delivery mechanisms for scaling up and better scientific understanding of the determinants of successful expansion provides added essential grounds for researching the process (Simmons and Schiffman 2007; Kirk and Standing 2006).

Implications and Lessons Learned

Convergence by Focusing Down: "Embedding" Initiatives in Decentralized Structures

Good practices do not exist *everywhere.* Practice is lived out differently from place to place and even from time to time in the same place. It is a false-positive to say that changes begun in a community can have an impact throughout the outlying areas. Local initiatives are "experimental" precisely because of time and place variations and are more of an interactive process among field practitioners and beneficiaries. On the other hand, enclaves of good practice are found just about *anywhere*, often amidst poverty and other very trying circumstances, indicating that *anyone*, from an enterprising field worker to an initiative-taking and politically influential local leader, from a risk-taking and nonconformist local

stakeholder to a progressive community, can be a source of effective innovations (Samoff et al. 2003).

This tug-of-war between presence (of pockets of small-scale initiatives) and absence (in areas where they are to be expanded) is bridged by *integration*: small pilots are built into existing decentralized structures and systems. Local governments assume responsibility for successful community initiatives. This pathway is especially appealing to both government and donors because it promises both rapid expansion and sustainability under a decentralized framework (Samoff et al. 2003). Devolution has generated organizational ambiguities between disconnected central offices and local jurisdictions. Integration restores coherence. Central health authorities could stimulate expansion by using incentives and rewards for LGUs to *nurture* promising initiatives on an increasingly large scale. Paradoxically, scaling up requires shifting power to the local level and applying the principle of subsidiarity. Along these lines, a priority for action will be to integrate the new Maternal, Neonatal and Child Health and Nutrition (MNCHN) service delivery into the Municipal Investment Plan for Health (MIPH) as well as the Provincial Investment Plan for Health (PIPH). This involves shifting from centrally controlled national programs operating separately and governed independently at various levels of the health system to an LGU-governed health system that is more responsive to the local situation (UNDP 2010).

Part of the power shift is the activation of local networks, a key convergence factor. A downward-focused scaling up requires *developing and nurturing* effective local *networks of interconnections that link organizations, people, and activities* around a collaborative culture (Samoff et al. 2003) and supply a supportive framework within a decentralized system. Such social capital is particularly helpful to LGUs that are under-resourced or overtaxed with other goings-on. Scaling up is most effective when these networks are preserved and used as rollout occurs. A decentralized set of connections has a dual edge, however. On the one hand, it is critical in ensuring that the health intervention sets in. On the other hand, it may contribute to over-localizing tendencies, so much so that the innovation diverges widely with average norms; it is no longer adaptable in other settings. In the final analysis, as Samoff et al. put it positively, the right equilibrium between central direction and local autonomy is specific to particular places and times and is likely to adjust as circumstances change. Hence, effective decentralization always reflects ongoing *negotiations*, among a variety of players, about where authority and responsibility for scalable innovations should lie.

Since decentralization has been institutionalized in the legal and policy structures of the country, it consequentially legitimates public sector-NGO partnership and teamwork. A good case in point is the Davao City government-NGO collaboration in combating HIV/AIDS. The Alliance Against AIDS in Mindanao (or *Alagad* Mindanao) entered into a partnership with the Davao Medical Center and the Reproductive Health and Wellness Center of the Davao City Health Office, the DOH Regional Health Office, and private laboratories and clinics to turn the corner in the delivery of treatment, psychosocial care, and support services to persons living with HIV (UNDP 2010).

Convergence by Replicating Conditions for Change, Not Elements of Health Program

That the scaling-up process breaks ground in *specific* locales implies that replicating *specific* elements of the initiative in other settings will hardly ever lead to a workable and enduring outcome. For that reason, instead of reproducing the specific components of the intervention, it would be more lasting to scale up *the conditions that allowed the initiative to do well* and the local wellspring that sustains it. In short, local stakeholders should nurture the spread of the *enabling conditions* for those local measures and the social landscape in which they are anchored (Samoff et al. 2003). Extending the coverage and reach of a new public health intervention will require adaptation of the wider system in which it is implemented (Gilson and Schneider 2010).

That challenge involves discovering ways to create congruence among key elements of the scaling-up process, generate widespread and locally rooted demand for the initiative, and encourage an inclusive locally based discussion over content and design. The key is to carve out political space for the scaling-up process and to shield it from local-vested interests who consider it as a threat and a public sector bureaucracy whose attempts at routinizing change often stifle it. Simultaneously, those managing the change must understand each intervention as a continuing process rather than as a definite outcome and must structure it to entrench learning at its core (Samoff et al. 2003).

The constructs "lessons learned" and "best practices" must be treated with caution. Lessons disengaged from their context are not useful at all. Best practices drawn from experiences in disparate settings may not be adaptable at all. Both must be sensitive to the innovation's deeply contextual nature and its situational specificity. What makes a particular practice successful in one setting is a function of both the practice and the setting (Samoff et al. 2003). Packages of interventions incorporate not only new service components but also the managerial processes necessary for successful execution (Simmons and Shiffman 2007).

But is not health practice easily dissected from its context in order to study and evaluate it? Conceivably, of course it is possible to study health care by isolating it from confounding influences, exploring principal inputs and outputs, and testing hypothesized relationships. A scientific outlook would regard congruence and complex interaction as a source of confusion rather than as the appropriate focus for analytic attention (Samoff et al. 2003). Yet context does not lend itself to itemization. Consider maternal and child care in the Philippines. A good MCH program is never free of the context in which it is practiced. MCH evolves constantly as it is implemented and broadened. The Philippine MCH emerged from an interactive process that involved stakeholders with different know-hows and experiences (from specialized DOH doctors to Filipino mothers and children) who molded and modified it. The insight embedded in the program was generated by the clash of central perspectives (clinic focused, attendant based, standard driven) and local preferences (community focused, culturally founded). It was not scientific consensus

as much as effective local/central engagement in resolving issues of program design and the appropriate roles for health workers, mothers, and the community that mattered. As Samoff et al. contend, when scaling up sidesteps the technical process—assemble pertinent expertise, spell out the necessary activities and sequences, and then take each step in its turn, with little room for deliberation, reflection, and revision—it is likely to advance to the next level.

Going to Scale: The Critical Requisites

How can a participatory health initiative progress beyond the local level and make a bigger impact while avoiding the problem of cumbersome bureaucracy and be constantly accountable to the communities it represents? In this regard, several factors are critical:

- Credible local commitment, expressed in a multi-sectoral local leadership spearheaded by the local government, to the health program and its expansion. This kind of leadership spreads the ownership of the initiative but also demands challenging coordination structures (Senderowitz 2007), deep community involvement, firmness to proceed against odds (such as inadequate resources), and clear accountability for results. It must have the ability to promote efforts to encourage health providers to open up their innovation models and techniques for use by development organizations and social entrepreneurs. In Pasay City, a crowded urban center in Metro Manila, with the worst problems associated with urban poverty (a huge chunk, 41 %, of households lives below the poverty line), the city government inspired health workers and local organizations to make use of a novel innovation platform: localizing the MDGs in every family in order to nurture a "readiness for change." The eight goals were rephrased in the local language as positive, "can do" family-based statements:

  - MDG 1 My family has job and savings.
  - MDG 2 All our children go to school.
  - MDG 3 Men and women have equal rights.
  - MDG 4 All our children are healthy.
  - MDG 5 We keep pregnancy safe and healthy.
  - MDG 6 We avoid HIV/AIDS, malaria, and other diseases.
  - MDG 7 We keep our homes and the environment clean.
  - MDG 8 We get involved in community development.

- For technical assistance, the local authorities partnered with UN-Habitat, but assumed responsibility for financially sustaining the program. Because it has been implementing CBMS—in this case, a 100 % household saturation survey that keeps track of 14 poverty indicators—the city government can easily identify which households need assistance. The city's CBMS generates village maps and flags households with undernourished children, among others. Eventually, the family-oriented MDGs were further translated into child-focused MDGs

with detailed indicators tracking children's monthly progress on a report card maintained by each family. The data on the report cards feed into a participatory monitoring system at the neighborhood level (UNDP 2010).

- Strong demand and keen interest in the communities at the sites targeted for expansion. Here, strong direct, small-scale involvement progressively translates into collective innovative behavior, which, to borrow from Simmons and Shiffman (2007), becomes so contagious that it spreads like outbreaks of infectious disease, generating a "tipping point" for dramatic change. In three expansion sites of the reproductive health program in the Philippines—Talibon, Ubay, and Carmen in Bohol Province—out of the strong local demand emerged several birthing centers, maternal and newborn care facilities, and provision of family planning and adolescent and sexual reproductive health services. The large number of poor families overburdened by an unmanageably large number of children created a clearly perceived need for the innovation. The timing and circumstances were right: the provincial government had the appropriate implementation capacity (e.g., training facilities for health service providers), multi-sectoral agencies pitched in through aggressive advocacy initiatives, and local legislators backstopped the effort by passing reproductive health ordinances with sustainable budget provisions. Reproductive health champions from DOH lent evidence-based credibility to the program (using success stories from pilot areas, explaining the relative advantage of modern methods over traditional practices). It was also obvious that the ensuing widespread adoption of the program indicated that it was quite compatible with the users' evolving values and norms (which required defying Catholic Church injunctions). This led to a rising utilization of comprehensive, high-quality health services in these localities by women (facility-based deliveries, pre- and postnatal care, and contraceptive use) as well as by men (non-scalpel vasectomy). The outcome was dramatic: zero maternal deaths, particularly in Carmen and Talibon.
- Sustainable funding, which in practice means greater reliance on locally generated funds. Local government units must be encouraged to improve local taxation and make use of user fees to support their health platforms. If they avail of external aid at all, it should be in the form of competitive funding to increase the likelihood that only the most promising initiatives are nurtured and maintained. Almeria, a poor municipality in the province of Biliran, offers a praiseworthy model of wise use of meager resources. The Maternity Care Package (MCP) takes a huge toll on the LGU's limited manpower and budget. Yet, it successfully implemented the provincial directive to limit home deliveries, doing so by charging user fees for delivery in its health facilities. A portion of the proceeds goes to its expenditure for health (purchase of medicines and supplies), while the rest goes to a trust fund. The user charges have contributed to the sustainability of local health programs and generated funds for subsidizing the maternal and child care needs of the poor. Almeria's rural health unit is also accredited as MCP facility and outpatient benefit (OBP) facility under PhilHealth. As such, it has access to PhilHealth's capitation fund and reimbursement fund for services rendered. The money supports the operations of the rural health facility and pays for the health workers' incentives (UNDP 2010).

• A functioning result-based monitoring system. Health initiatives take time to unfold and spread out. An aggressive and forcible campaign runs the risk of an early breakdown. For instance, partly under international pressure, the TB DOTS program adopted an inflexible package and forced pace of scaling up—ignoring the considerable on-the-ground experience and knowledge within the country—which resulted in program resistance in several provinces (Schneider et al. 2006). To avoid any premature malfunction of innovative strategies, it is necessary to maintain unequivocal standards of practice and performance, backed up by an appropriate and reliable monitoring system. Keeping an eye on the progress of health programs and taking stock afterward offer clues on what works best under trying circumstances. CBMS is an example of a good monitoring system that has paved the way for the effective targeting of MDG beneficiaries, a process that entails an extensive data source which indicates where scarce resources are to be allocated (UNDP 2010). In turn, the lessons learned from stocktaking would be useful in laying the groundwork of a scaling-up process. But it is also important to begin with the end in mind: scaling up should be taken up at the first instance when a pilot project is designed—taking into account the resource environment in which expansion is to take place—and not relegated as a second-generation issue halfway into the experiment (Simmons and Schiffman 2007).

Summing Up

Going to scale is not necessarily incompatible with decentralized participation. There is ample room for both top-down governance, with its emphasis on coherence and discipline, and bottom-up governance, with its stress on autonomy, local voice, and flexibility. The appropriate *balance between central direction and local autonomy* is likely to vary over time and circumstances, perhaps even within the same setting. This equilibrium is not necessarily dependent on laws and institutions, but on a *negotiated arrangement* on where authority and responsibility for specific activities between principal at the center and local agents should lie. This is quite different from a traditional setting where a fixed adherence to a prior formal plan is required.

But what must be scaled up are the *conditions* that permitted the initiative to flourish and the underlying sources of strength that keep it going. That challenge involves finding ways to (1) shore up demand for the innovation and to sustain an informed and inclusive locally based debate over content and form order to increase the probability that local needs are appropriately reflected upon and taken into account, (2) carve out political space for the initiative and defend it from rent-seeking vested interests, and (3) make those directly involved understand change as a continuing, managed process rather than a specific outcome and to structure it to embed learning at its core.

While context-specific adaptation is indispensable, universal values have their place as well. For example, normative principles as free and informed consent and reproductive rights must be regarded as universal and nonnegotiable rather than as

open to self-dealing domestic versions (Simmons and Schiffman 2007). This has not happened as there is an ongoing confrontation between the central government (which favors informed choice) and religious authorities (which resist the use of artificial family planning methods).

Moreover, key challenges will remain that often require "trade-off" decisions between standardization and adaptation. Standardizing streamlines the implementation process but may not fit as well with local circumstances in expansion areas. Adapting improves the fit and increases ownership (Senderowitz 2007; Kirk and Standing 2006); CBMC should monitor the extent to which local adaptation maintains minimum established standards.

Over the last few decades, health interventions have been shifting to a more unlocked and networked process: stakeholders from within and outside established institutions—from health customers and end users to enthusiasts from other fields (e.g., basic education, which is correlated with health)—and epistemic communities from abroad have weighed in. Since innovative knowledge is broadly scattered, it has to be tapped by credibly committed individuals and organizations that can design and carry out strategies for expansion that are watchfully dovetailed to the realities of assorted settings. Indeed, for national and local initiatives to thrive in the Philippines, they must rely on a broad set of advocates and supporting constituencies.

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Chapter 4
Healthcare Governance and Climate Change Adaptation: A Pharmaceutical Industry Perspective

Md Khalid Hossain and Sharif N. As-Saber

Introduction

In the human development report 2007/2008, climate change has been termed as the 'defining human development issue' of current generation. The report supports the scientific fact that climate change is happening undermining all development efforts and severely affecting the path of achieving Millennium Development Goals (MDGs). The poorest 40% of the world population, mostly living in the least developed countries (LDCs), would be the people hit hardest by climate change-related natural events (UNDP 2007). At the same time, these events are having profound impact on public and private sector establishments. While exposed to uncertainty and risks, they can also benefit from potential opportunities created by climate change. However, given the desperate nature of their business operations, such risks and opportunities are likely to vary across industries.

While climate change is directly impacting on people's lives and livelihoods, in a broader context, it has an impact on organisations and operations of public and private sectors. However, the scale of impact may vary from sector to sector. While reviewing sectoral level business risks and economic impacts of climate change, in 2008, KPMG concluded that six business sectors, viz. oil and gas, aviation, healthcare, financial, transport and tourism, are more exposed to the impacts of adverse climatic events but relatively less prepared to respond to these impacts (falling within the 'danger zone'). In the analysis, pharmaceutical sector along with eight other sectors are viewed neither in danger nor in safe zone, which, according to the report falls within the 'middle of the road' zone. Only food and beverage, telecommunication and chemical sectors fall within the safe zone (termed as the 'safe haven') (KPMG International 2008).

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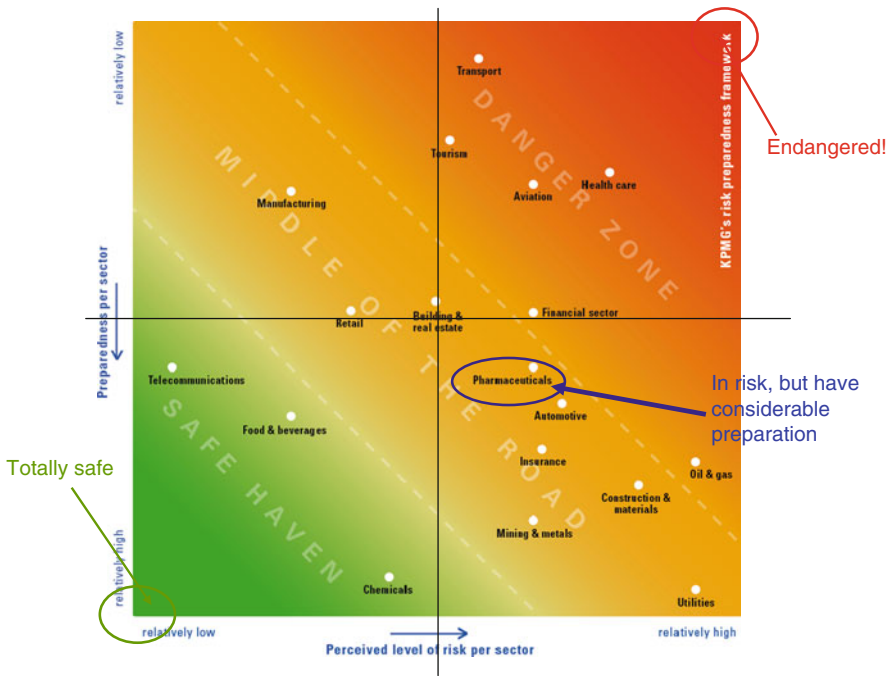
Fig. 4.1 Sector-wise perceived risk versus preparedness map in KPMG's analysis (Source: KPMG International 2008, p. 48)

As pharmaceutical sector is very closely linked with healthcare sector (e.g. equipment and supplies, providers and services like hospitals, diagnostic laboratories), it is understandable that both sectors would share some common challenges and opportunities emanated from climate change. There is a chance of failing each other if they do not work collaboratively. Therefore, while healthcare sector is placed in the 'danger zone', pharmaceutical industry has an additional responsibility to support the healthcare sector in addition to its own challenges. Similar to the healthcare sector, it could be argued that pharmaceutical industry would exploit opportunities generated by climate change by increasing financial gain through selling medicines needed for deteriorated health condition of people affected by climate change. However, such kind of opportunity exploitation would not be taken positively if it is based on mere profit motivation. Therefore, while pharmaceutical industry would adapt itself to the impacts of climate change, it has to consider the needs and priorities of its consumers and the specific situation where the industry aims to exploit opportunities based on the nature of its business (Fig. 4.1).

Although a robust academic deliberation has been happening in linking climate change and health challenges (Epstein 2005; Costello et al. 2009; Fidler 2010; Salt 2003), it has not been concentrated on the climate change adaptation perspective

of the pharmaceutical industry on the basis of sector-specific realities. Therefore, this chapter primarily highlights the case of business strategy adaptation in pharmaceutical industry as affected by the impact of climate change on health and on the healthcare industry. While highlighting this case, this chapter argues that climate change adaptation for pharmaceutical industry needs to be driven by corporate social responsibility in order to contribute to health governance. In arguing so, this chapter observes an important role of government and global community to support pharmaceutical industry's adaptation so that both economic and social benefits could equally be achieved for the industry and people affected by climate change.

Climate Change Adaptation for Business Sectors

So far, there has been a considerable amount of debate to provide a definition of 'climate change adaptation'. Although the central idea of the concept remains almost the same, major divisions lie in terms of scope, process and scale, such as whether it would be autonomous ('bottom-up') or imposed ('top-down'), whether it should entail migration or unlimited coping and whether it would be 'biological' or 'mechanical'. In IPCC fourth assessment report, it has been mentioned that 'Adaptation is the adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities' (IPCC 2007, p. 6). Burton (1992, 1997; cited in Ahmed 2006, p. 30) provided a closely matched definition by describing it as 'the process through which people reduce the adverse effects of climate on their health and well-being, and take advantage of the opportunities that their climatic environment provides'. From a human-centric perspective, (Leary 1999, p. 307) also reiterated similar idea by defining adaptation as 'human responses to the direct and indirect effects of climate change and variability for the purpose of lessening detrimental consequences or enhancing beneficial consequences'.

From an individual and economic point of view, Smit et al. (1996, cited in Ahmed 2006, p. 30) argue that 'adaptation to climate change includes all adjustments in behaviour or economic structure that reduce the vulnerability of society to changes in the climate system'. Smit et al. (2000, p. 225) also have identified the adjustment issue by mentioning that 'adaptation refers to adjustments in ecological-social-economic systems in response to actual or expected climatic stimuli, their effects or impacts'. From a governance perspective, it refers to 'policies promoting measures to mitigate' or reduce greenhouse gases and their role in facilitating and directing the adaptation process undertaken by businesses. The primary aim is to ensure that businesses undertake socially and environmentally responsible adaptation measures in an evolving 'political-economic environment associated with climate change' (Smit et al. 2000, p. 225).

Based on a study of nine companies in house-building and water utilities sectors in the United Kingdom, Berkhout et al. (2006) have made an attempt to define climate change adaptation from a business organisation's point of view. To some extent, they have challenged the traditional definition of adaptation by concluding that for business organisations, adaptation rarely happens autonomously as it is very much dependent on policy framework and market mechanism. Their proposed framework argues that a business strategy of 'wait and see' needs to be sure of the actual extent of climatic impacts and related opportunities before undertaking any adaptation measures. They further argue that 'risk assessment and options appraisal', 'bearing and managing risks' as well as 'sharing and shifting risks' fall within the framework of business strategy adaptation to climate change (Berkhout et al. 2006, p. 151). Their arguments of nonautonomous business strategy adaptation could also be supported by the arguments of Kolk and Pinkse (2008, p. 1360), who have mentioned that the entire process of risk aversion through companies' business strategy adaptation is very dynamic due to fast-changing 'public opinion, regulation, competition and scientific evidence on global sustainability issues'.

However, averting the risks of climate change through reactive organisational adaptation is not considered as sufficient in some literature considering the complexity, unpredictability and scale of climate change and its impacts. In this regard, Linnenluecke and Griffiths (2010) have suggested to develop 'organisational resilience' as a proactive business strategy for averting risks due to climate change. They also have acknowledged that without experiencing major climatic shock, organisations do not prefer to develop special capabilities to address climate change. This view has been shared by Berkhout et al. (2006). Linnenluecke and Griffiths (2010) have emphasised on 'resilience' as part of the business strategy adaptation as 'resilient' organisations are more capable of surviving even after experiencing major climatic shocks. These organisations can respond to the situation both suddenly and gradually.

It could be argued that Berkhout et al. (2006) have not focused adequately on the opportunity side for business which is also included in the widely accepted definitions of climate change adaptation. Although the majority of companies are unable to find a clear link between climate change impact and opportunity utilisation (Kolk and Pinkse 2004), based on information from 500 multinational companies (MNCs) regarding their carbon disclosure projects (CDPs), Kolk and Pinkse (2008) have argued that climate change is assisting MNCs to grab the opportunity of developing 'green' firm-specific advantages and those advantages could also help gaining more profit. The utilisation of these opportunities should not ignore the reduction of greenhouse gas emission or mitigating climate change through 'compensation' and 'innovation' (Kolk and Pinkse 2005, p. 8).

Through 'compensation', some companies try to reduce their carbon footprint internally within the company through 'internal transfer of emission reduction', vertically through supply chain measures and horizontally through acquiring emission credits in exchange for their inability to reduce their contribution to the carbon footprint. Arguably, 'innovation' as a method of utilising opportunity is one step ahead for companies than 'compensation', as through 'innovation' some companies not only

reduce their individual carbon footprint but also assist others to do the same. With regard to this strategic option, these companies try to improve a distinct business process innovatively within the company and aim at developing innovative products at their supply chain which can reduce emission. Beyond these measures, these companies try to innovate new products for the market to reduce economy-wide emission and to become more competitive in the market through different strategic partnerships (Kolk and Pinkse 2005, p. 8; Kolk and Pinkse 2004). However, the opportunity utilisation through 'compensation' and 'innovation' is not equally applicable to all business sectors due to the disparate nature of individual business operations. As the manufacturing sector requires to respond to climate change by reducing emission in its supply chain, pharmaceutical sector would not be equally able to take exact measures due to its reliance on the state of the public health sector (Kolk and Pinkse 2004).

Nonetheless, while 'compensation' and 'innovation' are discussed in the context of emission reduction, these could also be applicable in adaptation of business strategy in relation to climate change. By undertaking adaptive measures to address the climate change affected supply chain, companies could perhaps enhance competitiveness against their competitors who do not take similar measures. More innovative companies would come up with new products and processes through research and development that could facilitate adaptation to climate change. Some companies can utilise opportunities coming naturally while they address climate change as a part of their business strategy. These could be utilised through exploitation of consumer choice for green and innovative products and processes that are climate friendly (Porter and Reinhardt 2007).

However, this could even take the shape of exploitation of favourable climatic conditions resulted by climate change, e.g. the extended warmer period in some arctic countries is offering a prolonged cropping period (Linnenluecke and Griffiths 2010). Some sectors are also exploiting the risks posed on consumers facing physical risks and regulatory risks. Insurance sector and banking sector are exploiting opportunities by charging increased fees for covering risks and costs due to climate change and subscribing to emission trading schemes (Kolk and Pinkse 2004). However, as the idea of climate change adaptation emphasises on exploiting beneficial opportunities or enhancing beneficial consequences, company's financial gain through opportunity exploitation without bringing benefits for the society could rather be argued as maladaptation to climate change. In this regard, an appropriate government policy framework needs to be in place to ensure the adherence to the relevant social and environmental responsibilities by organisations including MNCs (As-Saber 2009).

Climate Change and Its Impact on Health and the Pharmaceutical Industry

Amongst the three working groups of Intergovernmental Panel on Climate Change (IPCC), working group II analyses the impacts of climate change on socio-economic and natural systems while highlighting the options for adaptation in the face of those

Fig. 4.2 Impacts of climate change on health (Source: Confalonieri et al. 2007, p. 418)

impacts. In the IPCC fourth assessment report, working group II has dedicated Chapter 8 to highlight the climate change impacts on human health along with desired adaptation options. Based on the evidence, the report concludes that 'Climate change currently contributes to the global burden of disease and premature deaths' (Confalonieri et al. 2007, p. 393). In IPCC fourth assessment report (shown in Fig. 4.2) it is predicted that, in most of the cases, climate change is likely to have negative impacts on health mainly in the form of increased malnutrition, deaths, diseases and injuries from extreme weather events like floods and cyclones as well as increased malaria, diarrhoeal and cardiorespiratory diseases.

Predictions of IPCC are echoed in different academic literature where climate change has been seen as one of the greatest public health challenges faced by the world (Binns and Low 2011; Hanna and Spickett 2011; Hanna et al. 2011; Husain and Chaudhary 2008; ADB 2011; Salt 2003; Connor et al. 2010). To effectively adapt to the health-related impacts of climate change, Hanna and Spickett (2011) opine that both direct and indirect health exposures caused by climate change should be addressed. They mention that direct health exposures resulted from extreme climatic events like floods, cyclones and heat waves where health impacts are immediate and quick responses on the basis of prior preparedness are warranted. On the other hand, indirect health exposures are linked with gradually deteriorating air, water or food quality along with affected food production resulting in malnutrition and associated health-related problems (Hanna and Spickett 2011; Patz et al. 1996; Marques et al. 2010). It could be argued that pharmaceutical sector is exposed to both direct and indirect exposures as in both cases their responses would be necessary. While quick and adequate supply of medicines would be required from the pharmaceutical industry during direct exposures, the emphasis would be on research

and development for the industry when indirect exposures would be addressed within a climate change adaptation framework.

As mentioned earlier, the KPMG report outlines four different types of risks faced business sectors due to climate change. These include regulatory risk, physical risk, risk to reputation and risk of litigation (KPMG International 2008, p. 45). While the report places pharmaceutical sector in the 'middle of the road' (neither in danger nor in safe zone), it observes that the sector is exposed only to high level of physical risks and not to the other three types of risks (which are primarily linked to environmental performance) as the sector is not considered as emission intensive. This is quite similar to the arguments put forward by Hanna and Spickett (2011) that both direct and indirect exposures in relation to climate change impact on health are linked to physical impacts of climate change, both gradual and rapid. Although these physical impacts are not prominent on the establishments of pharmaceutical industry (e.g. destruction), their consumers are affected by those impacts that make the industry implicitly affected by physical risks (Llewellyn 2007).

However, Llewellyn (2007, p. 91) has identified some direct physical impacts on pharmaceutical industry itself in relation to the manufacturing of antibiotic drugs. He mentioned that 'cool weather temperatures and limited temperature fluctuations' are desirable for the manufacturing of antibiotic drugs. He predicted that changes in weather patterns resulted from climate change would negatively affect the production capacity of antibiotic drugs. Cogan et al. (2008) have also highlighted some direct physical risks in relation to climate change impacts on water availability and quality concerning the pharmaceutical industry. They have mentioned that different production processes like cleaning, cooling, emergency diluting and steam-feed stocking necessary for the manufacturing of drugs would be affected due to the impact of climate change on water availability and quality. Llewellyn (2007) has further pointed out some negative financial risks for pharmaceutical industry in countries where notable government subsidy is provided to the industry (along with other health services) would be reduced due to negative economic growth resulted from climate change impacts.

It should be noted that KPMG's placement of pharmaceutical industry in the 'middle of the road' is not based solely on the climate change-related risk perceptions for the industry. It also entails the fact that despite the risks, the industry has considerable (neither very high nor very low) preparedness to remain out of the danger zone. However, a report commissioned by Ceres and Calvert in 2007 to analyse climate risk disclosure practices of companies in different sectors has found that given the perceived risks of climate change, preparedness of pharmaceutical sector is not up to the mark. The report mentions

> The drugs and pharmaceuticals industry still has a long way to go with regard to climate disclosure, especially given the potential impacts climate change may have on its business. Climate change may impose serious health effects on society, such as increased asthma rates and wider distribution of vector-borne disease, and the drugs and pharmaceuticals industry will need to be prepared to respond appropriately. The disclosure by this industry in the CDP4 (carbon disclosure project 4) illustrates that it may be unprepared to deal with this effect of climate change - an effect which, if strategies are adopted now, could be a significant business opportunity for the industry. (Gardiner et al. 2007)

At this point of discussion, it may be appropriate to highlight that the record of global pharmaceutical industry with respect to corporate social responsibility is not entirely positive. The production of cheap generic drugs for HIV by Indian pharmaceutical company, *Cipla*, in 2001 created a worldwide controversy. While it significantly dropped the price of the medicine and started saving lives in poor countries in Africa and elsewhere, it faced severe protest by the global pharmaceutical giants. Due to the strong lobby of multinational pharmaceutical companies, in 2005, India was forced to introduce patent protection for pharmaceutical companies as per the obligation under World Trade Organization's multilateral trading system. Although the multinational pharmaceutical companies argued that such patent protection was needed for industry growth as well as for encouraging research and innovation, its implication was higher price of patented drugs which were once not patented and were readily available at affordable price. That action of multinational pharmaceutical companies attracted intense global criticism as lives of AIDS patients in Africa and poor communities in India and other developing countries were put at risk due to the profit-driven motive of multinational pharmaceutical companies (Chaudhuri et al. and 2006; Satyanarayana and Srivastava 2007; Shukla and Sangal 2009; Malhotra 2008; Grover and Citro 2011; Babovic and Wasan 2011). From that experience, pharmaceutical industry must be mindful of the backlash that they could face if any exploitative and opportunistic decisions are taken ignoring the needs of vulnerable consumers. Otherwise, pharmaceutical industry would not only fail to positively adapt to climate change but it would also inhibit climate change adaptation process of those communities.

Therefore, it could be argued that within the framework of climate change adaptation, pharmaceutical industry needs to act decisively and positively to formulate business strategies to avert risks and utilise opportunities. However, the industry's actions require to incorporate a valid and sustained corporate social responsibility framework. Only then, the industry would be able to move itself out of the 'middle of the road' to the 'safe haven' within the KPMG framework.

Climate Change Adaptation for Pharmaceutical Industry from a Health Governance Perspective

Based on the discussion regarding climate change adaptation as well as its impact on health and pharmaceutical industry, it is somewhat clear that there is a need as well as scope for the industry to adapt to climate change. It is also apparent that this adaptation requires to be both in the forms of risk aversion and beneficial opportunity utilisation induced by climate change. However, as this adaptation needs to happen with a goal to improve health governance at different levels (local, national, regional and global), it is also necessary to comprehend the perspectives of health governance which could be linked to the pharmaceutical industry's climate change adaptation process.

Within the academic literature, health governance is very much aligned with the broader concept of governance with a specific focus on improving the healthcare

system. As a country-specific concept, Kaufmann et al (2009) have explained governance through a number of dimensions, viz. voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law and control of corruption. Siddiqi et al. (2006) have highlighted the principles of health governance which by and large conform to the dimensions of governance mentioned by Kaufmann et al. (2009). The principles identified by Siddiqi et al. (2006) include strategic vision, participation and consensus orientation, rule of law, transparency, responsiveness, equity and inclusiveness, effectiveness and efficiency, accountability, information and intelligence and ethics.

In relation to assessing the governance of community health partnership, Mitchell and Shortell (2000, p. 265) have put emphasis on the enabling external environment comprising political, economic, legal and social systems along with a governance structure consisting of adequate resource allocation, ensuring accountability and coordination. While the focus of Pang et al. (2010) is at global scale health governance, they also emphasise on country commitment (including good governance at national level), collaboration and accountability. To ensure shared health governance, Wachira and Ruger (2011) also underline several factors like consensus amongst key actors and collective accountability which can be measured through aligned goals, allocated resources and inclusion of vulnerable groups along with some other measurement tools.

Therefore, it can be argued that while pharmaceutical industry adapts itself to climate change, it must have strategic vision and ensure efficiency, collaboration, accountability, ethical operation and vulnerable community engagement to positively contribute to health governance (Greve 2008; World Bank 2011; ADB 2011; IIED and Irish Aid 2011; Sturchio 2008). Although there are other dimensions of health governance at different levels, above-mentioned parameters are relatively more relevant to the pharmaceutical industry in averting risks and utilising opportunities within the context of climate change adaptation. The question remains with respect to the mechanism of such adaptation in the pharmaceutical industry context. While physical risks are prominent for pharmaceutical industry, the question could be to know how the industry would avert those risks being a sector not producing a lot of emissions. However, Cogan et al. (2008) as well as Kolk and Pinkse (2004) have indicated that pharmaceutical industry has ample options of reducing their emission level even further which could consequently contribute in reducing physical risks for the industry. It may be noted here that several pharmaceutical companies have already started to reduce emission at different phases of their production system including their supply chains (King et al. 2004). This includes using electricity and heating services from clean energy sources as well as controlling huge amount of emission from transports needed to distribute products. Moreover, some companies are phasing out the use of *chlorofluorocarbons* (CFCs) in inhalers for treating asthma and other respiratory disease as CFCs are more than thousand times stronger than other greenhouse gas like carbon dioxide (CO_2) (Atkins 1999). While pharmaceutical industry addresses the physical risks of climate change on the industry through these actions, they are also utilising opportunities by participating in emission trading and gaining financially from government

incentives (Cogan et al. 2008; Kolk and Pinkse 2004). It could be argued that none of the above-mentioned actions would be in conflict with the actions taken by the health sector in adapting to climate change.

However, the greater challenge of risk aversion linked to physical risks for pharmaceutical industry could be a matter of concern for vulnerable communities affected by physical impacts of climate change (Salt 2003). Here, the plight of the vulnerable communities could be exacerbated by the industry's failure to meet the need of their medication. The failure may be resulted from inadequate production and supply, untimely supply, high price and poor product quality. While risk aversion is discussed in this regard within a climate change adaptation framework, it is quite difficult to elaborate on opportunity utilisation which is heavily dependent on the associated risks. While a higher demand of medicines could be resulted from physical risks of climate change, it could be argued that pharmaceutical industry would utilise the opportunity through increased production and supply as well as gaining more profit (McMichael et al. 2009). They can also avert the already mentioned associated risks through adequate production and supply, timely supply, affordable price and good product quality.

From a health governance perspective, pharmaceutical industry must be cautious regarding their techniques of risk aversion and scale of opportunity utilisation. Considering the fear of future losses, if risk aversion is aimed at mere profitability and increases the miseries of vulnerable communities, that would violate the spirit of health governance. If opportunity utilisation means charging higher price of medicines at the time of natural disasters or quickly supplying poor quality of medicine to meet the demand, that would also violate the spirit of health governance and would amount to unaccountable and unethical operation. Moreover, if opportunity utilisation fails to bring beneficial results for all, it would not also be considered as a positive climate change adaptation by the pharmaceutical industry. On the other hand, increased investment in research and development to achieve competitiveness in producing and supplying medicines needed for climate change-related health problems would be considered as a positive step which contributes to health governance within a climate change adaptation framework (Costello et al. 2009).

It could be argued that the above-mentioned observations fall largely within the paradigm of corporate social responsibility (Ruggie 2004; Greve 2008) and may not bring economic benefits to the pharmaceutical industry due to their focus on vulnerable communities with poor or no purchasing power. This would in turn affect the pharmaceutical industry's research and development-related measures, affecting the consumers and the industry in the long run. At this point, the 'collaboration' dimension of health governance comes into the picture. As countries responsible for historical emission and climate change are liable for financing the adaptation of vulnerable communities of developing nations as per international environmental law (e.g. Kyoto Protocol), pharmaceutical industry's corporate social responsibility-driven actions in relation to climate change adaptation (risk aversion and opportunity utilisation) should be supported by these countries (Lovell 2011). It falls within the global governance paradigm of sustainable development. The global pharmaceutical industry needs to collaborate with global

institutions in this regard and needs to influence the countries participating in global negotiations. Besides, pharmaceutical industry at national level should collaborate with the national government to access national climate change adaptation funds with a view to support both industry and vulnerable communities (Connor et al. 2010; ADB 2011; World Bank 2011; Accenture, GlaxoSmithKline and the Smith School of Enterprise and the Environment 2011). At the same time, governments need to have clear policy imperatives for the pharmaceutical industry with respect to the acceptable adaptation framework by the industry in the face of climate change.

The Framework and Implications

Based on the discussion above, a tentative framework is presented in Fig. 4.3. It shows the relationship between health governance and climate change adaptation (in light of risk aversion and opportunity utilisation) for pharmaceutical industry.

Although this framework is focused on pharmaceutical industry, similar approach can be applied for any other industry which is in the 'danger zone' or the 'middle of the road' as shown in Fig. 4.1. However, this framework is largely a generic one and needs to be customised on the basis of health governance realities within a particular
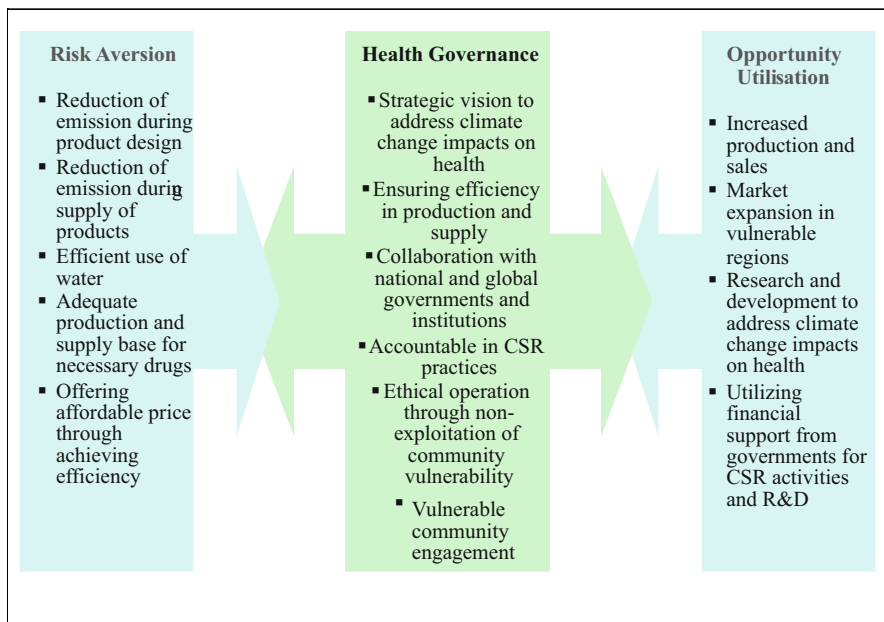
Fig. 4.3 Health governance and climate change adaptation for pharmaceutical industry

country or region along with microanalysis of country-specific climate change impacts on health and healthcare. We argue that pharmaceutical industry plays a pivotal role in health governance within an evolving albeit uncertain climate change scenario where industry action needs to be driven by corporate social responsibility as well as appropriate policy frameworks and necessary support mechanism devised by governments and concerned institutions.

Although conceptual in nature, this chapter has implications for governments, multilateral organisations such as the World Health Organization (WHO) and the global pharmaceutical industry. It also has implications for future research. For governments, this chapter provides justifications to support the industry for the greater benefit of their citizens prone to climate change impact. It also emphasises on the importance of ongoing dialogue between the industry and the government. For multilateral organisations, this chapter offers suggestions with respect to devising policies to help the poor and the vulnerable affected by the climate change. A balanced approach is needed with respect to helping these unfortunate victims of climate change while patronising as well as encouraging the industry to maintain a viable corporate social responsibility. It is important for companies within the pharmaceutical industry to endeavour in averting risks and exploiting opportunities without ignoring the social responsibility aspect while preparing and pursuing their action plans. This chapter highlights the possibilities of public backlash in the absence an industry-sponsored proactive social responsibility framework.

This chapter has implications for future research. As a conceptual chapter, it sets the scene for further studies including empirical investigations from a country, region or global perspective.

Conclusions

In this chapter, we argue that climate change adaptation of pharmaceutical industry needs to be viewed not only from an industry perspective but also from the perspective of vulnerable communities being the primary consumers of pharmaceutical industry in the face of climate change-related impacts on health. This eventually requires a strong corporate social responsibility outlook by the pharmaceutical industry and necessary government policy framework. However, considering the industry growth and financial gains needed by the pharmaceutical industry, we also argue that it would be an undue expectation contradictory to the business competitiveness model of the industry. An unconditional adherence to corporate social responsibility practices in servicing vulnerable communities may, therefore, be an expectation beyond reality. If corporate philanthropy is expected from the pharmaceutical industry, governments in developed countries and global institutions have to create a framework of acceptable adaptation practices by the industry. At the same time, they should support the industry financially and technically while vulnerable developing countries need to devise their own policy guidelines with realistic expectations based on dialogues with the pharmaceutical industry, international institutions such

as the World Health Organization (WHO) and developed countries. In this way, the purposes of both health governance and climate change adaptation for pharmaceutical industry could be served.

