Improving public administration in the Asia-Pacific region: some lessons from experience

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ABSTRACT

This article draws on recent experience in the Asia-Pacific region to examine some conditions that are needed for administrative reforms to take hold, some lessons, and two approaches to reform. It then gives a brief overview of some key reform priorities, with examples from the region. A typology is drawn from a framework recently developed by the Asian Development Bank (Schiavo-Campo and Sundaram, 2001: 729-776). Although experience with reform has improved our understanding of what works, more in depth research is needed on how to achieve high performance in the public sector.

BACKGROUND

Beginning in 1995, the Asian Development Bank (ADB) started to pay serious attention to governance issues. Building on a notion that sound, development management is needed for effective development performance, the ADB became the first International Finance Institution (IFI) to adopt a Board-approved, governance policy (ADB, 1995). This work was carried out in close coordination with the World Bank, which subsequently issued a similar commitment at the highest level.[2] To support this emerging consensus, Transparency International was launched in 1993 by a former World Bank staff to mobilize pressure from civil society on the governance agenda.

ADB has since broadened its definition of good governance to include a cluster of policies and strategies, including procurement, law and policy reform, participation of civil society, gender, anticorruption, and money laundering. This cluster helps member countries adopt institutional and policy reforms to adapt to an increasingly competitive regional and global economy by building sound macroeconomic and legal frameworks that strengthen markets and individual choice, and in turn economic growth and poverty reduction. Although internationally accepted tools, concepts and notions of good practice broadly influence the goals and strategies of reforms,[3] there are significant differences among Asian countries in how they choose to implement their reforms.

The ADB defines governance as "the manner in which power is exercised in the management of a country's social and economic resources for development." Within ADB's governance policy, support to public administration reform is a key component:

> Civil service reform is perhaps the most elusive transformation facing a government…A professional and accountable civil service that can administer rules, maintain standards and competition, and respect property rights is critical for private sector confidence in the government's efforts at economic reform. What is needed,

therefore, is to move progressively towards public administration systems that provide clear career paths, adequate compensation and benefits, and incentives that tie advancement in the civil service more closely to staff performance and productivity. While downsizing operations should facilitate such improvements, (they) will not by (themselves) obviate the requirement for more sophisticated management and control systems (ADB, 1995: 31-33).

By contributing to sound governance, public administration reform also contributes to reducing poverty because it

> (i) supports participatory, pro-poor policies and sound macroeconomic management; (ii) ensures adequacy, predictability, transparency and accountability in use of public funds for pro-poor budget priorities, (iii) encourages private sector initiatives, (iv) promotes effective delivery of public services by a capable, motivated civil service, (v) disseminates basic performance data and provides client feedback to monitor service delivery, and (vi) helps establish and maintain the rule of law (ADB, 2003: 2).

Although ADB and other IFIs use terms such as "participation", "transparency", "accountability" and "rule of law" in describing their governance support, they don't explicitly promote democratic political processes as is done by other development agencies. Article 36 of the ADB's Charter states that the ADB "shall not interfere in the political affairs of any member nor shall they be influenced in their decisions by the political character of the member concerned. Only economic considerations shall be relevant to their decisions…". Similar restrictions in other IFI charters also apply. However, this has proved less of a hindrance to supporting good governance than might be expected. One reason is that UN and bilateral development agencies have been active in promoting democratic political processes, based on their different mandates and comparative advantage. A second reason, particularly evident in the Asia region, is that some countries have achieved economic growth and poverty reduction with less attention to democratic freedoms than has been the case elsewhere. Recent surveys (PERC, 2004) show, for example, that People's Republic of China, Viet Nam, Malaysia and Singapore have higher competitiveness ratings than Philippines and Indonesia, despite lower rankings in civil liberties and political rights.

With this conceptual foundation in mind, the following will draw from recent experience in the Asia-Pacific region to examine some conditions that are needed for administrative reforms to take hold, some lessons, and two approaches to reform. It will then give a brief overview of some key reform priorities, with examples from the region. This typology is drawn from a framework recently developed by the ADB (Schiavo-Campo and Sundaram, 2001: 729-776). Although experience with reform has improved our understanding of what works, more in depth research is needed on how to achieve high performance in the public sector.