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Chapter 5
Reaching the 7th Millennium Development Goals (MDG) on Environmental Sustainability: The South Asian Response

Suman Sharma

Introduction

South Asia with one fifth of world population is an extreme disaster prone region. Recently in May 2011, the Secretary General of SAARC presented a draft SAARC Agreement on Rapid Response to Natural Disasters to the intergovernmental meeting in Colombo. He pointed to global statistics that over the past 40 years South Asia faced as many as 1,333 disasters that killed 980,000 people, affected 2.4 billion lives and damaged assets worth $105 billion. Further, this loss is by far the highest among the recorded disasters in various geographical regions.[1] The United Nations Environment Programme (UNEP) in pursuance of its mandate to review the global environment collaborated with South Asian Association for Regional Cooperation (SAARC) to present South Asian Environmental Outlook-2009 (SAEO). The report reveals the state and trends of the environment land, air, water and biodiversity – and covers five key issues on climate change, food security, water security, energy security and managing urbanisation. The challenge highlighted in the report is

> South Asia occupies about 5 per cent of the world's land mass, but is home to about 20 percent of the world's population. This is expected to rise to about 25 per cent by 2025. Three-quarters of South Asia's population lives in rural areas, with one-third living in extreme poverty (on less than a dollar a day). Their well-being is further compromised by indoor air pollution, which is a severe health hazard. The report highlights that South Asia is very vulnerable to climate change. Impacts of climate change have been observed in the form of glacier retreat in the Himalayan region. … These glaciers form a unique reservoir, which supports perennial rivers such as the Indus, Ganges and Brahmaputra, which, in turn, are the lifeline of millions of people in South Asian countries (Bangladesh, Bhutan, India, Nepal, and Pakistan). This will exacerbate the challenges of poverty reduction and improving access to safe drinking water, two of the Millennium Development Goals.[2]

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It is this critical awareness of the existential threat to humankind that has impelled intellectuals and policy analysts to rethink the old traditional concepts of security and perceive the threats posed by the adverse impact of climate change as threat to human security which is defined as freedom from danger, fear, want and deprivation. This humanist view which links environment and security focuses on the welfare of humankind in a world which has globalised and wherein technology has weakened the geographical and cultural barriers.[3]

Non-Governmental Organisation (NGO) Summit on Environment and Human Security

The Third Annual South Asian NGO Summit on Environmental, Political and Economic Dimensions of Security held in February 1995 presented an alternative notion of human security for the third world. This summit maintained that war, economic decline, civil strife and government oppression were threats to human security in the third world. Further, the human security was also threatened by the so-called development process, which often leads to displacement of poor people, depletion of resources, degradation of environment, urban congestion leading to deterioration in the quality of life and climate changes which cause frequent natural disasters. The concept of political security which traditionally focuses on the military dimension is, therefore, incomplete without environmental/human-security issues. In this perspective, the very idea of development which is based on expropriation of the rights of rural communities and institutionalisation of injustice through an aggressive use of state power is the leading contributor to insecurity. The indigenous mode of existence which is more in harmony with the rhythms of nature is discarded in favour of the so-called modern and organised way of life. Few findings emerge as follows:

1. Environmental security cannot be isolated from poverty alleviation, governance and regional conflict resolutions.
2. Local communities were better able to manage natural resources in their own areas; development initiatives that bypass these locals are bound to mismanage and disrupt local societies.
3. Environmental security and women's empowerment are interlinked in pursuing development.
4. A practical and sustainable response would empower communities and create appropriate institutions.[4]

Late venerable Dr. Mahbub ul Haq, whose Human Development Centre in Pakistan provides us insightful reports on the state of human development in South Asia, expounds this new concept which passes through the MDG 7 is described as follows:

> Human security, in the last analysis, is a child who did not die, a disease that did not spread, an ethnic tension that did not explode in violence, a woman who was not raped, a poor person who did not starve, a dissident who was not silenced, a human spirit that was not crushed. Human security is not a concern with weapons. It is a concern with human dignity.[5]

South Asia has been acknowledged to be a region in crisis. The sense of crisis deepened in 1980s, when South Asian countries were caught in a vicious circle of low growth, poverty and inability to overcome their economic and social targets of development. The economic growth was uneven and generated sharp disparities between different regions and communities. The severe problems of endemic poverty and slow and uneven economic growth further compounded with the high population pressure. High rates of population growth rendered South Asia as the most densely populated region in the world (260 people per sq. km against the global average of 44 people per sq. km). South Asia has suffered extensive erosion of its natural resources in recent past. The most critical dimension of this erosion was deforestation of tropical forests. The deforestation has resulted in virtual break-down of Himalayan ecosystem with consequent silting of river beds and annual flooding of vast areas in the region. With rising population pressure, this situation is deteriorating into ecological disaster.

Natural disasters are afflicting South Asia with increased frequency and ferocity – recent cyclones, particularly, the cyclone that hit India's east coast (Tsunami of 2004), earthquake of 2005 and devastating floods during July–August 2010 in Pakistan have been causing extensive damage to life and property. Besides, the high defence expenditure in the countries of the region not only adds to the fragility of the economies of South Asian countries but also points towards a deteriorating security environment in the region. Violence, terrorism and ethnic conflicts in several countries of the region have assumed serious proportions: a prolonged insurgency in Indian North-East, conflict in Kashmir, history of ethnic divergence between Sri Lankan Tamils and majority Sinhala population, violence against Mohajirs in Karachi, tension in Sind and Baluchistan, instability and uncertainties in Nepal in the aftermath of war by Nepal Communist Party-Maoist (NCP-M) against the constitutional monarchical democratic system, and fierce antagonism between warring political groups in Bangladesh. Further, narco-terrorism and religious fundamentalism have cast their pernicious, dark shadow on the subcontinent. The presence of US-NATO forces in the eighth member state of SAARC (Afghanistan) and the complex nature of the war in that country involving Pakistan and fundamentalist forces therein have aggravated the adverse politico-security situation in the region.

The Human Development in South Asia Report 2005 made the following seven important findings after analysing issues of human insecurity in South Asia:

1. There is a disconnect between economic growth and human development, and hence, the economic policies in the region have made people more vulnerable to shocks and insecurity in life.
2. The conflicts in the region between states and within are due to some deep-seated feelings of injustice and disempowerment.
3. The economic insecurity is the cause of many conflicts and disruption of life.
4. If health infrastructure does not improve, South Asia will go sub-Saharan Africa way in this regard.
5. Environmental degradation has reached such levels that huge disaster is imminent if no prompt action taken to avert this disaster.

6. Children and women are extremely vulnerable in South Asia.
7. The institutions of governance must protect and serve people rather than the rich and powerful.[6]

There is now an acknowledged plethora of scientific evidence that climate change is occurring primarily due to human activity. The emission of greenhouse gases (GHGs) and their effect on global warming leading to devastating consequences for the climate are now well known for quite some time. The debate on climate change has acquired urgency of late. The Intergovernmental Panel on Climate Change (IPCC) report provides strong evidence of the change in climate. It has noted that the CO_2 atmospheric concentration up from 280 ppm (preindustrial) to 379 ppm (2005) and GHG emissions up by 70 % between 1970 and 2004. This has resulted in rise in global mean temperature by 0.74 °C between 1906 and 2005. The 11-year period between 1995 and 2006 has been recorded among the 12 warmest years since 1850. Further, global sea level rose 1.8 mm/year during 1961–2003 and at a faster pace during 1993–2003 at the rate of 3.1 mm per year. The average warming in the future is predicted to be 0.2 °C per decade.[7] The adverse impact of these changes would increase the risks of natural disasters like floods, cyclones, drought, coastal erosion, landslides, water famine, food scarcity, adverse impact on human health, damage to fresh water ecosystems etc. The socio-economic impact of such adverse changes could be devastating for a densely populated region like South Asia. The second assessment report of IPCC in 1995 confirmed the rise in global temperature as being influenced by human beings. This report provided inputs for negotiations which culminated in landmark Kyoto Protocol in 1997. It divided the nations into two main groups, i.e. Annex-1 parties and Non-Annex-1 parties. The 145 developing countries were Non-Annex-1 parties. The protocol lays down the principle of 'common but differentiated responsibilities' for Annex-1 and Non-Annex-1 parties:

1. Joint Implementation: Annex-1 countries can get credits for funding projects to reduce GHG emissions in other Annex-1 countries (mainly former Soviet bloc countries termed as economies in transition).
2. Clean Development Mechanism (CDM): Annex-1 countries can get credit for funding projects in Non-Annex-1 countries for projects which reduce GHGs.
3. International Emission Trading (IET): Annex-1 countries can buy and sell carbon credits where one country has exceeded its target and can sell its reductions by the tonne to another country.[8]

Ever since 1995, the parties to United Nation Framework Convention on Climate Change (UNFCCC) have been holding Conference of Parties (COP) in order to assess progress in dealing with climate change. The chequered history of international negotiations bereft of political will to accept common but differential responsibilities continued through annual COPs when in 2000, COP-6 reached an impasse in Hague. COP-6, however, resumed in Bonn in 2001 after US President George Bush declared official decision to abandon Kyoto Protocol and focused on financial support to developing countries. It committed to create a $410 million fund by 2005. In 2001

again, COP-7 meeting in Marrakesh decided to set up a Climate Change Fund for mitigation and adaptation to climate change as well as Least Developed Country Fund for the poorest countries. The third IPCC Assessment Report in the same year provided new and strong evidence of global warming over the last 50 years. It cautioned against the wider security implications of the climate change due to melting of glaciers and rise in sea level.

COP-8 met in Delhi in 2002 and calling for sustainable development agreed that adaptation to climate change was as important as mitigation measures.

South Asian Response

The kaleidoscope of South Asian poverty, deprivation and environment-related migration inevitably demands a regional response to the environmental threats. In fact, the complex nature of this crisis makes it a threat to the very existence of subcontinent population seeking a secure and dignified human life.

The heads of the state/government of 7 South Asian countries – Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka – formally established the South Asian Association for Regional Cooperation (SAARC) in their first summit meeting held in Dhaka on 7–8 December 1985. They adopted a Charter for SAARC in this summit meeting. The basic objectives set forth in the charter were, inter alia, to promote the welfare of the peoples of South Asia and to improve their quality of life; to accelerate economic growth, social progress and cultural development in the region; and to promote and strengthen collective self-reliance among countries of South Asia.

During the initial formative period between 1985 and 1990, five SAARC summits were held: Dhaka in December 1985; Bangalore, November 1986; Kathmandu, November 1987; Islamabad, December 1988; and Male, November 1990. With each summit making a contribution, the confidence of the member states deepened, activities expanded and the SAARC became a reality. The Charter of the SAARC signed at Dhaka Summit enunciated the objectives, principles and the institutional framework of SAARC. The principal objectives of SAARC being socio-economic welfare and cultural development of the South Asian peoples, emphasis was laid on the achievement of the goal of collective collaboration in the economic, social, cultural, technical and scientific fields.

The Third SAARC Summit which was convened in Kathmandu, Nepal, on 2–4 November 1987 decided, inter alia, to commission a study on the 'Protection and Preservation of the Environment and the Causes and Consequences of Natural Disasters' in a well-planned comprehensive framework. In fact, while deciding to commission this study, the summit leaders expressed their deep concern at the fast and continuing degradation of the environment including extensive destruction of forest in the South Asian region. They also noted that South Asia was afflicted with such natural disasters as floods, droughts, landslides, cyclones and tidal waves which have had a particularly severe impact causing immense human suffering.[9]

This study which was finalised in December 1991 was formulated after very comprehensive national studies by member states to bring out the conditions prevalent in the countries of the region on environment and natural disasters. These country reports mentioned the preventive and remedial measures taken with regard to adverse climate conditions and natural disasters. The study report noted that

> The region is one of the poorest in the world and has a high rate of population growth and population density – the SAARC Member states comprise 20 per cent of the world's population living on 3.5 per cent of the total land area and generate only 2 per cent of the world's GNP. The pressures that these socio-economic conditions create on the natural environment are enormous. In addition, development programmes in the area of industry, agriculture and energy, which are necessary to improve the standards of living of the people, create environmental problems through the generation of wastes and heavy demands they put on natural resource base. SAARC region because of its high level of poverty…. Degradation of the environment has a particularly adverse effect on the poor, and results in increased natural disasters, especially in the high slopes of the mountain regions, dry and desertified areas, and in the flood plains. The natural resource base of South Asia Has to be managed extremely carefully and with great ingenuity to ensure increased productivity on a sustainable basis so that present and future generations can meet their needs and aspirations and live in harmony with their environment.[10]

The report made recommendations on measures to protect and manage environment and suggested measures and programmes for strengthening disaster management capabilities. Specific issues covered by recommendations on protecting and managing environment included strengthening the environment management infrastructure, environmentally sound land and water planning, research and action programme on mountain development in the Himalayan region, coastal zone management programme, integrated development of river basins, SAARC forestry and watershed programme, programme on energy and environment, pollution control and hazardous wastes programme, network on traditional water harvesting techniques, SAARC cooperative programme for biodiversity management, people's participation in resource management, information exchange on low-cost and environmentally sound habitat related technologies, SAARC network of environmental NGOs, participation of women in environment, SAARC Fund for environment, SAARC report on the state of environment and cooperation among SAARC members on environmental issues in international forums.

Further, the report incorporated measures and programmes for strengthening disaster management capabilities and covered topics on networking of institutions on natural disaster planning and management, establishment of a SAARC relief and assistance mechanism for disasters, cooperation on the development of modern disaster warning systems, programme for research related to drought prone areas and information exchange system on management of human activities in disaster prone areas.

Finally, the report suggested an appropriate institutional mechanism for coordinating and monitoring implementation of its recommendations in the form of a SAARC Committee on Environment.[11]

Coinciding with Public Scientific Conference held in Toronto, SAARC heads of States and Governments in their Fourth Summit held in December 1988 decided

to undertake a study on the greenhouse effect and its impact on the region. The unprecedented floods, cyclones and earthquakes during the year attracted their attention and they observed as under

> The Heads of State or Government expressed their deep sense of sorrow and profound sympathy at the loss of valuable lives and extensive damage to property suffered during the year by Bangladesh, India, Nepal and Pakistan as a result of unprecedented floods, cyclones and earthquakes. In this connection, they recalled their earlier decision at Kathmandu in November, 1987 to intensify regional cooperation with a view to strengthening their disaster management capabilities and took note of the recommendations of the meeting of the SAARC Group of Experts on the Study on the Causes and Consequences of Natural Disasters and the Protection and Preservation of the Environment, that met…. They expressed the conviction that identification of measures and programmes as envisaged by the Group of Experts would supplement national, bilateral, regional and global efforts to deal with the increasingly serious problems being faced by the region as a result of the recurrence of natural disasters and the continuing degradation of the environment.[12]

This study recommended regional measures in sharing experiences, scientific capabilities and information on climate change, sea level rise and technology transfer. The studies on natural disasters/environment and greenhouse effect culminated in adoption of SAARC Plan of Action on Environment in 1997. Subsequently, there was a series of meetings of SAARC Environment Ministers and flurry of regional activity in the wake of this discourse acquiring critical global dimension.

SAARC Common Position in UN Conference of Parties (COP4)

SAARC member states also evolved a common position on climate change. On the eve of the Fourth Session of the Conference of the Parties to the UN Framework Convention on Climate Change (COP-4) which was held in Buenos Aires, SAARC Environment Ministers met in Colombo on 30 October–1 November 1998 and agreed to urge Annex-1 countries to expedite signing of Kyoto Protocol for its ratification and coming into force and further to take urgent and effective steps domestically to implement commitments undertaken by them to reduce their emission of greenhouse gases. Significantly, they also emphasised fundamental prerequisite for designing emission trading, as provided in the Kyoto Protocol, is the determination of equitable emission entitlement of the parties. It was maintained that the entitlements cannot be derived from the past emissions which were inequitable.[13] Earlier, in tenth SAARC Summit held in July 1998, the leaders expressed their satisfaction on adoption of a common position prior to adoption of Kyoto Protocol in following words:

> The Heads of State or Government expressed their satisfaction over the adoption of a common position by Member States prior to the Third Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, held in Kyoto, Japan and welcomed the adoption of the Kyoto Protocol to the United Nations Framework Convention on Climate Change in December 1997, and underscored the importance of the Protocol for the protection of the climate system.[14]

SAARC Year of the Green South Asia: 2007

SAARC declared the year 2007 as the Year of the Green South Asia. Its Fourteenth Summit in April this year reiterated that collaboration in addressing some of the common problems such as the arsenic contamination of groundwater, desertification and melting of glaciers and assistance to affected peoples should be deepened. They expressed deep concern over global climate change and the consequent rise in sea level and its impact on the lives and livelihoods of people. They emphasised the need for assessing and managing its risks and called for the adaptation of initiatives and programmes. Cooperation in early forecasting, warning and monitoring and sharing of knowledge on consequences of climate change were required for pursuing a climate resilient development in South Asia. They agreed to commission a team of regional experts to identify collective actions in this regard.[15] In December 2007, SAARC Council of Ministers discussed the issue of climate change and felt that given the vulnerabilities, inadequate means and limited capacities, there was need for rapid social and economic development in the region to make SAARC climate change resilient. SAARC Environment Ministers meeting in Dhaka in 2008 adopted a SAARC Action Plan on Climate Change. The objectives of the Action Plan were to identify and create opportunities for activities achievable through regional cooperation and south-south support in terms of technology and knowledge transfer, to provide impetus for regional level action plan on climate change through national level activities and to support the global negotiation process of UNFCCC such as Bali Action Plan, through a common understanding or elaboration of the various negotiating issues to effectively reflect the concerns of SAARC member states.[16] The thematic areas of the action plan included adaptation to climate change, actions for climate change mitigation, technology transfer, finance and investment, education and awareness programme, management of impacts and risks associated with climate change and capacity building for international negotiations. The action plan epitomised the predicament and frustration of the developing countries on the slow progress and virtual negation of the concerns of Non-Annex-1 countries defined in Kyoto Protocol which was reminiscent of older era when north–south stalemate debate was at its peak.

Sixteenth SAARC Summit: Green and Happy South Asia

The Sixteenth SAARC Summit held at Thimpu, Bhutan, in April 2010 was dedicated to the theme 'Towards a Green and Happy South Asia'. The Thimpu Statement on climate change adopted at the summit meeting called for a review of the implementation of the Dhaka Declaration and SAARC Action Plan on Climate Change and ensured its timely implementation. To achieve this, agreement to establish an intergovernmental expert group on climate change for clear policy directions and guidance was reached. It was also resolved that this group shall meet at least twice a year to

periodically monitor and review the implementation and make recommendations to the SAARC Environment Ministers.

The Thimpu Statement anticipated the probable failure of Cancun Conclave. It resolved to carry on with comprehensive regional self-reliance efforts. It directed the secretary general to commission a study on climate risks in the region and advocate awareness programmes. Green technology and best practices were to be promoted. It also decided to commission a study to explore the feasibility of establishing a SAARC mechanism which would provide capital for projects that promote low-carbon technology. Further, it was decided to set up a Low-Carbon Research and Development Institute in South Asian University.

An intergovernmental meeting on draft SAARC Agreement on Rapid Response to Natural Disasters held in Colombo, Sri Lanka, in May 2011 reached a broad consensus on the agreement. This agreement is scheduled to be adopted in the forthcoming Seventeenth SAARC Summit to be held in Maldives in November 2011. The draft agreement based on the principle of respect for the sovereignty, territorial integrity and national unity of all member states aims to put in place an effective mechanism for rapid response to disasters to achieve substantial reduction in loss of lives and loss of social, economic and environmental assets in times of a disaster.

South Asian Response: Critical Appraisal

SAARC regional efforts for achieving MDG 7 lack political will and vision for the region. While the dangers posed by this threat to the humankind as a whole and more so to the poor and vulnerable regions are well acknowledged, the selfish lifestyles and consumption patterns make the future of dealing with the threats of climate change rather bleak. SAARC's boastful rhetoric on regional cooperation was recently exposed during July–August 2010 devastating floods which hit Pakistan. These floods not only destroyed infrastructure in several parts of Pakistan but affected a huge population of approximately 20 million people. Except for a pledge of a meagre US$32 million by SAARC countries, there was virtually no action to help a member state suffering unprecedented damage due to this calamity. It was only in April 2010, i.e. only a few months before the devastating floods hit Pakistan, that Silver Jubilee Climate theme SAARC Summit was celebrated at Thimpu, Bhutan.

In fact, SAARC is a captive and victim of bilateral contentious politics in the region. The bilateral disputes between India and other SAARC countries, particularly between India and Pakistan, are deep rooted and defy the general global trend towards lessening of tensions in the post-Cold War period. The core issue between India and Pakistan does not seem to be Kashmir (as claimed by Pakistan) but a more fundamental difference on the nature of the 'states' of India and Pakistan – the contradiction between the State of Pakistan created artificially on the basis of religion and the secular ideology of the Indian State. Except for a brief interlude of 'Gujral Doctrine' to resolve contentious bilateral disputes on the basis of nonreciprocity, India has not shown any significant shift in her approach for resolving bilateral

disputes with her neighbours. This will continue to impede and delay access towards the achievement of MDG 7. The relevance of SAARC in respect of reducing bilateral tensions, enhancing regional security and promoting economic well-being of people is almost negligible. Its structure as an intergovernment body is seen as limiting its role and merely embodying the relationship between member countries and their interstate tensions. SAARC has generated considerable dynamism though at the social, NGO/civil society levels.

The common position adopted by SAARC during global negotiations on climate change is no consolation for the poor record on responding to disasters and joint efforts at modifying policy and action to adapt to and mitigate the threat of climate change. India, in any case, has joined other groupings like Brazil, South Africa, India and China popularly known as BASIC countries while indulging in bargaining on behalf of developing countries. The deliberations of Cancun Conclave in 2010 have further eroded any significance of common regional positions at climate negotiations. The common SAARC posture in achieving environmental sustainability has nothing more than an ornamental value to confuse people and civil society groups.

Conclusion

Environment of Mother Earth is indivisible and does not observe political boundaries. National solutions are not enough to deal with this complex issue. Hence, regional collaborative efforts are required. These regional initiatives taken by SAARC on environmental issues to achieve MDG 7 seem to be quiet impressive. However, the problem is with the implementation. Some critics argue that there is roadmap which includes only the map and nothing is moving on the road. The implementation, thus, is unsatisfactory because of political tension among SAARC member states especially between the two largest members of SAARC – India and Pakistan. However, there is a strong willingness emerging in the establishment of both the countries to normalise the relations. There is also a strong pressure emerging from the civil society groups which are fast evolving in South Asia to improve the bilateral relations among nations in South Asia. If there is peace and cordiality among SAARC member states, environment-related declarations and resolutions can be implemented effectively and MDG 7 can be achieved.

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Chapter 6
Interrogating the PPP Model in Health-Care Insurance

Rumki Basu

Introduction

Assuring a minimal level of health care to its citizens is an essential constituent of the development process of any nation. Since independence, India has built up a vast health infrastructure and health personnel for primary, secondary and tertiary care in the public, voluntary and private sectors. India is in the midst of an epidemiological and demographic transition with an increasing burden of chronic diseases and decline in mortality and fertility rates. Within the country, there is persistence of extreme inequality and disparity both in terms of access to care as well as health outcomes. Kerala's life expectancy at birth is about 10 years more than that of Madhya Pradesh (MP) and Assam. Infant mortality ratios in MP and Orissa are about five times that of Kerala. Maternal mortality rate in Uttar Pradesh is more than four times that of Tamil Nadu and more than three times that of Haryana. Crude death rates among states also reveal wide variations. Crude death rates in Orissa and MP are about twice the crude death rates in Delhi and Nagaland. This high degree of variation of health indices is itself a reflection of the high variance in the availability of health services in different parts of the country.[1]

Approximately a quarter of India's districts account for 40% of the poor, over half of the malnourished and nearly two thirds of malaria and *kala azar*, leprosy, infant and maternal mortality and other diseases (NCMH 2005). The public health-care system in rural areas in many states and regions is in shambles. Extreme disparities exist in terms of both access to health care and health outcomes. There is lack of convergence with other key areas affecting health, since the system has been unable to mobilise action in areas of safe water, sanitation, hygiene and nutrition – the social determinants of health.[2]

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Health spending in the country is estimated to be around 6% of GDP. Out of this, public health expenditure constituted 0.94% (one of the world's lowest), private health expenditure constituted 3.58% and external support 0.11%. Out-of-pocket health expenditure accounts for 72% of the total health expenditure incurred in India. This includes out-of-pocket payments borne by the households for treating illness among any member in the household and also insurance premium contributed by individuals for enrolling themselves or family members in health insurance schemes (Ministry of Health and Family Welfare 2006). Data shows that a majority of expenditure (87.7%) goes towards curative care. Therefore, the importance of public provisioning of quality health care to enable access to affordable and reliable health services cannot be underestimated. It is absolutely imperative for the government to explore new mechanisms for providing universal coverage of population for meeting the cost of hospitalisation, e.g. it could provide public sector-financed universal health insurance for which private and public provider organisations can compete.[3]

Post-Independence Initiatives

In the years following independence, the government of India prepared to establish a health-care system along the lines of the recommendations of the Bhore Committee in (1946). One of the core principles of the committee was that no citizen should be denied adequate medical care because of inability to pay for it (Banerji 1985). As part of its welfare policy, the government established health infrastructure of reasonably impressive dimensions. Despite high rural/urban and regional biases, there was continuous pressure on the government to redirect policies to meet the needs of the poor and the marginalised (Saxena 2005). However, since the 1990s, as part of the structural adjustment policies, public spending on social sectors such as health was reduced, and a massive restructuring of the health system began to be initiated and health priorities identified on the basis of cost-benefit considerations. The rapid dismantling of the public health system on the one hand, and the expansion of the only-for-profit private health sector on the other, is increasingly placing a high burden on sections of population due to increasing household health expenditures (Chandrasekhar and Ghosh 2006).

Financing of Health Care in India

India is one of the fastest growing economies in the world today which can reap ample benefits from a "demographic dividend" that demographers claim spurs economic growth. India is presently in the intermediate stage of demographic transition characterised by declining fertility and declining mortality, which has resulted in the largest population in the 15–25 age group (about 500 million) and constitutes the

Table 6.1 Health insurance: scope
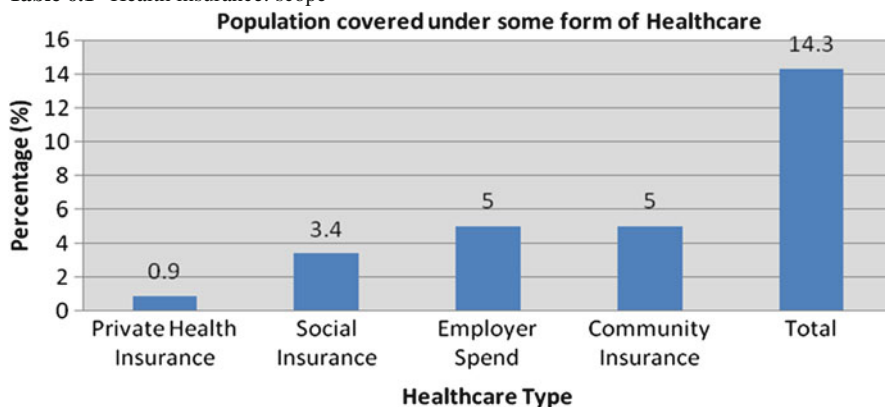
Source: www.rsby.in

largest share of working age population in the world. As a result, it is pertinent to determine what kind of policies pertaining to employment, health and education should be put in place so that India can benefit by this one time demographic window of opportunity. The need for a concerted targeting of rural India led the government to introduce the National Rural Health Mission (NRHM) as its health flagship scheme in 2005. The objective of this scheme was to carry out necessary structural corrections in the basic health-care delivery system, to improve the availability of and access to quality health care by people, especially the rural poor, women and children (GOI 2005, I). This objective is sought to be attained through strategies aimed at improving household health status through the introduction of female health activists, strengthening a three-tiered public health system, increasing community participation through the involvement of *panchayati* raj institutions and strengthening capacities for data collection to facilitate evidence-based planning, monitoring and supervision.

Despite a government-owned free health-care delivery chain, 64% of the population in India are indebted every year to pay for the medical care they need. Around 85% of the Indian workforce working in the informal sector do not have any kind of insurance and lack access to effective social protection schemes (National Sample Survey Organization 2006). Consequently most Indians have to access private health care that is expensive, unaffordable and even unreliable. In rural areas, the private sector accounts for 58% of all hospitals, beds (29%), doctors (81%) and outpatient cases (77%). Between 1986 and 2004, the average expenditure per hospital admission increased three times in government and private hospitals. The sharp rise in prices of drugs has been the main reason for the growing cost of Medicare, which more than tripled between 1993–1994 and 2006–2007. Loans and sale of assets helped in financing 47 and 31% of hospital admissions in rural and urban areas[4] (Table 6.1).

According to NSSO, nearly 65% of India's poor get into debt and 1% fall below the poverty line each year because of illness despite a government-owned free health-care delivery chain.

Rashtriya Swasthya Bima Yojana (RSBY)

RSBY[5] has been launched by the Ministry of Labour and Employment, government of India, to provide health insurance coverage for below poverty line (BPL) families. The objective of RSBY is to provide protection to BPL households from financial liabilities arising out of health shocks that involve hospitalisation. Beneficiaries under RSBY are entitled to hospitalisation coverage up to Rs.30,000/- for most of the diseases that require hospitalisation. Government has even fixed the package rates for the hospitals for a large number of interventions. Pre-existing conditions are covered from day one and there is no age limit. Coverage extends to five members of the family which include the head of a household, spouse and up to three dependents. Beneficiaries need to pay only Rs.30/- as registration fee, while the central and state governments pay the premium to the insurer selected by the state government on the basis of a competitive bidding.

The RSBY scheme is not the first attempt to provide health insurance to low-income workers by the government in India. The scheme, however, differs from the earlier schemes in several important ways.

Who Are the Stakeholders?

The majority of the financing, about 75%, is provided by the government of India (GOI). In the northeastern states and Jammu and Kashmir, GOI's contribution is 90%. GOI also lays down the benefit package and provides detailed information on the electronic data format for BPL families. The central government standardised all implementation documents such as contracts between state governments and insurance companies. Software and hardware were standardised, and the rates for surgical interventions were finalised by the central government.

State Governments

State governments provide 25% of the financing in all states except northeastern states and Jammu and Kashmir where the financial commitment is only 10%. State governments engage in a competitive public bidding process and select a public or private insurance recognised by the Insurance Regulatory Development Authority (IRDA) or enabled by a central legislation. RSBY provides health insurance for the enrolled BPL families from each district up to a maximum number of households based on the definition and the figures provided for each state by the Union Planning Commission. State governments alone are responsible for the accuracy of their BPL

lists. Each state must establish an independent body, the state nodal agency, to implement the scheme in that state through insurance companies. The central government provides the regulatory framework and bulk of the financial support.

Insurance Companies

An electronic list of eligible BPL households is provided to the insurer using a prespecified data format. An enrolment schedule for each village along with dates is prepared by the insurance company with the help of district-level officials. The smart card, along with an information pamphlet describing the scheme and the list of hospitals, is provided on the spot once the beneficiary has paid the 30-rupee fee. This list of enrolled households is maintained centrally and is the basis for financial transfers from the government of India to the state governments. Empanelment of hospitals is done as soon as the insurer gets the contract. The insurer shall empanel enough hospitals in the district (public or private) so that beneficiaries need not travel very far to get the health-care services. Information relating to transactions is sent through a phone line to a district server. This allows the insurer to track claims, transfer funds to hospitals and investigate.

The Health-Care Providers

These hospitals install necessary hardware and software so that smart card transactions can be processed. After rendering the service to the patient, the hospitals need to send an electronic report to the insurer. The insurer, after going through the records information, will make the payment to the hospital within a specified time period which has been agreed between the insurer and the hospital. At present (May 2011) more than 3,200 private hospitals and 1,100 public hospitals across India are RSBY empanelled. RSBY has thus opened up a new market for private sector hospitals whose services were never afforded by BPL families.

The Beneficiaries

The transaction process begins when the member visits the participating hospital. After reaching the hospital, the beneficiary will visit the RSBY help desk where his/her identity will be verified by his/her photograph and fingerprints stored on his/her smart card. If a diagnosis leads to hospitalisation, the beneficiary can get his/her expenses covered up to Rs. 30,000 yearly. Any hospital which is empanelled under RSBY by any insurance company will provide cashless treatment to the beneficiary anywhere in India choosing from 700 inpatient medical procedures. OPD facilities are not covered under this scheme, though OPD consultation is free. However, it is important to remember that the RSBY scheme is in addition to facilities being provided at pre-existing government hospitals in every state.

Incentivizing in RSBY: Why Does It Work?

The government realised that there are three main characteristics of the below poverty line (BPL) families that needed to be taken into consideration in any health-care scheme: the population is poor and therefore cannot pay cash first; is largely illiterate, therefore cannot fill out registration forms; and is largely migrant, therefore would need transportable benefits. Keeping these considerations in mind, the Rashtriya Swasthya Bima Yojana was launched in 2008 and is being implemented by all state governments targeting universal coverage of the entire BPL population in India (approx. 300 million) by 2012–2013.

RSBY is India's first social security scheme that embraces a profit motive and is a good example of public-private partnership in the social sector. The insurer (public or private) is paid premium for each household enrolled for RSBY. Therefore, the insurer has the motivation to enrol as many households as possible from the BPL list. A hospital has the incentive to provide treatment to a large number of beneficiaries as it is paid per beneficiary treated. It can generate revenue from RSBY which helps them improve infrastructure and quality of health care. Insurers, in contrast, monitor participating hospitals in order to prevent unnecessary procedures or fraud resulting in excessive claims. Moreover, the scheme provides for the inclusion of intermediaries such as NGOs which have a greater stake in assisting in the search for BPL households since they are paid for their services. The central government, by paying a maximum sum of Rs.750/- per family per year, allows access to quality health care to its BPL population, thus fulfilling its commitment to one of the important Millennium Development Goals. As of 9 February 2011, RSBY is active in 60% of Indian districts covering 22.8 million households.[6]

RSBY provides the participating BPL household with freedom of choice between public and private hospitals and makes each household member a potential client (with Rs.30,000/- on his card) worth attracting on account of the significant revenues that hospitals stand to earn through the scheme. Today, in less than 3 years of operation, it is being considered as one of the most successful government-funded social protection schemes in India in terms of outreach and sustainability.

RSBY's Expected Outcomes

The following are the expected results of the programme:

- Improved infrastructure and quality of health care in private and public hospitals through RSBY revenues. This will give a needed push to health sector reforms.
- Rs.50 million is being pumped into each district per year, creating business opportunities for both public and private health-care providers.

- The government hospitals are now in a position to compete with the private hospitals in terms of providing patient-friendly health services.
- Total quality management in health care: smart marketing and incentivizing quality through alternate finance model.

Challenges and Problems of RSBY

Only 60% of Indian districts have seen the enrolment of the poor, of which eight states (U.P., Maharashtra, Punjab, Haryana, Chhattisgarh, Gujarat, Bihar and Kerala) account for over 85% of all enrolled districts. The rest of the 20 Indian states and union territories have been slow in enrolment of BPL families in RSBY. Thus, a large geographical area and about 40% of total districts are still outside RSBY coverage. In Kerala, one of the better performers, the variation in enrolment of BPL families is between 60% in Idukki and 100% in Kottayam, as well as 97% in Ernakulam. There is large interdistrict variation in states (Narayana 2010). Overall, just about 50% of the poor in selected districts have been enrolled in RSBY. The exception is Kerala which reported 80% coverage with some districts enrolling almost the entire number of poor households.

The share of private sector hospitals is 95% in Kanpur, 87% in Amritsar and 100% in Karnal – all the high hospitalisation districts. In Kerala, which is the only state with about 45% of the empanelled hospitals in the public sector, the hospitalisation rate does vary with the share of hospitals in the private sector. It is also time for the state governments to understand the way premiums are set. It might be the case that the states are complacent as the central government doles out the bulk of the premium amount. But the situation could rapidly change as more private players get into the scheme and hospitalisation rates go up. A careful analysis of hospitalisation and costs cannot be avoided if premiums have to be kept under control.

Before RSBY, no central-government-funded health sector scheme had been successful at reaching beneficiaries. A further complication was that no IT-enabled government project had been taken up on this scale so far. Thus, RSBY faced major challenges both before and during implementation.

Worries Regarding RSBY

- Rs.30,000 is considered a paltry sum for major surgical interventions in private hospitals. If BPL coverage becomes 100%, premiums may go up.
- Are RSBY patients getting quality health care, and are they satisfied with the service in empanelled hospitals? OPD consultation is free but medication is excluded. Can this be made part of coverage?

Table 6.2 RSBY coverage

Sl. no.	Name of the states	No. of smart cards issued 31.10.2010
1.	Uttar Pradesh	4,992,271
2.	Bihar	3,969,312
3.	West Bengal	2,203,843
4.	Maharashtra	1,545,093
5.	Kerala	1,508,427

Source: www.rsby.in

Note: Enrolments are growing at around one million per month. Target – 300 million BPL families to be covered by 2012

The number of smart cards issued to BPL families under RSBY is the highest in the states above

- What accountability mechanisms should be used to improve the performances of insurers and/or hospitals by state nodal agencies so that the competitive bidding process improves overtime? The lowest bidder is often not the best necessarily in terms of quality assurance.
- How does RSBY coverage impact BPL households in terms of their finances and health-care access in different states?
- Can it meet one of the biggest challenges of Indian public policy in the twenty-first century: i.e. to provide universal access and quality health care to one billion persons?

One of the most urgent and difficult problems in the developing world, more so in India, is how to finance and provide health care for more than a billion persons, a third of them impoverished and belonging to the low-income groups. This is brought out clearly in the World Development Report 2000/2001. In most Asian countries, health care is financed through out-of-pocket payments by individuals. These expenditures jeopardise an equitable health-care system in developing countries. In the absence of financial risk pooling, the poor have to meet the costs of health care from their own pocket resulting in severe indebtedness. The common dilemma facing policymakers is with regard to the need for a government-sponsored health insurance cover despite health services being provided "free" in government hospitals. However, the fact is that the "free" government health services are not meeting the needs of the community. Moreover, 85% of the workforce in India are in the unorganised sector and still do not have the desired social security scheme. In most states, cards are issued on BPL lists made in 2002. According to National Sample Survey Organisation 2004, nearly 65% of India's poor get into debt, and 1% fall below the poverty line each year because of illness. Even today (despite RSBY), only 6% of India's workers in the unorganised sector have a health insurance cover (Table 6.2).

Besides, the ceiling of Rs.30,000 may prove inadequate for major surgeries in private hospitals. The medical college hospitals have to contend with delays in insurance payments. The government hospitals, including the medical college

hospitals, used to have the services of additional doctors and paramedical staff appointed on contract by the National Rural Health Mission. With the mission trying to streamline its funds' utilisation, the hospitals sometimes have been reported to meet the salary expenses from the RSBY funds.

Comprehensive compiling of data on BPL families as a population group has revealed to many state governments remediable deficiencies in their existing BPL data. A few states such as Kerala and Tripura have already revised their BPL data based on their experience with RSBY. This optimisation of BPL data will not only assist further RSBY implementation and operation but will also improve the targeting and outreach of many other social protection schemes.

Health Sector Reforms, Model States and RSBY

India plans to increase its allocation for health to 2% of its GDP in the 12th 5-year plan. It is commonly believed that all states should be responsible for providing their citizens with adequate health care. However, there is considerable debate on whether governments should finance or subsidise health care, while leaving its provision to the private sector, or whether they should provide that care as well.

This public vs. private debate is not quite relevant in poor or developing countries because there is no any good alternative to the public provisioning of health care, especially in rural areas where private providers are few and far between. Appropriately then, India is now going ahead with upgrading and expanding government rural health facilities. Mostly under its 2005 National Rural Health Mission (NRHM) and specially the 2008 RSBY scheme, both public and private health-care providers have been roped in to provide health care in rural areas.

In NRHM, primary health centres (PHCs) and community health centres (CHCs) are being renovated and upgraded, health workers are being reposted and hired to work, volunteers from the community have been selected and trained in almost every village and the availability of essential drugs is improving. Importantly, rural health facilities are receiving substantial funds in the form of untied grants every year, which they can use flexibly, though programme reviews have shown that actual delivery of the NRHM has fallen far short of its targets (the mission is nearing its deadline in 2012). But within this period, the NRHM has managed to get public focus back to the issue of public health. This has put pressure on the state governments to divert resources to the health sector, leading to the review of the public health system and investments. This development has had a positive impact on several health indicators like immunisation, institutional deliveries and antenatal care (Duggal 2006). In most states, outdoor patient visits had increased in rural areas at all levels besides a marked improvement in the service delivery capacity of the public health system. Given the structural constraints and sociocultural disparities in rural India, the fiscal crises of the

states, diversity in administrative ability and political will to administer the structural modifications envisaged under NRHM, even these successes are not insignificant, and the mission will have to be the focus of government attention to revive our public health-care system for the next few years to come.[7]

The Kerala Model and RSBY

The state of Kerala may have the best health indicators and integrated primary health-care system in India but still may not have the best public health-care institutions. Despite better health outcomes, the much proclaimed Kerala model of health has been showing a number of disturbing trends. The paradox is that on the one side Kerala stands as the state with all indicators of better health-care development in terms of infant mortality ratio, maternal mortality ratio, birth rate, death rate, etc. On the other, it outstrips all other Indian states in terms of morbidity especially in chronic/noncommunicable diseases. The public sector is unable to meet the demands for health care, and people have responded to these inadequacies by increasingly using the emerging private sector which now caters to 55–60% of health needs in Kerala. Therefore, it is scarcely surprising that Kerala was the first state to embrace RSBY in all 14 districts of the state and its entire 12 lakh BPL families were covered by the scheme. The government of India in 2009–2010 adjudged and awarded Kerala for outstanding initiative, innovation and institution building in RSBY. The state government decided in 2008 to extend the benefits of RSBY to other APL (above poverty line) families through its own comprehensive health insurance scheme to bring 35 lakh families under the coverage of health insurance. Therefore, despite its excellent publicly funded health-care system, the government of Kerala has realised the importance of RSBY in inducting private providers into the health-care chain. The implementation model of Kerala can also be emulated by others. The major features leading to the success of the model are:

(a) The government has conducted a BPL survey during 2009 to build up a genuinely updated BPL database.
(b) The state nodal agency (in charge of implementation) collects daily reports from all districts declared to evaluate performance.
(c) Has operationalised incentivising schemes for medical staff, *panchayats* and key field officers. The chief minister of Kerala was the leading campaigner of RSBY in the state.

In fact RSBY implementation catalysed health sector reforms in Kerala in the following manner:

• Increased health spending through NRHM
• Increased number of hospitals with Internet facilities
• Renovation of existing hospitals and setting up of specialty hospitals
• Compulsory rural health services introduced from 2007 in Kerala

- Kerala Medical Services Corporation for Drug Distribution and Logistic Management created
- Accreditation for 20 government hospitals and 360 laboratories[8]

Health Sector Reforms and the Tamil Nadu Model

In the context of reforms of health administration in India, the Tamil Nadu model is often cited. It is widely recognised that good public health services is a key to improving health outcomes. Tamil Nadu performs better than all other states in key indicators of maternal and child health care. The child (under five) mortality rate for Tamil Nadu for 2005–2006 is less than half the national average, lower than all the other states except Kerala and Goa. Tamil Nadu is better organised than most Indian states to manage public health threats,[9] and its health department seeks actively to protect public health in urban areas unlike most states.

Tamil Nadu's system can be emulated by others because it has the same overall administrative structure and finances as that of other states with similar cadres of medical and nonmedical staff. The difference is that Tamil Nadu (a) separates the medical officers into public health and medical tracks, (b) requires those in the public health track to secure a public health qualification in addition to their medical degree and (c) orients their work towards managing public health services – while those in the medical track are oriented towards providing hospital care. Tamil Nadu uses a mere 1% of its government medical doctors to be trained as public health managers and incentivises them accordingly. Tamil Nadu's approach is affordable. Its 2004–2005 per capita health expenditure was close to the national average. This suggests that the public expenditures are efficiently used to obtain good performance indicators above. By contrast, Kerala spends 2.8 times more than the national average on private expenditures bringing its total per capita expenditure to 2.5 times the national average (GOI 2006). Conditions would undoubtedly improve if the medical officer-in-charge of a rural health facility was given far greater authority to function and, in return, was held responsible for providing health services of the requisite level to the people. These precedents in the professional management of public health facilities exist in Tamil Nadu. Here, as in other Indian states, government funding is based on inputs – such as the quantity of drugs supplied, the number of staff employed and salaries paid, and the kind of medical equipment provided. But Tamil Nadu has succeeded where others have failed because it implements accountability mechanisms along with strict internal controls and oversight both for the use of these inputs and for the delivery of services of the requisite standard.

Tamil Nadu offers some basic organisational principles whereby public health system can be made more effective within the existing administrative and fiscal resources available to most states in India.

Monica Dasgupta et al. (2010) suggest establishing a public health focal point in the health ministry and revitalising the states' health needs towards a phased progress in four areas: (a) enactment of public health acts to provide the basic legislative

underpinning for public health action, (b) establishment of separate public health directorates with their own budgets and staff, (c) revitalisation of a public health cadre and (d) entrusting the health department in monitoring public health standards.