CONDITIONS NEEDED FOR REFORMS TO TAKE HOLD

There are five conditions that are generally met when public administration reforms start to take hold: (i) leadership; (ii) vision; (iii) selectivity; (iv) sensitivity; and (v) stamina.

Leadership

Barzelay (2004: 263-66) points out that heads of state and other top officials have a crucial role in putting reforms on the policy agenda, and in determining how important reforms are relative to other priorities, with the decisive factors being maximizing political advantage, and minimizing political risk. For many leaders, the politically opportune time for launching reforms is shortly after forming a government.

For example, in Vanuatu, inheriting fiscal uncertainties and a weak governance

structure, the government that assumed office in October 1996 introduced the Comprehensive Reform Program. This was a broad initiative to reform the public service sector and public enterprises, and improve the enabling environment for private sector development. A participative and consultative process was adopted from the very beginning, which included extensive media coverage, and convening annual summits to provide citizens an opportunity to monitor progress in the implementation of reforms. However, a weakness of the program is that there aren't enough senior lawyers, engineers, accountants and capable managers. As a result, service delivery has not improved, and may have gotten worse in some sectors such as in agriculture. (ADB, 1999 and 2002d).

In Pakistan, the new Government taking power in 1999 launched a process of decentralization reforms to: "(i) break the political and administrative hold of traditional elites, (ii) pass effective political and fiscal power from the federal and provincial levels to newly empowered local governments, and (iii) make local governments accountable to the

Public" (ADB 2000: 1). The reforms were formally instituted following the conclusion of local government elections in 2001. Among the reasons for slower than expected implementation since then has been the challenge of ownership. Although the reforms have the full support of the Head of State and the powerful National Reconstruction Board, they were not initially fully supported by key officials at the provincial levels. Since then, extensive consultation has taken place with the concerned officials, and as a result implementation progress is improving.

In the case of Viet Nam's, a reform-minded Prime Minister appointed in 1997 was initially responding to demands from "war veterans" (who carried out unprecedented protests against corrupt local officials, punitive tax demands, *et al* in two provinces in 1997), some Party elites, investors, and donors for cleaner, more effective implementation of Party policy to better regulate a fast growing economy. To ensure effective coordination in designing a reform program, the Viet Nam National Public Administrative Reform (PAR) Committee, chaired by the Prime Minister, was constituted

in 1998. It included two former Deputy Prime Ministers, Nguyen Khanh, who effectively chaired meetings, and Nguyen Tan Dung responsible for financial reform. Other members were ministers responsible for the Government Committee on Personnel, the Office of the Government and the Ministry of Justice (ADB, 2001).

Although authentic national leadership and ownership are crucial to reform success, one must be careful in aid dependent economies not to confuse it with merely placating donors, as described by Hirschmann (2003: 240):

> Recipients have long ago learned what donors want, and they now seem to want two things: that you do what they want but convey the idea as your own…It has become more difficult to disentangle donor and recipient ownership…Life is made a lot easier when you do what donors want.

Donors can play a supportive role, but successful reforming leaders generally have more important, domestic political reasons for reform.

Vision

Comprehensive reforms that take hold are founded on a coherent vision of goals, broad objectives, and notional timetables for bringing about improved public administration. For example, Viet Nam's PAR Program approved by the Prime Minister in 2002 outlines a workplan for the period 2001-2010, and it proposes to reform the entire public administration system by the end of that period. This is in line with Viet Nam's overriding goal to accelerate the transition from a centrally planned to a socialist oriented market economy, with a state governed by the rule of law.