Health Sector Financing and Health Insurance Schemes in India

Health insurance as a practising concept is relatively new in India except for the employees in the organised sector. In India only 4.9% of the households and 14.3% of the population are covered by some kind of health insurance (NFHS III 2005–2006) of which the urban share accounted for 2.2% and the rural share 0.7%, mandatory health insurance covered 1.4 and 0.4% coverage is shared by other voluntary sources (WHO 2003). Another study reveals that only 9% of the Indian workforce is covered by some form of health insurance through the Central Government Health Scheme (CGHS) and the Employer State Insurance Scheme (ESIS), followed by private and market schemes and employer's contribution schemes. The study surmises that only 10% of health insurance market has been tapped in India so far (Mavalankar and Bhatt 2001).

Health insurance is today recognised as one of the newer solutions to health-care financing. Health insurance includes not only private providers but also the state-sponsored or community-sponsored insurance schemes as well. The community-funded schemes mainly operate for the rural and urban poor. They play a major role in reaching out to the poor because all other schemes are profit-based and meant for the organised sector.

In India, social health insurance schemes like ESIS and CGHS also have restricted coverage and provide poor-quality services in public hospitals and clinics. The other types of schemes available are provided by employers (mining sector, defence, educational institutions, etc.) and also cover nongovernmental organisations. The market-based schemes are not really growing in popularity in urban areas since they exclude a number of deadly diseases in their coverage and there is a steep rise in premium rates. The vast number of rural households and the unorganised sector employees (specially migrant labour) are simply left with no choice but to depend on the free government chain of hospitals, whose services leave much to be desired.

Conclusion

One of the core concerns of the government of India in the health sector identified by the National Commission on Macroeconomics and Health (2005) is promoting equity by reducing household expenditure on total health spending and experimenting with alternate models of health financing. Health insurance is an option that is often talked about in this context. Besides private insurance which is often unaffordable for the

poor and the middle class, there are other forms of health insurance like community health insurance and compulsory national health insurance. Community health insurance usually depends on user charges and community finance. Compulsory national health insurance implies that the government subsidises fully or partly the insurance premium. All forms of insurance are limited to curative health care. This implies that health insurance normally does not address the issues of preventive and promotive health care. Another problem with health insurance is that its success depends on an adequate health infrastructure. In the absence of a significant health infrastructure as a prerequisite, especially in undeveloped regions, even compulsory national health insurance access becomes highly inequitable.

Even if one accepts the recommendation of NCMH regarding alternate models of health-care financing, the principal responsibilities for basic health services and training of personnel will have to be borne by the public exchequer. To address this issue, one can examine the impacts of public health spending on different income/expenditure classes. The midterm appraisal of the 11th plan reports that the poorest quintile of the population received just 10% of the net subsidy from public health expenditure, while the share of the richest quintile was 30%. Further, the study found that the inpatient beds in the primary health centres are significantly underutilised, and the limited utilisation is not particularly pro-poor in the population being served (Eleventh 5 Year Plan Documents, Planning Commission 2007–2012). Yet according to current estimates, 1 lakh beds each year need to be added for the next 20 years at Rs.50,000 crore per year to meet the target of universal health-care access to one billion Indian citizens. This gives an estimate of the challenges ahead for the planners of health policy in India.

The NCMH estimates that if the government is to be the sole provider of the comprehensive package of preventive, promotive and curative services, there will be a fivefold increase in public health expenditures. The commission therefore suggests two major options:

(a) Targeting only the poor for publicly funded comprehensive health care
(b) Considering alternate models of health financing such as contributions, user charges, vouchers and insurance (NCMH 2005) for others

In India, the poor workforce in the unorganised sector, women, children and the very old, are especially vulnerable to health shocks. Since income becomes important in accessing health insurance, the uninsured rate will remain high till there are dramatic changes in the rural economy. The RSBY model will be extremely relevant for developing countries, where by paying a relatively small premium, the government can "set the ball rolling", and different stakeholders can keep it moving since all have a "stake" in the success of the scheme. The strength of the scheme lies in the fact that it is a social welfare scheme with the profit made by the various stakeholders acting as a catalyst and keeping it sustainable in the long run.

Within 3-plus years of operation, RSBY is being considered as one of the most successful government-funded social insurance schemes in India in a public-private partnership mode and also in terms of outreach and sustainability. It may be considered a precursor to other social protection schemes in the country in future.

Notes

1. In India, in terms of access to medical care, the best five serving states are Kerala, Tamil Nadu, Himachal Pradesh, Gujarat and Haryana.
2. Social determinants of health, broadly stated, are the conditions in which people live and work that affect their opportunities to lead healthy lives. Good medical care is vital, but unless the root social causes that undermine people's health are addressed, the opportunity for well-being will not be achieved.
3. Private expenditure on health in India is about 78% as compared to 14% in the Maldives, 29% in Bhutan, 53% in Sri Lanka, 31% in Thailand and 61% in China.
4. Kounteya Sinha in a Times of India Delhi Report on 8 May 2011.
5. All basic information regarding RSBY has been taken from website www.rsby.in
6. Ibid.
7. Most of the data on NHRM are available at www.mohfw.nic.in/NRHM/PRC-Reports.htm. See also Hussain (2011).
8. See www.rsby.in for the Kerala model of implementation of RSBY.
9. This is amply demonstrated by the state's ability to respond briskly to a major disaster like the tsunami without any outbreak of epidemics and by the state's technical expertise to help control the 1994 plague outbreak in Gujarat.

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Chapter 7
Reducing Gender Gaps Through Gender-Responsive Budgeting in Davao City, Philippines

Emilia Pedrosa Pacoy

Introduction and Rationale

The Millennium Development Goals are the most broadly supported, comprehensive, and specific development goals the world has ever agreed upon. These eight-timebound goals provide concrete, numerical benchmarks for tackling extreme poverty in its many dimensions. According to the UNDP, these include goals and targets on income poverty, hunger, maternal and child mortality, disease, inadequate shelter, gender inequality, environmental degradation, and the global partnership for development, (What are the Millennium Development Goals? 2010).

Among the countries in Southeast Asia, the Philippines stands out as a model for pioneering efforts in mainstreaming gender perspectives into politics and governance (Francisco 2010). The mainstreaming effort affirms gender equality as a fundamental goal of broad policy decisions, institutional structures, and resource allocation (Giducos 2006). In effect, Republic Act 7192 otherwise known as "Women in Development and Nation Building Act" mandates agencies to allocate resources for gender mainstreaming including the institutionalization of enabling mechanisms and information systems as well as availability of gender database (Primer on Gender Mainstreaming 2002).

The GAD budget policy in the Philippines authorizes government agencies, offices, bureaus, state universities and colleges, government-owned and controlled corporations, and local government units (LGUs) to utilize at least 5% of their annual budget for GAD-related activities. It began as an expressed public financing commitment to the specific goals, services, and activities for women that had been

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identified in the Philippine Plan for Gender-Responsive Development (PPGD), 1995–2025, followed by a presidential memorandum issued to the Department of Budget and Management (DBM) by former President Fidel Ramos in 1996.

According to the Department of Budget and Management (DBM 2002), the GAD budget is the financial translation of the GAD plan. It reflects a 4-year budgetary cost that includes the following information: (a) actual costs incurred for the year just concluded, (b) the current year's budget, (c) the requested budget requirements for the coming year, and (d) the projected amount required to implement GAD activities for the year immediately following the budget year. Francisco (2010) added that it was initially aimed at the appropriations of government agencies to support their own GAD-related activities. Discretion on the fund's utilization was left to agency heads, in consultation with the agency focal points and/or committees. As originally stipulated, it was not a social fund, which women's groups had direct access to. On the positive side, however, the GAD budget ensured that funds could at least be set aside to support gender sensitivity training as well as services for females in the bureaucracy.

With the strengthening of the fiscal decentralization process in the Philippines, local government units were provided with more opportunities in terms of local level gender-responsive budgeting (LLGRB) and challenges as well. The devolution of basic functions like health, social welfare, and agricultural extension to the LGUs created more space for the local government units (LGUs) to incorporate the gender needs at the local level. Some of the LGUs have indeed used this opportunity to initiate gender-responsive policies at local level (Chakraborty 2010).

A local budget memorandum issued in 2000 by the DBM called for the application of the 5% GAD budget to the CY 2001 plans of LGUs. This was followed by Joint Memorandum Circular 2001–2003, issued by the Department of Interior and Local Government (DILG), the Department of Budget and Management (DBM), and the National Commission on the Role of Filipino Women (NCRFW), providing guidelines for integrating GAD in the local planning and budgeting system. Francisco (2010) highlighted that the expansion of the GAD budget into the realm of local government units effectively opened the public finance window to codetermination and access by ordinary women's groups. Local communities could now lobby for funds in support of their own projects, beginning from the lowest administrative unit (barangay) all the way to the provincial level. This has given a new significance to the GAD budget – it has now become an enabling mechanism for broadening the democratic and participatory governance process.

The National Commission on the Role of Filipino Women (NCRFW) reported cases that indeed ordinary women's groups at the local level are benefiting from the allocation of funds in support of GAD activities, specifically by (1) providing small loans for women's livelihood projects; (2) conducting education workshops on women's human rights and gender issues; (3) establishing local women's centers that respond to issues of women's health and violence against women, including abuse in intimate and family relations; (4) formulating integrated women's development/ GAD programs and continuing GAD advocacy at various levels; and (5) strengthening citizenship actions by local women's organizations. Government agencies, for their

part, highlighted the value of the GAD budget by increasing their staff capacity to mainstream gender into plans and programs. These benefits, however grand they may be, have some pitfalls. These include among others the following: (1) GAD activities remain susceptible to changes in administration or to the presence or absence of a GAD advocate; (2) amounts dedicated to GAD activities are inadequate; and (3) the real economic impact of small loans on poor women is uncertain.

Local chief executives as the area manager of the locality and the administrator of the local bureaucracy are the most strategic and effective champion to push for gender and development at the local level. Among others, the LCE must support GAD-related activities with a statement of policy followed through with appropriate plan and budget allocation (NCRFW 2002). Davao City was the first among the cities in the Philippines to draft the Gender and Development Code in (2002) through City Ordinance No. 5004. The conscious effort to localize GAD budget in the barangays stirs interest to track the implementation of various gender-related activities which are aimed to stimulate and empower women in the countryside. In this study, two central points are considered: (1) how do barangays perform in terms of GAD budget allocation? and (2) what gender-responsive initiatives were undertaken by the barangays to address local level gender concerns of women?

Theory Base

The theoretical underpinning of this study is hinged on the concept of gender-responsive budgeting (GRB) advanced by Bundleder 2006. This theory supported that government budgets and the policies and programs that underlie them address the needs and interest of individuals that belong to different social groups. Thus, GRB looks at biases that can arise because a person is male or female but at the same time considers disadvantage suffered as a result of ethnicity, caste, class or poverty status, location, or age. GRB is not about separate budgets for women or men nor about budgets divided equally. It is about determining where the needs of men and women are the same and where they differ. Where the needs are different, allocations should be different (Duterte 2009).

King's theory (2000) on gender mainstreaming is also considered relevant in this study. It suggests that the government itself stands to gain from adopting a gender perspective in the implementation of its programs. The theory lends credit to the argument of UNDP in 2002 that there is a strong connection between gender equality and development; thus, gender and development recognizes women as agents of development and not merely passive recipients of development assistance. Furthermore, the Beijing Platform for Action emphasized that gender equality is a must for sustainability; therefore, governments must promote an active and visible policy of mainstreaming a gender perspective in all policies and programs so that, before decisions are taken, an analysis is made of the effects of programs for men and women (Giducos 2006).

Methodology

Davao City, which served as the locale of the study, has 182 barangays. Of these, 12 barangays (6.6%) complied with GRB based on the criteria set as (a) availability of GAD plan, (b) presence of GAD-related activities, and (c) presence of GAD focal persons. These 12 barangays represented the three congressional districts of the city. The remaining 170 barangays (93.4%) have other pressing and priority concerns which hindered them from allocating 5% of their annual budget for GAD-related activities. Primary data were sourced out from the perceptions of the 1,426 women respondents and beneficiaries of the GAD programs. Their evaluations on how good the GAD programs have raised consciousness on gender sensitivity and raised awareness on violence against women and children, and the sustainability of livelihood activities was analyzed using the weighted mean. The secondary data on the GAD budget allocation per barangay and other pertinent data were sourced out from the Gender and Development Office of Davao City and from the offices of the barangays under study.

Gender-Responsive Budgeting: A Local Government Agenda for Gender Empowerment

The global concern for achieving gender equality and women empowerment takes its roots as the third of the eight international development goals that all 193 United Nations member states and at least 23 international organizations have agreed to achieve by the year 2015. This is based on the premise that every individual has the right to dignity, freedom, equality, and a basic standard of living that encompasses freedom from hunger and violence.

The Philippine government as a member state takes a positive stance to the declaration through the institutionalization of national bodies and legislations, thus the birth of the National Commission on the Role of Filipino Women (NCRFW) and the formulation of the Philippine Plan for Gender and Development (PPGD). NCRFW is an agency under the Office of the President, serving as the machinery for the advancement of women. Established on January 7, 1975, through Presidential Decree No. 663, it was mandated to "review, evaluate and recommend measures, including priorities to ensure the full integration of women for economic, social and cultural development at national, regional and international levels, and to ensure further equality between men and women."

Responsibilities provided to local governments to observe full-swing implementation of gender activities are mandated through the GAD budget policy. Local governments are clearly guided that attaining gender empowerment must be pursued as a means of broadening the potential of social capability building and enhancing greater people participation. Figure 7.1 outlines these arguments.

Difficult as it is to apply the GAD budget policy at the national level, the challenges are even greater at the local level, as reflected in the low compliance rate
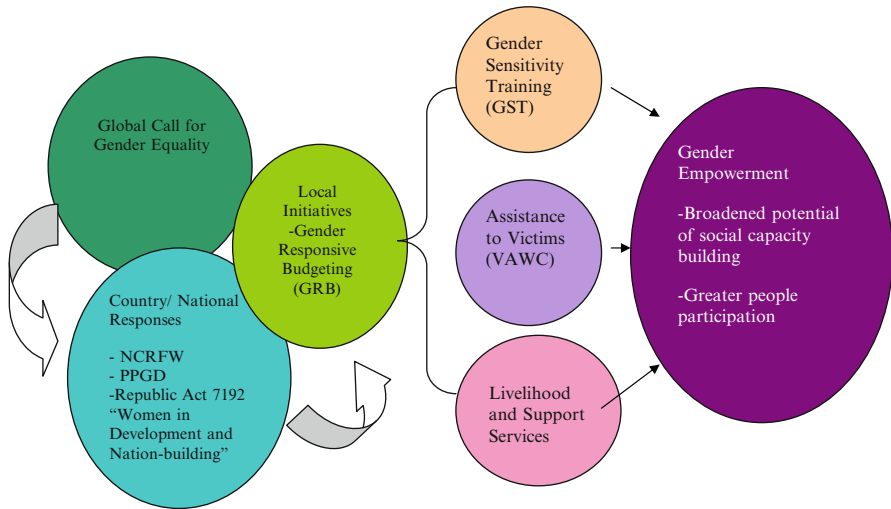
Fig. 7.1 Local governance agenda for gender empowerment

among local government units: of 1,894 local government units nationwide, only 214 (11.3%) submitted GAD plans in 2000 (NCRFW 2002). Other entry points for mainstreaming gender in local planning and budgeting include influencing the executive agenda and priorities of the local chief executive; lobbying the local council to move toward results-oriented planning and budgeting during the review process; increasing the capacity of LGUs to craft gender-responsive local development plans, particularly in conducting the situational analysis and setting targets and indicators for the LGU annual investment plan; and encouraging the involvement of interest groups in the review of budgetary proposals. Department of Interior and Local Government (DILG) mandated that LGUs were to source GAD funding from their 20% development fund. This eventually became an impetus for local officials to pursue gender-related programs. Among other provisions, the GAD budget can be used for (a) salary of workers directly engaged in GAD, (b) maintenance and operating expenses for managing health project and training of women in nontraditional occupations, and (c) building of infrastructure such as women's shelters or training centers (NCRFW 2002).

In Davao City, for example, only 12 barangays (6.6%) of the 182 barangays complied with gender-responsive budgeting. The remaining 170 barangays (93.4%) have other pressing and priority concerns which hindered them from allocating 5% of their annual budget for GAD-related activities.

Figure 7.2 below reflects that the 5% annual GAD budget of the 12 barangays ranges from Php170,000.00 (the highest) to Php 14,000.00 (the lowest), with the average close to Php 60,000.00. Further scrutiny of the internal revenue allotment of these barangays revealed that there is disparity in their allocation of 5%. This implies that most barangays are noncompliant to the law and issuances of GAD budget policy. This is affirmed in the report of the National Commission on the Role
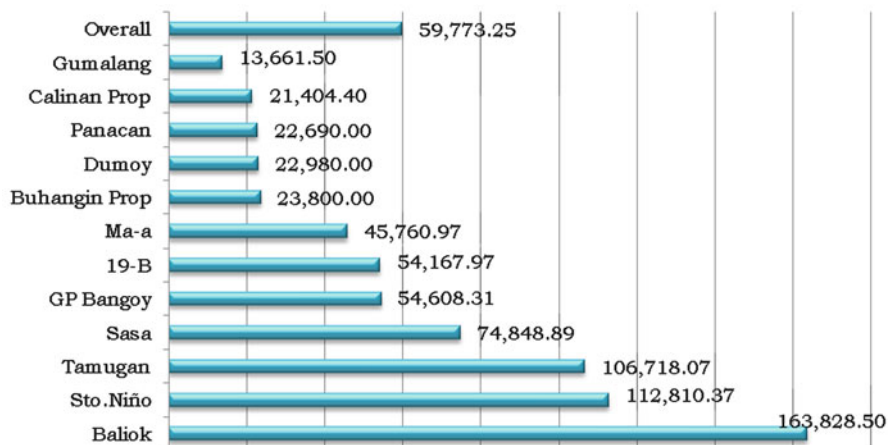
Fig. 7.2 GAD budget allocation by barangay, Davao City (Source: Duterte 2009)

of Filipino Women (2002) that compliance rate among LGUs is low. GAD budgeting is generally not yet integrated into the general planning and budgeting cycles of government agencies including local government units. Lack of political will and lack of technical skills have been identified as major reasons for this nonintegration. This implies that more local government units are not as yet resolved and immersed into the concept of gender and women empowerment. The practical advantage of allocating budget for gender and development has yet to be mainstreamed into the paradigms and mind-sets of local executives and policy makers.

Gender and Development Initiatives

Gender-responsive and demand-driven activities undertaken include (1) gender sensitivity training (GST), (2) violence against women and children (VAWC), (3) livelihood, and (4) support services (Fig. 7.3).

Gender Sensitivity Training

Gender sensitivity training (GST) is an initial effort to show how gender shapes the roles of women and men in the society, including their role in development, and how it effects relations between them. It is given to those who have very little awareness or none at all. Basically, gender awareness is a prerequisite to empowerment and eventually human development. Taking women as a starting point and enhancing their appreciation of their roles would widen the broad-based potential for participation

Fig. 7.3 Percentage of GAD-related activities beneficiaries (Source: Duterte 2009)
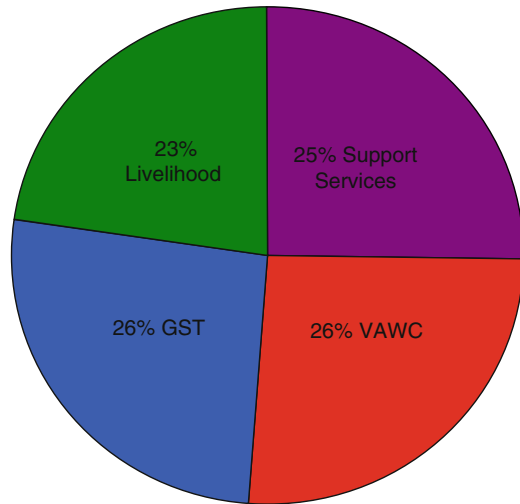
and access. GST makes it possible. It provides the opportunity to recognize gender issues and to recognize women's different perceptions and interests arising from their different social position and gender roles and envisioning a gender-fair society in its sociocultural, economic, political, and legal spheres (NCRFW, Philippine Machinery for Advancement of Women, Gender 10,123).

Violence Against Women and Children (VAWC)

Republic Act No. 9262 is otherwise known as the "Anti-Violence Against Women and Their Children Act of 2004." The state declares it a policy to "value the dignity of women and children and guarantees full respect for human rights. The State also recognizes the need to protect the family and its members particularly women and children, from violence and threats to their personal safety and security."

Today's local governments hold a vital role in maintaining an active social fabric which ensures a balance between family and societal relations – specifically the atomization of women and children. Local administrators who have the real power can more effectively address women and children needs as well as exercise a check on prevailing issues and concerns within their areas of responsibility. These issues and concerns are focused mainly on regular conduct of VAWC orientation, regular monitoring and timely responses to VAWC cases, and availability of intervention programs for VAWC victims. Institutional leadership is critical for creating a proactive environment that fosters establishing organizational strategies, structures, and systems to facilitate these initiatives. To develop such infrastructure, local governments need to observe three critical attributes: political will, flexibility and diversity, and transparency. Because when it comes to the conditions of women and children, one cannot leave these matters to mere chances and false hopes.

Sustaining Livelihood and Income-Generating Projects

By local government code provisions, the vesting of duty, responsibility, and accountability among local government units in the Philippines is accompanied with provision for reasonably adequate resources to discharge their powers and effectively carry out their functions. Local governments are called upon to tailor solutions for local problems to local conditions and provide the opportunity for wider empowerment of its citizens which sets the tone and precondition for significant building up of human capital competencies.

The most remarkable effort in sustaining livelihood activities for women is the inclusion of income-generating projects in the annual local development plan. This provides assurance among the women group that there is enough budget and support from the local government unit as far as livelihood projects are concerned. The provision of technical support by the local governments provides women the ample opportunity to hone their skills and capabilities to venture into small-scale entrepreneurial undertakings. This is expected to eventually increase their income and support their daily sustenance. Increasing women access to skills training, provision of capital assistance, as well as technical support and guidance are few of the numerous assistances to sustain livelihood and income-generating activities for women.

According to Richardson (1997), Good governance is far more critical to the well being of people and nations than either natural resources, or culture, or geographic size or location. The primary function of the government is to empower its citizens through an effective, sustained and a well-established legal framework, which encourages participation from various sectors. The major task of government is therefore to decide the mix of policies that produce the desired results, including, where it should be involved and the most effective and efficient manner to carry out its responsibilities.

Conclusions

In the Philippines where there is high level of participatory governance, local government units are potential entry points for implementing programs that promote gender equity along with poverty reduction and women welfare. Local governments play a crucial role in empowering women and children and ensuring their participation in development.

Heightening local government response to the 5% mandatory GAD budget is imperative. While a few LGUs have been benevolent, many have not done their share. Thus, gender-responsive budgeting can still be categorized under the "unfunded mandates" of the state.

Four policy implications are pointed out in this chapter – (1) how should we substantially benchmark efforts at improving the life of women and children? (2) how should we design gender-responsive budget so that programs and activities would
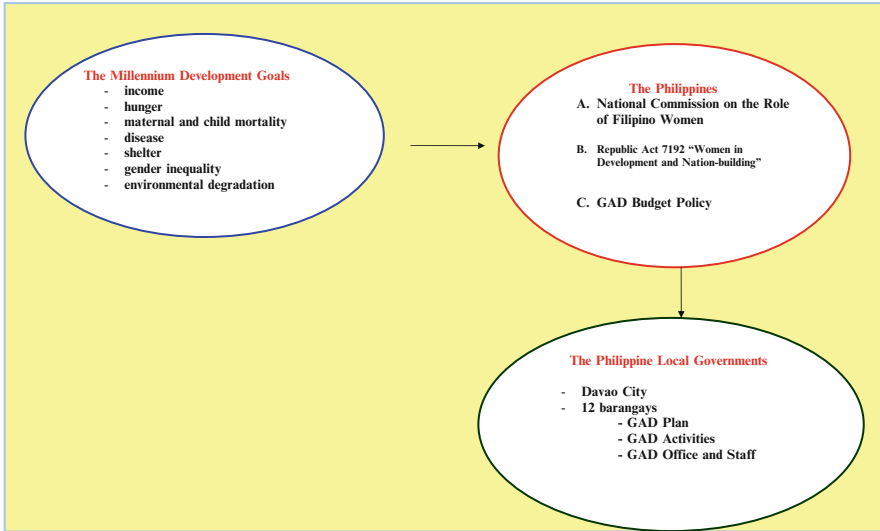
have remarkable impact on women? (3) how should we persuade local governments to seriously commit to the agenda of gender and development? and (4) how should we influence local decisions to design and implement policies and programs to ensure gender equity? These would eventually redesign the role of the state and an attempt to develop a paradigm of the satisfying participation of local governments in development.

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Chapter 8
Women Empowerment Through Learning and Livelihood Project (LLP) in Southern Philippines

Isaias S. Sealza

Introduction

Promoting gender equality and women empowerment is the United Nation's third Millennium Development Goals (UN MDGs). In particular, goal number 3 relates to disparity in the ratios of girls to boys in education at all levels, in the proportion of seats held by women in national parliament, and in the share of women in wage employment in the nonagricultural sector. International donor agencies and aid groups contend that "removing inequalities gives society a better chance to develop. When men and women have relative equality, economies grow faster…" (AusAID 2010; World Bank 2010). For one, there would be wider range of talents and more raw and polished labor as economic resource, and for another, there would be increased productivity across the gender divide.

The journey toward gender equality is long and hard. In many less developed countries, the existing cultural assumptions induce inertia that forestalls initiatives to modify structural arrangements, and the Philippines is no exception. In the patriarchal Muslim societies in the southern Philippines, activities of women are confined to the domestic realm as men control the economic, governance, and sociostructural spheres. Consequently, the underprivileged, especially the women who are poor, are on a vicious circle of poverty – "deprivation trap" (Chambers 1985, 103–139; Bakarat 2010). When a household falls into a situation of deprivation due to health-related problems, loss of job, uncontrolled debts, sociopolitical disorders, or other misfortunes, it will be extremely difficult to move out of deprivation as the socio-structural impediments begin to operate (Krishna et al. 2005; Reyes 2002). Deprivation trap involves five interweaving factors, namely, isolation, physical weakness, vulnerability, powerlessness, and poverty itself.

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Isolation can be both spatial and informational. It results from socioeconomic bias that assigns households with little or no education to remote areas. Illiterates cannot benefit from printed information of economic value. Often without access to media outlet, the household members are not well informed about events beyond the neighborhood, and their interests do not go past the narrow confines of work and family. Even if they hear pieces of information, often they do not have the capability to sift those that are useful and put them together in a manner that can be useful for decision-making. Hence, they do not gravitate toward the economic hub (Magdalena 1980, 303). Further, isolation may go with physical weakness as remote households are not provided with adequate health services to deal with sickness. It may also accentuate vulnerability. Remote areas are generally marginal and imply limited contact, if any, with political leaders or with legal advice; thus, people in isolation tend to be powerless. Isolation may also result in poverty because secluded households lack the necessary opportunities for economic advancement.

Physical weakness of the household can be shown by the high ratio of dependents to able-bodied adults. Young children, the old, the sick, or the handicapped can be dependents. A household whose young members are not immunized from contagious diseases may become weak. It is associated with poverty because a household that is physically weak has high consumption but low productivity levels.

Vulnerability can be manifested by limited buffers against unforeseen events. Disasters like crop failure or social demands like payment for dowry and expenses for the wedding of a household member have to be gotten through by selling standing crops on distressed sale, mortgaging farm implements, borrowing money at usurious rate of interest, and so on. And it is also likely to be powerless because its distressed situation does not provide leverage to forge fair terms in economic transactions. So, the more vulnerable the household, the poorer it becomes.

Powerlessness may be indicated by nonparticipation in political or organizational activities. Nonparticipation makes the household ignorant of the events that affect people's lives in the community. Without legal advice, a powerless household is an easy victim of exploitation by the powerful. The exploited household becomes poor.

Among the factors listed above, poverty is the most all-inclusive. That is, isolation, powerlessness, vulnerability, and physical weakness can be viewed as the more readily observable manifestations of poverty. Taken in this context, poverty occurs first in the temporal order before a household is pushed into isolation, powerlessness, vulnerability, and physical weakness.

However, poverty may also result from any of these factors. A well-to-do household, for example, may become destitute because of a lingering illness of a member or the death of the chief earner. So from a single event, a household may become vulnerable, powerless, and isolated and subsequently may become poor (CICRED 2007). Similarly, a prosperous household may become isolated, for example, in order to escape persecution or because of law and order problems. It is common knowledge that many natives had been pushed up the marginal uplands due to the arrival of lowland settlers (Sealza 2008). These communities of natives became physically isolated, distanced from the seat of

political power and government protection, and unable to participate in political exercises. Government protection and participation in political activities could have shaped propitiously their destiny as a group. Left alone, they became susceptible to fraud and exploitation.

Powerlessness goes with certain disadvantages that in due course result into poverty. For example, affluent families that are removed from positions of political and social influence (e.g., the political incumbent that served as their patron lost in the electoral contest) may not be able to protect their interests any longer. They become isolated, vulnerable, physically weak, and poor.

Vulnerability may also cause poverty. For example, a rural household that is materially well-off may overspend in a wedding celebration. If this event were followed by the burning of a grain-storage facility, death of a work animal, or a big loss in gambling, the household would not be able to recover quickly (Albert et al. 2007).

In short, isolation, powerlessness, vulnerability, and physical weakness can be antecedents of poverty (Ashford 2007). These antecedents can be subjected to programmatic activities to alleviate poverty. Said in another way, development work does not have to deal with poverty *per se*, but it can manipulate things in order to change the complexion of poverty situations.

Gender Issues

Women have been discriminated against. Chambers (1985) said,

> almost everywhere, the earning power of rural women is less than that of rural men. Sometimes the men are paid more than the women for the same work…In brickmaking in Kerala, women are confined to the strenuous work of carting bricks and never earn more than Rs5 a day, whereas the men can expect to make Rs10 or more. (p. 135)

In southern Philippines, discrimination against rural women takes on a different form. They are expected to stay home, bear children, and do household chores. They have very limited participation in decision-making (Sealza 2005a, b). Among the wealthier groups though, the women are now encouraged to obtain a college degree. Since the groom-to-be pays the bride-price, the woman's education increases her value in the marriage market.

AusAID (2010) argues that in the atmosphere of gender equality, there is less corruption. In the Philippines, however, headship positions in government are occupied mostly by men. The country's system is patterned after the Weberian model of democratic governance which makes bureaucrats accountable to elected officials (Levi-Faur 2007). The system allows corruption to seep in through, *inter alia*, the rigged election results. Hence, hope is placed in the gender balance to improve the bureaucracy.

It is generally argued that "higher levels of women participation in public life are associated with lower levels of corruption…. Women in business seem less likely to pay bribes…(and) they are even more disadvantaged from the consequences of a corrupt system" (AllAfrica Global Media 2007; Transparency International 2008).

The Philippine Senate Economic Planning Office (2005) data showed that the country ranked 37th in Gender Empowerment Measure (GEM measures gender equality in economic and political spheres) and 66th in Gender-related Development Index (GDI measures the average level of human development with focus on gender), among 177 countries. The country also fared well relative to some Asian neighbors on gender equality indicators. The Philippines ranked 3rd in GDI and 2nd in female adult literacy rate among eight neighbors (Hongkong, Indonesia, South Korea, Malaysia, Singapore, Thailand, and Vietnam). It ranked 2nd in the percentage of seats in parliament held by women among seven territories, although its current probability of achieving this goal on parliament seats of 50:50 by 2015 is low (National Statistical Coordination Board [NSCB] 2010). Further, the highest educational attainment and access to basic education of men and women in the country were virtually equal. In year 2005–2006, female elementary school participation rate was 85.4 % against the male's 83.6 %. The school leaver rate for females was lower than that of males (6.0 and 53.6 %, respectively). Women had slight advantage over men in simple literacy rate (94.3 % as against 81.9 %). But, the Autonomous Region in Muslim Mindanao (ARMM) has a history of being disadvantaged in comparison to other regions of the country (UNDP Philippines 2010a, 2010b, 2010c).

Regional Disparity

Historically, Mindanao was noted for being disadvantaged relative to other parts of the country. In the 1970s, for example, Western Mindanao had a literacy rate of 65.0 %, while Central Luzon had 90.0 and Metro Manila 95.0. As Dolan (1991) noted:

> A survey of elementary school graduates in mid-1970s indicated that many respondents… revealed major deficiencies in reading, mathematics and language. Performance was poorest among respondents from Mindanao…whereas the best performance was in the Central Luzon and Southern Tagalog regions.

Regional disparity continued often with Christian-north versus Muslim-south slur. In 2003, ARMM had the lowest functional literacy rate (reading and writing skills adequate to cope with daily life) at 62.9 % and the lowest basic literacy rate at 65.5 % (Philippine Information Agency 2009). Data from 1991 to 2002 showed that elementary school participation rates in ARMM were lower than the national average (Sealza and Fonollera 2007). Access to educational opportunities therefore had been virtually equal between gender groups, but disparity across regions remained disconcerting. To reduce the gender disparity, especially for women, the World Bank granted the Philippines US$33.6 M loan money for the ARMM Social Fund Project (ASFP). A component of this program was learning and livelihood project (Echavez 2006). The project is important because one of the Millennium Development Goals is to empower women and share of women in wage employment in nonagricultural sector.

Women in Learning and Livelihood Project

Modes of thinking that permeate the sociopolitical fiber of society are ingrained in each member through socializing institutions. In order to reshape thought patterns and attune them to development goals, initiatives had to be innovative. This was the outlook of LLP. The Philippine state, in particular, has tried partnerships, and talents and services outsourcing notably from nongovernment organizations (NGOs). But issues abound on pilferage in fund flows from government conduit to NGOs, in addition to problems with fly-by-night NGOs themselves. Consequently, some donor and aid groups manage their development programs or channel their funds directly to NGOs with the donor consultants overseeing the whole endeavor. Finally, interagency arrangements and multi-sector dealings involving the active participation of people's organization evolved as an innovation (e.g., Sealza 2004, 2005a, b, 2007; Sealza and Arban 2006; Sealza et al. 2005). This was how the LLP, designed to help women in depressed communities in ARMM in the southern Philippines, came about.

LLP involve so many groups due to the multifaceted problems of poverty and of the powerlessness of women. The women themselves had to be particularly involved in planning and implementation so that they would get a sense of ownership of the LLP. In doing so, the women would feel empowered for helping chart their own future. For women to be involved in any process, their husbands had to be convinced by other men and community elders that they could trust government agencies, local government units, and religious groups and believe that the initiatives being taken up for the development of women are for their good.

The LLP chose to address the powerlessness of women by emphasizing on (a) functional literacy training (enhancement of immediately useful skills: reading, writing, and basic mathematics for 150 h, the national standard), (b) household food production activities (enhancement of food sources with an initial support of PhP1,000 or US$22.22 at 46 to the dollar), (c) income-generating activities (skills training and PhP1,000-start-up capital provision), and (d) savings mobilization (forming the habit of saving) in the villages that had experienced natural disasters or devastations from armed conflict and resulted in internal displacements, poverty, and vulnerability. A total of 14,527 women in 168 villages in the provinces of Sulu, Tawi-Tawi, and Maguindanao were part of the project (Table 8.1).

Similar Programs

Programs such as the Provincial Road Network Development Program of the AusAID focus on the rehabilitation of the road network to lessen spatial isolation (Misamis Oriental Provincial Government n.d.). The Education Quality and Access for Learning and Livelihood Skills (EquALLS) of USAID (2004) aims to improve the quality of education for children in order to subsequently remedy the problem

Table 8.1 The skills performance indicators

Indicator	Language		Numeracy		
Performance	Reading	Writing	Reading	Writing	Computation
Level 0	Nil	Inability to hold pen correctly	Nil	Nil	Nil
Level 1	• Recognition of Filipino alphabet • Syllabic reading • Word form recognition	• Proper holding of pencil • Writing straight lines • Writing arcs and circles • Tracing/copying letters of the alphabet	• Reading numbers 1–9	• Writing numbers 1–9	• Counting numbers 1–500
Level 2	• Word reading • Phrase reading • Sentence reading • Reading of labels, names of places	• Writing letters of the alphabet • Writing own name and signature • Writing other names • Writing words	• Reading numbers 101–500	• Writing numbers 101–500	• Counting numbers 501–1,000 • Adding one-digit numbers • Subtracting one-digit numbers
Level 4	• Paragraph reading	• Writing names of months • Writing names of days of the week	• Reading numbers 501–1,000	• Writing numbers 501–1,000	• Adding two- and three-digit numbers • Subtracting two- and three-digit numbers
Level 4	• Full reading ability	• Writing sentences • Filling out biodata form	–	–	• Multiplying with one-digit multipliers • Dividing with one-digit divisors

of informational isolation of the next generation. In addition, the Catholic Relief Services (CRS) has a program on the control and prevention of tuberculosis in Muslim Mindanao to deal with problems on physical weakness (Sealza and Sealza 2009). To lessen the vulnerability of micro-entrepreneurs, the program of the Financial Access Initiative pays the loans of beneficiaries to enable them to begin anew (McCollister 2012). For the empowerment of poor households, groups like the World Vision Development Foundation use people's organization as partners in their area development programs (Sealza 2004, 2005a, b). And to address poverty, programs and projects like KALAHI-CIDSS (*Kapit-Bisig Laban sa Kahirapan*-Comprehensive and Integrated Delivery of Social Services) and its counterpart the ASFP for Muslim Mindanao were taken up by the Philippine Department of Social Welfare and Development and the World Bank (Sealza and Echavez 2009).

However, LLP differed from the above-mentioned development intervention schemes in at least two ways. First, it involved the organization of Muslim women. In a male-dominated society where women have no voice in decision-making and where women are expected to stay home and bear children, convincing a woman and the husband to participate in the program was not an easy feat. Second, LLP involved a comprehensive mix of topics to discuss and skills to learn. Some of these topics (e.g., reproductive health and family planning) were still taboo in many of the communities. Despite the difficulties, the innovation in the case of the LLP was on getting the involvement of the underprivileged and underserved Muslim women, even those who had to hold a pencil and writing pad for the first time.

Ambient Factor

It was not likely that the LLP beneficiaries also profited from other programs named above because these programs were operating elsewhere in the region. An ambient factor that may have affected the results of all these programs including those of the LLP was armed conflict (Sealza 2006: 98–107). While firefights were not happening every day, their potential for happening had always been there. In fact, an argument of the ASFP was that the incidence of conflict would lessen if the prevalence of poverty were reduced. But the expectation of achieving peace through the ASFP was far down the line. Meanwhile, the Philippine government had arranged for peace talks with Muslim militants.

Methodology

Data for this chapter were taken from government statistics but mainly from a larger study that employed focus group discussions (FGDs) and in-depth interviews (IDIs) and a survey of a random sample of 500 respondent household heads. In particular, this chapter uses data from 18 FGDs and 7 IDIs with a purposive sample of 231 participants/

informants conducted in 11 villages in 2009. FGD participation was based on age, ethnicity, and marital status. Key informants in IDIs were selected on the basis of additional insights that they could offer because of their position in government, in POs, in the community, and so on. The FGDs and IDIs were conducted after free and informed consent had been obtained. Guide questions were used to generate information.

Findings

FGDs revealed that the protocol of LLP provided occasion for active participation of POs in its implementation. The POs were given opportunity to carry out activities and manage finances, and the beneficiaries were given a free hand to identify their own projects. The FGD participants felt that the procedure departed from traditional scheme where aid funds would pass through LGUs which would decide what projects to implement. The old scheme had monetary pilferages and its transparency was suspect. In the LLP, the money went directly to the community bank account through its PO, and the projects were selected by the women themselves.

This PO empowerment was paralleled by women's experiences in the LLP. A woman said,

> I used to be very shy. I did not want to associate with people in the community. I was conscious about my inability to read and write. I could not vote by myself (during elections). When I had learned to write my name, the feeling was indescribable. Today, I feel that I am like the rest. I know something that they know. (46 years old, FGD)

Functional literacy was felt as need. It supported goal 3 on the nonagricultural income-generating activities for women:

> Knowing how to read, count and calculate enabled me now to go into business. I tried earlier, but because I did not know how to calculate, I would end up losing money. If I gave extra change the customers would walk away quietly. If they were short-changed they would shout invectives at me. (54-year-old female, FGD)

The project implementation report substantiated claims in FGDs that learning took place (Table 8.2). At baseline, a plurality of the beneficiaries was in level 0. At posttest, a plurality moved up to level 2.

In the larger study, some 86 % of the women household heads who said they were able to read also said they were confident to play an active role in community decision-making and development activities. Hence, there was a statistically significant relationship ($p=.03$, 2-tailed Fisher's Exact Test) between the ability to read and the confidence to assume an active role in decision-making and development activities (Table 8.3).

Change in Women's Roles

Traditionally, Muslim culture in southern Philippines discouraged women from working. Cultural perspectives change, but women had to surmount the remaining socio-psychological barriers (Burton 2006). With LLP, women's skills were enhanced.

Table 8.2 Impact of functional literacy training

Literacy	Baseline (%)	Posttest (%)
Level 0	35.2	1.4
Level 1	34.0	28.8
Level 2	19.0	32.3
Level 3	10.4	22.2
Level 4	1.4	15.3
Total	100.0	100.0

Table 8.3 Ability to read and being confident in joining development activities

Confident in playing active role	Able to read		Total
	Yes	No	
Yes	18	4	22
	85.7	44.4	
No	3	5	8
	14.3	55.6	
Total	21	9	30

$p = .0318$, *two-tailed Fisher's Exact Test*

Literacy along with other trainings enabled them to augment household income and food supply. The co-provider role had given them a sense of self-worth: "Most mothers used to be idle. Now they are productive. They plant vegetables or tend animals" (54-year-old Female, FGD). With an air of self-fulfillment, a 30-year-old beneficiary said,

> Right now I have 30 chickens; I have sold more than 20. I have recovered my capital and have some savings. What's more, I was able to buy a gold ring as a reward for myself (showing the ring to everyone in the group).

Another added, "Women now do whatever they have to for family needs" (52-year-old FGD participant). A 35-year-old literacy teacher reported happily in an IDI: "The literacy training was a big help. Now, women know how many ducks or goats they have. They know how many eggs to sell and how much to earn."

With inputs on gender sensitivity, the women realized their roles in reproductive tasks and day-to-day management of the household. This realization facilitated better communication between spouses as responsibility sharing slowly became the family norm (*cf.* Alcantara 1994). According to a 52-year-old participant,

> From the training we learned how to read simple words, write our names, count and do simple computations. Aside from these, we learned about gender roles, environmental protection, gardening, and entrepreneurship.

Women in Decision-Making

On reproductive rights and family responsibilities, a 38-year-old woman said that "Family planning was not allowed in the past. Gradually, it became acceptable. And now there are women in the community who use it." It may be mentioned in passing

that in 2004, a *fatwah* was issued by Muslim religious leaders signifying the acceptability of family planning (USAID 2010; Sealza 2004).

Communication lines between husband and wife became more open as women were aware of roles that men and women play for stronger family relationships. A 37-year-old mother said in an FGD,

> Wives were expected to give in all the time to the husbands' sexual desires. Lately, they have learned to talk this over with them whenever they (wives) do not feel like having sex. Women now work to help support the needs of the family. They are being listened to. In the past fathers would send the children out to sea to fish. At present, mothers would insist that children go to school. We do not want our children to be just like us. We now put greater value on education.

A 44-year-old male municipal facilitator confirmed in an IDI that better power balance now obtains between husband and wife:

> The women now can ask their husband to wash dishes or care for the children while they are out to meet with other women. One beneficiary confided to me that whenever she is called to do home service for manicure and pedicure, she no longer waits for her husband to arrive home to get his permission.

Avenues for the Furtherance of Gains

The major gains of women in LLP had been manifested in functional literacy, livelihood activities, and their sense of self-worth. Opportunities offered a continued use of these gains.

For example, elections are a regular feature of democracy. A 38-year-old beneficiary said, "In the past since I did not know how to write, someone had to fill in my ballot and I would affix my thumb mark. Recently, I personally signed forms after I cast my vote…." A 45-year-old woman added, "I could not describe how I felt the first time I voted on my own."

In addition to this, a 42-year-old woman admitted: "I used to be afraid of going to the bank because I did not know how to write…But now, every time I had extra money, I would make a deposit."

Aside from functional literacy and sense of self-worth, social capital buildup showed up among the participants. Social capital is one of those desirable outcomes that one may expect from a development intervention that involves people working together for a common goal. It is viewed more as conscious cooperation and reciprocity (e.g., Van Vugt and Snyder 2001) than as simple symbiosis and functional interdependence (e.g., Radcliffe-Brown 1935; Parsons 1964). These sociocultural patterns imply something that, people feel, makes tangible things in life matter to their daily existence (Newton n.d.; Grootaert et al. 2004; Sealza and Cabaraban 2008). The LLP had provided an opportunity for a network of relationships to develop among the women.

Social capital is sometimes classified into two: (1) "bonding" social capital that is based on cooperation among people who have "primary" relationships and (2)

"bridging" social capital that is based on "secondary" relationships. These types may be shaded by a combination of emotional intensity, intimacy, amount of time spent in the relationship, and frequency of reciprocal services that extend from personal bonding at one end to formal bridging at the other end (Patrinos and Skoufias 2007).

From the viewpoint of development initiatives, social capital is an asset for the poor that is relatively less expensive to acquire than other assets like major farm implements or a piece of land. Yet, social capital in the form of participation in organization requires time (it has opportunity cost) and travel expenses or participation fees (it has direct cost). These costs may pose as barriers to group involvement by poor households (Godquin and Quisumbing 2005). But whatever is the difficulty, social capital undeniably facilitates many things from succor in times of crisis to alliance in matters of advocacies.

Two indicators of social capital among the women were prominent: membership in organization and trust. A 40-year-old man said: "Muslim mothers are now interacting with other people. They used to hide whenever there are visitors." This indicates liminal horizontal social capital which is noteworthy in a society where a woman is by tradition prohibited to talk with a man other than her husband and a step toward coming out into the open to mingle with other people. While the men continued to be numerically dominant in organizations, the membership of women had increased by about five percent after the LLP. On the matter of trust, a woman confided that she could leave her child in the care of her neighbors when she had to be away from home to attend to some important matters.

Membership in organization and trust are two of the important elements of cooperative work. Noticeably, there was the making of a cooperative when the women pooled the money they received from LLP for some undertaking:

> When we received the PhP1000 initial allowance from the project, we decided to put the money together, and we bought vegetable seedlings and fertilizer in bulk at discounted price…. We agreed on the activities we needed to work on as a group. There was a time when we decided to plant corn and apply the fertilizer ourselves. (45-year-old female)

> The project has really helped us. One time our cluster bought a sack of rice with money earned from our communal vegetable garden. We had it divided among ourselves. (41-year-old female)

Conclusion

Government data show that the target of eliminating disparity in education between boys and girls (goal 3 of MDG) will very likely be achieved by 2015. However, the probability of achieving the target percentage of seats (50 %) held by women in the legislative body is low.

A theory on the vicious circle of poverty posits that individuals and households may fall into the *deprivation trap* and remain there due to the interweaving operations of isolation (spatial or informational), vulnerability, physical weakness, powerlessness, and poverty. The LLP chose to use informational isolation and powerlessness as

entry points for its development intervention to help women and their households move out of the conditions of destitution. It was hypothesized that the LLP, by attending to the informational isolation problem through discussions and drills on functional literacy and numeracy, would empower the women and eventually would help them contribute to family welfare. Data showed that this was the case after the LLP. First, a plurality of women had moved up the functional literacy ladder. Second, those who said they were able to read reported that they were confident about playing an active role in community decision-making and development activities. Many women said they were contributing to family income. The hypothesis was supported. The findings therefore lend credence to the choice of using informational isolation and empowerment as entry points for alleviating poverty.

The prevailing circumstances of Muslim women in southern Philippines indicated cultural receptiveness to development innovations that use POs with female members as major actors. There were indications of women empowerment in shared household responsibilities (e.g., in decision-making) and in improved husband-wife communication. Women empowerment was shown by their ability to contribute to family coffers, to discuss with their individual husbands the women's reproductive health rights, to transact business, and to socialize with other women. Some women were involved in nonagricultural activities in consonance with goal 3 of the MDGs. This is a welcome development especially in a society where traditionally women are assigned to stay at home and where women have no voice in decision-making, both in the household and in the community.

Certain patterns also tend to support the furtherance of gains. Women now interact more freely with outside groups in the social and economic contexts. Social capital formation is a positive effect of the LLP. At the moment, relationships are at the level of "bonding." Hopefully, these relationships will ultimately morph into the "bridging" social capital as these may serve as jumping board for the establishment of a cooperative.

Cooperatives hold the promise of serving the members' needs for livelihood transactions ("bridging" social capital) and for fellowship ("bonding" social capital). Cooperatives may in the end generate more nonagricultural employment for women in support of the UN MDGs.

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Chapter 9
Revisiting the Role of Universities in Achieving MDGs

Raudah Danila and Ahmad Martadha Mohamed

Introduction

This chapter is an effort to look within the university education and suggest measures through which appropriate skill development and knowledge-based society could catalyze the achievement of Millennium Development Goals in Malaysia. Universities have played a strategic role in the economic and social development of the country and of the regions where they are located. The university is a relevant actor in the social system, in what concerns the development of human capital, through the supply of new professionals that have universalistic skills which provide a better identification of social and economic responsibilities (Goddard et al. 2006).

A university's most important contribution is education. Another important indirect role is to serve the public in providing the future direction of local technologies and communications. The importance of the public space role of the university and its contribution to local innovation performance is often underestimated. A key finding is that the university role in local innovation processes depends on what kind of industrial transformation is occurring in the local economy. Universities need a stronger awareness of the pathways along which local industries are developing and the innovation processes that are associated with those pathways. They should seek to align their own contributions with what is actually happening in the local economy. This strategic approach to local economic development is fully compatible with the pursuit of excellence in the university's traditional primary missions of education and research (Lester 2005).

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In the era of knowledge-based, socioeconomic development is premised on the individual ability to manipulate information. The explosion of information and communication technology (ICT) in the late 1980s has sparked a new ray of human civilization. Similarly, the Internet technology has enlightened the human life, causing the outbreak of large-scale global information revolution. Millions of websites provide information in various fields of knowledge. Groups with Internet advantage will have access to a wealth of information.

The first concept considered when reflecting on the idea of the social impact caused by information and communication technologies (ICTs) is the digital divide. One perceives that these technologies are going to produce differences in the development opportunities of peoples and that a gap will be established between those with access to these technologies and those without.

Bridging Digital Divide

Digital divide is known as the disparity that having access or not to technologies produces in development. However, new digital divides are appearing as ICTs become integrated in social life. It no longer only has to deal with the problem of having access or not but rather with the differences that appear among those who are already connected. Not all those who have connection available have the possibilities to develop their capacities and skills for telework, for example. Once again, it is not because of the technology itself but because of conditions that are required to be a part of this new labor force, such as bilingual education, high technological skills, multicultural interaction capacities, and unstable conditions, plus the ability to work alone and take on greater responsibilities associated with telework, among others, which are costly and difficult to obtain and hence cannot be assumed by the majority of the "connected population."

Furthermore, for example, neither will all the local companies be able to take advantage of the benefits of online commercialization or be able to be incorporated in multinational productive networks. Yet again, it is not the technological aspect that restricts them but rather the economic, social, and cultural circumstances in which they are developing and the possibilities of developing capacities and transforming their productive processes. Besides, added to this reflection, one should also mention the large argument on intellectual property, where knowledge in the future is staked as a private or collective right that has the potential of opening new gaps related to access, usage, and production of knowledge and information traveling over the network. With the insertion of technologies in daily living, new digital divides will appear that refer to real usage possibilities, mainly in the middle class who, although have better access conditions than the popular classes, do not always have the resources to develop capacities and skills that allow them to use them to transform their current conditions.

Based on data from Pew Internet and American Life Project surveys, as reported by Lee Rainie (2006), there are nine persistent digital gaps identified. These gaps and the direction of inequality for each are shown in Table 9.1. Another recent statistics collected by the Pew Internet and American Life Project (2008a) show that these

Table 9.1 Persistent gaps in the digital divide

Attribute showing a persistent digital gap	Direction of inequality
Age	Younger people use the Internet more and older people use the Internet less
Educational attainment	Higher levels of education correlate with higher levels of Internet use
Disability status	Persons with disabilities use the Internet less
Language preference	Internet usage is largely skewed toward English speakers
Race and ethnicity	White and Asian-Americans use the Internet more and African-Americans use the Internet less
Income	Higher income levels correlate with higher Internet use
Parental status	Households with younger children use the Internet more than households without members under the age of 18
Employment status	Internet use is highest among students and lowest among the retired and widows
Community type	Urban and suburban communities have higher rates of Internet use, and rural communities have lower rates

gaps still exist. For example, the survey shows that 75% of white American adults are online, but only 59% of African-American adults report using the Internet.

Internationally, the challenge of bridging the digital divide has now become the main agenda. Serious attention of the United Nations (UN) has been reflected in the conferences such as the World Summit on the Information Society. Current developments indicate that the information gap between developed countries and developing countries is very significant. This creates a new form of poverty – information poverty.

In line with this, the United Nations Development Programme (UNDP) declares the creation of a national framework in reducing the digital divides comprehensively. The findings of this project are also being used by the government of Malaysia as input to the Economic Planning Unit (EPU) and relevant agencies to draw up efforts to eliminate the digital divide in this country.

Malaysia understands the fact that the dominance of the multimedia sector is strength of a developed country. This is expressed in Vision 2020. This vision demands that the economy is driven by the power of thinking and skills of its community. In Malaysia, the government's role in reducing the digital divide is resolved with various efforts. Several ministries, government departments, and agencies strive to reduce this digital divide. The same attempt is also made by the public universities.

This chapter, therefore, attempts to explore Malaysia's public universities' role in helping its surrounding community. Particular attention will be given to strategic innovation programs that help foster the development of the community ICT development. Using stakeholder theory and corporate social responsibility's model as a framework of study, the study argues that public universities should move beyond its traditional mission of education and research and instead be more sensitive to and aware of the needs of its local community.

Research Framework

The Stakeholder Theory

Stakeholder theories have developed in number and type since the term stakeholder was first created in 1963. According to R. Edward Freeman, whose work in stakeholder theory is well known, the stakeholder concept was initially defined as including "those groups without whose support the organization would cease to exist." As a part of management theory and practice, stakeholder theory assumes that managers who wish to maximize their firm's potential will take broader stakeholders' interests into account. This give rise to a number of studies on how managers, firms, and stakeholders do in fact work together.

Several views of stakeholder theory are presented in the literature though a key distinction can be drawn between the belief of stakeholder theory and the conventional input–output model of the firm which see firms as converting investor, supplier, and employee inputs into customer outputs (Donaldson and Preston 1995). In this theory, a particular firm is able to focus on prioritizing its interests while at the same time taking into consideration the legitimate interests of other stakeholders in which the firm is operating.
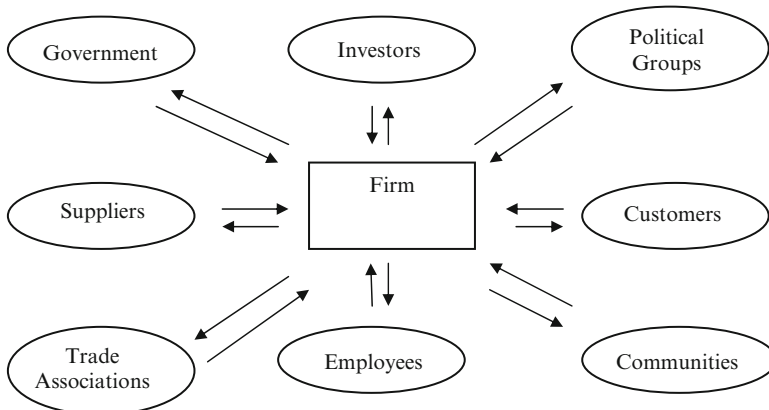
Source: Donaldson and Preston (1995)

The Corporate Social Responsibility Theory

Corporate social responsibility (CSR), also known as corporate responsibility, corporate conscience, corporate citizenship, responsible business, sustainable responsible business (SRB), or corporate social performance, is a form of corporate self-regulation integrated into a business model. Ideally, CSR policy would function as a built-in, self-regulating mechanism whereby business would monitor and ensure its supports to law, ethical standards, and international norms.

Numerous theoretical frameworks have been used to observe CSR. Friedman (1970) stated that engaging in CSR is symptomatic of an agency problem or a conflict between the interests of managers and shareholders. He claimed that managers use CSR as a means to further their own social, political, or career agendas at the expense of shareholders. According to this view, resources devoted to CSR would be more wisely used up, from a social perspective, on increasing firm efficiency. This theory has been tested empirically by Wright and Ferris (1997), who established that stock prices reacted negatively to announcements of divestment of assets in South Africa, which they interpreted as being consistent with agency theory. The agency theory perspective has been confronted by other researchers, such as Preston (1975) and Carroll (1979), who outline a corporate social performance (CSP) framework. In an influential paper on stakeholder theory, Freeman (1984) affirmed that firms have relationships with many constituent groups and that these stakeholders both affect and are affected by the actions of the firm. Stakeholder theory, which has emerged as the leading model in CSR, has evolved in several new and interesting ways. According to Donaldson and Preston (1995), three aspect of this theory – normative, instrumental, and descriptive – are "mutual supportive."

In Malaysia, many universities have responded to reinforce their stakeholder interest in CSR in a very positive way, by devoting additional resources to promote CSR. Other universities have less progressive view of stakeholder relevance. They avoid attempts to satisfy demand for CSR, because they believe that such efforts are inconsistent with profit maximization and the interests of the students, whom they perceive to be the most important stakeholder.

Creating Synergy Between Academia and Local Communities

Stakeholder theory underlines several entities that hold significant relationship with the academia. For example, the Ministry of Higher Education (MOHE), political parties, suppliers, customers, parents, and the surrounding communities have a direct and indirect relationship with the academia. MOHE, for example, is the ministry responsible in establishing policies that chart the direction of higher education in Malaysia. It becomes the monitoring agency that guides universities to remain committed to the vision and mission of the ministry as well as the government.

On the other hand, universities also have a social obligation to help their surrounding communities. As propagated by the corporate social responsibility theory besides their educational mission, universities should also disseminate their expert knowledge to help the communities. There have been several instances where universities collaborate with the local communities to embark upon various efforts to help the communities. Specifically, programs such as IT awareness, extension service, digital storytelling, and training are among the programs organized by the universities to help the surrounding communities.

Creating IT Awareness

Universities have often organized program at various age groups to inculcate the importance of IT in day to day activities. For instance, school children between the ages of 7 until 12 have been invited to universities to experience hands-on application with the ICT.

Primary school children are introduced to basic computer operations, computer hardware and software, educational activities, online games, and also digital storytelling. For example, storytelling is an effective education technique used to educate the community. Often, education and moral stories are delivered verbally from one generation to another. The rapid development of information technology and communication may be the reason why this method of education is being forgotten now. Now, with the technology sophistication, this storytelling concept can be delivered in digital form. Digital storytelling could give a powerful effect and influence a broader audience. Digital storytelling is a combination of storytelling with technology. The mixture of picture, videos, animation, art work, audios, and music makes the digital work interesting and effective. Digital works that are creative and innovative could be an effective education medium.

Secondary school students are offered sessions on how to operate basic computer application such as word processor, spreadsheet, database, presentation software, and basic computer programming. Universities also invite full-time housewives who are mostly IT illiterate to basic IT skills such as operate basic Internet tools. In terms of adult working males, universities also offer tutorial programs to help this people with Internet application such as paying bill online, pay tax, and renew road tax.

Several training workshops were held aiming to provide an avenue for participating villages in sharing their experiences in implementing community telecenters for rural development and identify policies that can promote sustainability of the centers.

Enhancing the Entrepreneurial Skills

As an institution of higher education, universities have an abundance of business professors who specialize in marketing, accounting, strategic planning, investment, and taxation. Because of this, universities also extend its expertise to help the local entrepreneurs with critical business skills such as preparing working business proposals, balance sheet preparation, and marketing survival skills.

As an illustration, series of courses are designed for officials dealing with the policy, regulatory, and administrative aspects of the establishment and operation of universal service funds (USFs) as one of the means of providing universal service. Over attending a number of workshops, the participants would gain an understanding of universal service, including the establishment and administration of USFs, lessons learned from different countries, and issues and challenges facing USFs.

Most of the time, for participants who run their own business, universities will support them with a computerized accounting system for them to perform all the tedious financial record keeping and reporting needs, which are normally found in manual accounting system. It is a comprehensive accounting program specially designed to suit the size and nature of a business. It can be used alone or as part of an integrated system with other accounting and management program. Free trainings are available for those who are interested to learn the software.

Disseminating Information

Universities are also organizing conferences on rural ICT development annually to provide a platform for the academics, industry, and practitioner to discuss issues, concerns, and strategies to further promote ICT development in rural areas. Representatives for the surrounding communities have often been invited to share their experiences in dealing with a lack of ICT development in their communities. On a small skill, university is also organizing workshops to identify policies that can promote ICT awareness among people of rural communities. This workshop also becomes a training ground for community leaders to participate in formulating those policies. This bottom-up approach has proven to be the effective way of promoting a sustainable policy for rural ICT development. Among the successful outcome of the workshop includes the implementation of community telecenters for rural development.

On a bigger skill, conferences were organized to provide a platform for the academics, industries, and practitioners to discover, disseminate, and share knowledge and information on ICT for rural development. Seminars were also held to create uniformity to all participants, which plays a vital role in ensuring the efficiency and effectiveness of the search, for instance, when natural disasters or accidents occur. Thus, identifying the issues and challenges as well as coordination of information is important to determine the distribution of manpower, equipment, and services that may be implemented as soon as the rescue operation begins. Apart from that, forums often served as a medium for the local community to discuss certain matters which involve the use of information and communication technologies. Among the issues are, for example, cyber bullying which currently is a form of bullying that is serious in the Internet.

Conclusion

Universities are required to share roles with government in the present era which needs cutting-edge skills to achieve MDGs. They should advance toward a strategic role in the economic and social development of the region where it is located. It is within this framework that every university has a social responsibility to promote and enhance the well-being of its surrounding communities.

The various ICT programs that enhance the synergistic relationship between the academia and local communities such as creating IT awareness, enhancing entrepreneur skills, and disseminating information have proven successful in bridging the digital divide in a local community. The programs have successfully uplifted the entrepreneurial skill of local entrepreneurs, increased the IT literacy among housewives, improved the knowledge of IT among school children, and finally increased the wide usage of IT application among working fathers.

More importantly, this collaborative effort has increased the accessibility of ICT among rural communities, strengthened e-governance and expanded the base of people's participation which would not have been possible without the active roles of academia. This accessibility is crucial to promote and enhance the quality of e-governance as required by the government to achieve MDGs underlined by the United Nations.

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Chapter 10
Community-University Partnerships for Improved Governance

Mervin G. Gascon

Introduction

More than ever, there is a need to heighten and drumbeat the promotion of Millennium Development Goals (MDGs) in poverty eradication, primary education, maternal health, gender equality, environmental sustainability, combating child mortality, AIDS, and other dreadful diseases. To keep at bay the challenges, universities and local governments must foster a genuine partnership in implementing public administration reforms as a means to achieve the MDGs.

The public administration (PA) schools play very crucial role in promoting governance reform mantras—efficiency, effectiveness, responsiveness, and accountability in the functioning of a nation. They are the basic means through which government strategies to achieve the MDGs can be harnessed. Aside from molding the characters of the youth, the PA schools develop leaders who would be at the forefront of community development and governance.

This curriculum enhancement project is made to respond to the challenges of this modern world by using the town-and-gown approach to local community development and governance. The town-and-gown approach implies a relationship between the "town" which is the community or the local government and the "gown" which is the university located in the local area. The relationship is seen to be more of a partnership where each partner shares its resources for a common cause or goal, which is the development of the local community. By improving the local governments' human resource base, PA practitioners in the local governments would be able to participate in the decision making in a larger scale.

The College of Governance, Business, and Economics of the University of Southeastern Philippines offers the BSPA program in Mintal Campus, Davao City,

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Philippines. It is under the Department of Governance Studies and has been offered by the college for 31 years now. The governing minimum standards for BSPA under Commission on Higher Education are CHED Memo Order (CMO) Number 27 series of 2001 or the Revised Policies, Rules and Guidelines for Business and Management Education and CMO Number 59 series of 1996 or the General Education Curriculum.

The study has the following specific objectives:

1. To enrich the BSPA program by providing it with a distinct set of core competencies
2. To strengthen the BSPA program by including more fieldwork and research-oriented courses

Theory Base

This study is anchored on egalitarian worldview. This belief leads to an active orientation toward the world based on the collective group will. Accountability is imposed and actions are judged by the collective; this is necessary to maintain a delicate balance between the group and environment. An egalitarian approach to action is often dialogue focused, generally based on a "town meeting democracy" process model, and guided by a communal viewpoint. Egalitarians believe that decentralized self-governing units, rather than conventional large scale structures, are the most viable forms of governance (Hood 1998).

It would be difficult to overstate the influence of the egalitarian orientation on current thinking in the service-learning literature. This definition from the emerging Carnegie elective classification project, among several others in circulation today, attests to the influence of this cultural frame in the service-learning field: "Community engagement describes the collaboration between higher education institutions and their larger communities (local, regional/state, national, global) for the mutually beneficial exchange of knowledge and resources in a context of partnership and reciprocity" (Carnegie Foundation for the Advancement of Teaching and Learning, elective classification project documents, Draft, 2005).

So, based on an egalitarian orientation, one might expect to find partnership policies, processes, and arrangements that appear (at least on the surface) to be built on mutual respect, democratic principles, reciprocity, and responsibility. Nearly all decisions affecting the partnership would be made jointly between parties, communication would be regular and ongoing, and the relationships would be marked by trust, reciprocity, shared values, and commitments (Thompson et al. 1990).

Partnership is generally seen as aligned with concepts such as empowerment and equity, because it has been advocated as a form of more democratic and more local corporatism within a social democratic development model. By contrast, in both the United States and the United Kingdom, partnerships have focused more on the role of the private sector and have been described as "the local growth machine" (Molotch 1987).

While Molotch did not discuss universities, they fit the place-bound characteristic of organizations such as newspapers, department stores, and utilities that are typically part of the growth machine. The interest of universities in partnering with

community organizations around issues of curriculum development, in general, is an example of a localized growth machine. It reflects a more democratic "third way" approach combining public and private efforts in more democratic and participatory structures (Wiewel et al. 2000).

In most cases, however, the partnership programs of universities appear to be driven mainly by the interests of faculty in research projects or service-learning opportunities for their students or by the applied research and service agenda of university centers and institutes. As such, they represent a new approach to using resources of the university and reflect a new respect for the importance of community organizations as legitimate partners, rather than simply research subjects in the real-life laboratory of the city. It is as yet unclear whether these partnerships will have the staying power, institutional capability, and legitimacy to go beyond project-specific collaborations to become lasting alternate forms of neighborhood service delivery and governance (Wiewel and Lieber 1998).

To ideally implement the community-university partnership, action research methodology is often used as it offers a systematic approach to introducing innovations in teaching and learning. It seeks to do this by putting the teacher in the dual role of producer of educational theory and user of that theory. This is both a way of producing knowledge about higher education learning and teaching and a powerful way of improving learning and teaching practice in collaboration with the different stakeholders. No separation need be made between the design and delivery of teaching and the process of researching these activities, thereby bringing theory and practice closer together (Riding et al. 1995).

A variety of forms of action research have evolved (McTaggart and Kemmis 1988). All adopt a methodical, iterative approach embracing problem identification, action planning, implementation, evaluation, and reflection. The insights gained from the initial cycle feed into the planning of the second cycle, for which the action plan is modified and the research process repeated.

It has always been argued that promotion of good governance principles promotes quality of life in general. The International Monetary Fund (IMF) in its Interim Committee Meeting (1996) identified promoting of good governance in all its aspects, including ensuring the rule of law, improving the efficiency and accountability of public sector, and tackling corruption as the key for economic efficiency and growth. The IMF's involvement in bringing about governance can be looked upon into following two spheres:

- Improving the management of public resources through covering public sector institutions (e.g., the treasury, central bank, public enterprises, civil service, and the official statistics function), including administrative procedures (e.g., expenditure control, budget management, and revenue collection)
- Supporting the development and maintenance of transparent and stable economic and regulatory environment conducive to efficient private sector activities (e.g., price systems, exchange and trade regime, and banking systems and their related regulations)

In this chapter, it is argued that promotion of good governance at least at a local level is best done through quality, responsive, and relevant education in public administration. The continuous improvement of the curriculum of the course must

Fig. 10.1 Participatory BSPA curriculum enhancement for the achievement of MDGs

be done through the active partnership of the different stakeholders and the necessary alumni tracer studies. Figure 10.1 shows the partnership of the different groups to enhance the public administration curriculum. The practice helps promote good governance at the local and national level by producing graduates who are technically and ethically qualified thereby making possible the achievement of the Millennium Development Goals (MDGs). The figure also typifies the idea that enhancement of BSPA curriculum is a work in progress. Its regular revision to suit to the needs of time and clientele is deemed necessary. In the same manner, promotion of good governance as a means to an end, that is, achievement of MDGs, needs to continuously improve to reach more people in the society who are in great need.

Methodology

The technology of participation was used in this study. This approach enabled the academic community—faculty, administration, students, and representatives of nongovernment organizations, government organizations, and national government agencies—to analyze, review, and share their insights on how to improve the existing curriculum. The approach enables learning from them directly by taking their related experiences; flexible use of methods; offsetting biases by unimposing and by learning their concerns and priorities; facilitating investigation, analysis, presentation,

Table 10.1 Distribution of stakeholders according to stratum

Stratum	Frequency	Percentage
Students	17	23
Faculty	15	20
Alumni	7	9
NGO	9	12
NGA	8	11
LGU	12	16
Private sector	7	9
Total	75	100

and learning from the people themselves, so that they present and own the outcomes and also learn; and lastly, sharing of information and ideas between them and the researcher, and among other stakeholders. Proceedings of this inquiry were referred to the University Council through the University Curriculum Committee before the subsequent approval of the Board of Regents.

Data triangulation method was employed to validate the participatory research approach sequences. It included a mix of structured interview questionnaire, focus group discussion, and data validation through key informants' interview.

The data for this study was collected from First Semester of SY 2007 to Second Semester of SY 2009. The stakeholders were given printed copies of the course prospectus of BSPA for their comments. They were also requested to indicate any relevant change in the curriculum and the reasons for such change. Respondents were informed of the CHED minimum standards covering the BSPA program that cannot be abridged. While waiting for the comments, a series of benchmarking activities was conducted in universities and colleges offering the same academic program. A total of 75 respondents were involved in this study.

Presentation and Analysis of Data

Profile of Stakeholders

Table 10.1 presents the representation of stakeholders during the culmination of BSPA curriculum enhancement on January 26, 2009. Full-time faculty members teaching BSPA subjects constituted 15 or 20% of the total number of stakeholders. Students composed 23%; LGU representatives, 16%; NGO representatives, 12%; NGA representatives, 11%; alumni, 9%; and private sector representatives, 9%.

Program Core Competencies

Table 10.2 presents the sets of program core competencies for BSPA program. These competencies were identified by the stakeholders during the consultation.

Table 10.2 Program core competencies

Policy analysis
Strategic planning
Performance measurement
Project detail management and statistics
Resource management
Quantitative and qualitative decision making
Knowledge management
Enterprise management
Work ethics

These core competencies were identified to provide the BSPA program with distinct target characteristics for its graduates. Each competency is based on the current and proposed revision/enhancement in the subjects under the curriculum.

Inclusion of More Research Courses

Under the new BSPA curriculum, the number of research subjects is increased from 3 or 9 units to 5 or 15 units. Representatives of the NGOs and POs strongly suggested for the inclusion of public policy analysis under the BSPA program. These subjects are seen to support the current industry need of graduates who can help make policy alternatives and rich databases ready for sharing and utilization to end users of information. They suggested that graduates should be thoroughly trained to become leaders who are active decision makers in their fields and not just mere recipients of decisions made for them by their peers.

A careful deliberation however was made to make sure that other non-research courses that are very vital are retained. To cite as example of courses deemed inappropriate in the BSPA program are Filipino languages and Philippine literature as these are seen as redundant to other courses in social sciences and humanities that can tackle the same basic concepts. Under the Philippine educational system, state universities like the University of Southeastern Philippines are given partial autonomy to manage academic programs based on some strict academic standards.

The curriculum enhancement team however made sure that the BSPA curriculum is still compliant to the minimum standards set by the country's Commission on Higher Education (CHED) in revising and enriching the program (Table 10.3).

Hierarchical Arrangement of Subjects

Figure 10.1 shows how the quantitative and qualitative decision making as a competency is being supported by subjects in the BSPA curriculum that scaffold it. Research methods under the new curriculum is divided into two major

Table 10.3 Comparison of research subjects under old and new BSPA curriculum

Old	New
Introduction to statistics *(3 units)*	Introduction to statistics *(3 units)*
Basic research methods *(3 units)*	Quantitative research methods *(3 units)*
	Qualitative research methods *(3 units)*
Thesis writing *(3 units)*	Thesis writing *(3 units)*
–	Policy analysis *(3 units)*
9 units	15 units
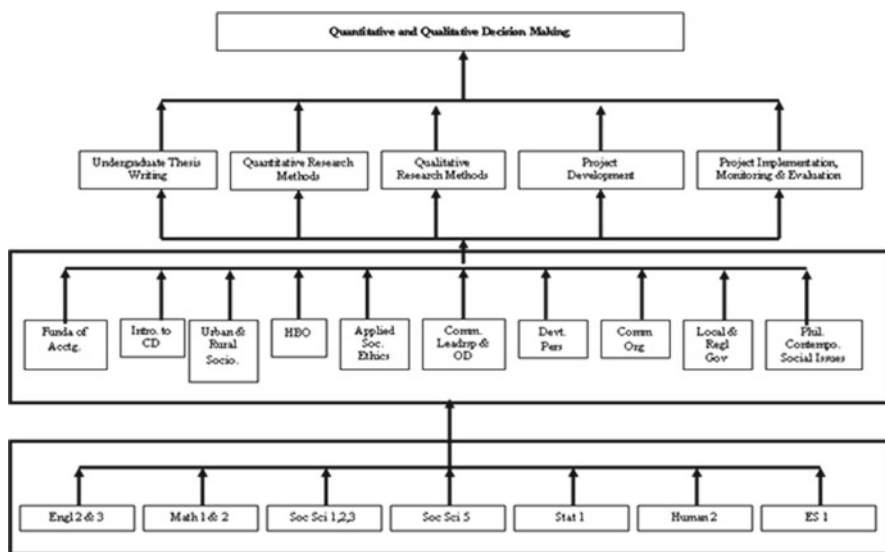
Fig. 10.2 Hierarchical arrangement of research courses

courses—quantitative research methods and qualitative research methods. The stakeholders identified this as a necessity to provide students with a good background in research and/or undergraduate thesis writing. Project management is now divided into two major subjects—project development and project implementation, monitoring, and evaluation. This happened because the stakeholders unanimously saw the importance of giving students more time to experience and learn project management as a judicious process of searching for solutions to problems.

As shown in Fig. 10.2, major subjects in the BSPA curriculum are arranged in a hierarchical and logical manner. Subjects found at the bottom part of the figure are general education subjects which are prerequisites of the next higher major subjects. The next higher level subjects in the hierarchy are the ones that will be taken by students on their 3rd year. The next higher subjects are the ones to be taken by students during their 4th year.

Table 10.4 Issues and recommendations

Issues/concerns	Recommendations
NGA, LGU, and NGO representatives' participation in the curriculum review is very limited	Involve more industry representatives in the future curriculum revision
There has been no serious effort to trace graduates' employment and other career advancement updates in the college	Conduct Alumni Tracer Study specifically to measure employability of graduates of BSPA
There is no available information about common issues and concerns relating to students and faculty performance in the classroom	Conduct more action research in the classroom to monitor and evaluate the quality and effectiveness of instruction, research, and extension along public administration and community development
Curriculum revision is not regularly done	Conduct curriculum revision every 4 years

Other Issues and Concerns and Corresponding Recommendations

The BSPA program stakeholders have corroborated the agreements on the revised curriculum. Table 10.4 presents the agreements and corresponding lessons learned during the deliberation process.

Conclusions

This study found out that the best way to review a curricular program is through community participatory approach wherein stakeholders share their views, experiences, and expectations for the academic program they are most concerned about. The new model of BSPA curriculum enrichment, that is, through public-private-social partnership, has truly worked based on the Philippine context of resource sharing called *bayanihan* wherein the entire community, as much as possible, contributes to the accomplishment of task or goal.

Setting of core competencies provided the BSPA program a clearer perspective of what this has to offer to students to become better and leading professionals in their field of work. The hierarchical arrangement of subjects according to their prerequisites and target core competency is one best way to avoid redundancy, inappropriateness, nonalignment, and randomness of subject load, requirements, and resources. Arranging the subjects according to hierarchy gives a well-meaning direction to students, parents, instructors, and administrators. Monitoring and evaluation of this program is believed to be a lot easier now as subject description, content, and requirements are already set according to the course bulletin developed as a result of this undertaking.

The inclusion of more research-oriented subjects in the BSPA curriculum is considered a necessity to give students more opportunity to learn, experience, and unlearn research skills. Students trained and developed under this curriculum are believed to possess genuine passion for research and decision making. They are also seen to become leaders in their respective field of work after graduation.

The community-university partnership for curriculum enhancement in BSPA program promotes local knowledge, credibility, and access. In its ideals for improving governance and community building education, it gives expression to the democratic impulse for citizen participation and responsibility. At best, such mobilizations ensure that the academic program has wide ownership, legitimacy, and sustainability, while the voluntary input is a valuable form of social capital, even if it is difficult to calibrate. Given their motivation for community benefit, the community participants also can ground the partnership by prioritizing practical outcomes.

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Chapter 11
Determinants of Managerial Innovation in the State University Administration in Sri Lanka

R. Lalitha S. Fernando

Introduction

Improving performance of the public service is the main challenge faced by managers in the public sector organizations, and managerial innovation is considered as a viable strategy in improving the productivity of the public sector organizations. "Interest on innovation in the public sector has grown substantially in the last 15 years" (Borins 2001). "Managerial innovation" is not a new concept in the field of public management, though a few researchers have paid attention to this topic in the context of Sri Lanka. Fernando (2004, 2006) argue that in order to respond to the peoples' demands under the conditions of limited resources, the role and the behavior of the managers in the public sector need to be changed. Further, the author emphasizes that it is necessary for public managers to perform in innovative ways in supplying goods and services as it enhances the ability to perform administrative and managerial activities in a different way leading to more efficient and effective public services.

Universities play a vital role in creation and dissemination of knowledge through teaching, research, and actively contributing to the national development in various ways. Also, universities are supposed to produce quality graduates to suit the job market that would directly contribute to economic development. However, the state universities in Sri Lanka are subjected to heavy criticism especially from the business community. But, this criticism could not be generalized and justified, as better performing graduates are able to find suitable job opportunities within a very short time period in public, private, and nongovernmental sectors both at the national and international levels.

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However, public universities in Sri Lanka are having limited financial resources from the treasury due to the continued budget deficit of the government for the last several years. The expenditure on education has been gradually reduced for the last several years (for instance, the government allocated only 2.59, 2.67, 2.59, and 2.27% of GDP for the years of 2005, 2006, 2007, and 2008, respectively). Due to this financial constraint, administrators face many difficulties in providing the expected services to their undergraduates. Several administrators of the state universities acknowledged that they have taken alternative ways to find the required resources for a better implementation of their educational programs. Thus, this study argues that despite these constraints, innovative behavior of the university administration seems to have a potential avenue to improve service delivery in efficient and effective ways. Several scholars in Sri Lanka also emphasize the necessity of changes in the university system in Sri Lanka.

The study tries to achieve the following objectives:

1. To examine the level of innovative behavior of the administrators in state universities in Sri Lanka
2. To identify key determinants of innovative behavior of the university administrators/managers in Sri Lanka
3. To propose policy implications for managerial and administrative reforms in improving innovative behavior in the university administration in Sri Lanka

Universities and the Millennium Development Goals (MGDs)

Education is considered as a means to promote economic and social equity. "Today, more than ever before in human history, the wealth of poverty of nations depend on the quality of higher education" (Gillis 1999 cited in Margaret Emalereta Akpomi 2009). The benefits of education are not limited to the particular individuals but also to the entire nation as a whole. As Ahunanya (2010) noted, economic development depends on the quality of workforce and that could be acquired through education. The relationship between education and earnings has also been emphasized by the modern human capital theorists. Thus, human capital is considered as a key determinant of economic growth and investing on education to be considered as an effective strategy for achieving the Millennium Development Goals.

Universities are centers for creating and disseminating knowledge which is essential in materializing development goals. The Millennium Declaration in 2000 focused on eight development goals, namely, (1) eradicating extreme poverty and hunger; (2) achieving universal education; (3) promoting gender equality; (4) reducing child mortality; (5) improving mental health; (6) combating HIV/AIDs, malaria, and other diseases; (7) improving environment sustainability; and (8) developing a global partnership for development. Today, the MDGs are considered as the main development forces in almost all countries. It could be argued that without universities no development goal could be achieved. "Indeed, universities had been working on international development issues long before the MGDs and continued to do so

by providing quality teaching, research that directly address the needs of society, community service and extension work, and skills, data and networks through which developing countries were able to express and address their own needs" (www.universitywordnews.com 2010). Khan (2007) emphasizes the importance of strengthening universities and reveals that universities can help countries in many ways such as train their own experts by undertaking research, generate knowledge appropriate to the country's reality, and absorb and transform knowledge into appropriate policy and useful day-to-day practices that suit the local context and needs. Thus, universities are considered as a vehicle for improving the national human capabilities through teaching, researching, and disseminating knowledge. At the conference held in South Africa in April 2010, vice-chancellors of the Association of Commonwealth Universities urged the importance of higher education in reaching the MGDs. This conference examined the contribution of universities to the MDGs and argued that even universities are not mentioned in any of the goals; it is recognized that these goals cannot be achieved without the research, the policy analysis, and the teaching and outreach that universities provide. Therefore, as higher educational institutes, universities should recognize this situation as their key responsibilities and identify, design, and implement functions and activities to help governments both at the national and the international levels in achieving MGDs. In this regard, research and development for innovative ideas are essential to produce quality graduates as well as to achieve the MDGs enabling more equitable and sustainable development.

Managerial Innovation in Management Literature

Innovation is not a familiar concept in the field of public management as compared to its acceptability in business management. It is defined as a change or looking at something in a new way or doing something in a different way. Thompson (1965) defined managerial innovation as generation, acceptance, and implementation of new ideas, process, and products or services. New public management provided the much wanted space for innovations in the public universities by introducing, accepting, and implementing new ideas, methods, products, or procedures to deliver services which lower cost and increase economic efficiency and effectiveness leading to better services through institutional mechanisms.

The importance of innovative managers for the public sector organizations has been highlighted by Donald C. Stone (1981). The author emphasizes that the appointment and development of innovative managers will strengthen any organization. The author argues that when managers have developed an innovative and participatory workforce, then organizational innovation with tangible benefits begins to appear. Mohamed (2002) found that managerial attitude, decentralization, supervisory support, group satisfaction, diversity, and committee membership are significant predictors of group innovation. Na'il (1994) examines the relationship between managerial innovation as dependent variable and sex, age, education, organizational level, and length of services as independent variable and found a negative yet weak relationship

between innovation and age, organizational level, length of service, and a positive yet weak relationship between innovation and education and sex. This study further revealed that the most significant obstacles to innovation are related to organizational climate. Thompson (1965) examines the relationship between bureaucratic structure and innovative behavior and suggests alterations in bureaucratic structure to increase innovativeness, such as increased professionalism, looser and more untidy structure, decentralization, freer communications, project organization when possible, rotation of assignments, greater reliance on group processes, attempts at restructuring, modifications of the incentive system, and changes in many management practices. "Factors shown to have affected the diffusion of innovations in prior work include the external context, organizational characteristics and diffusion drivers" (Walker 2006). Yin (1977) hypothesizes external environment of innovative agency, the agency itself, the desired characteristics of the innovative devices, and the specific innovative efforts which are attributed to increase the probability of organizational change. A study done by Mohr (1969) also finds that innovation in public agencies is the function of an interaction among the motivation to innovate, the strength of obstacles against innovation, and the availability of resources for overcoming such obstacles. Todd et al. (2007) provide a framework for understanding post-adoption innovation implementation and find that organizational, innovation, and human influences represent unique challenges for innovation implementation. Vigoda-Gadot et al. (2008) examine a model of public sector innovation across a multinational sample of eight countries with 626 participants. This research develops a theory of antecedents to and consequences of innovation in public administration as perceived by knowledgeable citizens and end users. Major findings of this research were the following: (1) responsiveness together with leadership and vision is an important antecedent of innovation in the public sector, (2) public sector innovation affects trust in and satisfaction with public organization, and (3) the effect of public sector innovation on trust and satisfaction is both direct and mediated by the image of public organization. Borings (2001) identifies conditions that lead to public management innovation. These conditions are initiatives coming from political system, new leadership, a crisis (a current or anticipated publicly visible failure or problem, internal problems such as inability to reach target population, inability to meet target demand for a program, resource constraints, or an inability to coordinate policies), and new opportunities, created either by technological or other factors. In relation to the Sri Lankan organizations, Ranasinghe (2002) conceptualizes the problem of lack of innovation in terms of a conceptual model, which recognizes strategic leadership and achievement culture as critical variable of organizational learning and innovation.

Research Strategy

No empirical research discusses the determinants of managerial innovation especially in higher educational institutions in the public sector in Sri Lanka. A few researches on the same topic were found in relation to other contexts. Therefore, an

initial investigation was done with 20 in-depth interviews with administrators in the five universities of the Western Province in Sri Lanka to identify the important variables in this regard.

The research for this chapter is mainly based on the quantitative approach. The data was gathered from a postal survey during January 2010 to May 2010. Nearly 650 self-reporting questionnaires with a self-addressed, stamped envelope were sent to almost all heads, deans, and several coordinators of the 13 state universities in Sri Lanka. Only one hundred and sixty six (166) questionnaires were reached. The statistical techniques employed for analyzing the quantitative data were distributive statistics (frequency analysis) and inferential statistics (reliability test, factors analysis, correlation, and stepwise multiple regression).

Managerial innovation is measured by the extent to which administrators support innovative ideas and practices. Respondents were asked to indicate on a seven-point scale (7 = strongly agree, 6 = agree, 5 = somewhat agree, 4 = do not know, 3 = somewhat disagree, 2 = disagree, and 1 = strongly disagree) whether they agree or disagree. Most of these items are based on the previous study by Lalitha S. Fernando (2004). The five items were used to measure managerial innovation. For the theoretical validity and most of the measures in this research were developed based on the literature. In order to ensure the reliability of measures, Cronbach's coefficient alpha was calculated. The reliability test produced the alpha value of 0.791. Thus, the reliability of the dependant variable is ensured as the accepted level.

In this study, managerial innovation is determined by five major independent variables: (1) administrators' need to achieve, (2) supportive environment, (3) external environment, (4) skillful human resources, and (5) the administrators' age.

The following figures show the demographic characteristics of the sample. According to the field data, about 77% of the administrators are male and majority (53.5%) of them are between 41 and 50 years of age. Nearly 81% of the administrators are Sinhalese and about 52 and 10% of them possess respectively PhD and postdoctoral degrees. Nearly 81% of the administrators are heads of the department and about 17% of the sample are deans of the faculties. About 46% of them are in senior lecturer grade 1 level. Nearly 21, 16, 15, and 11% of the administrators are respectively from arts/humanities, management, medicine, and engineering disciplines. About 18 and 17% of the sample were respectively from the University of Peradeniya and the University of Sri Jayewardenepura.