The Program's agenda is broad. It includes replacing cumbersome administrative procedures with more simplified and transparent ones; reducing red tape and corruption; better defining the mandates and functions of institutions; reducing, during the period up to 2010, the number of ministries and consolidating within these the number of agencies; reforming provincial and other sub national administrations and redefining their relations with one another and the center; streamlining and rightsizing the organizational structures of ministries and other government agencies; reforming and rationalizing the relationship between ministries and other administrative bodies, and service delivery organizations and enterprises; raising the quality, standards and skills of civil servants and other public sector workers; undertaking salary reform for public employees; reforming public financial management; and modernizing the public administrative system, notably through computerization and the introduction of e-government (ADB 2003a).

Selectivity

Reforms take hold when they are important, and have a good potential to be carried out in a timely manner, and to be a catalyst for additional reforms. Selectivity means filling in the reform timetable in a pragmatic way, while supporting the long-term vision. It does not mean pushing ahead with *ad hoc* reforms, nor with isolated project implementation units (PIUs) or other privileged enclaves isolated from the mainstream. For example, the

state government of Andhra Pradesh, India has in recent years begun implementing its "Vision 2020" reforms. One part of the reform agenda that has captured global attention has been a number of e-government initiatives. For example, about 214 land registration offices have been completely computerized since April 1998. Deeds are registered in one hour and other services like the issue of encumbrance certificates and valuation certificates in 15 minutes. As of February 2000, about 700,000 documents had been registered under CARD. Middlemen are no longer needed, and time consuming manual copying and indexing of documents, and storage in paper forms have all been replaced (Bhatnagar, 2000). There has also been some progress in the state in human resource management, and public enterprise reforms. However, politically sensitive reforms on reducing staffing, streamlining investment approvals, and reducing corruption have moved at a slower pace. For example, the government has only been able to get public employee union approval for e-government projects by promising that no jobs would be lost (Beschell, 2003: 245-249).

Sensitivity

Each country has its own unique historical, political, and cultural context that needs to be factored in. For example, Cambodia has experienced frequent changes in its political and economic regimes, which have been somewhat influenced by regional (e.g., Viet Nam) and non-regional countries (e.g., France). The evolutionary process of the legal system includes a French-based civil code and judiciary before 1953; a Vietnamese communist model from 1979-1989; and now back to the French-based civil code combined with common law in certain sectors. The economic system, similarly, changed from a colonial system, to market-based, to Soviet-style central planning; and now back to a market-based economy (ADB and Cambodia Development Resources Institute, 2000). In addition to the plethora of economic and administrative models, there are post-conflict issues including reconciliation, rebuilding institutions, skills and trust, and demobilizing combatants. The Royal Government of Cambodia's Governance Action Plan has been designed with this complex array of issues in mind.

Stamina

Any fundamental reform takes time to take hold, and needs to be sustained across changes in governments and changes in donor funding. Because of the range of administrative problems, and the economic and political urgency of solving them, governments need a comprehensive vision and timetable for reform. However, because of the enormity and political sensitivity of the task, and the severe limitations on capacity to manage reform, such a framework may take ten to twenty years to achieve significant impact. Take the case of ICT reforms in Viet Nam. The story begins at least as far back as 1993, when a National Information Technology Program was initiated. The new Prime Minister appointed in 1997 continued implementing the program, including a government information network, and considerable application development, training and awareness raising. Next, the Prime Minister approved the PAR Master Program mentioned above with 7 action programs, one on modernizing state administration with a major role for e-government. Next, the Government made a landmark policy decision in September 2001

for State Administrative Management Computerization (SAMCom), which was a far more comprehensive strategy than the earlier 1993 program. Based on this, the Prime Minister requested ADB support through the policy loan for support to PAR action program 4 (training) and program 7(e-government). In addition to the loan approved in 2003, two additional ADB loans are provisionally planned to ensure successful implementation through 2010.