Managerial innovation is measured by the extent to which administrators support innovative ideas and practices. Respondents were asked to indicate on a seven-point scale (from 7 = strongly agree to 1 = strongly disagree) whether they agree or disagree to support to innovation. The mean of the composite dependent variable is 6.24, indicating more than the majority of the respondents' assessment of the level of managerial innovation seems a higher level. Nearly 60% of the sample's responses are in the categories of "agree" (scale = 6) and "strongly agree" (scale =7) to support the innovative behavior (see Annexure 11). None of the responses are in the categories of "not agree" or "strongly not agree" to innovative behavior. Figure 11.1 shows the responses' level of managerial innovation of the university administrators.
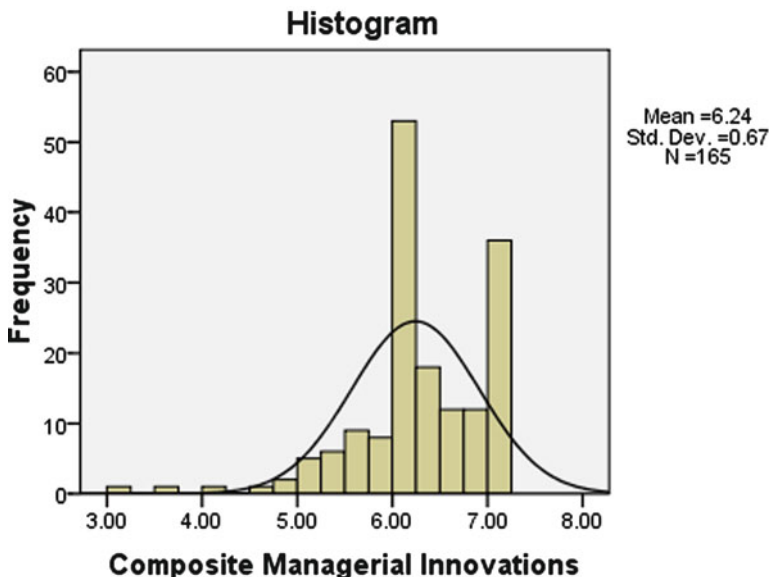
Fig. 11.1 Level of managerial innovation of the sample

Table 11.1 Pearson product–moment correlation matrix for the research variables

Variable	MI	ANA	SE	SHR	SEE	AA
MI	1.00					
ANA	.441**	1.00				
SE	.283**	.073	1.00			
SHR	.069	.245**	.294**	1.00		
SEE	.330 **	.323**	.131	.235**	1.00	
AA	− .161*	−.035	.096	−.141	−.047	1.00

MI managerial innovation, *ANA* administrators' need to achieve, *SE* supportive environment, *SHR* skills of human resources, *EES* external environment support, and *AA* administrators' age
**Correlation is significant at the 0.01 level (2-tailed); *Correlation is significant at the 0.05 level (2-tailed)

Correlation of the Research Variables

Before testing the hypotheses, Pearson product–moment correlation matrix of the research variables included in the study are shown in Table 11.1. As the correlation matrix indicates, the intercorrelations among the variables were very low; there is no multicollinearity problem among variables. The correlation matrix shows statistically significant correlation in the expected direction between managerial innovation and all other variables except skills of human resources. According to the correlation analysis, managerial innovation is positively correlated with administrators' motivation to achieve ($p < 0.01$), supportive environment ($p < 0.01$), and support of external environment ($p < 0.01$). Managerial innovation is negatively

Table 11.2 Results of the hypotheses using stepwise regression

	H1	H2	H3	H4	H5
Administrators' need to achieve	.381***				
Supportive environment		.331***			
Administrators' age			−.213**		
Support of external environment				.208**	
Skills of human resource					−.155*
F ratio	37.691***	29.014***	23.410***	20.069***	17.443***
R	.447	.528	.566	.593	.610
R^2	.200	.279	.320	.352	.372
Adjusted R^2	.194	.269	.307	.334	.351
R square change	.200	.079	.041	.031	.021

Regression coefficients shown are standardized coefficients
*$p<0.05$, **$p<0.01$, ***$p<0.001$

correlated with administrators' age ($p<0.05$). No significant correlation was found between managerial innovation and skills of human resources.

Results

Stepwise regression analysis was used to test the hypotheses. This approach allows to regress managerial innovation against each independent variable and then add the next independent variable and test whether the incremental change in R^2 resulting from the addition of each independent variable was statistically significant. Previous studies have found that managers' needs to achieve, support of external environment, supportive environment, and high-quality workforce are positively related to managerial innovation. Also Na'il A.K.H. Awamleh (1994) found that there was negative yet weak relationship between innovation and age.

In this research, it is expected a positive relationships between managerial innovation and administrators' needs to achieve, supportive environment, support of external environment, and skills of human resources. And also it is expected a negative relationship between managerial innovation and administrators' age.

The test results are shown in Table 11.2. Hypothesis 1, which postulated a significant positive relationship between managerial innovation and administrators' needs to achieve, was supported ($p<0.001$). This variable alone explains 20% of the variance of the dependent variable. Hypothesis 2, which postulated a significant positive relationship between managerial innovation and supportive environment, was also supported ($p<0.001$). This variable explains 07% of the variance of the dependent variable. Hypothesis 3, which postulated a significant but negative relationship between managerial innovation and supportive environment, was also supported ($p<0.01$). This variable explains 04% of the variance of the dependent variable. Hypothesis 4, which postulated a significant positive relationship between managerial innovation and supportive of external environment, was also supported

($p<0.01$). This variable explains 03% of the variance of the dependent variable. Hypothesis 5, which postulated a significant positive relationship between managerial innovation and skills of human resources, was also supported ($p<0.05$). This variable also explains 02% of the variance of the dependent variable. Thus, all hypotheses postulated in this study were supported. These variables altogether explain 37% of variance of the dependent variable.

Findings and Conclusions

The sample of this research consists of the deans of the faculties, heads of the department, and coordinators of the academic programs of the state universities in Sri Lanka. The results of this study suggest that managerial innovation of the administration of the state universities is influenced by administrators' needs to achieve, supportive environment, skills of human resources, support of external environment, and administrators' age. Among these five variables, the administrators' need to achieve seems to be a very significant predictor which alone explains 20% of variance of managerial innovation.

Today, administrators not only in universities but also in other spheres, especially in the public sector, face various difficulties and constraints than ever before. Despite these difficulties, managerial innovation is possible and occurring in the state universities in Sri Lanka. It is indicated that nearly 60% of the sample introduce and practice innovative activities in their organizations. The findings of this research further suggest that most of them are taking efforts to introduce innovative activities as they have achievement motives for improving the quality of academic programs, improving skills of the students, improving the employability of graduates, or offering solutions to students' problems.

When compared to the private sector remuneration parallel to professions and qualifications of the university academics, the salary structure of the universities is not much attractive. Even though with this lower level salary structure, most of the administrators in the state universities take efforts to introduce and implement innovative activities. The motive behind this situation seems to be their positive attitudes and desire to achieve results.

The implication of these results in this area suggests a special consideration for selecting and appointing academics for administrative positions who should have positive attitudes and good ethics with strong achievement culture toward public values.

The results of the study also depict a strong and positive relationship between managerial innovation and support environment within universities. This predictor alone explains 07% of variance of managerial innovation. Supportive environment in this study concerns the support of the academic staff of the faculty or department. In this regard, the above-mentioned implication could be equally applicable.

Evidence has shown that there is negative (inverse) but significant relationship between managerial innovation and administrators' age. This predictor alone

explains 04% of variance of managerial innovation. The mean of the administrators' age in this sample was 47.89 and the median was 48 age. Majority of the sample's age was 40–50 ages. Thus, in order to improve innovative behavior in the universities, administrators at this age level seems more encouraging.

The results of the study also indicate a significant and positive relationship between managerial innovation and support of external environment. This means getting private and other organizational supports at the implementation of innovative activities. This predictor also explains 03% of variance of managerial innovation. Thus, for improving innovative culture in the university, administrators should find various supports from outside their organization. In this regard, the support of the mass media and the private sector is very important. By conducting awareness programs, public seminars, panel discussions, and research conferences, the awareness of the academic programs can be improved. In this way, other organizational supports could be obtainable.

The results of the study also depict a significant and positive relationship between managerial innovation and skills of human resources. This predictor alone explains 02% of variance of managerial innovation. Skills of human resources in this study concern the nonacademic staff of the respective academic programs, departments, or faculties. Periodical training programs and workshops can be arranged to improve the competence and skills of the nonacademic staff.

This study has several limitations. This study confines to only five independent variables and examined managerial innovation in the university administration. These variables altogether explain only 37% variance of managerial innovation. Obliviously, managerial innovation is a much broader concept, and then, other dimensions of dependent variable should also be concerned to analyze this phenomenon. This study also confines to study only the academic administration excluding the top administrators (vice-chancellors). These top level administrators should also be studied to get a broader picture in this regard.

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Chapter 12
Regulatory Mapping in Local Governance and the Economic Governance Index in Sri Lanka

D.L. Chamila Jayashantha and W.M.R. Wijekoon

Introduction

According to The World Bank (2000), Sri Lanka ranked very low in the Human Governance Index (HGI) toward the end of the 1990s. The protracted ethnic conflict and civil insurrection during 1987–1989 in the south were cited as the main reasons for the HGI. In 2004, Sri Lanka was recognized as a middle-income country based on the salient features of macroeconomic development. The Asia Foundation (2008) viewed this as a remarkable achievement given the political and economic crises that Sri Lanka has endured during the last several decades, including the conflict in the north and east of the country, the devastating 2004 tsunami, and the rising oil prices. However, a significant improvement in HGI cannot be foreseen even today because of political and economic mismanagement, limited media freedom, and reports of gross human rights violations.

The 13th amendment to the constitution of Sri Lanka in 1987, which was enacted amidst an armed ethnic conflict, established provincial councils as a potential solution to the protracted ethnic problem. It devolved political and administrative power to the provinces up to a certain extent. After 1987, the central government, the provincial councils, and the local authorities (LAs) are the three main levels of governance structure in Sri Lanka. There are three categories of local government, namely, municipal councils (MCs), urban councils (UCs), and Pradeshiya Sabhas (PSs). The classification is mainly dependent on the population of the area, the income of the LA (from taxes and fees), and the socioeconomic factors. The World Bank (2003)

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stated that the first two types of local government had existed in the pre-independent Ceylon. *Pradeshiya Sabhas* came into being after the 13th Amendment.

According to the *Pradeshiya Sabha's* Act No. 15 of (1987), the administrative limits of every PS areas should correspond to limits of an Assistant Government Agent's (divisional secretariats) division. *Pradeshiya Sabhas* also exclude areas comprised in a municipality or a town (within the meaning of the urban council's ordinance) which falls within the limits of such Assistant Government Agent's division. At present, Sri Lanka is divided into 9 provinces and 330 local authorities, comprising of eighteen (18) MCs, forty-two (42) UCs, and two hundred seventy (270) PSs.

One could expect to see a paradigm for effective governance and economic management with such a system. But, according to The World Bank (2000), Sri Lanka has not realized the potential benefits of a decentralized system of economic management. In particular, the decentralization implemented in Sri Lanka has not permitted high-quality demand-driven service delivery to local populations. Hence, one could argue these political and administrative reforms done under the auspices of decentralization have become mere burden for government expenditure. It has further "institutionalized" politicization of government services and has obviously become a structure to lead national political campaigns at the local level.

Lack of clarity is another prominent issue on level of authority as well as responsibilities among peer institutions, sectors, and sometimes within the same institution. The administrative apparatus has been duplicated at the provincial level, and there is confusion and ambiguity regarding roles and responsibilities of both elected and administrative arms of government. Contrary to the expectations of a decentralized system, the central government has not withdrawn from devolved functions and has in some instances increased the centralization of functions. In addition to this, there has been a tendency to centralize at the provincial level, thus leaving the third-tier local governments with less resources and capacity than before The World Bank (2000). According to the Asia Foundation (2007a), legally specific authority rests with provincial councils, but these must work closely with the LAs both to design and to implement policies. It is conspicuous that this complex structure would have direct or indirect negative impact on the enabling economic environment at the local level in particular.

Both provincial councils and local governments are not financially independent. According to The World Bank (2003), local government revenue and expenditure are around 2.2 and 2.5% respectively of the total revenue of the government in general. Like the provincial councils, except for a few large municipal councils, the local government units rely on the central government funds for their recurrent expenditures.

Importance of Economic Governance at the Local Authority Level

Basically, governance is the systematic use of authority to manage the economy, society, and administration of a country. Creating an enabling environment for private enterprises, at both national and local level, is vital in economic governance because

it makes a sustainable impact on poverty alleviation. The Department of Economic and Social Affairs of the United Nations (2007) suggests that an important policy area would be the creation of an enabling environment to promote and strengthen the role of the private sector in the achievement of MDGs. According to The Asia Foundation (2008), a dynamic and healthy private sector is widely regarded as the engine of long-term economic development and a dominant resource for job creation and poverty reduction. Through the structural adjustment programs, both The World Bank and the International Monetary Fund emphasized reliance on market forces and the private sector to promote economic growth, macroeconomic stability, and sound fiscal management and monetary policies. The enabling environment for business focuses on the extent to which government policies, laws, and regulations set the rules of the game for business and influence, positively or negatively, the performance of markets, the incentives to invest, and the cost of business operations, in other words all factors external to the firm.

According to The World Bank (2003), common public financial accountability issues found in local authorities are similar to those found in the subnational level: lack of transparency in budgeting, irrelevance of accounts and reports, and weak procedures and controls for financial management. The World Bank (2000) stated that looking beyond the subcontinent, Sri Lanka still ranks very low due to the gradual weakening of the public sector institutions and governance, most especially since it is characterized by increased politicization, a bloated bureaucracy, insufficient decentralization, and weak public accountability. In addition to the insufficiency of business services, these weaknesses seem to have created the friction between the business community and the local government and have discouraged altogether the local business groups. The World Bank Report (2000) revealed that in Sri Lanka, weak economic governance and accountability has affected trust in public institutions (The World Bank 2000). This situation demands both infrastructural and institutional reforms to enhance economic governance at the local level; in order to boost economic dynamism, a majority of micro, small, and medium enterprises are located. Zimmerman (1976) states that though the national government seems to have assumed the lion's share of business regulation, important segments remain under local control.

Regulatory Mapping as an Innovation Toward Public-Private Synergy

According to The Asia Foundation (2008), one of the commonly acknowledged shortcomings in the Sri Lankan local government sector is the gap between LAs and citizen groups. The lack of public consultations and transparency in the decision-making process reinforces this view. Jayashantha and Hewage (2009) stated that the centralized structure enforces lack of autonomy and participation of local governments and citizens in the decision-making processes related to their own development and resource allocation. This problematic situation has often resulted in the lack of public confidence in LAs.

Building positive attitudes for creating conditions through public dialogue for citizen groups to believe in the decisions taken by elected representatives of LAs is even more challenging. In addition to this, citizen groups do not always exercise their rights and obligations (The Asia Foundation 2008). The government's attitude toward business is the main factor that hinders business growth (The Asia Foundation 2007a). Such attitude reflects the lack of trust between local authorities and the business community.

Worldwide experiences prove that public-private partnerships are widely utilized to sustain governance programs, especially to ensure financial viability of projects. In 2006, the Asia Foundation launched local economic governance (LEG) program in 19 localities throughout Sri Lanka. The aim of the program is to promote a constructive public-private dialogue. The program could be identified as multifaceted advocacy campaign, rolled out to create a conducive business environment at the local level through research, evidence-based learning, and business community empowerment. LEG program insisted that entrepreneurs need to engage in advocacy with the government in order to change the conditions that restrict business development.

In order to achieve set objectives of LEG program, various measures were adapted to mobilize the business community. According to The Asia Foundation (2008), LEG program understood that it is difficult for individual enterprises at the local levels to interact with public service providers. A way out of this impasse is for the enterprises to approach the public service providers through their associations, which are in a better position to make the collective voice of their members heard.

Trade associations were strengthened through cross learning visits, both local and overseas, and training. Meetings were often organized as an interface to discuss common issues and solve problems faced by various stakeholders. At one stage, a working committee of around 10–12 members was formed to lead the LEG initiative in the respective local authority. It comprised of members from various sections, namely, the elected members of the local authority, representatives from line departments, and members from traders' associations. This working committee was tasked to further review identified common issues and to strategize way forward.

As an integral part of the LEG program, the Asia Foundation in Sri Lanka launched economic governance index (EGI) study in order to measure the local enabling environment for private enterprise. According to the Asia Foundation (2007a), EGI was a comparative measure of the government-influenced conditions under which private enterprises operate primarily in municipal and urban council areas in the provinces. EGI was constructed from the results of a survey of the perceptions of entrepreneurs of 48 local authorities, supplemented by statistical and other data collected from official sources and the local authorities. Ten subindices have been constructed to capture different facets of the business environment, which in most instances can be directly influenced by local officials. These subindices are (1) registration, permits, and licenses; (2) land access and property rights; (3) transparency and participation; (4) regulatory environment, compliance, and cost; (5) infrastructure and business service; (6) tax administration, burden, and services; (7) legal institutions and conflict resolution; (8) government attitude toward business; (9) informal charges, favoritism, and discrimination; and (10) crime and security.

Fig. 12.1 Countrywide average score for EGI subindex (Source: Economic Governance Index Study Report (2007), Sri Lanka)

Figure 12.1 shows that only three economic governance subindices score above seven; thus, seven subindices are far from a satisfactory performance. This situation was critically analyzed, and it was brought to light that legal and procedural environment of local authorities remains obscure. That obscurity seemed to be maintained unknown reasons. The Asia Foundation was further informed that detailed outline of the legalities, eligibility, fees, application process, timeline, and recourse available for a broad range of local authority services was not readily available to the public in a simple and comprehensive manner.

Based on the findings of EGI study, a unanimous decision was made to do a "regulatory mapping" exercise in order to clarify the legal and procedural environment of local authorities to the public. Ultimately, it is expected to have positive impact on the ten subindices. The Asia Foundation's Regulatory Mapping Guidebook seeks to clarify step by step what is involved in obtaining a building permit or the process of determining liability for and payment of trade tax, for example. It seeks to inform members of the public and business community about the services, authority, and responsibilities of Pradeshiya Sabhas and their roles. The guidebook comprehensively depicts essential information about more than 20 key services available in the UC. Each service is explained in detail. First, it introduces the service, and then it explains the legal authority. Eligibility, fees to be paid, the process, and legal consequences of noncompliance are also clearly elaborated in the document.

In this backdrop, the study intended to measure the impact of regulatory mapping on the local business environment, so investigating the degree of positive or negative changes of subindices, relative to preprogram situation. The study also examined the views of stakeholders' of the program in order to understand the potential causes behind those changes. Development initiatives, particularly funded by foreign

agencies, are rarely subjected to independent academic research, thus lack analytical reflections in designing, implementing, and assessing impacts. Economic governance index study employed by the Asia Foundation can be stated as essentially important element of the local economic governance (LEG) program, which created a platform for wide array of discussions and invited plans to have enhanced business environment at the respective local authority level. It was anticipated that the study will be able to have scientifically validated the relevance of an innovation like regulatory mapping.

Methodology

According to the Asia Foundation (2007a, b), *Puttalam* is the lowest-ranked locality. However, irrespective of potential challenges during the implementation, TAF has decided to implement the LEG program in *Puttalam*. It was theorized that the potency of this innovation is shown if it has impact in a locality with low performance level. Hence, *Puttalam* was selected as the study area.

In order to measure the present performance of the UC, an enumerator-administered scoring schedule was designed as main study tool. It was expected to have the postproject performance of business environment measured in comparison with the pre-project situation. Hence, the same ten subindices were used in the scoring schedule. Each index was divided into few variables; thus, the whole schedule contained thirty-six variables, explaining those ten subindices. Twelve interviews conducted, and an average in each index was calculated. Data collection, analysis, and presentation were tried to be done exactly the same way which was employed in the EGI study in order to do a valid comparison of performance. The same ten-axis radar graph was used to present the findings of the study.

Two focus group discussions (FGDs) were held with UC staff and with leading members of business community. A topic guide containing structured questions on limitations, challenges, areas to be improved, and lessons learnt over the exercise of regulatory mapping was adopted for discussion. An individual interview using the same topic guide was made with a former staff member of the Asia Foundation. A simple content analysis was employed to logically identify recurrent themes during the discussions.

Findings

Puttalam district lies in the northwestern province of Sri Lanka. People in many parts of the province remain poor especially those living along the nonirrigated areas and the border areas affected by armed conflict. The northwestern province suffers the worst from the drought, while the areas bordering the north were affected by armed conflict.
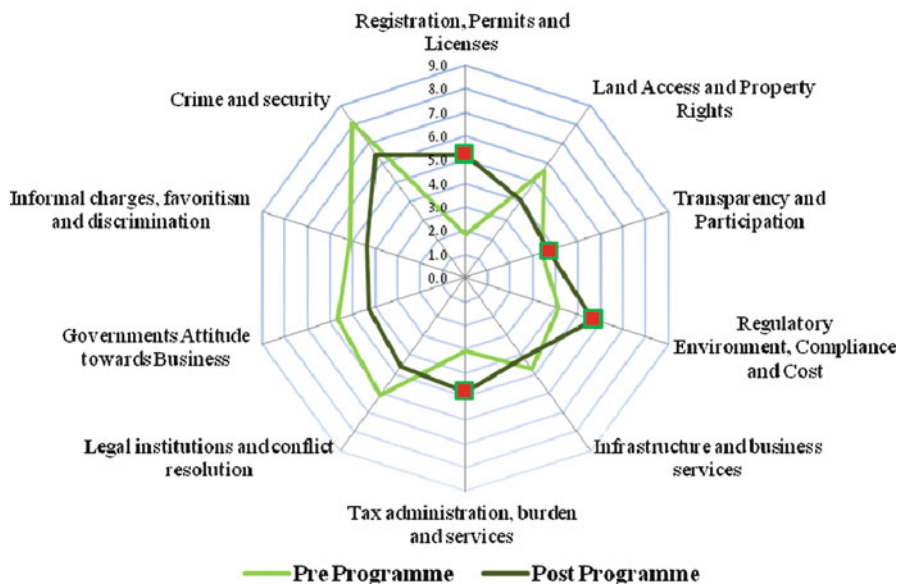
Fig. 12.2 Impact of the intervention in Puttalam

Puttalam district is divided into sixteen administrative divisions. According to Child Vision (2009), the population of the district is approximately 709,677. Majority of its inhabitants are poor dry-zone cultivators or agricultural laborers. Its population is a mixture of Sri Lanka's major ethnic and religious groups. The majority of its population is ethnic Sinhalese and Buddhists by faith. There are also large Muslim and Tamil populations in the district. *Puttalam* town, however, is predominantly Muslim with 20% Tamils and 10% Sinhalese. Even though *Puttalam* is not in the war zone, a large number of people here have been affected by the war since 1990. About 63,145 displaced families from the north and the east have now settled here.

Puttalam demonstrated some improvement in terms of the four EGI subindices, namely, (1) registration, permits, and licenses; (2) transparency and participation; (3) regulatory environment, compliance, and cost; and finally (4) tax administration. Among these four subindices, improvement in performance was achieved in registration, permits, and licenses. Some improvements were also seen in two others: regulatory environment compliance and cost, and tax administration burden and services. Transparency and participation has also increased, but not significantly. Figure 12.2 illustrates the performance of EGI subindices in the locality during pre- and postprogram scenarios.

Figure 12.2 shows that performance in six EGI subindices has declined. Some of the legitimate arguments raised during the focus group discussions as to explain this decline, but the reasons they pointed out were not always about regulatory mapping alone. They criticized broad systemic issues that are interconnected and affecting not only this particular initiative but also any other procedures and routines.

With regard to the LEG project, FGD participants stated that they perceived LEG program as UC-based, stand-alone intervention. They believed that if more partnerships were established with peer agencies such as divisional secretariat, impressive, sustainable results would have been jointly achieved.

LEG was implemented in *Puttalam* over a period of approximately 2 years. It is their belief that LEG project duration was not adequate to rectify some of the deep-rooted issues, bribery, for example, of a system which is being maintained for longtime. It was highlighted during all focus group discussions that subindices like government attitude toward business could have improved if LEG further intensified its advocacy efforts at the national level. Further, the political stability of a country is extremely important to predict a positive attitude from government toward businesses. They view that government attitude toward business is not necessarily constituted as a local phenomena. Level of crime had increased, and security situation had been continuing to deteriorate during the last 2 years in *Puttalam* and was a direct consequence of protracted armed conflict. Participants highlighted during almost all discussions that programs aimed at improving a complicated system like governance should seriously consider issues such as ethnic balance if it is implemented in a multiethnic locality in particular.

The business community stressed their dissatisfaction about continuous mismanagement of funds and expressed services of LA are highly politicized. In their opinion, decision-making process in the UC is neither transparent nor participatory, and decisions are made in a rather authoritative manner. Politicization of services has split the business community. Ad hoc phasing out of LEG was a surprise for all. They criticized that most of the structures, including working committee which was established to be the steering group of the program, are defunct. Authorities show less interest to comply with legal and procedural agreements.

Conclusion

Improving economic governance in particular is undoubtedly important as it is central to the achievement of the MDGs. Regulatory mapping was yet another intervention in LEG program. It was not assumed to result in improved performance in terms of all the ten EGI subindices. However, as an innovation, regulatory mapping has successfully challenged existing realities of economic governance at LA level in a locality like *Puttalam.* Some of the programmatic limitations of LEG, from designing stage to phasing out, have impeded the actualization of objectives of regulatory mapping.

The strength of an innovation depends on many factors. Tripathy (2008) presents five characteristics, namely, affordability, compatibility, adaptability, acceptability, and sustainability of successful and replicable governance innovations. In terms of sustainability, regulatory mapping did not perform well mainly because of relatively short project duration. Organizations like the AusAID (2003) say that improving

governance is a long-term process and needs to be implemented over a period of at least 5 years.

Challenges are everywhere for innovations, resistance the common form. Regulatory mapping was also resisted; certain LAs did not extend their fullest consent to unveil detailed outline of the legal and procedural environment. But based upon the perceived benefits of it, LAs tended to comply and incorporate it into their working styles and environments. The experience of regulatory mapping in LEG program authenticated that the success of a governance initiative is determined by both technical capability of the innovation and adaptive circumstances.

Any initiative that is intended to improve governance should be a long-term process. It is essential to determine the duration of such an initiative while the implementation, particularly upon process learning, rather than rolling out as a fixed-term project. Further establishing appropriate strategic partnerships is also inevitable. It is because not only governance needs more parties to be involved in a dialogue but also operational support required is also multifaceted. Therefore, such initiatives should invite partners from peer agencies of corporate and public sectors as well as civil society. Intended civil society groups, that is, business community as far as this particular project is concerned, must be mobilized adequately in order to become an empowered agency to lead a dialogue with institutions concerned. Finally, a participatory learning process should be established, in addition to routine programmatic monitoring and evaluations, within the project that enables all parties to learn, reflect, and reorganize when and where required modifications.

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Chapter 13
Benefits and Challenges of E-Governance for Service Delivery in Nepal

Ishtiaq Jamil and Tek Nath Dhakal

Introduction

The recent Nepal's Millennium Development Goals (MDG) Report 2010 shows an encouraging profile for achieving its goals. At the same time, it is also an irony that many Nepali people are still living with the lowest life expectancy and having a large share of undernourished children. Despite that the country has made significant progress in different sectors, development has still been significantly unequal across the regions and social groups. Marginalization of low-caste Hindu and rural people and those belonging to other ethnic and religious groups has been common (Askvik et al. 2011: 4). Quite often, these people are left out of the mainstream development process with little access to public services and responses from the policy makers and implementers (Riaz and Basu 2010: 9). It is, therefore, expected that the introduction and or institutionalization of information and communication technology (ICT) in public administration would improve public services, promote more inclusion of marginalized groups, and establish citizen-friendly governance (Snellen 2007: 398). It is a means to reinvent government by modernizing its information processing capacity to make its decisions and accessibility more citizens friendly (Silcock 2001: 88). The result is the introduction of e-government. Increasingly, it is now applied both internally, that is, to fulfill the functions of politics and public

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administration, and externally to link public organizations to the demands and needs in the environment, that is, to citizens and businesses. On the one hand, it is introduced to provide more information about services to citizens and more choice options, and on the other hand, for improving transparency and accountability in government functions. ICTs are changing the way the government does business for the people. In this context, "e-Government is seen to be a lever for the transformation of government" (UN report 2008: 2). It is argued that e-governance makes public administration more open, flexible, and easily accessible by citizens without even meeting officials in public. Morover, for e-governance to be an interactive and a user-friendly process requires citizen's access to ICT facilities as well as minimum skills in computer use. In other words, ICT infrastructure and computer literacy are essential ingredients for the success of e-governance.

Within the organization, it enhances automation and thereby more routinization, and standardization which may enhance efficiency and predictability of public actions. Externally, it connects the organization with the environment, enhances interaction and improves citizen-public organization-bureaucracy interface. This in turn, as argued, may enhance responsiveness of public organization to respond to the needs of citizens. In other words, deployment of e-government in public organizations is more concerned with efficiency in decision making and, on the other hand, to improving quality of services. Along with this, the purpose of e-government is to enhance democratic norms and make citizens more inclusive and empowered. The application of ICT in education, health service delivery, and information dissemination from public organizations such as citizen's charter is few of the development areas worth to mention. The ICT has in many ways changed the way people think, live, and perform their activities; the way society manages its affairs; and the way state operates and carry out its function. It is also an important means to increase citizen's trust in public institutions by making decision making more inclusive ensuring people's participation in the process of governance. The revolution in ICT development is often referred to as technological determinism in which technology is considered as the cause of social and organizational changes (Houmberg 2008: 2).

In Nepal, the public, private, and the nonprofit entities have applied ICT for some time now for improving their performances. The e-policy in Nepal focuses on using e-government especially for the delivery of programs and services and the usage of information infrastructures for improved internal administrative procedures. To augment the e-governance initiatives, a number of legal instruments have been introduced and necessary institutional mechanism has been created. In Nepal, ICT is to play important roles for economic development and poverty alleviation efforts which are the primary goals of MDGs. For this, telecommunication sector has been taken up as *an* important factor for rural agricultural development and expansion of markets. Nepal also uses MIS (management information system) to improve public sector governance and service delivery such as land management, public finance, procurement, and tax collection, in addition to disaster management activities. Further, targeting poor and rural people, Nepal has also launched telecenters or Community Information Centers programs for incorporating them in order to bring them in the mainstream of development process.

In this context, this chapter, discusses the benefits and challenges of implementation of ICT to augment services that help to fulfill the MDGs in Nepal. The focus of this chapter is on two aspects of e-government in Nepal: (a) internal efficiency of public organizations for the improvement of public services, that is, quality of services, and (b) accountability of public officials and hence empowerment and more inclusion of citizens in the decision-making process.

Internal efficiency refers to introduction of ICTs in the daily works of public officials. To what extent their routine responsibilities and duties are automated and standardized to increase efficiency. It mainly includes proper distribution of responsibilities in order to reduce time, ensure standard and regularity in the production and delivery of services to ensure quality.

Accountability of public services means to what extent ICT is used to ensure responsiveness of public officials to the environment, that is, citizens and society. This includes exchange of and access to information through e-mails, websites, and home pages that citizens use and browse to learn about different aspects of the public organization, for example, types of service provision, time schedule for a service provision, and how to lodge a complaint with a public office. On the other hand, officials learn about the demand and needs of citizens, what complaints citizens usually lodge. Improvement of public services refers to maintaining a proper standard in terms of uniformity, timeliness, and quality services.

Status of MDG Achievement in Nepal

One-third of the people in the globe particularly in developing countries are still fighting for their survival due to poverty and inadequate access to basic services (Dhakal 2005). To solve such issues, both local initiatives and the global partnership for development have been considered important. The UN global conferences of the 1990s and later in 2000 adopted Millennium Development Goals[1] (MDGs) and drew up a number of key global development goals and targets. The international development targets (IDTs) and also the Millennium Declaration of the 2000 of United Nations are the pronouncements of global commitment for putting the needs, rights, and aspirations of the people for enhancing the capacity to fight against poverty, disease, and environmental problems.

In Nepal, the Tenth Plan (2002–2007) and the PRSP (Poverty Reduction Strategy Paper[2]) objectives were directed in line with meeting the MDG goals. Later, the

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[1] Eight major Millennium Development Goals (MDGs) declared in 2000 are eradicate poverty and hunger; promote gender equality and empower women; achieve universal primary education; reduce child mortality; improve maternal health; combat HIV/AIDs, malaria, and other diseases; ensure environmental sustainability; and develop a global partnership for development (Source: United Nations Country Team of Nepal, 2002, p. 1).

[2] Poverty Reduction Strategy Papers (PRSP) is a document describing the country's macroeconomic, structural and social policies, and programs over a 3-year or longer horizon to promote broad-based growth and reduce poverty.

Table 13.1 Key development and MDG indicators and their values for Nepal

S.No.	Indicator	Value	Year	2015 target
1	Population size (projection in millions)	27.5	2009	–
2	Population growth rate (projection in average)	1.94	2009/10	–
3	Life expectancy at birth (year)	63.69	2006	–
4	GNI per capita (US$)	472	2008/9	–
5	Real GDP growth rate (average)	3.95	2008/9	–
6	Inflation rate	13.2	2008/9	–
7	Human development index	0.509	2006	–
8	Population below national poverty line (percent)	25.4	2009	21
9	Proportion of employed people living below US$1 (PPP) per day	221	2010	17
10	Underweight children aged under 5 years (%)	38.6	2006	29
11	Literacy rate (15–24 years)	86.5	2008	100
12	Net enrolment rate in primary education	93.7	2009	100
13	Infant mortality rate	41	2010	36
14	Under-five mortality rate (per 1,000 live births)	50	2009	54
15	Maternal mortality ratio (per 100,000 live births)	229	2009	213
16	HIV/AIDS prevalence for 15–49 years (percent)	0.49	2007	–
17	People using wood as their main fuel (percent)	68.4	2008	–
18	Energy use per unit GDP (toe/mRs)	24.8	2007	–
19	Commercial energy use per unit GDP (toe/mRs)	3.7	2007	–
20	Area under forest coverage (percent)	39.6	2009	40
21	Population with sustainable access to improved water source (percent)	80	2010	73
22	Population with sustainable access to improved sanitation (percent)	43	2010	53

Source: GoN/National Planning Commission and United Nations Country Team of Nepal (2010); also see UNDP (2009), CBS (2009), NRB (2009), NPC (2010), MOHP et al. (2007), DOE (2009), NFHP (2010), FHD (2009), NCASC (2009), MOF (2008), DFRS (1999), DWSS (2010)

Three-Year Interim Plan (2008–2010) also renews Nepal's commitment to the MDGs. The progress reports of the MDG in 2005 and again in 2010 indicate that Nepal is likely or potentially be in line with meeting the MDG goals, however, services in all areas and to all social groups are not taking place and remains a big challenge for the government. The present development and the MDG indicators and their values give a mixed picture of Nepal's status of development and MDG in progress (see Table 13.1).

Despite the improvement in MDGs indicators, Nepali people have the lowest life expectancy in Asia, it has the largest share of undernourished children, and most importantly, development has been significantly unequal across social groups – an aspect that is not reflected through MDG indicators that measure national averages. Ensuring equitable growth is one of the key challenges at this point. To bridge this gap, improvement in governance with its application of ICTs would be expected to be able to address such issues.

Methodology

To generate the primary information, two Internal Revenue Offices located in Kathmandu were selected as units of analysis. In Nepal, the application of ICT is still in a formative stage. The Inland Revenue Department (IRD) in Kathmandu is considered one of the leading organizations to use ICT in its day-to-day business in Nepal. The respondents were both among the service providers and service receivers. The effective size of the respondents was 10 officials (8 tax officers and 2 chief tax officers) from among the service providers and 47 service receivers (initial plan was 100 respondents from among the service receivers). These service receivers were selected randomly on some particular days during the study period from among those who approached these offices. They responded to a questionnaire survey. In addition, some in-depth interviews were carried out with some respondents to supplement the information gathered through the questionnaire. Data was collected during the first week of October 2010.

Government to E-Governance: Theoretical Discussion

ICT may look into the innovation and any application of technology such as for improving governance and its impact on better service delivery. Every public activity involves information generation, sharing, and dissemination and communicative aspect. In this regard, institutionalization of this capacity is a sine qua non for any public organization to be effective, efficient, inclusive, and responsive. The development of ICT or e-government may be argued to enhance this capacity of public organizations. Even more with increasing emphasis on accountability of public officials of their deeds, e-governance is likely to make the system more transparent, open, and accessible to citizens. This is because ICT helps tasks of public officials to be standardized, uniform, and more predictable. This removes uncertainty and ambiguity in the delivery of services.

Box 13.1 Features of Government, Governance, E-Government, E-Governance

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Government superstructure, decisions, rules, roles, implementation, outputs
Governance functionality, process, goals, performance, coordination, outcomes
E-government electronic service delivery, electronic workflow, electronic voting, electronic productivity
E-governance electronic consultation, electronic controllership, electronic engagement, network societal guidance

Source: Donald F. Kettl (2002)

Four concepts, namely, government, governance, e-government, and e-governance, are commonly used in administrative literatures (also see Box 13.1). According to constitutional provision, the government is legitimized to exercise power and control. Thus, the government, in brief is taken as an institution that is formally constituted, bureaucratically organized, and constitutionally legitimized.

Governance as a concept started to gain prominence in the 1980s and is concerned with increasing interactions of three actors – state, market, and the civil society in subnational, national, and supranational levels. It is a process rather than a goal. Along with this process, good governance started to inspire policy debates as a means of securing development and growth, thereby requiring governments to be open and predicable. This openness and predictability of government functioning are further echoed in e-governance.

The terms of e-government and e-governance are often used interchangeably (Riley 2003). Therefore, e-government means extensive use of ICT in the production and delivery of political and public administrative functions (Silcock 2001: 88). This entails computerization internally in the enhancement of effectiveness, efficiency, and economy of public administration, especially in the production and implementation of policies. Second, the use of ICT is to bridge public organizations with society and businesses through creating websites and home pages for information, communication, and transactions with the environment. The introduction of e-mail, Facebook, and other network devices is to increase accessibility of citizens to public organizations and ensure democratic governance (Snellen 2007: 399–402). According to Nixon et al. (2010: xxv), "one of the key elements often mooted in the use and utility of e-government is the possibility of ICT to widen and deepen public consultation processes in decision making, hence improving policy outcomes." Simply stated, e-government is the use of ICT to transform the traditional public administration into a more accessible, transparent, effective, and accountable service-providing institution.

In the following, UN's five guiding principles show key notions of e-government (United Nations, 2002):

- Building services around citizen's choices
- Making government and its services more accessible
- Social inclusion
- Providing information responsibly
- Using IT and human resources effectively and efficiently

E-government does neither mean just putting more computers on the desks of government officials nor just establishing websites and Internet. It is utilization of ICT technology to support and stimulate good governance. In this regard, the major purpose of e-governance is to establish relationship between government officials and citizens providing greater access to government information and services by making the government accessible online as well as promoting citizen participation by enabling citizens to interact more conveniently with government officials. It includes access to government services, for example, by filling required documents through website; increasing government accountability by making its

operations more transparent, thereby reducing opportunities for corruption; and supporting development goals by providing business, rural and traditionally under-served communities with information, opportunities, and communication capabilities (Baev 2003). Thus, it increases the flow of information accelerating the process of decision making by optimizing resources and making the mechanism for decision making self-regulating.

The objective of e-governance is to support and simplify governance for all parties – government, citizens, businesses, and employees. Two major objectives of e-governance are "service to the public sector" and "efficient government." The "service to the public" fulfills the public's needs and expectations satisfactorily on the front-office side, by simplifying their interactions with various online services. The other objective "efficient government" helps for government operations to facilitate a speedy, transparent, accountable, efficient, and effective process for performing government administration activities. Significant cost savings (per transaction) in government operations can be the result.

Status of ICT Development in Nepal

The introduction of e-governance in Nepal has a short history. Its main objective is supporting good governance initiatives of the government by enhancing efficiency and effectiveness, improving information dissemination and service delivery mechanisms through use of ICTs, and stimulating the development and growth of ICT sector within the country. To implement the e-governance initiative, there is a need for infrastructure development, improvement of law and public policy, building e-literacy, enhance accessibility, ensure privacy and security, and development of workforce. In addition, there is a strong commitment from the leadership for the development and give attention for strategic investment, collaboration, and citizen participation. Once government makes strategies to transform the governance process, it must prepare to meet the significant challenges and opportunities that will arise during implementation. To augment the ICT initiative in Nepal, the government of Nepal (GoN) has made a number of efforts by bringing IT Policy, enacting legal instruments, and action plans.

Development of IT Policy and Creation of Legal Instruments

Introducing IT Policy in 2000 was one of the key functions of developing e-governance in Nepal. Its broader objective is to make information technology accessible to the general public and increase employment through this means, to build a knowledge-based society, and to establish knowledge-based industries (His Majesty's government of Nepal 2000).

Later in 2010, the government of Nepal introduced new IT policy whose aims are (GoN/MoST 2010: 8):

- To make ICT as government's priority area
- To encourage for the development of a knowledge-based society
- To make e-government inclusive and effective for disseminating information and delivery of services
- To use ICT as productive resource in economic and commercial sectors
- To access to international efforts and developments of IT
- To make effective government integrated data center to develop IT as development infrastructure

The new IT policy tries to ensure more of its use in both the public and private sectors. In addition to IT policy adoption, a number of legal instruments are created to develop IT sector for augmenting e-governance in Nepal. Some of them are Electronic Transactions Act and Digital Signature Act 2008; Cyber Law in 2007; E-Government Master Plan 2006; Telecommunications Policy 2004; National Strategy Paper on ICT (National Planning Commission), 2002; Electronic Transaction and Digital Signature Act (ETADSA), 2057 (2000); Copyright Act, 2059 (2000); Telecommunication Act, 1997 and Telecommunication Regulations 1997; and National Communication Policy, 1992. These efforts obviously create an environment to develop ICT sector in Nepal. However, the commitment from the policy makers as well as from the policy implementers is considered equally important.

Institutional Mechanism of Implementing ICT in Nepal

Some of the important institutions created to augment ICT sector are the Ministry of Science and Technology (MoST), High Level Commission for Information Technology (HLCIT), and Nepal Telecommunications Authority. In addition to these governmental entities, a number of private organizations which offer teleservices including telephone and Internet services are also created. There are 22 Internet service providers (ISPs), six VSATs (very small aperture terminal), eight radio paging service provider, and some 15 software-developing companies have been providing services. The government has also emphasized BOT (build, own, and transfer) system and permitted FDI (foreign direct investment) for the development of this sector (UNDP: ICT profile in Nepal, 2006). To enhance institutional strengthening of municipalities and air transport capacity enhancement of Tribhuvan International Airport including three remote domestic airports has been supported by Asian Development Bank which is one of the important endeavors to contribute to IT development in Nepal (ADB-Funded ICT-Related Projects in Nepal 2009).

Increasing Trend of ICT Utilization in Nepal

Effective application of ICTs in public administration and governance area in Nepal remains relatively low. Even though the trend to use personal computers (PCs) and networking has been increasing, there is conspicuous lack of systemic approach to deployment of ICT-based delivery models in the administrative setup.

The administrative structure is yet to make forays into databases, MIS intranets, and meaningful web presence – basic attributes that determine e-readiness in Nepali bureaucratic setup to plunge whole hog into e-governance. Out of total 26 ministries, 25 ministries have already introduced web and 22 ministries e-mail IDs. Only around 50% of the government departments have the web presence (see Box 13.2). IT education in different secondary level schools, colleges, and training institutes also help to augment the utilization of e-learning. The recent introduction of telemedicine in remote villages would be very useful to deliver health-related services.

Box 13.2 ICTs in Ministry and Departments

	Ministries	Departments
Total	26	51
With web page	25	27
With emails	22	32

Source: http://www.nepalgov.gov.np/?option=ngdir&page=ngdir (visited on 19.3.10)

Box 13.3 Trend in Phone Users in Nepal

	2005	2010
Total mobile users	299,000	10,500,000
Landline users	–	843,000
Mobile density rate	1.52%	36.27%
Teledensity rate	–	41.51%
Total telecommunication customers	–	11,800,000

Source: http://www.ekantipur.com/np/2066/12/4/full-news/308552/ (accessed on 15.03.2010); http://www.ekantipur.com/np/2068/1/25/full-news/242152/ (accessed on 08.05.2011)

In addition to governmental departments, academic institutions, private organizations, and the NGOs have also increased significantly and coming up with web presence. In addition, there is an overwhelming increment of using telephone and mobile phones (See Box 13.3). In 1999, the teledensity reached 1 line per 100 inhabitants which was 1.4% in 2003, and expected to be 15% by 2017. It was the private sector that first connected Nepal to the Internet in 1995. PC penetration in Nepal is continually on the rise and is at an estimated 0.96 per 100 people. The ISPs

Table 13.2 E-government readiness in Southern Asia

Country	2008 index	2005 index	2008 ranking	2005 ranking
Maldives	0.4491	0.4321	95	77
Sri Lanka	0.4244	0.3950	101	94
Iran	0.4067	0.3813	108	98
India	0.3814	0.4001	113	87
Pakistan	0.3160	0.2836	131	136
Bhutan	0.3074	0.2941	134	130
Bangladesh	0.2936	0.1762	142	162
Nepal	0.2725	0.3021	150	126
Afghanistan	0.2048	0.1490		
Region	0.3395	0.3126		
World	0.4514	0.4267		

Source: UN (2008: 33)

(Internet service provider) source reveals that the number of subscribers to their services has an annual increment of 50%. There were only 35,000 users in 2000 which has increased by ten times in 2009. These trend shows that there is a growing trend for the application of ICTs in Nepal. It is estimated that business organizations use 30% of Internet services followed by international organizations based in Nepal and private home users by 20% each. The NGOs occupy 15% share, educational institutions 10%, and government entities just limited to only 5%. There have been an increasing number of computer users across the rural areas through schools, colleges, and computer training institutes.

Compared to urban areas, rural areas where 85% of the total population (27.5 million – projected in 2009) lives are characterized by acute shortage of telephone accessibility. Nepal Telecom source shows that only 1,963 village development committees (VDCs) out of 3,915 VDCs have been served with at least one PCO (Nepal Telecommunications Authority, Management Information System (MIS), Vol. 8). The general phenomenon is that telephone penetration has been heavily skewed in favor of urban areas as a significant number of VDCs remain underserved.

E-Government Readiness in Nepal

Despite widespread use of ICT in households and in the private sector in Nepal, its use in the public sector is still poor and modest. The UN conducted a survey in 2008 to map the application of ICT by governments in different countries. The focus of the survey was on e-government readiness (Table 13.2).

According to the survey, Nepal is a poor performer in terms of e-government readiness and, in fact, lowest in the Southern Asian region. Its ranking in terms of e-government readiness has deteriorated from a rank of 126 in 2005 to 150 in 2008 among 189 countries. Moreover, its readiness index of 0.2725 is lower than region's index of 0.3395 in 2008. The Southern Asian region remains far below the world

Table 13.3 ITU IDI for Southern Asia

Country	Rank 2008	ICT Development Index 2007	Rank 2002	ICT Development Index 2002
Maldives	68	3.16	88	1.96
Iran	84	2.94	92	1.93
Sri Lanka	105	2.38	97	1.75
Bhutan	123	1.63	118	1.17
India	117	1.59	117	1.19
Pakistan	128	1.46	146	0.89
Bangladesh	137	1.26	132	1.02
Nepal	142	1.23	133	1.01

Source: Bhuiyan (2010: 5), ITU (2010: 10)

average and is the lowest ranking region in Asia. The Maldives (0.4491) continues to lead this region, followed by Sri Lanka (0.4244) and Iran (0.4067).

In another study by the International Telecommunication Union (ITU) on ICT Development Index (IDI),[3] Nepal was ranked the lowest (142 of 159 countries) in the Southern Asian region in 2008 (ITU 2010: 10). Its ranking has deteriorated since 2002 (Table 13.3).

Despite such poor ranking of Nepal in ITU ICT Development Index in the Southern Asian region, Nepal's progress in terms of the number of mobile phone and landline users has increased significantly in the last few years (see Box 13.3).

Data Analysis: Status, Importance, and Consequences

We focus on two aspects of e-government in Nepal as mentioned earlier. These are (a) enhancing internal efficiency of public organizations and improvement of service delivery and (b) maintaining accountability of public officials and hence empowerment and more inclusion of citizens in the decision-making process.

Improvement in Internal Efficiency

In order to map the extent to which Internal Revenue Offices have adopted e-governance using ICT technology to enhance internal efficiency for the delivery of services to their clients as well as for better internal coordination among different responsibilities,

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[3] Based on (a) *ICT access*: (1) fixed telephone lines per 100 inhabitants, (2) mobile cellular telephone subscriptions per 100 inhabitants, (3) International Internet bandwidth (bit/s) per Internet user, (4) proportion of households with a computer, (5) proportion of households with Internet access at home; (b) *ICT use*:**:** **(**6) Internet users per 100 inhabitants, (7) fixed broadband Internet subscribers per 100 inhabitants, (8) mobile broadband subscriptions per 100 inhabitants; and (c) *ICT skills*: (9) adult literacy rate, (10) secondary gross enrolment ratio, (11) tertiary gross enrolment ratio.

Table 13.4 Employees response regarding the improvement in internal efficiency of Internal Revenue Office. Absolute numbers

Type of services	Very much + to some extent	Not at all	N
Easier to deliver services	10	–	10
Increased clients' accessibility to services	10	–	10
Helpful in decreasing queue	10	–	10
Helpful in quick decision making	8	2	10
Increase of employees' skills	9	1	10

The question was: Do you think the service quality has been improved in IRD after introducing ICT in terms of accessibility of services, helpful in decreasing crowd, helpful for quick decision making, easier to deliver services, and increasing employees' skills? The answer alternatives varied from (1) very much, (2) to some extent, to (3) very little

we asked the employees to give their opinions on a set of issues as specified in the following table.

Since the number of employees interviewed is only ten, we present absolute frequencies for the following statements (Table 13.4).

Almost all employees are positive about the introduction of ICT in their organization in enhancing internal efficiency. They experience now that it is "easier to deliver services" to citizens, "clients' accessibility" to services has increased from before, ICT has reduced "queue" and it is "helpful for making quick decision", and it has enhanced "employees' skills."

The findings indicate extensive use of ICT in the Internal Revenue Offices that has helped to streamline service provision processes. ICT is considered an important and helpful tool in the decision-making process. This helps to ensure quality, uniformity, and standard of services.

However, there is room for improving service provisions. In this regard, imparting computer skills is essential as well as improving the user friendly attitude of employees. In the following, we present citizens' views about the improvement of services after ICT has been introduced.

Improvement of Service Delivery

One of the major objectives of introducing ICT in public offices is to deliver service effectively and efficiently, that is, to transform the process of traditional mode of service delivery. To map service receivers' opinions about the status of service delivery, we asked the respondents to give their opinions on the following statements (Table 13.5).

As the above table reveals, service seekers as a whole are quite positive to the changes brought about by ICT in Inland Revenue Department. They perceive that it is easier to get information from IRO, easier to lodge complain to them, getting services in time, easier to report, and less persuasion of employees to get a business

Table 13.5 Citizens' response in terms of various issues regarding ICT utilization at Inland Revenue Department. Percentage distribution

	Very much	To some extent	Very little	Total	
	(%)	(%)	(%)	(%)	N
Service delivery in time	52	42	6	100	36
Decrease in the persuasion of employees	40	40	20	100	35
Easier to lodge complain	59	38	3	100	32
Easier to report	43	50	7	100	30
Easier to get information in time	70	23	7	100	30

The question was: What were the changes in IRO after introducing ICT in terms of service delivery in time, decreasing pleasing employees, easier to lodge complain, easier to report, and easier to get information in time? The answer alternatives varied from (1) very much, (2) to some extent, to (3) very little

done. However, some still (20%) feel that IRD officials still need to be persuaded which indicates that some form of lobbying still persists.

In order to submit "income and expenditure" and "value added tax" (VAT) reports, the concerned service seekers have to contact the Inland Revenue Department for obtaining "personal account number" (PAN). This number can only be obtained by applying through the Internet. This means that users do not need to queue up before the revenue office for registration. This is based on first come first serve principle and subsequently has reduced queue and preferential treatment. However, in spite of the introduction of online registration facility, only 27% among our respondents themselves used online facility to register in order to get the number. The rest sought help of others to register. This has also led to some businesses that would help people to register online against some fee. This shows lack of skill on the part of many users to use Internet and online facility. This of course is a serious drawback for e-governance to be functional and interactive.

Inclusion in Decision Making

E-governance entails close interactions between public organizations and society. In this regard, it is more important that citizen feel that they are given due attention, space, and voice in public decision making. Partnership fosters better coordination and trust between citizens and public organizations and it is easier to implement policies. Similarly, The use of ICT in public organizations is likely to reduce queue, include citizens in the decision making process, give accounts of one's (official's) acts, and empower citizens through information dissemination. In our survey, we intended to map user's perceptions of the use of ICT in Internal Revenue Office and to what extent it has empowered citizens (Table 13.6).

Table 13.6 Citizens' response in terms of various issues regarding ICT utilization at Inland Revenue Department. Percentage distribution

	Very much	To some extent	Very little	Total	N
	(%)	(%)	(%)	(%)	
Decrease discrimination	25	61	14	100	36
Maintain accountability	15	58	27	100	33
Inclusion of citizen's demands in policy making	11	44	45	100	36
Empowering citizens	6	53	41	100	32

The question was the same as in Table 13.3. Respondents were asked to give opinions on decrease in discrimination, maintain accountability, inclusion of citizen's demands in policy making, and empowering citizens

The findings reveal that the introduction of ICT in Inland Revenue Department has improved to some extent to decrease the discrimination. In Nepal, "*afno manchhe*" (informal networking) is a powerful and strong strategy to get a business done in public offices. Elites usually are treated favorably. Elites in Nepal comprise those who belong to upper caste with a renowned family background and higher education. They get easy access to public officials and offices because of "old school" ties. Sometimes preferential treatment also involves undue favor. However, our respondents perceive that ICT has decreased discrimination. This is because ICT has changed the nature of registration process. Before, a user had to appear in the revenue office to get the number which involved lobbying, delay, inaccessibility to officials, bribing, and the use of *dalal* (middleman) to get the business done. The online registration facility has reduced harassment of users and expedited the process of registration.

The findings also reveal that ICT has enhanced accountability of the Internal Revenue Office than before. This means ICT has ensured that a given service be provided within stipulated time. The procedure is now more standardized meaning criteria for registration are clearly spelled out and it is easier for people to follow the instructions. They, to a much lesser degree, depend on the personal "whims" of the officials. The ICT has made the system and the procedure more formal delineating responsibilities of both the officials and the customers. In such a system, it is easier for both service providers and users to play their respective roles.

However, when it comes to citizen's inclusion in the decision-making process and their empowerment, citizens perceive that it has improved than before but much still remains to be done.

Conclusion

Nepal considers e-governance as an important instrument for economic and social developments and intends to make full use of it by being linked to the globalized world and breaking the barrier of geographical diversity. In this regard, ICT provides

a huge opportunity and potential for bringing about a major paradigm shift in the way public administration functions and thereby facilitate good governance.

In Nepal, various sectors, such as education, health, agriculture, tourism, and trade, among others, have been using information technology. The number of telephone/Internet users has increased significantly over the years. This has necessitated adequate legal and infrastructural facilities.

In this chapter, the major concern was twofold: first, to analyze to what extent ICT has enhanced internal efficiency of public organizations and, second, to what extent accountability of public officials has been ensured. The Inland Revenue Department was chosen as a relevant unit of analysis because of its large interface with citizens. Both the service providers, that is, employees of IRO, and its users, that is, citizens, were interviewed.

In terms of use of ICT, it was found that the revenue office has computerized a number of its functions which has enabled it to interact more and with ease with users. Service provision has become uniform, standardized, and stable thereby reducing delays, queues, and influence of middleman since lobbying has decreased. Information dissemination has become easier, the same with lodging complains. The employees stated that ICT use in their workplace has made their work procedures and decision making more routine, quick, and simplified; that they are more able to provide services in time; it has enhanced their skills; and user's accessibility to services has increased.

When it concerns accessibility of citizens to services, citizens do feel that ICT has reduced discrimination of access to services. However, with regard to empowerment, accountability, and inclusion of citizens in the process of governance, the trend is positive but still much more remains to be done. As a whole, the scenario of ICT use and e-governance in the case of Internal Revenue Office is positive. The question is to what extent the same scenario may be observed in other public offices in Nepal. Is there urban-rural divide when it comes to ICT infrastructure development? Is there a divide between different sectors or among different levels of government such as central and district and village levels?

From our study, we find two major challenges confronting e-governance in Nepal. First, to make e-governance operational and functional, adequate investment in building e-governance infrastructure is essential. This requires establishing physical facilities, financial resources, and technical expertise. Second, adequate motivation and necessary attitudinal changes are required to run public affairs in a more user-friendly and digitized manner. This is a challenge to the traditional public administration system and shifting to a new mode of governance. This requires political will and societal cooperation.

In terms of e-government readiness and ICT Development Index, Nepal is ranked the lowest in the Southern Asian region which indicates that other nations in the region have made significant progress and investments. Therefore, for Nepal to be competitive, it must realize the benefits of e-government and make necessary investment in this sector.

The government of Nepal has taken ICT as a strategic tool to reduce poverty and obtain MDG goals. Our study also shows growing application and encouraging

result for delivering the tax collection services. The trustworthiness of a government depends on to what extent services are delivered and in which manner. E-governance is considered an effective tool in this regard.

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Chapter 14
e-Leadership for e-Government in Indonesia

Awang Anwaruddin

Introduction

At present, Indonesia is going through some fundamental changes in the life of nation and state, i.e. a transition towards democratization and participatory governance. This change becomes more visible and pronounced when even the rest of the world is also undergoing a transformation towards the knowledge-based governance through an appropriate application of information systems and technological processes. The rate of progress of information and communication technology (ICT) and the potential for widespread utilization open opportunities for access, management and utilization of information in large volumes quickly and accurately. Experience has shown that the use of electronic media is a very important factor in a variety of international transactions, especially in trade transactions (Hjelm and McCarthy 2001). The inability to adjust to global trends will lock the Indonesian nation into the abyss of the world's digital divide.

Furthermore, the use of ICT by government, or so-called e-government, offers an increased portfolio of public services to citizens in an efficient and cost-effective manner. e-Government allows public services to be performed efficiently with more convenience to individuals. It is convenient and cost-effective for businesses, and the public benefits by getting easy access to the most current information available without having to spend time, energy and money to get it. The better accessibility of public services will enhance the implementation of some principles of good governance. e-Government is an easy way for the public to be more involved in political campaigns. It could increase voter awareness, which could lead to an increase in citizen participation in elections. e-Government also allows for government transparency which is important because it facilitates the public to be informed about

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what the government is working on as well as the policies they are trying to implement. All these will certainly improve the government accountability.

To anticipate the rapid progress of ICT and global changes, the government should immediately implement the transformation process towards e-government. Through the transformation process, the government can optimize the utilization of advances in ICT to eliminate barriers within a bureaucratic organization, and form a network management system and work process that allows government agencies, both national and local, to work in an integrated way to simplify access to all information and public services. The transformation carried out will affect the flexibility of all state institutions, communities, businesses and other interested parties in utilizing information to improve public services and to realize good governance.

Based on the observation on several local governments indicating best practices in e-government implementation and the literature study on e-leadership, this chapter is an attempt to analyse e-leadership as the key factor in the capacity building for e-government in Indonesia. The outcome of this chapter will expectantly improve the development of e-government and enhance the improvement of public service and the implementation of good governance principles in Indonesia and other developing countries. Above all, this chapter is also an actual contribution to reach the Millennium Development Goals (MDGs), especially to bring down IT illiteracy and to improve service delivery among the global citizens through electronic-based government.

The Development of e-Government

'e-Government' refers to the use by government agencies of information technologies (such as wide area networks, the Internet and mobile computing) that have the ability to transform relations with citizens, businesses and other arms of government. These technologies can serve a variety of different ends: better delivery of government services to citizens, improved interactions with business and industry, citizen empowerment through access to information or more efficient government management. The resulting benefits can be less corruption, increased transparency, greater convenience, revenue growth and/or cost reductions (The World Bank 2011).

The use of e-government is expected to empower the community through public access to information resources available (Haryono and Widiwardono 2010). In line with the definition, The World Bank (2011) states that by using electronic media, e-government provides services and facilitates interactions more friendly, convenient, transparent and inexpensive between government and communities (G2C), between government and business sector (G2B) and between a government institution and another (G2G). Thus, the proper use of e-government will be able to improve the quality of public services and to realize good governance in any developing countries.

In Indonesia, e-government was officially introduced to public administration by the President Instruction No. 6 Year 2001 on the Development and Utilization of Telematics (telecommunication, media and ICT) which instructs that the government

institutions have to use the ICT to support good governance. Furthermore, e-government should have been introduced for different purposes in government offices for the following reasons: (1) to support the government change towards a democratic governance practices, (2) to support the application of authority balances between central and local government, (3) to facilitate communication between central and local governments, (4) to gain openness and (5) to transform towards the information society era.

The changes are expected to build an accountable and transparent government which is capable to respond to changes effectively; to build a new dimension into the organization, management system and process; and to soon apply the transformation process towards e-government. The development of e-government is a mandate of President Instruction No. 3 Year 2003 on Policy and National Strategy for Development of e-Government in an effort to develop an electronic-based government in order to improve the quality of public services effectively and efficiently and to enhance the acceleration of good governance. The development of e-government will enable the restructuring of the management system and work processes within the central and local government agencies so as to implement the principles of better public service and good governance.

Based on the strategic plan of the Indonesian State Ministry of Communication and Information on the implementation of e-government (2003), there are some strategic plans to develop e-government as follows:

1. To develop a good service system with reasonable cost. The focus is to extend and improve the quality of information and communication networks, to build the information portals and integrated public services and to build the electronic document management system, standardization and information security system.
2. To develop management systems for central and local governments. The focus is to improve the quality of services needed by the community, to manage the changes, to reinforce the leadership and to improve the product of the regulation.
3. To optimize the use of ICT. The focus is on building the interoperability, standardization and procedure of electronic document management system, information security and basic application (e-billing, e-reporting) and to develop intergovernmental networks.
4. To improve the participation of private sector and ICT industries. The focus is to use the expertise of the private sector, to encourage further participation of the private sector and small industries.
5. To develop manpower capacity in the central and local governments. The objectives are to develop ICT culture in government institutions, to optimize the use of ICT training facilities, to extend the use of ICT for distant learning, to put ICT as input for school curriculum and to improve the quality of teaching.

There are currently several central and local government agencies taking initiatives to develop e-government for better public services and good governance through communication networks and information in the form of websites. Nevertheless, based on the writer's observation for the past 2 years, the majority of websites are

still at the *first level* (preparation) and only a small proportion has reached *level two* (maturation), whereas *level three* (strengthening) and *level four* (utilization) have not been reached yet. The development of e-government should be in harmony with optimizing the relationship between respective initiatives of government agencies and strengthening the policy framework. This approach is required to synergize two main interests in the implementation of e-government, namely, (1) the efficient use of the understanding and experience of each institution on better public services and good governance and (2) the structure of management system and integrated work processes.

The complexity of e-government development in government agencies therefore needs not merely ICT infrastructure but a strong leadership to manage the process of transformation towards its implementation. Leadership in question must have the ability to deal with personnel, equipment and other resources through various management roles and the proper use of ICT.

Definition of e-Leadership

Leadership is not limited only to a position or job; leadership covers a wider insight (Luthans and Avolio 2003). To be a leader, one needs to have vision and imagination (Ciulla 1997). As Burke (2008) defines, leadership is '…the ability to bring people, tools and resources together to solve problems and achieve results'. But in the current global era, leadership needs to go further. Leaders have to be capable of bringing people together despite geographical, cultural and other limitations by utilizing ICT to achieve organizational goals (Boudreau et al. 1998). Such leadership is called *e-leadership*, which might be simply defined as the ability to bring people, tools and resources together by utilizing ICT to solve problems and to achieve organizational goals.

Based on the above description, e-leadership competencies include the ability to integrate the various management roles and implement them by utilizing ICT. Burke (2008) points towards the roles to be executed by e-leadership as follows:

1. Visionary: the ability to see the big picture and translate it to staff
2. Convener: the ability to manage differences and bring organization staff towards clear goals and problem solving
3. Team sponsor: the ability to shape and direct the working group on real and virtual groups
4. Manager: the ability to seek and allocate resource management organization with responsibility and ability to manage real and virtual organization
5. Innovators: the ability to find new ways to work out duties and functions
6. Mentor: the ability to guide and direct the prospective new leaders within the organization

Furthermore, Raharjo (2008) indicates e-leadership characteristics as the vision and mission of the leaders and the commitment to the development of ICT. Both these

factors have very strong influences in the development of e-government implementation in several local governments in Indonesia such as Surabaya City and Sragen Regency.

On the other hand, Avolio (1999) said that a leader needs to understand that the power of the Internet has created a global society in a truly global market circle created by the interconnected world. This statement challenges the modern leadership to bridge the gap between government and society with the advancement of ICT and its impact and not merely the development of the technology (Burke 2008).

The solution to the problem depends on the leadership style of a leader, especially the readiness to transform from the existing to a new condition. e-Leadership requires a high level of transformation, which can be obtained through various sources, such as experiences, process of learning and the way a leader gets something just as an instinct, intuition, social relationship, etc. (Bass 1985).

An Overview of Transformational Leadership

The concept of transformational leadership was first proposed by Burns in 1978 and further developed by Bass and the other behaviourists. Burns (1978) introduced the concept of transformational leadership, describing it as not a set of specific behaviours but rather a process by which 'leaders and followers raise one another to higher levels of morality and motivation' (p. 20). He stated that transformational leaders are individuals that appeal to higher ideals and moral values such as justice and equality and can be found at various levels of an organization.

Working with Burns' (1978) definition of transformational leadership, Bass (1985) asserts that these leaders motivate followers by appealing to strong emotions regardless of the ultimate effects on the followers and do not necessary attend to positive moral values. Transformational competence of a leader may be measured by his ability in building a synergy of all employees through influence and authority so as to be more successful in achieving the vision and missions of organization. The change process made by a transformational leader, according to Bass and Riggio (2005), might be done through the following ways:

1. Increase employees' awareness on the values and importance of their tasks and jobs.
2. Direct them to focus on group and organizational goals, not on personal interests.
3. Optimize their potential.

Organizationally, Leithwood and Jantzi (1990) write that the implementation of transformational leadership is very useful to:

1. Build a culture of cooperation and professionalism among employees
2. Motivate leaders to develop themselves
3. Help leaders to solve organizational problems

Cultural cooperation and professionalism can be built in the organization because a transformational leader will facilitate the employees to engage in dialogue and

discuss and plan the work together (Leithwood and Jantzi 1990). Cooperation created from this activity will allow them to increase employees' awareness on the values and importance of their tasks and jobs (Bass 1985). Cohesion is also created when employees partake in formulating the vision and mission of the organization, which results in greater commitment (Bass 1985). A transformational leader will also share authority through the empowerment of employees and actively communicate norms and values of the organization (Bass 1985). To support cultural changes, Bass (1985) suggests using bureaucratic mechanisms implemented within the organization.

In addition, the cultural development will, indirectly, motivate leaders to develop themselves further. By involving staff in solving strategic problems, a transformational leader should be able to convince employees that the objectives are clear, rational and visionary (Bass 1985). The various skills possessed by a transformational leader will help the staff to work not necessarily harder but smarter (Bass 1985). Furthermore, staff involvement in solving strategic problems will increase shared understanding among employees so that any organizational problem would be more successful when solved collectively.

The above discussion and other sources (Burns 1978; Bass 1985; Bass and Riggio 2005; Leithwood and Jantzi 1990; Rees 2006; Soebhan 2004) summarize ten principles of transformational leadership within the government bureaucracy as follows:

1. Clarity of vision: Start with a vision reflecting the shared goals, and explain it to all employees in a clear and simple language.
2. Awareness of employees: Strive to increase employees' awareness of the value and importance of their job and tasks to the organization.
3. Achieving the vision: Be oriented to the achievement of the vision by way of protecting and maintaining the commitment built together.
4. The pioneer of change: Dare to make and respond to changes when necessary, and explain to all employees about the benefits of the changes made.
5. Improving competencies: Improve his leadership competencies continuously through a variety of instructional media and references.
6. Facilitating learning needs: Facilitate employees' learning needs and develop their potential as optimal as possible.
7. Empowering employees: Share his authority in a way to empower employees, based on trust, willingness and capability.
8. Developing creativity: Lead and develop the creativity of employees and assist them in solving strategic problems effectively.
9. Building culture: Build a culture of employees' collaboration, and direct them to prioritize the group and organizational goals rather than personal interests.
10. Creating conduciveness: Create an organization which is conducive for developing a culture of partnership, communication and multilevels and enhancing of ethics and morality.

It is clear then that transformational leadership can provide a variety of positive effects on employees, leaders and organizations (Bass 1985). In today's era of globalization, which requires the cooperation of all components of the organization to solve strategic problems such as the development of e-government, such a leadership model seems appropriate to be applied in a bureaucratic environment. In other words, such transformational leadership competencies are highly necessitated to complete the formation of e-leadership in the government agencies eager to improve the public services and implement the principles of good governance through the use of ICT.

Best Practices of Successful e-Leadership in Indonesia

For the past decade, several central and local government agencies in Indonesia have been implementing e-government for the purpose of public services improvement and good governance implementation with various levels, namely, street level, screen level and system level (Suprawoto 2008).

1. Street level is the level where people still have to come directly to public centres for a transaction, although the process is done electronically. The online service of ID card and passport is still at this level because the data coordination system has been integrated with the intranet network. Citizens still have to come to the service centres to take pictures and electronic signatures.
2. Screen level is the level where the device functions as tools of ICT support for public services. The e-procurement (bidding via the Internet) might still be in this category since the final stage of bidding still requires candidates to come directly to the agencies.
3. System level occurs when all service activities are done online. At this stage, the 'New Student Reception' conducted by the Department of Education can be categorized to this level. Although students should come to submit proof of diploma and other files, it was limited to just the final verification.

The most noted electronic applications facilitated by central and local government agencies are ID card and passport online, electricity and tax payments online, e-employment, e-procurement, e-election, e-finance, e-accountability and other services provided for the citizens to realize better public services and good governance. Several local governments in Indonesia prominent in the implementation of e-government are the regencies of Jembrana, Sragen and Kebumen and the cities of Jakarta, Bandung, Surabaya and Denpasar. However, due to the limited space and time, this chapter presents only two representing local governments that have successfully implemented e-government.

The City of Surabaya

In 2007 the local government of Surabaya City received a national award for its success in implementing the various systems and applications of e-government, such as e-procurement, e-budgeting and ID online. This achievement was facilitated through the accomplishment of several variables e-leadership (Aisonhaji 2008) as follows:

1. Aspects of the convener and team sponsors. In this respect, the Mayor of Surabaya City has proved to emphasize the use of ICT to support direct services and public works, while the implementation of e-budgeting and e-procurement is carried out through a 'coercion' for all units. The coercion in quotes also includes the protection of top management if the ranks of middle management in the city government turn to be 'mutually rubbing or deliberately swiped' from outside the organization because of a conflict of interest.
2. Aspects of manager and mentor. These aspects are applied through a significant budget allocation for network infrastructure with establishment of communication among the units. Various applications are also developed to further improve public services.
3. Aspects of innovator and radical change. Through these aspects various process and product innovation are facilitated through ICT services. Similarly, business model has been changed due to significant penetration of ICT into the organization. For example, the original auction is now carried out electronically that makes the process become shorter and simpler.

The implementation aspects above prove that e-leadership provides as the key factor of success in developing e-government. As Suprawoto (2008) notes, a strong e-leadership is the main prerequisite for the improvement of public services quality and the implementation of good governance principles through e-government.

The Regency of Sragen

The Sragen Regency is one of the pilot areas in the implementation of e-government in Indonesia. The rapid development of ICT in the regency can be seen from the rise of virtual worlds in society through the application of remote Sragen Global Network (Nagios). Its Internet and intranet are online for 24 h in all work units, and an interactive website is ready to provide public services. Here are the six success factors in developing the local e-government in Sragen Regency (Wahid 2007):

1. Strong political leadership with clear vision. This aspect is very important in ensuring the successful implementation of e-government. Strong political leadership is a proof of commitment to leadership in the implementation of e-government. Low commitment from the leadership, for fear of losing power, is one of the obstacles in the implementation of e-government (Allen et al. 2001).

2. Involvement of all parties. Strong leadership has provided a good climate to raise mutual awareness of the importance of support from all parties involved with implementation of e-government. The initial phase of implementation is not without obstacles. However, when innovation is proven, then it is easy to get the support of many parties (Rogers 1995).

3. Preparation of human resources in the implementation of e-government. One of the real constraints in the early stage of e-government implementation is the human resource capabilities. The problem is typical of human resources in the implementation of e-government, especially in developing countries (e.g. Heeks and Davies 1999).

4. Implementation in stages. This is another lesson that can be taken. 'One-stop service' is a good choice to initiate the implementation of e-government. In addition, since it involves many parties, the impact on public services can be directly felt. Infrastructure development was done in stages. In the early stages, 52 offices were connected to the Internet, and in the next stage, 208 villages were also connected.

5. Development of partnerships. The adaptive challenges of e-government go far beyond technology; they call for organizational structures and skills, new forms of leadership and transformation of public-private partnerships (Allen et al. 2001). Such partnerships with various stakeholders were developed in the Sragen Regency. For example, applications for identity cards' printing are the result of profit-sharing partnership with a private company.

6. Routine evaluation. One of the problems arising in the implementation of e-government is the absence of indicators of success (e.g. Janssen et al. 2000). It is well recognized by the Sragen Regency. Each year, the local government conducts a survey to service users in order to measure quality and, at the same time, to get feedback for improvement.

The regency of Sragen is a portrait of a successful e-leadership concerning with the improvement of public services quality and the implementation of good governance through e-government. As Allen et al. (2001) suggest, change management to overcome the inertia of the organization and culture can only be carried out properly with the support of such leadership (Allen et al. 2001). Organizational and cultural challenges (Allen et al. 2001) are very often more difficult to resolve than the challenge from the technology.

Conclusion

The development of e-government is meant to improve the quality of public services effectively and efficiently and to implement the principles of good governance. The success of e-government development depends highly on a strong transformational and ICT-oriented leadership or commonly known as e-leadership. Competencies

required in e-leadership implementation include the ability to integrate the various roles of leadership and the proper utilization of ICT to develop e-government.

From the study of best practices in two local governments in Indonesia, it can be concluded that various components of e-leadership are very significant in determining the successful development of e-government in any deserving countries for better public services and good governance. Even to say, if no e-leadership exists, do not expect e-government to be implemented in a government agency properly.

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Chapter 15
NGCSOs and Capacity Enhancement of Low-Income People in South Australia

Rabindranath Bhattacharyya

Introduction

Nongovernment community service organisations (henceforth NGCSOs) are catalysts to the implementation of poverty reduction policies as given in the MDG I. By doing so they bridge gaps of exclusion, apathy and ignorance which obstruct even the best designed policy to reduce poverty. Nongovernment organisations exist in every society on the basis of the demands and desires of the clientele they serve as well as on the basis of the self-critical examination of their own organisational performances. Among these NGOs there are some which primarily nurture profit motives in delivering services to their clientele, while there are a few others which aim at community services primarily on the basis of nonprofit works to the disadvantaged sections of the society. The later ones have been termed here as nongovernment community service organisations (NGCSOs). This chapter attempts to explore the impact of NGCSOs on marginalised people living in South Australia, who are excluded from meaningful participation in the society due to their low economic status. On one level this chapter attempts to identify the specific roles which the NGCSOs perform for raising the economic status of the low-income people specifically of Playford and Salisbury, economically two of the most disadvantaged council areas not only in South Australia but also throughout Australia. At another level, this chapter seeks to identify the lacunae in the performances of the NGCSOs vis-à-vis the role of Australian state in developing capability of the low-income people that ultimately limit the purpose of alleviating poverty despite a high payment on welfare purpose.

In the post-1945 period some academic buzzwords have dominated the intellectual world. In this wake, one may find 'developmentalism' or 'development' since the

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1950s up till the late 1970s then 'globalisation' since the early 1980s up till the late 1990s (Wallerstein 2004, p. 1–3). Since the mid-1990s, more particularly since the publication of 'Governance and Development' (World Bank 1992), the concept that has captivated the social science intelligentsia is 'good governance'. Concept of 'good governance' has firmly re-established the voice of politics over administration, thereby making politics-administration dichotomy that was so eloquently put forward by the founding father of public administration, Woodrow Wilson, and other doyens of the same discipline a bit obsolete.

Those who focus on the role of the NGCSOs for the purpose of poverty alleviation from the perspective of good governance mainly view it from any of the three approaches: (1) sustainable livelihood generation approach; (2) empowerment of disadvantaged sections, viz. indigenous people and/or women approach; and (3) capability development approach. Sustainable livelihood generation approach views that community involvement leads to resource planning and mobilisation in an effective manner which is best suitable for realising the local needs (Krantz 2001). With an approach to empowerment of disadvantaged sections, one may end up with final objective of participation of the people in the lowest rung of social hierarchy or of those who are differentiated on the basis of race, gender, etc., in decision-making process and thereby remain as the victims of social injustice (Narayanan 2003). The capability approach developed by Amartya Sen views capability as 'a person's ability to do valuable acts or reach valuable states of being; [it] represents the alternative combination of things a person is able to do or be' (Sen 1993, p. 30). Those who focus on the capability approach in analysing NGCSOs' role view that community service by the NGCSOs should develop 'capabilities' (potential to achieve) within persons that ultimately can make a difference in their 'functionings' (the actual achievement). This chapter wants to explore the significance that the NGCSOs have assumed in the 'post-welfare' Australia in developing the capabilities of the low-income people in Australia and the method by which such capabilities are attempted to be developed among the 'poor' and of course the limitations of this method.

Despite the sincere attempt on the part of any state authority, it is very difficult to measure the actual alleviation of poverty. This is so because of a growing consensus that the poverty indexes are not only many like income, capability and human goals on life style but also important is 'the choice of space and that of measure (which) tallies with motivation that makes us interested in evaluating inequality and poverty in the first place' (Sen 2006, p. 32–33). Income of course is very important for developing the capability since it makes a person capable to pursue certain goals in human lives. Education and health contain the basic space on which capability of a skilful persuasion of human goals flourishes. But that again becomes very broad without the choice of certain empirical line for identifying difficulties in accessing opportunities for good quality education or health. Fixing up that boundary line for the good quality again becomes subjective. For example, what will be the evidences of good quality health—longevity or the absence of any disease during even a shorter span of life—that becomes a matter of conjecture. Besides, life expectancy or absence of any disease does not depend only upon income but also on a number of factors including environment and

awareness about do's and don'ts for good health. So is child education that does not depend solely on the income of a family. Other than affording school fees, uniform, books or communication infrastructure to reach the school, child education also depends upon the aspiration of the parents about their children, the quality of teachers and the merit of the students.

With these complexities in determining the increase or decrease in poverty, the researchers are often confronted with contradictory findings throughout the world as many people who are identified as poor on the basis of their income are neither deprived nor excluded, while many of those who are deprived or excluded are not income poor, and Australia is also no exception (Saunders and Wong 2009, p. 3). This necessitates one to view the connection between income and capability. Here one comes to the concept of 'relative deprivation' vis-a-vis 'absolute deprivation'. Sen argues, 'A person's ability to be clothed appropriately (or to have other items of consumption goods that have some visibility or social use), given the standards of society in which he or she lives, may be crucial for the capability to mix with the others in that society. This relates directly to relative income vis-à-vis the general level of prosperity in that community. A relative deprivation in terms of income can, thus, lead to absolute deprivation in terms of capabilities, and in this sense, the problems of poverty and inequality are closely interlinked' (Sen 2006, p. 35–36). Consequently, the motivating concerns, which Sen argues as have to be 'related to equity and justice', get priority in dealing with the present issue.

There is currently enough literature to highlight the role of nongovernment organisations in providing aids to the economically challenged people in Australia. Some chapters in two books published by OECD may be referred to in this context which show the pivotal role played by the nongovernment organisations in providing community service. These two books are *Non-governmental Organisations and Governments: Stakeholders for Development* edited by Ian Smillie and Henny Helmich (1993) and *The Non-profit Sector in a Changing Economy* (2003) edited by the OECD. Both the books contain separate chapters on the NGOs in Australia. In *Non-governmental Organisations and Governments: Stakeholders for Development*, other than changing patterns and issues of the NGOs in general, there is a separate chapter on Australia that deals with the history of the official support of OECD and the method of assessing NGO activities which are effective in assisting or promoting sustainable development. In the second book there is a chapter on 'New Trends in the Non-profit Sector in Australia: A Greater Involvement in Employment and Social Policies' written by Julie Novak, which provides an overview of the Australian nonprofit sector and recent trends on the operations of nonprofit organisation.

Besides, one may go through Barbara Rugendyke edited *NGOs as Advocates for Development in a Globalising World* (2007). In the second chapter entitled as 'Charity to Advocacy: Changing Agendas of Australian NGOs', Barbara Rugendyke and Cathryn Ollif have discussed at length with documentation 'the emergence of the voluntary aid movement in Australia, from its genesis in pre-Second World War missionary and charity agencies to the formation of development assistance programmes, the growth in NGO activity, shifting fads in NGO priorities and the reasons for these' (p. 17–43).

This study is based on a mixed method applied during the period between 26 October 2009 and 25 February 2010. First, there was an ethnographic survey of some cultural and educational programmes that are run by the community centres in Playford and Salisbury. Just to mention a few, the author participated in a programme (named as 'Just Too Deadly Awards Night 2009') to celebrate the learning achievement of Aboriginal and Torres Strait Islander students who are graduating from years 7 to 12 in 2009 in Salisbury Recreation Precinct, Waterloo Corner Road, Salisbury North, and interacted with some guardians present there. The author also had a nonparticipant observation of the programmes that Bagster Road Community Centre (17 Bagster Road, Salisbury North, SA 5108) and Family Zone Ingle Farm Hub at Salisbury Communities for Children (PO Box 144, Para Hills 5096) run. The Bagster Road Community Centre has a 95% economically disadvantaged clientele nature. The Ingle Farm Hub also runs its programmes especially for the economically disadvantaged children and supports their parents, and the researcher had an experience of the feedback of the clients to understand the awareness of the people served. The author also visited the McVitty Community Centre, Davenro Park and Peach Road Residency area. Also day-long nonparticipant observation of the clients in two thrift shops, one in Playford and one in Bute, Adelaide, along with conversations with the customers, was done by the author. Besides, the author attended the Adult Literacy Northern Adelaide Networking Group meeting, held in UniSA Mawson Lakes Campus, that focused on sharing of knowledge and regional information on BKSB (Basic and Key Skills Builder), electronic storage of resumes, numeracy education by all and problems and the solutions regarding the mentioned points in Northern Suburbs of Northern Adelaide. Secondly, other than this ethnographic study, there have been numerous sessions of focused interview with some key officials like Director, Social Inclusion Unit, Govt. of SA; Director Human Services Policy, Govt. of SA; Manager, Health Dept, Govt. of South Australia; Coordinator, Manager of Bagster Road Community Centre, Coordinator and Manager of Salisbury Communities for Children; Program Manager of Northern Adelaide Schooling Initiatives, Northern Area Region; Manager, Playford Salvation Army; General Manager, The Smith Family, SA; and some other academicians, who have done research in the same area. Thirdly, to validate the ethnographic observation by case study, this study has taken up structured interviews of nine volunteers and nine clients of Playford Salvation Army at 39 Kinkaid Rd, Elizabeth East, SA 5112. As for data regarding the socio-economic situation in Australia, the study relies on the data published by the Australian Bureau of Statistics (ABS), Social Policy Research Committee, UNSW, ACOSS and Department of Public Health, Government of South Australia, for argumentation.

'Post-welfare' Australia and the Significance of NGCSOs

Since the 1980s and more specifically since the 1990s, Australian economy has been made open to the world. In effect, that has brought about the changes in social policies that mostly responded to the 'economic rationalism' of the market economy.
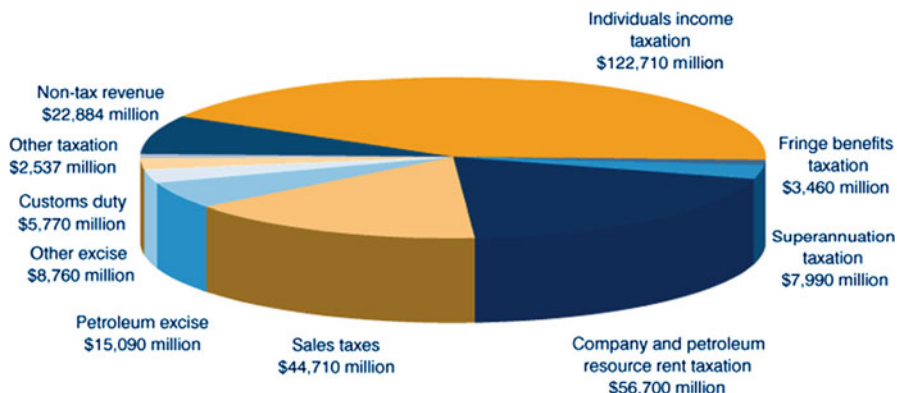
Fig. 15.1 Amount and sources of revenues of Australian Government for the year 2009–2010 (Source: Australian Government, Budget 2009–2010)

Scholars (Jamrozik 2005; Wilson 2006) observe that in the 1980s and 1990s, Australia has been deregulated and been made open to the world economy that has led to economic uncertainty. Especially since 1996, the social policies under the conservative coalition in Australia have been reflecting the implementation of the economic rationalist ideology with 'an endeavour to control, and preferably reduce, social expenditure'. Because of that economic uncertainty, Jamrozik wanted to refer to the Australian state since then as a 'post-welfare state'.

Paradoxically it is in this situation of uncertainty that the need for welfare payment becomes high. If one goes by the Australian Bureau of Statistics (ABS) data, then one may find that during 2003–2004, 2004–2005, 2005–2006 and 2006–2007, there has been a marginal increase in the total of 'all major income support payments and benefits' which is respectively (in $'000) 67245049, 66666351, 68484357 and 72176249 during the mentioned years (ABS 2008a—Income and Community Support). But looking at the total public sector operating statement—2005–2006— one may find that the total welfare payments for the year 2005–2006 were almost one fourth of the total commonwealth revenue and expenses for the year 2005–2006 according to government finance statistics [GFS] (ABS, 1301.0—Year Book Australia, 2008b—Public Sector). Total GFS revenue for the year 2005–2006 of the commonwealth was $285,749 million, and the total GFS expenses of the commonwealth for the same year were $269,005 million. If one looks at the 'Appendix G Australian Government taxation and spending' of 2009–2010 Commonwealth Budget Overview (Australian Government Budget 2009–2010), the summary of the 'Australian Government revenues and expenses for 2009–2010 on an accrual basis' may be observed by the following charts (Figs. 15.1 and 15.2)

The diagrams also show that a huge amount of expenses (more than 25%) of the total budget expenses has been laid down for 'social security and welfare purpose', even excluding health and education. So what the scholars have argued regarding 'an endeavour to control, and preferably reduce, social expenditure' has not been very much substantive going by the data provided by the ABS.
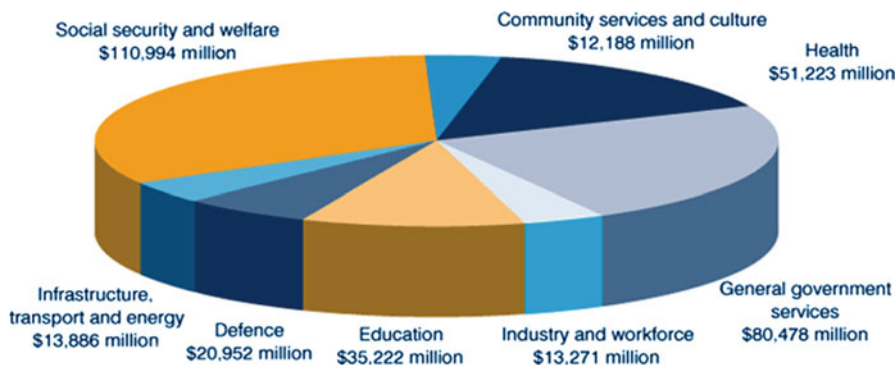
Fig. 15.2 Amount and items of expenditure by Australian Government for 2009–2010 (Source: Australian Government, Budget 2009–2010)

Despite such high social security and welfare payment, it is observed that at the 2001 census, the median weekly personal income of indigenous people in South Australia was 38.9% less than the median weekly income of nonindigenous South Australians, and it is also falling further behind (Hetzel et al. 2004, p. 34). Also compared with other South Australians, Aboriginal people are disadvantaged across 'a broad range of social and economic factors, including education, health, employment, income and housing' (Hetzel et al. 2004, p. 9). From this it is obvious that a high welfare payment cannot decrease poverty neither from the perspective of median income nor from the perspective of relative deprivation of the capabilities. In this context the need for raising awareness as well as aspirations of the low-income indigenous people on the basis of a long-term capability development policy remains supreme. So the role of NGCSOs, which comprehend development work as a contribution to liberation, becomes significant.