The slow progress of administrative reform in the Russian Federation also shows the need for stamina. In 1989, a group drafted a civil service law that was not adopted. Spurred on by the dramatic political changes of 1991, some modestly effective laws and regulations were enacted, and progress made on modernizing human resource management and training. In 1996, work began on designing more significant reforms toward a merit-based, efficient, effective, corruption-free public sector, based on surveys and analysis by a number of expert working groups. Although a comprehensive design was presented to the new Prime Minister in 1997, and summarized in President Yeltsin's Annual Message to the National Assembly of 1998, the detailed design was never published nor implemented. However, the initial effort did help to raise awareness among some senior officials of the need for reforms, and thus helped pave the way for a recent wave of reform launched by President Putin in 2002. The new reforms are reinforced by extensive diagnostic and comparative analytical work, initially led by the Center for Strategic Studies, including a functional review of 5,600 functions of 60 federal agencies. Achievements include launch of significant pay reform for senior-level civil servants, enactment of a Code of Conduct for civil servants and other relevant decrees, laws and regulations, and launching of pilots projects in ministries and regions on pay reform and performance budgeting, with support from the World Bank (2002, 2004) and other donors.

BROAD LESSONS FROM EXPERIENCE

Improving public administration is one of the most difficult challenges facing governments and their development partners, because of the complexity of the processes, the wide variation in context, and the difficulties in measuring reform outputs and outcomes. Still, there are four broad lessons to consider: (i) Begin with diagnostic work; (ii) Test for readiness; (iii) Move at the right speed; and (iv) Implement effectively.

Begin with diagnostic work

Broad diagnostic work can be useful as a first step. Governments, development agencies, and other stakeholders are often not fully aware of the administrative challenges faced.

For example, ADB carries out Country Governance Assessments (CGAs) to systematically assess the quality of governance for borrowers, and to strengthen the linkage between the quality of governance and levels and composition of assistance. ADB has completed CGAs in six countries, and they are underway in an additional twenty-two (ADB, 2003e). Results of CGAs have been incorporated or are being incorporated into Country Strategy and Programs, and Poverty Partnership Agreements.

Internal reviews of CGAs have found that there needs to be better linking of governance support and poverty reduction. CGAs often highlight the "absorptive capacity" of the country to pursue market-oriented reforms and utilize external assistance as a reoccurring governance challenge. Within strategic sectors of the country's economy, such as agriculture and transportation, governance was repeatedly discussed as an underlying issue essential to the sectors' overall development and performance. Other development partners such as the World Bank (Kaufmann, 2004), the European Bank for Reconstruction and Development, and the UK Department for International Development also support governance diagnostic work in the region, along with private consultancies such as Political & Economic Risk Consultancy, Ltd.

In addition, political assessment tools can help stakeholders better understand the array of interests lining up for and against specific reforms, and the opportunities for mobilizing decisive coalitions of interests to speed up reform (Nunberg *et al*, 1994; Reich *et al*, 1995; Gillespie *et al, 1996*). One analyst suggests focusing on "where does the shoe pinch", or what aspects of governance offend government stakeholders and clients, how durable is the support for change, how much division is there among stakeholders, and what are the lessons of similar attempts to change in the past. (Montgomery, 1996: 959)

Test for readiness

Even when conditions may not be right for fundamental reforms, governments may be willing to carry out detailed surveys, functional reviews, and non-sensitive improvements in areas such as information systems. These pilot initiatives can test the readiness of the government and society for more fundamental reforms, and help to increase the demand for reform from a range of stakeholders. For example, in Nepal the Ministry of General Administration (MOGA), with support from ADB, has put civil service personnel records on line linked to approved positions, and is in the process of linking this system to payroll. In addition, some vacant positions have been eliminated, the creation of new civil service posts frozen, and agreement reached to stop new recruitment in vacant posts in lower positions constituting about 33 percent of total civil service positions. The Government has also approved a contracting out directive which will allow subcontracting of certain positions and functions to the private sector (ADB 2003c: 3). These initial reforms may help to build up support for deeper reforms in the future.

Move at the right speed

Some stress the need for a "top down", politically-driven, all-encompassing reform process to address such problems. Thus Werlin (1992: 204), citing the example of countries such as Korea, argues that reforming central bureaucracies is primarily a problem of political will and government capacity to effectively use persuasive and manipulative (rather than coercive and corrupting) forms of power.