Service Delivery and the Role of NGCSOs

To alleviate the conditions of these economically disadvantaged people, we have already seen that Federal Government funds a huge amount of money for welfare expenditure. The NGCSOs, some of which are profiteering, also allot a huge amount of money to alleviate these conditions. Of the total $90 billion welfare expenditure in 2005–2006, cash benefits accounted for $61 billion (68%) and welfare services (benefit in kind) the remaining $29 billion (AIHW 2007b, p. xi). According to the same report, while the Australian Government funded all cash benefits in 2005–2006 ($61 billion), NGCSOs provided most welfare services ($20 billion worth out of $29 billion) in 2005–2006 (p. xi). So it will be better to measure the importance of the NGCSOs not in terms of the fund they provide for the welfare services but in terms of the scope of actual welfare services they provide in assisting the needy people to participate in economy as well as in society. This welfare expenditure

includes social security payments and expenditure on welfare services provided to four target groups—families and children, older people, people with disabilities and others (such as widows, indigenous Australians and migrants) (AIHW 2007a, p. 1). However, these expenditure accounts do not include unemployment benefit payments and services which in government terms are classified as 'labour and employment affairs' rather than welfare.

Going up by the Connecting Up Australia website (Connecting Up Australia 2006), one may find that there are thousands of NGCSOs throughout Australia. Only in Playford (C) there are 113 organisations that are providing education and 60 organisations that are providing health care. Similarly in Salisbury (C) area, there are a total of 128 organisations that are working in the education sector and 67 organisations are working in the health sector. If the schools, government hospitals and profit-making organisations of various sorts are excluded, one may find almost 31 voluntary NGCSOs are working in the education sector in the Playford Council area and 26 NGCSOs are working in the health sector. In case of Salisbury (Council), the number of the NGCSOs in the education and health sector also will come down in almost the same proportion, despite the fact that the number is not negligible. From the focused interviews it is clear that there are many sources of funding of these NGCSOs: donation, will of a person, fundraising activities, corporate funding, client fees and of course government funding. The role of the NGCSOs includes a variety of assistance to disadvantaged people: (1) providing money/consumable goods as emergency relief; (2) housing support; (3) free tax return; (4) budget or other counselling; (5) advocacy/negotiation with creditors about bills; (6) training regarding child rearing to young mothers; (7) providing toy library to the disadvantaged; (8) providing thrift shop; (9) reaching out to children to bring them to educational institution; (10) providing scholarship for the child's education; (11) providing low-cost entertainment; and (12) connecting needy people with relevant support services and so on. The list is not exhaustive in any way.

The impact of the services provided by the NGCSOs can be measured in two ways: short term and long term. Short-term impact includes providing means of sustenance as an emergency relief. One of the fundamental missions of these organisations is to provide support to the people in need mainly in terms of food items, clothing and occasionally providing shelter. This is especially so in view of volumes of socio-economic problems existing specifically in Playford and Salisbury. A high rate of unemployment, lack of education, high rate of child abuse and negligence in childcare, giving birth to babies by the mothers at a younger age of between 15 and 19 years, childbirth coming out of wedlock, lack of private communication facility (lack of car, motorbike) and youth problems (being ousted from family, high rate of smoking including drug and physical inactivity)—all these have compounded the social problem of a quality life for the low-income people, who are mostly indigenous by race, to a high level. The role of NGCSOs becomes highly significant in penetrating those problems particularly on a short-term basis.

But that support for emergency relief in many cases leads to dependency since long-term unemployment remains particularly the key cause of poverty in South Australia as has been told by almost all the key officials. Until that problem is

solved, it is difficult to remove the problems discussed above. To eradicate this dependency the NGCSOs have some long-term objectives of capability building. NGCSOs take up a broad range of programmes to improve employment opportunities for low-/non-income people by improving education, health, housing and so on. In fact that long-term objective relates primarily to reorienting social setting and social values. For long-term capability building, the major requirement is counselling and training. The four community centres that the author visited had schools of different ages. While the kids are trained on a regular basis, grown-ups are dealt on weekly or twice in a week basis. Although the dropout rate increases markedly with increasing socio-economic disadvantage (Public Health Information Development Unit 2006), volunteers of the community centres go to the homes of these people to motivate them by raising an aspiration within them. The Manager Salisbury Communities for Children pointed that his centre had about 64 volunteers among whom 34 would go to the home services mostly for removing the difficulties of the early learners, who are children of the uneducated or lowly educated parents or have been suffering from social isolation or require general support. These programmes may be compared on a cross-cultural basis with the *Grihini* programme that is being organised in several states in India, particularly in tribal areas, through voluntary effort. *Grihini* programme aims at development of education among poor young girls. Like *Grihini* programme, the community centres in Salisbury and Playford also emphasise on the significance of integrating critical group and self-reflection as a means of continuous assessment and of involvement of everyone in the programme development. These programmes help in reducing the persistence of intra-household inequalities leading to preferential treatment of male children and members depriving the girls and women on the one hand and attempt at restricting the poverty of the female-headed households by providing short-term relief as well as long-term counselling and training on the other hand.

All the nine volunteers, who were interviewed, underlined on 'counselling' to the question of 'what type of assistance do you provide to the disadvantaged people?' NGCSOs put their effort to bring about a long-term impact in raising the aspiration of the family as well as the child by counselling and by providing scholarships. The general manager of The Smith Family, SA, in his interview, highlighted the data published in Annual Report 2008–2009 (The Smith Family) that '29,457children and young people accessed Learning for Life scholarships' (p. 16). But such effort is meagre in respect to the requirement. It was interesting to note that the Bagster Road Community Centre also provides counselling to the newlywed husband (mainly from indigenous and African community) in case of a complaint of domestic violence, and as reported by the community centre coordinator, it had been observed that after a few weeks of counselling, the unruly husband normally had become more gentle. As for developing opportunity, NGCSOs, although not often, organise vocational training for some of their clients, who receive welfare payments, free of cost. Two of the nine clients of Playford Salvation Army who would receive welfare payments reported to have capacity-building training (one from TAFE and another from Bank SA).

Two major goals of the NGCSOs in pursuing capacity building are as follows: one, to empower those who are socially, economically and culturally disadvantaged and oppressed so that they may be 'able to appear in public without shame' and two, to establish certain mainstream values so that they are not excluded from social relations and meaningful participation in the social decision-making process. In May 2000, Australian Council of Social Service (ACOSS 2000) identified 'three threshold issues for welfare reform' which may be referred to in this context: alleviating poverty and the poverty traps that cause hardship and constrain or prevent participation, clarifying the framework which will underpin participation requirements and specifying the nature and quantum of resources that need to be invested to improve outcomes for individuals, families and society as a whole. Going by the facts and figures, these three still now remain topical especially from the perspective of capability building. In the long term, alleviation of poverty requires a community-oriented approach that can ensure participatory framework rather than an individualistic one. There are certain institutional limitations of the NGCSOs in adopting a community-oriented approach. First, the volunteers are mostly from the white community and give time after completing their occupational responsibilities. Hence, despite their commitment (not all volunteers are skilled in communication), they are often perceived as 'outsiders' by their clients of the indigenous community. Secondly, resource crunch is always a great challenge for the NGCSOs. Thirdly, due to poor infrastructure in the clientele area, the disadvantaged people are mostly disconnected from the rest of Adelaide. In this context Australian state has a great role to play in developing a legislative framework that will be congenial to community-oriented approach and would soften the harshness of the punitive model of state.

The Role of Australian State

In Australia, casting one's vote is mandatory. That leads to the mandatory voting by the people, but they do not remain interested in the community affairs once the people's representatives are elected. Ideally there should be some legal structural framework for community participation for at least twice a year for making decisions for the community in general at the grassroot level. Any structural framework at the rural level, like *Gramsabha* in India, for planning the work of development and for assessing the implementation of that plan by the rural local council, may lead to the empowerment and increased participation of the disadvantaged people in community affairs. With the increased participation, the disadvantaged people may then decide what kind of training/welfare payment they need to continue as Australian citizens with dignity. Once this legal structural framework is established, NGCSOs then may put their efforts to train a person to develop his skill for social participation. That not only would lead to their social inclusion but that also is bound to decrease relative deprivation of the economically disadvantaged people.

Although Federal Government spends a lot, some questions about the methodology of social welfare payment may be raised in this context. Sen (1997/1996) has shown, 'Even though unemployment benefits and social security may reduce the impact of the extraordinary levels of high unemployment on European income inequality in particular, the persistence of unemployment leads to many kinds of deprivation that are not reflected at all in the income statistics' (p. 389). So Federal Government should spend more money on creating employment opportunities and providing free vocational training for the disadvantaged sections rather than spending on their social welfare pension in whatever form it may be like single-parent pension or unemployment pension. Training of vocational work rooted in community culture may lead to self-employment as well. It has also been found that there is an inconsistency of policies to be pursued on the government front. The target group of the government fund is continuously shifting, mainly due to immediate political priorities. The major target group, when the study was done, was young people with age group of 18–25. For pursuing the long-term goal by the NGCSOs in the sphere of child education or health, this becomes a real problem.

Lastly, the long-term policies should be pursued for transforming Australia from a 'punitive society' to a reformative society. In most cases, authorities in Australia, both in society and in state, employ heavy punishment for ensuring loyalty. But there is little effort to do away with the socio-economic causes that lead people to act in a recalcitrant way. With such reorientation of government policies, the NGCSOs in South Australia will have a better role in developing capability of the disadvantaged people in an organised community.

Conclusion

This chapter started with an aim to explore the role of NGCSOs in developing the capability of the low-income people of South Australia through the delivery of their services from the perspective of good governance. Good governance in fact entails two basic issues: an inclusive growth and the participation of the citizens in processes of governance to ensure that growth. Hence, the challenge of good governance is 'to construct consent to a course of action on the basis of argument and public evidence'. On the basis of arguments placed in the text, one may conclude that NGCSOs deliver immense services to the isolated communities for coping up with the challenges posed over them by their economic position. But long-term poverty alleviation, which Millennium Development Goals vow, requires an inclusive growth for the economically challenged people on the basis of their participation in the governance process. For that matter NGCSOs should underpin participation requirements in their counselling and other forms of service delivery and emphasise upon the resources those need to be invested to improve 'functioning' of the disadvantaged individuals and their families.

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Chapter 16
From Reinvention to Communitization: The Himalayan Indian State of Nagaland Shows the Way

Sylvia Yambem

From Reinventing to Communitization

The statist notion of public goods and public provision of services underwent a paradigm shift in the 1980s. The bureaucratic model of public services was seen as "hampered by 'bureau-pathology', that is public agencies unresponsive to the demands of citizens, led by bureaucrats with the power and incentives to expand their administrative empires and policy spaces" (Nagel 1997, p. 350 cited in Kaboolian 1998, p. 190). The public sector was viewed as no longer affordable, inadequate, uncontrollable, bureaucratically rigid, prone to capture, inflexible to external shocks and functioned only on the basis of incentive and unable to meet the citizens' demands of responsive private sector like services and better choices (OECD 1995). The dissatisfaction and disappointments with the ability of the state to ensure the effectiveness of welfare programmes, the accelerating cost of running a government and the rise of the New Right "suggesting the inherent inefficiency of the public sector" (Salamon and Lund 1989, p. 3) laid the grounds for the reinventing government movement under the rhetoric of new public management (hereafter NPM).[1]

To break the monopolistic hierarchies and inject an entrepreneurial or managerial spirit in the public sector, NPM advocated certain strategies which Hood lists as the seven elements of NPM, namely, disaggregation of public organisations into "corporatized" units, competition between public and the private sectors, use of management practices drawn from the private corporate sector, finding alternative ways to deliver superior cost-effective public services, exercising active control of public organisations by rules of personnel management, measurable standards of performance measurement and the use of output measures such as pay-based job performance to control public organisations in a homeostatic style (Hood 1991, 1995).

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Thus, NPM with its menu of choices and its broad thrust on the marketisation of public services marked a radical departure from the traditional centralised hierarchical bureaucratic model of public service provision. Public sector reforms were thus introduced wherein state institutions according to Batley and Larbi "would perform fewer functions on its own and more in partnership with other actors" (2004, p. 2).

The global demands for the new modes of contractual service delivery are supported not only by the imperative to deliver quality services but the fact that innovations in collaborations and contracts reduced production cost and are financially effective (Kirkpatrick and Lucio 1996). Vining and Weimer (2005, p. 219) cite studies conducted in Britain and Australia supporting the claim that contracts reduced production cost by at least 20%, whilst in the USA, a 66-city survey confirmed that whilst the reduction in production cost ranged between 16 and 20%, efficiency and quality of services improved by 24–27%. However, service efficiency and lower production costs, Vining and Weimer (2005) maintain, are possible if contracts and partnerships are based purely on economic benefits and not driven by patronage and rent-seeking behaviour.

In India, state governments are also adopting the new modes of public service delivery to improve public services. Public services in India are in a deplorable state. Though public services enjoy greater outreach and distributional goals as against private services, but in terms of quality, public services lag far behind. A 1993 survey by CCS (Centre for Civil Society) reported that over 80% of students qualifying class V examinations from the Delhi government-operated MCD (Municipal Corporation of Delhi) schools did not know how to read or write their names.[2] Further, despite the extensive service delivery outreach programmes instituted by the Government of India, 47% of children are malnourished, 25% of children have not been immunised for diseases, 16% have no access to potable water, 15% have never been to school and 6.3% of children die at birth, whilst 8.7% do not live beyond the age of 5 (World Health Organization and World Bank 2005),[3] primarily due to the absence of quality services. To counter the inefficiencies in public service delivery, governments are increasingly adopting the methods of innovative service delivery. Therefore, through contracts and partnerships, the government continued to finance the provision of services, though the allocation or delivery of services was contracted or delegated to other private or non-profit private agencies.

Citizen and community participation in public services has also played a dominant role in public service delivery reforms. Public action such as public hearings, the use of the RTI (Right to Information Act) and social audit of government programmes in Delhi under the leadership of civil society organisation like Parivartan and in Rajasthan the MKSS (Mazdoor Kisan Shakti Sangathan) has played a critical role in both enabling and ensuring citizen participation to enforce a system of accountable, transparent and responsive service delivery. An active civil society also compelled the Delhi government to take interest in the cause of service delivery. Collaborative governance in Bangalore between city agencies and civil society organisations in the form of "high level political support; compacts between policy-makers and service providers to improve quality; client power and voice (expressed through report cards, for example); and civil society capacity converged"

(Balakrishnan 2006, p. 157) was fundamental to making services work in the state of Karnataka and developing Bangalore as India's silicon valley.

An active citizenry therefore acts as pressure points on politicians, policymakers as well as private service providers to improve public services. Citizens exercise power and voice through their vote, and policymakers and politician dole out sops to attract people's voice. Therefore, Milbert writes that in South Delhi, the slums take on a "Christmas in April"-like appearance the week before assembly and municipal elections, where "as if by magic all the services were functioning; even the tube-wells which has been lying idle for two years were running on solar energy; sweepers were cleaning the garbage, lady teachers from the nearest school were campaigning for adult education and literacy" (2008, p. 207).

The Communitization of Public Services

Governments therefore are not hesitant to adopt new modes of public service delivery. In this context, the significance of the Nagaland communitization programme stands out as an example. Nagaland has been conflict ridden for the last 60 years and more, and the bureaucratic machinery and state administration have been hijacked, creating a "state within a state"-like phenomena.[4] Conflict accelerates bad government in various ways. In a state of conflict, accountable, transparent and responsive state machinery is almost inconspicuous, whilst all developmental funds and resources are diverted to combating conflict or captured by corruption and rent-seeking predatory behaviour. People's trust in the state machinery is very weak, and citizen participation in government and developmental programmes is affected. In turn, a weak state impacts the delivery, access and quality of public services.

Talking about the status of services in Nagaland, R.S. Pandey writes that though in every village, there were an elementary school, healthcare services, road connectivity, piped water supply and power services:

> Sadly enough however like many other places in India, the quality of these public utility services is far from satisfactory. These systems are afflicted by malfunctioning and the symptoms of non-delivery or poor delivery are evident (2010, p. 25).

Conflict also impacted the growth and development of a thriving market economy. State institutions play a significant role in guaranteeing the development of an enabling environment to engage in economic activities, break down any resistance to the market and further regulated the growth and development of a sustainable market economy whilst moderating the impact of the market on the society (Lange and Rueschemeyer 2005). The market economy is therefore embedded in the state, and in a weak state, the market forces are likewise relatively weak. Further, the preoccupation with law and order and the inability of the state to ensure security of life and property entailed that the private market economy was underdeveloped.

Further, inadequate infrastructure and connectivity severely impeded industrial development in the state. Agriculture at 27.84% (2000–2001) of the NSDP (net state domestic product) was the largest contributor, and about 70% of the state population were engaged in agriculture (Nagaland State Human Development

Report 2004, p. 27).[5] Though the share of the tertiary sector (transport, communication, real estate, public administration and finance) has increased, industry and its allied services are inconspicuous. In the absence of a thriving market economy, the state was the major and in some sectors the only service provider and distributor. The options for citizens, primarily the poorer section of the society, are strictly limited to the state provided services. For the rich and those who could afford, the only alternate to better services is migration to the other cities in the country.

Institutionalising Community Partnership

The Nagaland Communitization of Public Institutions and Services Act 2002 was introduced to institutionalise community participation in service delivery. Under the act, the stakeholders—state and the community—entered into a legal-institutional partnership (memorandum of understanding/MoU), whereby the management and operation of social sector institutions like education, healthcare, electricity, water supply, roads, forests, sanitation and other developmental schemes were to be transferred into the hands of the "user community". The user communities comprised of representatives of all sections of society—state institutions; traditional bodies like the village council, the village development board and the respective government line department; the users of services like, in the case of the education, the parents of students; frontline service providers; experts; and others. For each village, user committees like the village education committee (VEC) and village health committee (VHC) were respectively formed. However, when a health centre or an elementary school exercised jurisdiction over more than a single village, a common managing committee having equal representatives was constituted. Service delivery was entrusted to the community and henceforth "communitized", (as coined by R.S. Pandey, the programme architect and then chief secretary government of Nagaland) (Fig. 16.1).

The communitization "no work, no pay" rule gave the community the power and voice to demand and enforce services, whilst the Nagaland Communitization of Public Institutions and Services Act 2002 institutionalised that capability. The user community now had a direct voice in deciding the standard of services to be delivered by schools and the kind of healthcare services that would be available. The village committees (VECs/VHCs) were entrusted with the following managerial, administrative and financial responsibilities to oversee the operation and management of public services:

- The committee exercised managerial control over the functionaries through their ability to enforce "no work, no pay".
- The state government delegated to the committee the powers to check staff attendance, disburse salary, grant casual leave, recommend earned leave and even make appointments wherever necessary.
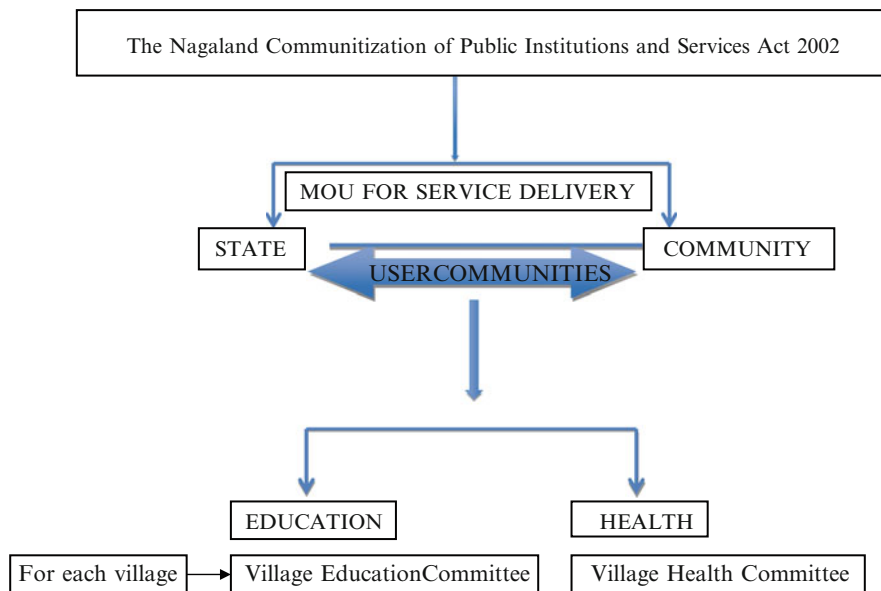
Fig. 16.1 The Nagaland communitization model

- Daily operation/maintenance and management of assets and purchase of essential items, books and medicines were entrusted to the committees.
- The committees could make use of physical and human resources (building, doctors, teachers) and others within the village.
- To enforce the "no work, no pay" rule, the Financial and Cognate Power Rules 1964 was amended to empower the DDO (drawing and disbursing officer) sanction "salary deducted amounts". Therefore, the committees could deduct the salaries of nonperforming or absent service providers.
- By relaxing Article 217 of the Central Treasury Rules, salaries of frontline service providers were allowed to be withdrawn three months in advance. This was deposited in the village committee's account, and on the first day of the month, salaries were disbursed.

The village committees therefore enjoyed financial and managerial control over the public service providers. Their ability to exercise the "no work, no pay" rule entitled the committees to monitor the quality of public services by ensuring the attendance of service providers (teachers or physician for the health centres). Moreover, located at the point of service delivery, the managerial autonomy gave them the power to make and enforce decisions that would better service delivery and benefit the citizens. The village committees however were not given any remuneration. Though as incentives to perform, the Nagaland government instituted awards and honours for the best performing committee.

Communitization of Educational Services

Educational services constitute one of the 8 MDGs. The MDGs note that achieving universal primary education of both boys and girls is an important criterion for reducing global poverty and developing human capabilities. The significance of educational achievements can also be attributed to its spiralling effects. Education particularly female literacy would not only empower women and promote gender equality (another MDG) but also would help create awareness on healthcare issues and consequently improve maternal health and reduce child mortality (two important MDGs). Education thus played a critical role in achieving the MDGs. Acknowledging the significance of education in human development, the elementary education sector was the first social sector to be communitized.

The Nagaland Communitization of Elementary Education Institutions and Services Rules was introduced in 2002, and 205 elementary schools in 90 villages (around 12% of existing schools) were communitized within the year. With communitization, service delivery in the educational sector saw marked improvements. Village schools were plagued by problems of teacher absenteeism, lack of books and other study materials, ill-maintained school infrastructure and limited financial resources. However, with the aspect of financial empowerment under communitization, teacher absenteeism became nil, and government grants under operational and maintenance heads for purchasing textbooks and furniture, infrastructure repairs and provision of midday meals and teachers' grant were utilised without any discrepancies (VECs Speak 2004; Singh and Mutum 2007).

Post communitization, the demand for government schools has increased to the extent that in the Rajeba village of Kohima district, a private school had to shut down, and in 17 villages out of a 28-village survey, a clear trend of parents shifting their preferences from private schools to government was observed. The "VECs Speak 2004"[6] also notes the following improvements in the education sector (Table 16.1)[7]:

Therefore, as a result of better education services, academic performance improved by 80%. School enrolment and student retention at 80 and 75%, respectively, also showed marked improvement. The impact of the communitization of educational services was such that access to primary schools in the rural areas by the year 2004 in the state was at 82%, the highest in the northeastern region and

Table 16.1 Improvements in the educational sector

School enrolment (%)	Academic performance (%)	Drop-outs (%)	Students' attendance (%)	Teachers' attendance (%)
Increased—80	Much improvemewt—80	Very less—75	Much improvement—90	Very regular—80
Decreased—0	Little improvement—15	Less—25	Little improvement—10	Little improvement—10
Same—10	Same—5	Same—0	Same—0	Same—0

Source: VECs Speak 2004 cited in Pandey 2010

Table 16.2 Performance after communitization of education

Year	Literacy (in %)	Literacy (%)		Area (male in %)		Area (female in %)	
		Male	Female	Rural	Urban	Rural	urban
Nagaland							
2011	80.11	83.29	76.69	78.57	89.67	72.01	88.01
2001	66.59	71.16	61.46	67.58	87.44	57.52	81.42
All India							
2011	74.04	82.14	65.46	78.57	89.67	58.75	79.92
2001	64.83	75.26	53.67	70.70	86.27	46.13	72.86

Source: Office of the Registrar General, Govt. of India

even exceeded the all-India level of 76% (Paul et al. 2004). Communitization's success can be seen in the fact that though a voluntary programme, by the year 2004, 94% of elementary schools were communitized.

Communitization of education has therefore had a significant impact on the state of education in Nagaland. The participation of the community in delivering educational services has not only improved access to educational services but has helped in building equality education. The effect of communitization is best highlighted by the fact that literacy level in the state has shown considerable progress. Thus, from a literacy rate of 66.59% in 2001, by 2011 census literacy rate in the state increased to 80.1%, showing an increase of at least 13.52% (Table 16.2). In the northeastern region, the state is positioned at the second rank after the state of Mizoram (91.6%).

The state has thus made significant strides in providing access to educational services to its citizens. This is particularly evident in the increase in the literacy rate in the rural areas and amongst women. Thus, whilst male literacy in the rural areas increased from 67.58% in 2001, by the year 2011, it stood at 78.57%. This increase is more impressive in the case of female literacy, which increased to 72.01 from 57.52% in 2001. Thus, the communitization of the MDG critical educational service in Nagaland not only succeeded in providing access to quality education but has also improved female literacy in the state.

Communitization of Health Services

Like education, health constitutes one of the critical services for achieving the MDGs. Like the education sector, the healthcare sector was plagued by problems of doctor absenteeism, non-availability of trained manpower, lack of medicines and essential supplies and dilapidated infrastructure. To tackle these inefficiencies of health public services, the Nagaland Communitization of Community Health Centres and Primary Health Centres Rules was introduced in 2003.

Like in the education sector, it is observed that post communitization, PHCs and CHCs have also shown marked improvement. The "no work, no pay" rule ensured that all staffs and doctors were stationed at their place of postings, thus ensuring

Table 16.3 Operational status of health subcentres

Districts	Communitized subcentres (SCs)	Funds released to number of SCs (as of 17–10–2002)	Funds released to number of SCs (as of 36–6–2003)	Number of VHCs who purchased medicines
Kohima	48	22	37	37
Mokokchung	49	34	42	42
Tuensang	61	34	60	60
Mon	49	31	48	48
Wokha	30	29	29	29
Dimapur	39	17	17	17
Phek	34	33	33	33
Zunheboto	40	30	36	36
Total	350	230	302	302

Source: Nagaland State Human Development Report, p. 109

not only access to health services but also the delivery of timely, responsive, accountable and quality health services. The VHCs under the advice of the medical officer regularly purchased the required medicines and ensured adequate availability of other essential supplies. Further, with the communitization of all 350 subcentres within the state, 7 PHCs and 1 CHC (community health centre), grants-in-aid for the purchase of medicines were allocated to the centres, respectively: for subcentres covering less than 1,000 population, Rs. 10,000/; for those having 1,000–5,000 population, Rs. 15,000/ and 20,000/ for 5,000 population and above, whilst the CHCs and PHCs were each given Rs. 1.5 and 1.25 lakhs. The Department of Health and Family Welfare (the nodal health department) notes the operational status of the subcentres (Table 16.3).

Observing this changing trend in the delivery of health service, the Nagaland State Human Development Report also states that the "pressure from the community as well as obligation of the State department to post trained manpower to all health centres has enabled uniform deployment of health workers in the rural areas" (2004, p. 110). Efficient healthcare service delivery was possible through the purchase of medicines and availability of functionaries. The success of communitization can be seen in the fact that by the year 2003, all subcentres in the rural and urban areas were covered. Thus, community participation in public services greatly improved the delivery of health services in the state.

Replicating the Communitization Model

The communitization programme was first introduced in the rural areas. However, given the success of the programme, the communitization model was adopted in the urban areas to districts and expanded to other sectors. In the education sector by 2004, 94% of elementary schools in the state were communitized. Whilst, in the health services, all subcentres in the rural and urban areas were covered in 2003 and

in 2004, the programme was also extended to cover the PHC/CHCs in the district. By 2008, all PHCs and CHCs in the state of Nagaland have been communitized. The power sector was also communitized in 2002. Whilst 12% of the villages were communitized in 2003, by 2007, 602 villages in the state (approximately 50%) were covered. In 2007, 15 urban wards (town of Kohima and Dimapur) were communitized.

The Nagaland government is also converging many of the national level programmes with communitization. In the educational sector, the national universalisation of elementary education programme, SSA (Sarva Shiksha Abhiyan), and in the healthcare sector the NRHM (National Rural Health Mission) and ICDS (Integrated Child Development Services), delivery systems have been converged with communitization. In 2004, the communitization programme was also extended to the tourism sector. 15 tourist sites, namely, 7 tourist rest houses, 2 tourist villages, 3 pilgrimage centres, 1 tourist resort, 1 nature's park and 1 cafeteria, have been communitized. Water and sanitation committees, called WATSAN, have also been established for the communitization of water services.

Communitization Challenges

Communitization has improved public service delivery in Nagaland; however, the programme is not without its limitations and challenges. The issue of quality services is related to the problem of limited public sector expenditure. In the health sector, public expenditure declined from 9.57 to 5.39% during 1980–1999. Even in education, the limited financial allocations have severely impacted the hiring of trained and professionally qualified teachers/doctors and the maintenance of infrastructure and procurement policies.

With communitization, quality services have comparatively improved, but the process of improvement will not be sustainable in the long term. The maintenance of construction of school buildings and healthcare centres has been possible because of community donations and contributions of cash and kind. Quality medical services have also been possible through part-time volunteering by private practitioners. For sustainable development, public sector expenditure must increase to ensure the availability of quality service providers, better infrastructure and high-end medicines to treat the newer medical challenges associated with HIV/AIDS, mental health problems, chronic diseases, etc. (Nagaland State Human Development Report 2004). Consequently, parents prefer sending their children to English medium private schools and to private clinics and hospitals.

The concept of communitization is also new amongst the people. Instances of power conflict and responsibility sharing between the user community and the officials are not rare and often manifest in the form of delayed response to the demands and resistance from functionaries and their supervisors. Committee members and functionaries have complained about delayed actions on the part of the state officials, transfers and functions (Singh and Mutum 2007). The dual structure in service delivery entails that even though the committee makes policy decisions, the process of implementation is initiated from the districts. Consequently, the committees'

request for appointments or transfers of staff is often delayed/not responded to by the district level officials. These dual command centres, instead of alleviating the problems of service delivery, often create frictions and intensify the problems.

Moreover, unlike the officials who are paid employees of the state, the committee members are volunteer workers. However, their responsibilities and functions are similar to the work performed by the supervisors and inspectors of services. Committee members maintain that the responsibilities consumed their time and personal resources. Therefore, to ensure the sustainability of communitization, the issue of power conflict must be resolved at the earliest. Power conflict will most importantly deter the concept of community participation—the foundation of communitization. Therefore, to ensure the sustainability of communitization, the challenges and limitations need to be taken up immediately by the government.

Public Services and the Role of the State

The state plays a formidable role in the delivery of public services. The WDR writes, "the challenge is formidable, because making services work for poor people involves changing not only service delivery arrangements but also public sector institutions" (2003, p. 1). Public service reform initiatives therefore depend upon a strong commitment of the political and state machinery. Thus, the success and later decline of the education drive in the state of Rajasthan in the period between 1980s and 1990s point to the fact that in the absence of committed state participation, sustainability of welfare programmes is difficult (Clarke and Jyotsna 2006). Political support is also one of the major reasons behind successful reforms in the state of Kerala, Andhra Pradesh, Madhya Pradesh, Karnataka and Tamil Nadu (Chand 2006).

In the case of Nagaland and its prevailing conflict situation, the role of the state assumes more significance. In a strong governance system, service delivery is effective because the stakeholders can be held accountable, whilst in weak governance system (weak or fragile state), service delivery fails, as accountability cannot be enforced (OECD 2008). This is because in service delivery, each stakeholder has clearly defined responsibility and is accountable to the next in line, for example, the frontline providers are accountable to the service providers, the service providers to the policymakers and policymakers to the citizens and clients. The frontline workers such as teachers and health service providers like doctors and nurses act as the direct link between the service providers and the citizens/clients. Consequently, any fracture in this link leads to a breakdown in the relationships of accountability. Therefore, a strong state as compared to a weak state is more capable of enforcing the rules and ensuring accountability in service delivery.

The Nagaland government thus played a formidable role in ensuring the success of communitization. The committed, willing and motivated leadership under R.S. Pandey was a sure guarantee to the success of the initiative. Communitization began as a statewide deliberation (2000) and was implemented within 6 months of its inception:

- Midyear 2001: year the "communitization" concept note developed and circulated.

- December 2001: feedback received.
- January 2002: proposal adopted by the state Cabinet.
- January 2002: ordinance promulgated by the Nagaland governor.
- March 2002: Nagaland Communitization of Public Institutions and Services Act 2002 (Act No. 2 of 2002) was passed by the State Legislative Assembly.

The commitment of the state government towards ensuring the success of communitization also helped remove many impediments and obstacles in the implementation process. For example, government support acted as a big leverage in relaxing numerous banking norms. Thus, the State Bank of India allowed the committees to open bank accounts without the mandatory initial deposits. Further, existing legislations like the pay bills, bill extracts, treasury challan and acquaintance roll were also amended. These changes would not have been possible within 6 months if they were not spearheaded by the chief secretary's office.

The institutionalisation of communitization by the government further ensured that communitization was independent of political patronage and support. Institutionalisation implied that funds, functions and functionaries would continue to serve the objectives of communitization. Hence, even with the change of leadership (like the subsequent transfer of R.S. Pandey), the communitization programme continued to expand. Decentralised service delivery reforms often failed because of the partial devolution of funds, functions and functionaries (the 3Fs). The communitization programme in this context marked a paradigm shift from traditional administrative decentralisation. Communitization succeeded not because the community enjoyed managerial and administrative responsibilities but primarily because of the devolution of powers of funds, functions and functionaries entrusted. The 3Fs of decentralisation were institutionalised in the communitization act, thereby empowering the village committees to not only make decisions but also implement policies.

The success of the programme can also be attributed to the fact that the government did not make communitization mandatory. Communitization therefore, being a government initiative, led and funded by the state, was voluntary by nature. Communitization thus is a purely bottom-up community-driven programme. It was not universally applied. In a situation of conflict, where the state machinery is seen as anti-people, the voluntary nature of communitization added to its appeal. Further, under communitization, there is no blanket generalisation of reforms. Rather, the reforms are sector specific and context based, not aid or conditionality driven. The sector specific legislations took into factor the sector specific realities, like in the power sector, where the rules and functions of the committees differ for both education and healthcare communitization.

Thus, in the communitization initiative, the management and operation of the service sector were vested in the "user community". User communities were the direct beneficiaries of the services, and it was in their interest to ensure that the public service delivery systems functioned efficiently. Frontline service providers, though initially sceptical, also benefitted from the programme (Pandey 2010; Singh and Mutum 2007; Nagaland State Human Development Report 2004). They were now seen as expert representative members and had a voice in decision-making and

implementation. Consequently, the magnitude of the committee's involvement in making communitization a success extended beyond the call of duty. For instance, the VECs on realising the significance of English language introduced the subject from standard one, as against the government norm; common uniform for all children was introduced to foster equality amongst public and private schools and common holiday schedules for both public and private schools. Even in the healthcare sector, private practitioners volunteered services in their free time, whilst individuals and community donated buildings for healthcare centres and staff quarters and other essential supplies (Pandey 2010).

Communitization also helped improve governance in the state. The shift in the role of the state to an assistive, monitoring body strengthened the state machinery and improved governance in the following ways:

- The streamlining of employees by ensuring that they were stationed at their place of postings enabled the government to weed out the proxy employees. This reduced the wasted expenditure of pay and allowance on the exchequer.
- In communitization, there is no duplication of service delivery institutions and functions. The sector-wise institutions have been converged under the district coordination committee headed by the deputy commissioner. In the earlier system of multiple service delivery providers, ensuring accountability and quality services was not only difficult but often lost in bureaucratic red-tapism and corruption. With the institutionalisation of individual bodies like the VEC, VHC service delivery was simplified, and as R.S. Pandey notes, "government would be asking questions and the community would be answering them" (2010, p. 36).
- The state could now monitor and enforce accountability in service delivery. To ensure financial transparency, each committee had to open separate savings and current bank account for salaries and grants-in-aid. In case of abuse of responsibilities, Article 10 of the Act gave the government the power to supersede.[8]
- The problem of non-timely and regular salary payment was resolved. Earlier, the centralised treasury system implied that employees had to travel to the state capital to receive their salaries. With communitization, employees received their salaries on the first day of the month and at their place of posting.

Post communitization, the Nagaland state presently is in a stronger position to monitor and ensure accountability of services. In a conflict state, such measures not only helped improve access to services but also made the state sensitive to the needs of the people and easily accessible.

Conclusion

The state of Nagaland has been conflict ridden for many years. However, this factor did not inhibit the government in partnering with the community to tackle the problem of falling public service standards. Nagaland's communitization initiative thus emphasises upon the significance of the state in public service reforms. The idea of

communitization was sown by the state, but its ownership handed to the community. In the absence of the commitment of the state to the initiative, communitization would never have seen the light. However today, communitization is an example of how innovative public services are a possible reality in conflict states. The success of communitization in delivering the MDG goals of educational attainments and healthcare services has substantially enhanced the lives of the people and improved governance. Acknowledging the role of the state and the contribution of communitization towards improving public services of educational and healthcare facilities, the Nagaland government was awarded the prestigious "Prime Minister's Awards for Excellence in Public Administration".

Notes

1. NPM principles are not a novel innovation of the modern age. They can be traced from ancient times onwards, like in the ancient Chinese bureaucratic government and best practices, in medieval Orient and Occident, in the seventeenth- and eighteenth-century study and practice of cameralism and Staatswissenschaften in Germany and Austria and to the study of the American modern administrative state in the late nineteenth and twentieth centuries, in the contemporary 1970s in the US public policy curriculum and research studies and in efficiency-driven managerial reforms in Great Britain and New Zealand. See Laurence E. Lynn Jr, pp. 27–28.
2. Cited in Pandey, pp. 4
3. Cited in Pandey, pp. 5
4. The conflict over an independent Nagaland has been ongoing since before India's independence. Presently, under the leadership of Isak Swu and Thuingaleng Muivah, the Nationalist Socialist Council of Nagaland (NSCN-IM), since 1997, conflict is under the "ceasefire accord". The Nagaland state's inability to provide protection against property, livelihood and human lives has drastically impacted stability and law and order. This inability of the state has created a "state within a state", and citizens have to pay protection money in the form of regular tax to the underground/insurgent groups. Government officials according to the service rank have to also pay protection money, whilst the grade 1 services pay at the rate of 30%, grade 2 and 3 pay 20% and grade 4 services pay 10%. See Verghese pp 83–112.
5. The corresponding contributions by the secondary and tertiary sectors are at 15.18 and 18.14%, respectively.
6. 402 government schools in 216 villages that were communitized in 2002 and 2003 participated in the exercise. Of the 402 communitized schools, 191 voiced their feedbacks, which have been compiled in VECs Speak.
7. Cited in Pandey, pp. 40–42
8. Act 10 of the Nagaland Communitization of Public Institutions and Services Act states that "If in the opinion of the State Government, an authority under Section 3 is not competent to perform or persistently makes default in the performance of duties imposed on it or under this Act or exceeds or abuses its powers, the State Government may, by order, stating the reasons for so doing, declare such authority to be incomplete or in default or to have exceeded or abused its powers, as the case may be and supersede it for a period or to be specified in the order or dissolve the authority and order fresh constitution of the authority or direct that any other authority shall carry out the function of such authority so superseded to the extent as may be specified in this behalf".

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Chapter 17
Reaching Out to the People: The Role of *Leikai Club* in the State of Manipur (India) in Achieving the MDGs

Irina Ningthoujam

Introduction

The Millennium Development Goals (MDGs) of United Nations (UN) report that human development ought to be designed to achieve certain fundamental values in development by eliminating poverty, hunger, disease and more through eight defined goals by the year 2015 (UNDP 2011). However, human development should include enjoying political and civil freedoms to participate in the life of one's community which is not an MDG's goal but an important global objective included in the Millennium Declaration (Deneulin and Shahani 2009, UN 2005, United Nation 2008). Hence, Guthrie (2008) mentions the essences of community participation and the need to transfer responsibilities to local community for achieving the goals. It also mentions a significant point that grass-roots-based governance through voluntary associations became more effective in serving people's end through the process of decentralisation and public-private partnership. To achieve the principles of good governance, such participation in the development circle has recently been emphasised as the foundation for sustained and equitable development. Effective participation by all stakeholders, especially at local levels of government, has come to be viewed as a necessary condition for good governance.

Conceptually, decentralisation and revival of grass-roots governance by a community institution is envisaged as a form of a panacea in the ongoing effects of globalisation.[1] At the same time, neighbourhood organisations that are relatively less developed with respect to the formal institutions of local self-government often provide varieties of public goods which have the potential for partnership. Such organisations mediate between the local residents and formal government bodies and large service institutions. Downs (1981) classifies two forms of neighbourhood-based

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[1] refer to Peter L. Berger, Richard John Neuhaus (1999)

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organisations based on their nature of orientations and range of functions. The first type of voluntary groups focuses on a single issue, and their constituency is limited to active members or users.

The second type of neighbourhood organisation is a neighbourhood-representative organisation (NRO). An NRO is a local voluntary group managed by local residents that seek to represent all residents, regardless of their personal involvement. NROs pressurise government agencies to become more accessible and more responsive to residents. Furthermore, NROs traditionally become involved in a variety of community issues. In NROs, those who are not official members and who may not contribute towards the collective goods are nevertheless viewed as part of a constituency and are free to benefit from these collective goods. This chapter focuses and comments on the second type of neighbourhood organisation – NROs.

Such an organisation, with tradition-based group solidarity, has an appealing form of self-expression and is potentially an attractive and effective strategy in these neighbourhoods. It operates through cooperative behavioural norms, consensus and values, thereby promoting trust among individuals. This underlines the task of self-development and voluntary societal problem-solving mechanism in a neighbourhood. These forms of collective actions through community leadership of the informal neighbourhood can be seen as exiting forms of social capital (Bowles S & Gintis H, 2002).