Esman (1991:138-139), on the other hand, advocates a "bottom up" approach. He claims that system-wide reforms disrupt familiar routines and threaten established centers of powers without demonstrating convincingly their effectiveness. He prescribes, instead, incremental, confidence-building measures, such as training, new technologies (e.g., e-government), introduced with staff participation and focused at the level of individual programs or organizations. Brautigam (1996) makes a related argument that reforms should concentrate on a few critical functions, shifting politically important patronage opportunities to less vital agencies.

Both viewpoints are correct, assuming that in either case a coherent vision is being broadly followed. Reforms need to move "…as fast as possible when circumstances permit, and as slow as necessary when accountability needs to catch up, absorptive capacity to grow, or public tolerance to be rebuilt…" (Schiavo-Campo et al, 2001:733). Implementation may need to proceed in many small stages. Some of these can be planned, and scheduled based on priorities and complementarities. Others will proceed based on targets of opportunity.

ADB's policy based lending to the Kyrgyz Republic in corporate governance and enterprise reform points out the risks of trying to move too fast in the regulatory area. Although regulatory changes were needed to improve performance of key, state-owned enterprises (SOEs), there was only limited success in implementing the changes because of corruption and weak governance in public administration, the financial sector, and the judiciary. Targeted support to address selected aspects of these problems might have helped to build the foundation for broader, more successful SOE reforms at a later stage (ADB, 2003i).

Implement effectively

Outputs at the early stages of reform may include vision statements, strategies, action plans, frameworks, sector-wide adjustment programs, commitments agreed on at international meetings, reorganizations, and new laws and procedures. However, these are of little value if not properly resourced and implemented. Both development agencies and governments sometimes take such outputs as indications that a challenge has been solved, rather than as a step along the way (Easterly, 2002: 20). For example, Philippine leaders periodically boast of their strong stance against corruption, citing the seven laws and 13 anti-corruption agencies instituted to fight graft since the 1950's. Yet because of the overlapping mandates and accountabilities of these agencies, low salaries for public officials, red tape, inconsistent policing, nepotism and lack of political will, these laws, institutions, and related action plans have not been effective (Quah, 2003: 93-101).

APPROACHES TO REFORM

Building on the conditions and lessons outlined above, there are two operational approaches that have been successful in some countries: (i) Assessing and strengthening capacity, including inter-agency linkages; and (ii) empowering agents of change.

Assessing and strengthening capacity, including inter-agency linkages[4]

Many capabilities are needed for effective public administration, and to design and implement reforms, and capacity assessments are key components of the diagnostic work needed. Competitive pay and incentives are necessary, but not sufficient, conditions for building capacity to effectively perform critical tasks. Improving the performance of a task needs to begin with mapping the organizations involved in performing it. (Hilderbrand and Grindle, 1995: 441-464) The organizational map is the picture of the task network: the organizations with primary responsibility for carrying out the task, those that are less central but still play a role, and those that provide various kinds of support to the performance of the task. The description of interactions between these organizations is important, as is analysis of whether the interactions among the institutions are effective or are an area of capacity weakness. Questions of relationships and coordination among organizations are important here. All the dimensions of capacity need to be viewed from the perspective of the performance of the task.

The second step involves looking outward from the task network. What contextual factors play a significant role regarding the capacity to perform these tasks, and how do they affect how--and how well--the tasks are performed? At the level just above the task network, the impact of the institutions of the public sector needs to be considered, along with the broader economic, political and social environment.

The third step focuses on each organization and its human resources. These are closely interwoven, with the human resources a principal component of an organization's capacity, but only as brought together, structured, and utilized by the organization. A profile of the human resource dimension should focus on the recruitment, training and retention of skilled managerial, professional, and technical personnel. What impact does the organization's human resource profile have on its ability to perform its assigned tasks and reach its goals? What are the human resource strengths and weaknesses?

Whereas the human resource profile of an organization is very important, whether those skilled personnel are effectively utilized is frequently the key to an organization's level of capacity to perform its assigned tasks and reach its goals. This issue focuses analysis on the organizational level, where such factors as the structure of work and authority relations, appraisal and incentive systems, formal and informal behavioral norms, management practices, and leadership influence whether skilled personnel are willing or able to contribute fully to performing the task.

In addition, there are other capacity issues. Does the organization have adequate financial and physical resources to function effectively? Is it organized to use those resources effectively and efficiently to reach its goals? Is it able to interact with other organizations, clients, and other stakeholders?

Capacity strengthening is most effective when it is designed based on a thorough assessment covering the above issues. Evaluations of ADB (1997: 8-10) and other donor agency support to capacity strengthening show that such assessments are often not carried out, and thus the support is less effective that desired. To address these concerns, ADB

supported an extensive capacity assessment in 2003 of elected commune councils in Cambodia, and key organizations they work with at national, provincial and commune levels, prior to making investments in capacity building. Elected commune councils have relatively little decision making power, and are subject to bureaucratic control from their governor, and from central ministries. Although citizen participation is minimal in commune affairs, survey results suggest that citizens have a favorable impression of their performance. Since commune council members are mainly elderly, conservative men with relatively low levels of education, most have limited capacity for absorbing training. However, commune clerks need enhanced skills to deal with complex programming requirements (ADB, 2003h: 57-60). Training is also needed to support civil registration of 95% of Cambodia's citizens not presently registered. This exercise requires close coordination with commune council chiefs, provincial and district staff, and the Office of Civil Registration and Department of Local Administration (DOLA) of the Ministry of Interior.

A separate assessment for DOLA outlined the following priority steps for building capacity: competitive staff incentives, clear strategic direction, new organizational structure aligned with this, and a professional human resource function. Without these, any training provided will mainly contribute to the personal development of staff, not to the achievement of organizational goals (ADB,2004b: 6-7).

Empowering agents of change

One element of capacity strengthening deserves special mention: for reforms to take hold, there need to be change agents strategically located in key functional areas to spread new ways of working throughout the public administration system. Such staff need to be carefully selected, provided good working facilities, flexible procedures and other incentives, good at teaching others on-the job, and at networking across organizations.

Such agents of change and their organizational units are different from the "project implementation units" often set up by donor agencies. The latter are set up to be insulated from mainstream administrative systems, on the assumption that this is the best way to prevent corruption and ensure effective delivery of donor support. By contrast, agents of change emerge within existing structures, and work to change them from within, and to spread innovations across government.

For example, the Royal Government of Cambodia began implementing Priority Mission Groups (PMGs) in 2003 as a means of motivating a group of initially 1,000 carefully selected officials to facilitate key reform initiatives while longer-term civil service reforms were taking hold. PMGs were meant to replace the previous practice of donor agencies topping up the salaries of counterpart officials working on their projects (ADB, 2001a and World Bank and ADB, 2003: 93).

In another type of example, the Hyderabad (India) Metropolitan Water Supply & Sewerage Board uses its Single Window Cell (SWC) to reduce corruption for new connections. Previously, applications were made to one of 120 section offices, and then

forwarded to 14 other staff before approval, each requiring "speed payments". Under the SWC, the application process is centralized in one, public place, with applications recorded on computers that are difficult for corrupt officials to alter. Staff is motivated to provide good service with distinctive uniforms, modern offices and individual computer terminals. The service improvement has been praised extensively in the media, which further improves staff motivation (Davis, 2004: 62-3).

KEY REFORM PRIORITIES

With these conditions, lessons and approaches in mind, one can now review some key reform priorities that have emerged in the region, and have a better basis for analyzing how to tackle them in a given country. This list is not complete, but gives an indication of some leading reform challenges in Asia-Pacific countries.