Putnam (1993) defined social capital as the ties, networks and norms that are generated when individuals learn to trust one another, make credible commitments and engage in cooperative endeavours. The spirit of cooperation and tendency to form associations can be observed in voluntary associations. In India, the importance of social capital in achieving the Millennium Development Goals has been emphasised in XI Five-Year Plan[1] through the urban and rural bodies under the 74th and 73rd amendment of Indian Constitution. To implement the centrally sponsored scheme that relates to the MDGs, these institutions of local governance interact with the neighbourhood organisations that are rich with social capital. Primacy of neighbourhood organisations and local institutions of governance has also been recorded by the 9th Report of Second Administrative Reforms Commissions. The report observed that institutions that are rich in social capital and the local governance institutions should strive to work in resonance with each other in achieving the state goals.

However, to achieve the MDG goals by 2015 in India, various challenges have also been identified. Persistent inequalities, ineffective delivery of public services, weak accountability systems and gaps in the implementation of pro-poor policies are the major bottlenecks to progress said experts' meeting in Delhi to suggest solutions to accelerate progress on the MDGs.

To bridge this gap in achieving the ends, social capital as a concept can directly be deployed to reanalyse the idea of *leikai club* (neighbourhood associations) and its role in achieving MDGs, in solving various social demands and so forth in the Indian state of Manipur. The point that needs to be clarified here – the so-called MDGs of the UN of 2000 – rarely highlights the embedded meaning behind the term 'social capital'. The strength of the MDG report of the UN is that it constantly used global terms like *local, grass roots, projects* and *community*. The point is that there is a serious need to reinvestigate the loopholes of the MDG report of the UN. tion)

among the Meitei community of Imphal Valley in Manipur. There is a paucity of anthropological, sociological or ethnological data on leikai and leikai clubs. Most of the information and comments on *leikai* and *leikai clubs* are based on personal observations during the field work conducted in the years 2008–2010. Imphal, the only class I city and capital of Manipur, is a rapidly growing urban area and a bustling town. This neighbourhood association has been in existence for 70 years in its present form. This descriptive chapter is based on close study of eight *leikai clubs* and other general observation and explores the various implications of social capital. *Leikai clubs* have a positive historicity for their active participation in the social, economic, cultural and political life of the state which is now part of their lived world. This chapter concludes – at what extent and at which strength – these *leikai club*s can replicate the objectives of India's position with regard to the MDGs, like eradication of poverty and combating HIV/AIDs, malaria and other diseases, and become partners in development for an effective and efficient deployment in reaching out to the people in a crisis-ridden state.

Understanding the Conflict Situations and *Leikai club* in Manipur: Information and Observation from the Field

Manipur, in India's northeast, conjures an image of a natural landscape dotted with sociopolitical crises. It has an area of 22,327 km^2 with a population of about 2.29 million (2001 census) covering its nine districts. Currently, the state is known for a near total breakdown in governance, unemployment, corruption, unending insurgencies, ethnic clashes and AIDS. Some assume that Manipur is on the track to be labelled as 'failed state' (Mazumdar 2007; Meghalaya Times 2009).

The per capita income of Manipur in 2007–2008 is of rupee 15,270 (US $ 340) at 1999–2000 prices (Government of Manipur, 2009) and hence an economically backward state. Of the workers in Manipur, 52.19% are engaged as cultivators and agricultural labourers (Government of Manipur 2009). Along with this, more than a dozen insurgency groups operate in the state. With 408 deaths in the year 2007, Manipur remains the second most conflict-ridden state in the northeast, behind Assam, with 437 fatalities (Unnithan 2008). An estimated amount of US $4,437,532 is lost every day to the state exchequer due to strikes, blockades and shutdowns called by different groups across the state (Nagaland Post 2010). The state capital Imphal faces acute problems related to drinking water, sanitation, power and communication. Citizens hardly get even 6 h of power supply a day. Thus, the situation is even worse in rural and remote areas (Government of India 2008).[2] Therefore, Millennium Development Goals will have no meaning for Manipur, until and unless such service delivery system is revamped for societal development.

The current situation may be due to lack of governance in the process of getting things done by the state. The question is whether to accept the status quo or challenge the discourse. Is the process of partnership in community participation in the governance process really taking place in the state? And how do individuals and communities sustain themselves in all these conflicts?

In such situations, people often fall back on community-based informal network substitute systems which form the basis of coping strategies (Woolcock and Narayan 2000). One such neighbourhood organisation in a *leikai* (locality/hamlet) within the *Meitei*[3] community in Manipur valley is the *leikai club* that has almost all the features of a modern organisation in its structure yet functions like a traditional institution.

The multi-lineage *Meitei* local community is closely knit within its own kinship structure along with an ideal of collective life under its cultural system. A *leikai*'*s* territory, though more or less defined, is not determined by strict adherence to legal territorial demarcation. The space of a *leikai* has a structural and behavioural value that can be understood through the *Meitei*'*s* system of kinship, social norms, ritual and residential pattern. Another aspect of the *leikai* space is the kind of solidarity extended to a physical space for a pseudo-kinship structure. All the residents of a *leikai* may not have blood relations yet their relations are governed by the greater kinship norms (Irina 2008). In an informal understanding, 5–6 *leikais* or even more form a village/town, taking *yum* (house) as the smallest unit.[4]

In every *leikai*, it is now a norm to form a *leikai club* – a neighbourhood platform with its office building, library, halls, sport ground, etc. The space of a *leikai club* is now made mandatory through the invocation of a consensus among the people and preserved for a specific *leikai*. It works on the norm of a bureaucratic structure-written rule, hierarchy, division of work, commitment and neutrality, yet flexible on social norms. It is the choice of adjoining families between two *leikais* to join any club while the services are always overlapping. Based on field observation, a club can cover up to 500 houses and a minimum of 100 houses.[5]

The governing body of the club is democratically elected annually or biannually from the local people. Most of the executive members have the age average group of 28–35 years, and the advisory committees are formed by the senior members of the community. If a *leikai club* has executive members below this age group like in early twenties, the *leikai club* is seen to be in the lowest phase of functioning in its overall stages. It has a president, secretary, executive committees with different portfolios and volunteers. None of these members get paid for their work; all services are provided voluntarily by the community members.[6]

For organising activities of the club, necessary funds are made through contributions and donations from the resident/community members. The amount of donation varies with the choice and capacity of the individual's income, family status and so forth. Besides, the *leikai club* also organises charity or fundraising shows and events. Seeking funds from state authorities is very rare by the leikai clubs. Therefore, *leikai club* remains a generic term among the people, different from the western concept of club as a group who meets for social, sporting or leisure purposes or an organisation offering benefit to its subscribers. One has to be very clear here in the concept of *leikai club*. The nature of the function is delivering and helping the various needs which a state cannot provide to its citizens rather than as a source of entertainment.
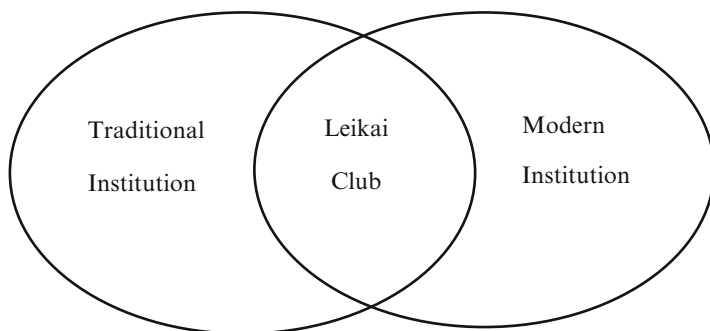
Fig. 17.1 Functional and structural overlapping

The existence of *leikai club* can be explained due to inherent communitarian value system among the *Meiteis*. The *Meiteis* have collective responsibility for the actions of the community that responds to their diverse historical legacies, diverse adaptation to internal and external pressures and differing interactions and relationships with the state. There are also at the local level traditional informal institutions (*Lup*) called *keirup*,[7] *shinglup*[8] *and leirup*,[9] and the villagers are members of these organisations (Brown R 1975).

A leikai club seems to be the modern evolutionary version of these traditional institutions with the emergence of modern democratic norms (see Fig. 17.1) and demands to gain legitimacy from the state. As of today, these *leikai club*s are registered bodies under the Co-operative Societies Act. Their establishments were done much earlier like the citizen club in *Soibam Leikai* which was established in 1958 but registered in 1970. It has been observed that renewal of registration has not been a necessary agenda for many of the clubs, as they still work independently with a notion of traditional authority.

The oldest registered club in the state is the New Popular Club, Moirangkhom Makha Yumnam *Leikai* (Reg. No 8 dated 20.10.55).[10] In Manipur, there are 3,279 affiliated/registered/unregistered youth clubs or *leikai club*s of Nehru Yuva Kendra (NYK). In Imphal East and Imphal West district, there are 1,041 *leikai clubs* afflicted to NYK as of 9 September 2008.[11]

Leikai clubs, in their small initiatives, attempt to improve the socioeconomic condition of the community by providing a source of income. They have built marketable spaces, like shops, which are rented out to needy families to start small entrepreneurship entities and earn a living which, in turn, generate funds for the club as well. Through these funds, the *leikai club* organises various cultural and social gatherings annually for the *leikai*. In these events, community members take part voluntarily both in physical and monetary terms. Involvement of community members in the activities mentioned above helps in the development of a strong community solidarity. Based on my interviews, this small informal interaction further becomes the basis to join networks among women, like *marup* (micro saving

credit system) among the *leikai* women, to strengthen their financial status in times of need. *Leikai clubs*' executive members do have monitoring activities for the public distribution system of the *leikai*. This helps in effective and accountable delivery of the public basic food security.

On 7 October 2008, Dharmalaya Social Welfare Club, popularly known as *Nahabam Club* in Imphal East, constituted a committee of 12 members to run and manage the Old Thumbuthong Water Supply Scheme installed near the *leikai club* along with the Water Supply Department. This is the first of its kind in any urban area where the local social capital is being utilised by the Manipur government. It manages 383 household consumers, and their function includes collection of water tax, control over the drilling of water pipes and levying fines over misuse of water. Besides this, many community ponds and water tanks are managed and controlled by a *leikai club* to provide safe and clean water. Such good practices by this *leikai club* can easily be replicated in other areas in Manipur.

Leikai Clubs and Their Roles with Regard to MDGs

Though *leikai clubs* have institutionalised participation utilising local resources and building up local capacity in terms of civic leadership, building trust, reduction of transaction cost, social volunteering, cultural development, etc., their participation and bridging with state formal governing process remain sceptical. Recognising its very nature of *leikai clubs* as community representatives in the delivery of services, due roles as partnership in Sarva Shiksha Abhiyan, Total Literacy Campaign of the National Literacy Mission, National Health Mission, Total Sanitation Campaign and Bharat Nirman are given as initiated by the government to achieve the MDGs. In the latter pages, this chapter selectively examines and cautiously comments on some of the social roles and social responsibility of *leikai club* with regard to few of these above programmes.

Sarva Shiksha Abhiyan and Total Literacy Campaign of the National Literacy Mission (Achieving Universal Primary Education)

Under the 'universal elementary education for all', community participation is given due emphasis. *Leikai clubs* have been involved in the construction of schools and libraries and play a healthy role in promoting adult and primary education. Recently, the *Nahabam Club* constructed a primary school building for its community. The idea was to provide formal education at a minimum distance. The initiative has been able to raise the level of enrolment of children from the community at the lower level of educational hierarchy. Such management of these schools has been taken over by the government over a period of time. Examples can be drawn from the

'junior primary school' in Bhramapur Laljilakpa *Leikai* or the 'primary school' near Citizen Club in Soibam Leikai and many more that were initially established by the efforts of *leikai club* and later became a state-managed educational institution.

It may be said to be in due recognition of such works, two representatives of *leikai club* are members of the 'National Programme of Nutritional Support to Primary Education' commonly known as Midday Meal Scheme in two of its committees – Village Education Committee and School Development Management Committee. However, based on my field work, the community members were least involved or fully aware of the details of the programmes. Similarly, in Sarva Siksha Abhiyan (SSA), the roles of organising community awareness campaign are done in partnership with the *leikai club* members otherwise called as Club in the official paper of SSA which is only a 1-day affair. A report on SSA concludes:

> Monitoring and supervision of the activities in the schools in their respective jurisdiction should be enhanced in order to provide accurate data. A transparent and pro-active system is needed for effective monitoring and evaluation of the schools, especially those in the interior parts of the state (ISWAR 2009)

National Health Mission (Combat HIV/AIDS, Malaria and Other Diseases)

The state of Manipur is among the worst affected by HIV/AIDS in India and has become a serious health emergency (see Table 17.1). The state has a high incidence of drug addiction and HIV among its youth, and at the same time, young boys and girls from the state win the highest number of medals in the National Games (IANS 2007). The movement of sports through the *leikai club* system has been a tool to control the drug use and motivate youth for a healthy and disciplined lifestyle at the grass-roots level. It is unfair to ask youth to change their beliefs and behaviours without also providing community support for these changes. Especially when reproductive and sexual health issues are controversial and/or taboo, it is critical to bring other community members into the process so that they, too, can support a healthy change.

Table 17.1 Epidemiological analysis of HIV/AIDS in Manipur

1. Period: September 1986–August 2010

	Sero-surveillance	Sentinel surveillance	Total
Number of blood samples screened	343,539	74,098	417,637
Number of positives	30,055	6,317	36,372
Number of females	9,733		9,733
Number of AIDS cases	4,589		4,589
Number of deaths	645		645
Serpositivity rate per 100 samples	8.75	8.7	8.71

Source: Manipur Aids Control Society (2010)

NRHM was launched for the North-East States including Manipur State on 8th November 2005. However, it is only in the year 2010 that the village Health Action Plan was formed which also includes the leikai club functional executives, namely, the executive secretary of the *leikai club*.[12] Lack of monitoring and supervision has been also identified as one of the reason for the weak implementation of NHRM in the state. Data triangulation through community monitoring is an essential activity under NRHM, but is completely neglected in the State. But the role of leikai club are also included in a community monitoring committee is yet to start. There is no data analysis and feedback system except that of a State NRHM Quarterly Newsletter. And nobody knows anything about what is happening where.

Total Sanitation Campaign and Bharat Nirman (Ensure Environmental Sustainability)

125 *leikai clubs* collaborated with the Imphal Municipal Council for the 'Zero Garbage Campaign' which started on August 24, 2010. Besides this, three *leikai clubs* in a ward under the leadership of councillor and guidance of local MLA organised an awareness meeting then a house-to-house campaign by each *leikai club* and then the removal of litter from different locations from the ward with the assistance of the *leikai club*. However, this campaign was just for 2 months, and the government has not widely published 'the Manipur Municipalities (Cleanliness and Sanitation) Model by-law, 2009' in local papers. Along with these, there are more than ten *leikai clubs* in a ward in which these three *leikai clubs* cannot capture enough community audience at a meeting. While most of the responsibilities from the by-law are given to the NGOs which are profit motivated rather than not-for-profit motivated, the government could have given the whole responsibility of garbage management to *leikai club* members. Every *leikai club* has an annual cleanliness and sanitation campaign which helps in keeping the communities' environment clean and free from communicable diseases.

Conclusion

The potential of *leikai clubs* (social capital institution) as a mechanism for building a sustainable society in Manipur is not disputed. The practice and functions of leikai club can be seen as a case of good practice which need not only qualify against policy, project or programme actions but lead to improved human relations (ensuring inclusion of the voice of the poor in the overall development process). It is indeed observed that recognition of *leikai club* as an institution rich in social capital with regard to MDGs is to locate service provision more locally and also brings in new providers more importantly from outside the government. However, this form of decentralising programmes is more demand driven, and their approach is more instrumental rather than tailoring to the local specific

needs. Concerns for community members' choice and information accessibility about their rights and options and the procedures for gaining access to service providers must be taken care.

In fact, Jawaharlal Nehru Urban Renewal Mission (JNNURM) under Bharat Nirman, a mandatory reform of community participation bill 'Manipur Municipality Community participation Act, 2010' was passed by the state assembly without any debate in the public domain. Here, the act reflects more of contracting with the private agencies rather than the community partnership. The act mentions to institute 'Ward Area Committee' which among other members includes two persons representing the civil society from the ward, nominated by the state government. But here the explanation of the term 'civil society' is too broad. Instead of democratisation, what the act actually does is bureaucratisation by opening a window for vested interest to operate.

It is true that state has started recognising its role in its policy framework, but one has to understand that '*community participation occurs when a community organizes itself and takes responsibility for managing its problems. Taking responsibility includes identifying the problems, developing actions, putting them into place, and following through*' (Cheetham 2002, p. 4). It can be said to be a failure of the state governance to fully equip the community with the information and tools of programmes and schemes of MDGs. The gap between the normative prescription and the functional aspect of community participation in the state governance strategy remains a challenge in building capacity and institution of MDG. Government backed by donor agencies is only seen in a hurry to adopt community participation with no sense of real ownership by this community. Besides this, understanding of *leikai* which is an urban area (as per administrative setup[13]) may not be enough with the background of neighbourhood literature derived from western or European world where there are sharp contrasts in terms of the physical form, residential densities and in relation to ideas of community and kinship. Therefore, a challenge still remains in achieving the MDG until the gap of bridging these communities through *leikai clubs* takes place truly in the deeper sense of community participation. What role these *leikai clubs* can play as partnership in governance and development and how they can relate to the other institutions of governance and public administration have to be clearly sorted out. The lack of citizen's access to information related to MDGs programmes and schemes is still a challenge to build the capacity development of *leikai club* volunteers and executives. In fact, such existence of vibrant community institutions which have control over local knowledge and legitimacy of the community can further strengthen the MDGs.

Notes

1. Government of India, XI Five-Year Plan, p. 251.
2. 29.3 % of rural and 59.4 % of urban households have access to drinking water. But, 33.58 % in rural and 22.58 % of urban households fetch water from faraway places. Further, 67.21 % of rural and 42.86 % of urban households do not have proper drainage system. In addition, 30.3 % of the rural and 88.2 % of urban households have access to electricity. For further

details, see Government of India 2008, North Eastern Region: Vision 2020, Annexures, Vol. III, p. 123–24.

3. The majority ethnic group settled in the valley area of Manipur.
4. This information is based on intense observation during field work in the years 2008–2010.
5. Based on the rough estimate of the number of households contributing help of any kind to the *leikai club*.
6. Based on an interview with Adhikarimayum Basantakumar, former secretary Brahmapur Youth Club on March 20, 2009.
7. Keirup was a military organisation for war and protection of village.
8. Shinglup helped the bereaved family with wood, money and labour.
9. Leirup is in charge of developmental functions – building of roads and bridges, digging canals, etc.
10. Based on the data obtained from the Societies Registration Office, Lamphel.
11. Based on the official record of NYK obtained during field visit to the NYK office in Lamphel on September 9, 2008.
12. National Rural Health Mission, State Program Implementation Plan (SPIP) 2010–2011 p. 14.
13. This utilises the definition of urban given by census of India 2001.

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Chapter 18
Epilogue: Thinking About Reaching Out: Analytical Approaches to Develop Feasible Projects

RFI Smith

Introduction

This chapter is about reaching out to users of public services from operational levels in the public sector. Its starting point is the need for focus and commitment to create outcomes of value to citizens. A recent summary of factors that help or hinder progress towards the Millennium Development Goals (MDG) includes (Zukang 2010: 4):

> [U]nmet commitments, 0inadequate resources, lack of focus and accountability, and insufficient dedication to sustainable development… Some of these shortfalls were aggravated by the global food and economic and financial crises. Nevertheless, the data and analysis…provide clear evidence that targeted interventions, sustained by adequate funding and political commitment, have resulted in rapid progress in some areas.

In this analysis, lack of focus and accountability aggravates shortfalls. Targeted interventions backed by financial and political resources make a difference. Approaches to improve targeting therefore deserve high priority.

This chapter examines the use of logic models to structure more targeted service initiatives. Such models focus on defining paths to desired impacts and help turn intangible resources into tangible results. The first is pyramid logic. This is used in management consulting to structure investigations and proposals. The second is investment logic maps. These are designed for use in government, especially to develop infrastructure projects in fields where likely benefits are contested.

This chapter proposes that logic models can help managers and staff think about opportunities to implement development goals by improving focus, accountability, feasibility and targeting. It suggests that such initiatives may also help find funds, win support from senior managers and political leaders, provide

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a basis for consultation with users and create resources with which to generate continuing streams of innovation in the formulation and delivery of public services in developing countries.

This chapter is organised in three sections. The first sets out the organisational context of public services. The second sets out, with fictional examples from South Asian experience, the elements of pyramid logic. The third sets out, with fictional examples prepared by the Victorian Department of Treasury and Finance, the use of investment logic maps.

Organisational Context of Public Services

Like the private sector, the public sector is about creating value (Kaplan and Norton 2004; Moore 1995). However, in the public sector, value cannot be read from a balance sheet or other single source. What is valuable to members of the public is decided in a range of forums and according to a range of standards all of which may be contested. The ambition to treat the users of public services like highly valued customers can be a valuable stimulus for reform. However, it has limits (Mintzberg 1996; Moore 2008).

Linking purposes and outcomes is a critical step. Kaplan and Norton propose that public sector organisations need to focus on what they are there to do (their mission) and on how they carry it out. To do this they need constantly to:

- Ask how they appear to those who use public services
- Improve their internal business processes
- Learn and improve

Further, Kaplan and Norton argue that the assets critical to organisational performance are often intangible.

Organisations need to specify objectives for four perspectives: financial results, user responses, internal business processes and learning and growth. Between the objectives for all factors, strategies to improve performance need to improve cause and effect relationships. Kaplan and Norton argue that in any organisation (Kaplan and Norton 32)

> The internal processes create and deliver the customer value proposition. And intangible assets that support the internal processes provide the foundation for the strategy. Aligning objectives in these four perspectives is the key to value creation and, hence, to a focused and internally consistent strategy.

Their overview of how public organisations create value is displayed in Fig. 18.1.

However, Kaplan and Norton do not consider in any depth how management within the public sector is related to political authority.

Mark Moore does this. In a complementary analysis, he shows how outcomes valuable to members of the public depend on two linked factors. First, they must be supported by political authorities and be legal. Second, they must be feasible (Fig. 18.2).

The critical link between political support and operational feasibility is that securing and maintaining the former often depends on the latter. While political
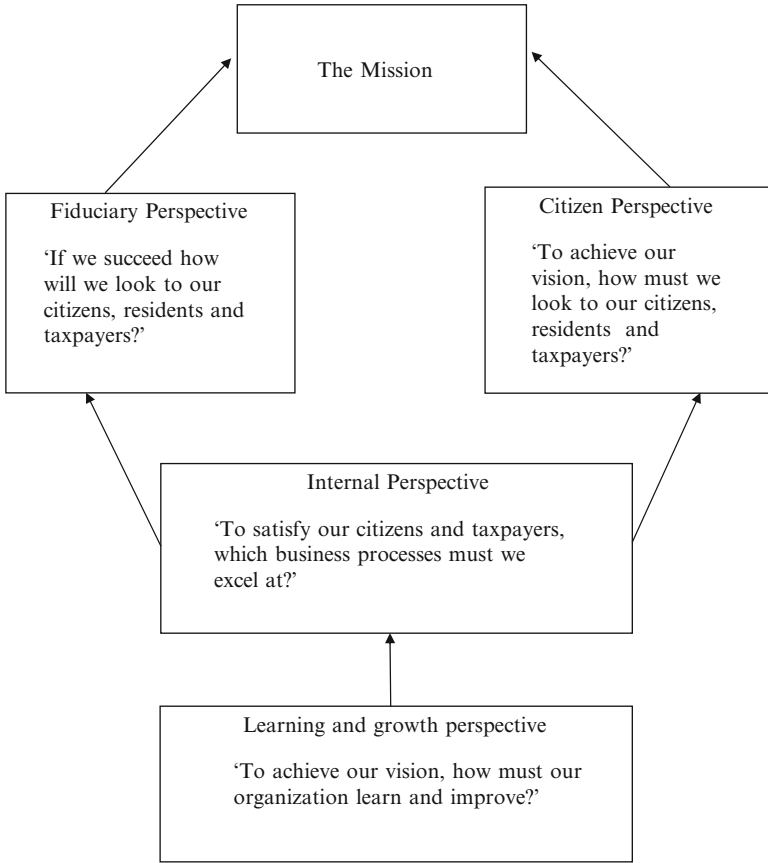
Fig. 18.1 Value creation: public sector organisations (Source: Adapted from Kaplan and Norton 2004)
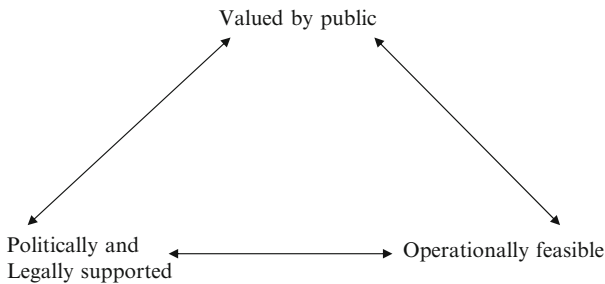
Fig. 18.2 Creating public value (Source: Moore 1995)

leaders seek to drive public sector agendas, they also look to public officials to turn political promises into valued results. A particularly critical task for the public sector is to propose solutions to difficult problems. A firm sense of political direction and versatile public sector capabilities can produce strong working partnerships. Such partnerships are based on accountability for results by public officials in return for the backing by political leaders of well worked out public sector proposals.

Together the analyses of Kaplan/Norton and Moore provide useful ways of linking ways to improve public services. Improvements in internal management in the public sector combined with effective political leadership can create a path to tangible results for citizens.

Pyramid Logic

Pyramid logic is a way to strengthen thinking about reaching out to people through development of service initiatives. It helps to focus questions about policy objectives, operational management, business processes and user responses so that the feasibility of new initiatives is supported by evidence and argument. It helps to answer the questions asked in Kaplan and Norton's strategy map for the public sector and suggested by Moore's analysis of the creation of public value.

Four important characteristics of pyramid logic are that it is designed to be part of wider management and problem-solving processes, driven by hypotheses; separates problem analysis from solution formulation; and structures and economises on information gathering.

Pyramid logic can be used by individual officials, managers, reform teams or external consultants. It can be used to formulate new proposals or to analyse existing ones. It was developed by Barbara Minto (Minto) when she worked with McKinsey, a consulting company. It continues to be closely associated with McKinsey (Rasiel and Friga). An accessible summary, designed for use by graduate students, is available on the internet entitled 'Problem Solving with the McKinsey Method'. This version is the one mainly referred to here.

Pyramid logic is about problem solving. It relates questions and information to tight definitions of problems, solutions and impacts. An overview of the process is displayed in Fig. 18.3.

An initial hypothesis drives information gathering. It flows from questions about the gap between current results and desired ones. Such a hypothesis may be formulated, for example, within a work team, by a manager, in a report on user feedback, or by consultation with strategic stakeholders. Sub-hypotheses deduced from the initial hypothesis are then used to gather information against which the hypothesis and sub-hypotheses are tested.

'Problem Solving with the McKinsey Method' suggests that analysis should start with three elements: the current situation, difficulties or complications, and questions in the minds of participants in the analysis. Intuitive assessments and perceptions by managers, staff and users are often useful starting points. But they must be

MANAGEMENT

--TEAM
--USERS (CLIENTS, CUSTOMERS, CITIZENS or SUBJECTS)
--SELF

Problem →

| Intuition ↔ Information |

Solution → **IMPLEMENTATION**

ANALYSIS

--FRAME PROBLEM
--DESIGN ANALYSIS
--GATHER IN FORMATION
--INTERPRET INFORMATION

PRESENTATION

--STRUCTURE TO SHOW MAIN POINTS
--SECURE SUPPORT FROM LEADERS
--SECURE SUPPORT FROM USERS
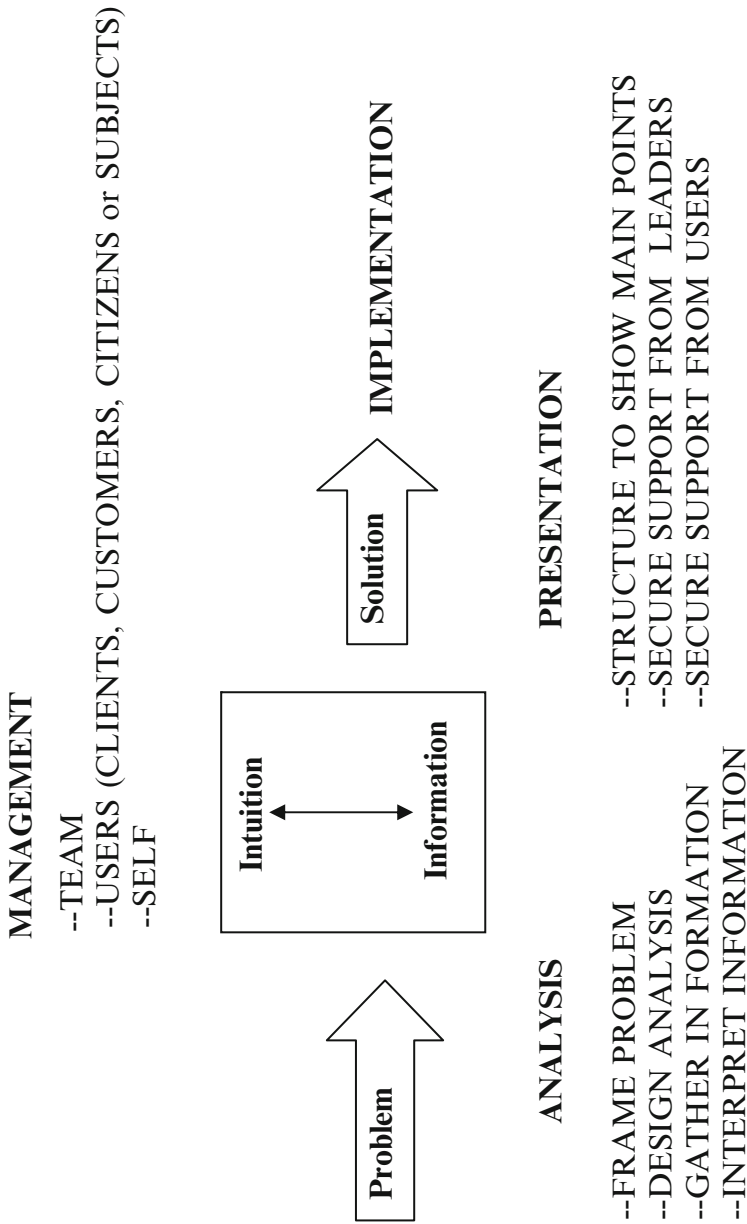
Fig. 18.3 Analysis by pyramid logic—overview (Source: Adapted from 'Problem Solving with the McKinsey Method')

tested against relevant information through a systematic process. The benefit of this approach is that information gathering follows structuring of the problem. Large amounts of expensive data do not need to be collected.

Once an initial hypothesis is formulated, it is refined through two steps. The first is to construct issue trees to break the problem and the questions it throws up into manageable parts. The second is to construct hypothesis trees leading to a succinct proposal for action.

A complete set of issue trees aims to identify all potential ideas for solving a problem. Initial issue trees often generate further questions and new trees. Separate questions each need an issue tree. Key questions are 'do issues overlap?' and 'are any issues missed?' Minto (Minto 82) describes this process as ensuring that questions in issue trees are mutually exclusive and collectively exhaustive (MECE).

Each issue tree should begin with a question. The number of issues explored in each tree should be a minimum of 2 and a maximum of 5. This keeps trees manageable.

A template for issue trees is displayed in Fig. 18.4. The example draws on issues discussed at a recent leadership workshop by participants from a South Asian civil service. Participants mainly held positions at subdistrict level. However, the example is fictional.

Once questions have been explored through issue trees, the next step is to focus on feasible proposals by using hypothesis trees. Hypothesis trees narrow down an investigation and build a complete argument. They ask 'why' and 'so what'.

Hypothesis trees use the same template as for issue trees but begin with a hypothesis. A template for hypothesis trees is displayed in Fig. 18.5.

Hypothesis and issue trees can then be used to identify the analyses needed to come to conclusions on each hypothesis. A template for setting out the needs of an analysis is displayed in Fig. 18.6.

This template can be used to draw up a detailed work plan, including who is to conduct analyses and when they should report.

The analysis phase can then be used to build an argument for presentation to leaders in the organisation or for use during external consultations.

How to organise the argument is displayed in Fig. 18.7. Evidence is aligned with sub-arguments to build up the overall argument. It is important to pay particular attention to the sequence of the argument.

The boxes in the pyramid diagram can be used to summarise the analysis and argument, especially to structure the headings and subheadings of a final report. Once headings and subheadings are determined, the relevant detailed analysis can be set out under each heading.

Software is also available to help construct issue and hypothesis trees and to suggest headings for reports (see, e.g. Austhink).

Pyramid logic is valuable because it can be applied in a wide range of circumstances. In the case of reaching out to users of public services, it provides opportunities to sharpen thinking about each aspect of an initiative from internal operations, through securing support from senior officers and political leaders, to learning from user feedback. In relation to the strategic interactions identified by Kaplan/Norton and Moore, it can used to examine each component. The examples in the templates

Question   **Break down issues**   **Continue breakdowns** ➡
Any overlap?
Anything missed?

Do what?   **How?**

Improve data bases about citizen particulars	Build IT network throughout district
	Build data base to cut need to ask citizens to repeat personal information for each request
How can we respond more quickly to citizen requests at service points?	
Empower officers at service points to make more decisions	• Provide officers at service points with access to citizen information. • Request citizen consent on each occasion
	Build data base of decision guidelines

Fig. 18.4 Issue tree template (Source: 'Problem solving with the McKinsey method')

Why?   **Why?**   ➡
So what?   **So what?**

	Citizen waiting time at service points cut by x minutes/hours
	Less officer time needed on front line service
Improved citizen data bases will cut response times and free resources for new initiatives	
	Officer time on data re-entry cut by x minutes/hours per request
	More officer time available for service improvements, eg data base on decisionguidelines
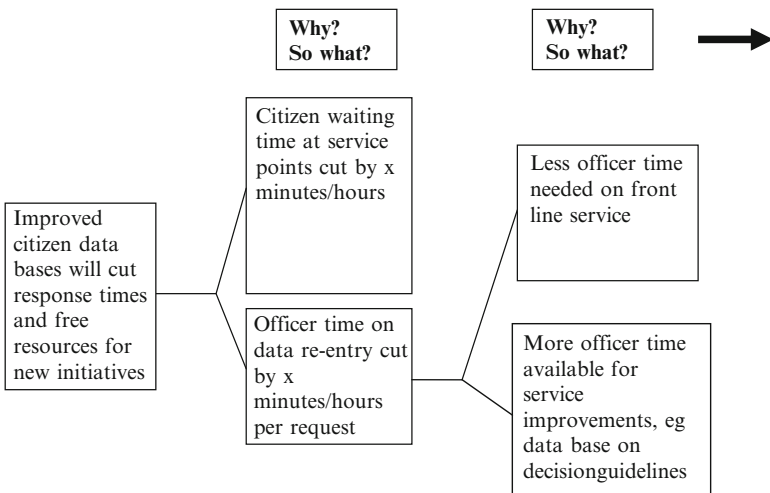
Fig. 18.5 Hypothesis tree template (Source: 'Problem solving with the McKinsey method')

Hypothesis	Analyses needed	Data Sources	Product
Improved citizen data bases will cut response times and free resources for new initiatives	Format of data bases Feasibility of data bases Compliance with privacy principles Savings estimates	Web sites of comparable countries Information specialists Privacy laws Operational studies	Proposals on: -Data bases - IT support -Privacy compliance -Credible savings estimates10

Fig. 18.6 Analysis template (Source: 'Problem solving with the McKinsey method')
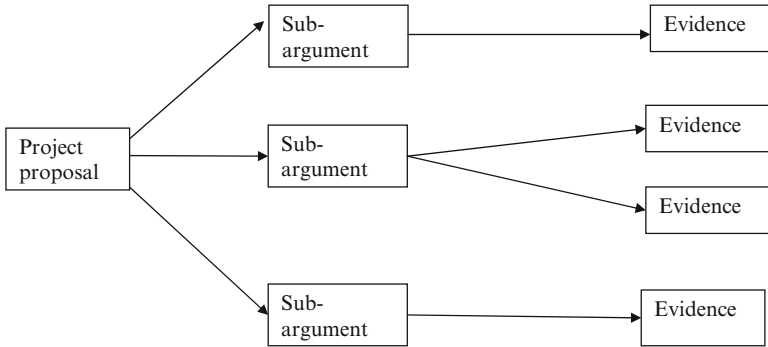
Fig. 18.7 Pyramid argument (Source: 'Problem solving with the McKinsey method')

set out above focus on internal operations. However, the approach can be used as well to think about relationships with external stakeholders and users and to design consultations with them.

Individuals and small teams can use pyramid logic to sharpen thinking about sensitive parts of daily work. Examples include writing short reports to more senior officers, analysing recommendations from reviews and analysing suggestions from external stakeholders and users. A particular advantage is that use of the approach does not demand exhaustive inquiries and external resources. Its power is that it provides a way to focus the large amounts of internal material already available in the public sector.

Finally, the pyramid approach puts rigour into analysis without demanding excessive research effort or the engagement of external consultants. The separation between issue trees and hypothesis trees helps avoid rushing to 'solutions' just

because they are available. By identifying credible hypotheses, members of a public service workplace can use existing information and thinking first to test such hypotheses and second to turn them into feasible initiatives.

Investment Logic Maps

Investment logic maps use similar approaches to focus on the design and benefits of capital intensive service delivery and other projects. In particular, they focus on benefits to end users in ways that elicit support from senior managers and political leaders responsible for budget decisions (Hodgkinson 2007).

Investment logic maps were developed initially in the Office of the Chief Information Officer in the government of Victoria, Australia. They were a response to the failure of expensive IT projects to meet expectations. The project management techniques applied to IT investments concentrated on delivering projects. Benefits were assumed. When benefits proved elusive, projects lost support. With the development of investment logic maps, stakeholders could make decisions based on analyses that spelled out benefits—intangible as well as tangible (Douglas 2008). Subsequently, the Department of Treasury and Finance in Victoria extended the approach to all major investment decisions (DTF 2009).

The approach sets out four components to investment management: problem definition, benefit definition, possible strategic interventions and preferred strategic intervention. 'Solutions looking for problems' are avoided. The approach is driven by extensive preparation and focused through a facilitated workshop. Key participants include leaders and managers responsible for service delivery, business operating models and funding decisions. The first step in the workshop is to define the problem. The concluding step, after rigorous discussion of evidence, is to define a preferred intervention. Conclusions are summarised in an investment logic map. The map builds on substantial preparation and skilled facilitation to distil issues into short statements that provide guidance to all managers involved. The map is then used (and modified as necessary) throughout preparation of a full business case and implementation of the investment.

An example of an investment logic map is displayed in Fig. 18.8. It is a fictional example about technical and further education in a region in Victoria. The map shows how selected interventions and changes address a set of problems and produce benefits needed to alleviate them.

Assets needed to support changes are identified. Benefits listed are intangible as well as tangible. The example above is for a single initiative. However, logic maps can apply to any significant investment, including at programme and whole of organisation levels.

Like pyramid logic investment, logic maps enable managers and staff to interrogate problems. Key similarities are that they separate problems from solutions, ask probing questions and search for significant relationships. Key differences are that investment logic maps start explicitly by looking for benefits and how to get them,
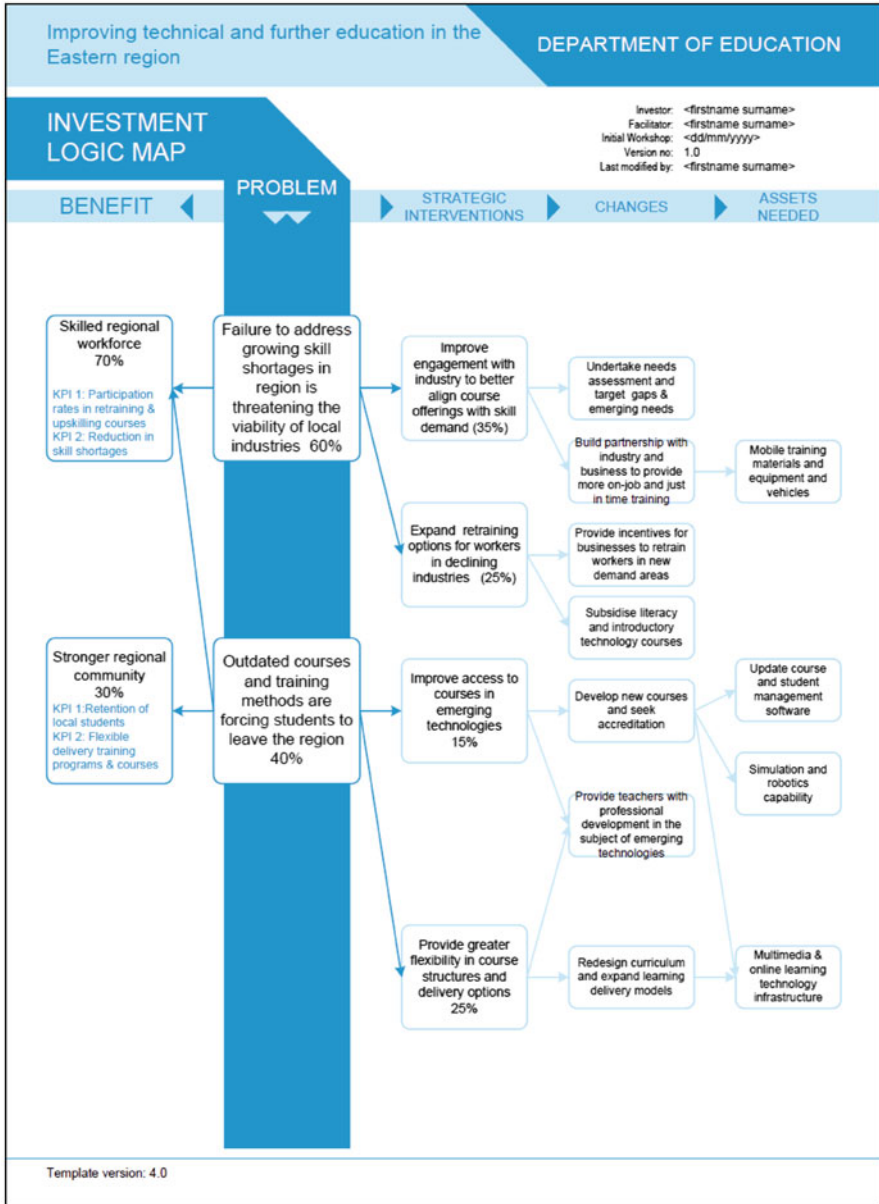
Fig. 18.8 Education initiative—investment logic map (fictional) (Source: DTF 2009)

build in investor participation, contribute explicitly to decision making, build in implementation and build in review. Further, as in the references in the example to 'skilled regional workforce' and 'stronger regional community', investment logic maps explicitly build in statements about intangible benefits. They complement the

strategy maps advocated by Kaplan and Norton. In particular, they enable further explication of chains of cause and effect relationships so that business cases include intangible as well as tangible assets. They help to mitigate failure of business cases that depend mainly on tangible benefits and where such benefits are insufficient to justify an investment.

Conclusion

This chapter explores how reaching out to people with improved services can start with rigorous scrutiny of internal public sector processes. It suggests that by using analytical techniques such as pyramid logic and investment logic maps, public officials with operational responsibility can propose feasible initiatives. They can bring problems in the community back into the public sector for analysis. With rigorous analysis, they can then win the commitment of managers and political leaders with authority to commit resources. In this way, they can confront the problems in implementation of the Millennium Development Goals identified for the UN by Sha Zukang.

The strength of the techniques is that analysts can use them to formulate practical proposals with specified benefits. They can also contribute to wider reform initiatives. Reaching out to the community to learn is an important starting point. With feasible reform proposals, public sector organisations can then reach out again with improved services.

Finally, the focus of the techniques on evidence can bring strength to bottom up proposals that might otherwise be smothered. Lower-level participants can use the results of analysis to exercise the 'power of pull'. In this way, Hagel et al. (2010: 239) argue that

> Small moves, smartly made can result in far greater accomplishments than anyone might have dreamed of.

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