Government Machinery and Organization

Central government organization

Governments need a structure at the center that ensures both coordination and accountability. When there are tradeoffs between the two, emphasis should be placed on assigning clear roles and accountabilities. For example, public administration reforms in People's Republic of China since the late 1980s have initially focused on align government structures and practices with the needs of a market economy. This has included corporatizing government departments producing goods for the market, and reducing the number of State Council ministries and commissions from 40 to 29 between 1998-2001. New personnel practices have also reduced the average age and raised the educational level of cadres, and made the selection process more competitive. Downsizing efforts have not been as successful during this phase, with the number of public employees increasing by 16 percent from 1991-9 (ADB, 2003b: 33-40). By another measure, between 1980-96, administrative costs increased 14.6 times, while revenues increased by 5.5 times, thus giving an impetus for future reform (Straussman and Zhang, 2001:415).

Central agencies are normally responsible for the regulatory framework covering *inter alia* banking, capital markets, utilities, environment, labor, and pensions. The central issue in most countries is not the quality of regulations, but weaknesses in implementation. Take, for example, ADB's recent support to pension reform in Bangladesh, India, Indonesia, Thailand, and Uzbekistan. Governments drew on this support in the hope that the growth of privately managed pension funds would spur the development of capital markets, and reduce the burden on publicly funded, pay-as-you-go systems. However, an evaluation found that vital preconditions were missing such as qualified regulators, an independent judiciary, capital markets too thin to give reasonable assurance of adequate returns, and fiscal constraints. Initial work should have focused in these areas (ADB, 2003j).

Sub national government organization and decentralization[5]

Decentralization means transferring fiscal, political and administrative functions from higher to lower levels of government, and can take on different forms depending on the degree to which independence of action is assigned to lower levels of authority. Deconcentration involves central agencies assigning certain functions to lower-level branch offices, and is appropriate when the national government wants to retain control. Delegation takes place when authority for defined tasks is transferred from one public agency to another agency or service provider that is accountable to the former, but not wholly controlled by it, and is appropriate for certain, technical functions. Devolution takes place when authority for defined tasks is transferred from a public agency to autonomous, local-level units of elected leadership holding corporate status, granted, for example, under legislation[6], and is appropriate for functions that are local in scope.

Decentralization is not necessarily a spatial concept requiring reassignment of service delivery responsibilities from higher to lower orders of administration, though this often is the case. Cohen and Peterson (1999: 61) emphasize that it is rather the broadening of institutions producing and providing needed goods and services at efficient cost, where ever they are located and whether they are public, quasi-public or private. A related trend is that many governments are contracting out public services, which gives rise to debate about the consequences for efficiency, through competition, and accountability, through unclear, overlapping mandates (Milward and Prova).

It is fallacious to presume decentralization indicates an inexorable policy progression from 'more' to 'less' centralized governance structures, but by conventional measures, decentralization is in its early stages of adoption in the region, despite common commitment in most countries to intensify it and the fact that various 'decentralizations' are underway.

A key issue in the region is ensuring that sub national units have sufficient skills and capacity to exercise essential functions. Weak capacity is not a reason keeping functions at the center that should be decentralized, although it can mean avoiding hasty decentralization until sufficient capacities are in place. For example, ADB is supporting district governments in Indonesia to raise their operational capability. Each participating district is preparing a capacity-building action plan, strengthening service providers to help implement the plan, and using information and communications technology to support coordination and management. Initial implementation was slow due to the uncertainty whether the project falls under the provision of Finance Minister decree no 35/2003 on the channeling of international aid to the regions, which was issued in January 2003 one month after the loan was approved by ADB Board. After a six-month consultation between ADB, Ministry of Home Affairs, and Ministry of Finance, it was agreed that the project should be the responsibility of Central Government (Ministry of Home Affairs), not regional governments. Article 112 of Law no 22 / 1999 stipulates that the empowerment of regional government under decentralization (such as capacity building) is the responsibility of central government.

By mid-2004, it is expected that 14 district capacity building action plans (CB-AP) will be approved by their regional parliaments. Procurement of service providers to

implement the CB-APs will start immediately and 14 contracts are expected to be awarded at the fourth quarter of 2004. The formulation of CB-AP will be done through a participatory process involving media, civil society, and private sector. The project will also support a change the focus of Government personnel training from structural into technical and competency based training.[7]

In Viet Nam, as part of the ADB-supported PAR program, processing and clearing procedures for ships using the Ho Chi Minh City Sea Port are now handled by one agency rather than six, and require only 9 rather than 36 documents, reducing clearance time from 6 hours per agency to only 30-60 minutes per ship. Likewise, in Quang Tri Province, the time for issuing land tenure certificates has been reduced from 91 to 23 days for urban land and from 90 to 13 days for rural land (ADB, 2003f). A sample survey of citizens and officials in 20 districts and 40 communes reveals that there have been widespread benefits from simplification of administrative procedures through similar, "one-stop, one-door" models. Citizens benefit by spending less time waiting and travelling, and having better information provided to them. However, progress has been uneven; more prosperous jurisdictions have benefited more than poor ones, and poor and vulnerable groups, ethnic minorities and women benefit less than other groups. For example, even though more efficient local administrations can now deliver birth and land use right certificates, and other documents faster than before, poor people still cannot afford the charge (ADB 2003g).

Managing public sector resources

Central government

Sound public expenditure management aims to control expenditures with available revenues, to allocate funds so that policies and programs are adequately funded, and to ensure efficient and effective implementation. Budgets should be comprehensive, and given adequate time for preparation, transparent consultation, and due process. Reliable revenue forecasts are crucial for ensuring budget realism. Adequate accounting and other systems should be in place to facilitate good budget execution and audit.

ADB supports this process at both core and sector levels. For example, in Mongolia, ADB helped set up an outcome-based public expenditure management (PEM) system to provide the needed backbone for planned public administration reforms. The system: (i) links medium-term planning with annual budgeting; (ii) establishes credible hard budget constraints on aggregate and sectoral spending; and (iii) incorporates contingent liabilities as an integral part of the annual budget. In PRC, ADB supported the formulation and adoption of auditing standards and procedures that conform to PRC's Audit Law and international auditing standards. Auditors from China's National Audit Office (CNAO) were trained in the application of audit standards through courses and study tours to various private audit firms and supreme audit institutions in the region. They also learned about risk-based audit methods, planning processes and evaluation of internal controls. The audit training programs developed will continue to be used to improve adherence by CNAO auditors to the revised government auditing standards and procedures. The

auditors also introduced measures to ensure continued compliance. These measures comprised establishing systems for accountability, quality review, and incentives. CNAO reported that, effective results could be seen and are drawing increasing public attention.

An example at the sector level is ADB's support to Royal Government of Cambodia in managing its comprehensive sector wide education reform program. To support a doubling of government spending over the period 2001/03, ADB provided technical support to ensure " improved spending effectiveness, including: a) systemic and targeted programs aimed at the poorest families and communes; b) targeted facilities development programs in underserved areas; c) new financial planning processes that directly link policy priorities to annual budget allocations and d) introduction of new accounting and audit procedures covering 15 programs across around 250 budget holding institutions and departments. As part of this process, procedures have been developed to underpin delegated spending authority to over 6,500 primary and secondary schools. An annual financial performance review process has been introduced in 2003 to identify future capacity building gaps and staff development programs (ADB, 2004a).

Sub-national government

The benefits of decentralization can only be achieved if local authorities have clear fiscal responsibilities, and the means to carry them out. Careful consideration is also needed of the impact of fiscal decentralization on poverty and regional balance, and appropriate measures instituted as necessary to ensure adequate service standards across all jurisdictions.

For example, following the election of over 126,000 new councilors in Pakistan in 2001, district governments are responsible for elementary and secondary education, and primary and secondary health. They can raise some additional revenues, while Provincial Finance Commissions authorize transfers from provincial funds. Improving access to justice has been a priority, with additional funding provided to subordinate courts and police services. Although these reforms are significant, there are still many remaining challenges, including cumbersome budget execution procedures and uneven provincial cash flow (Manning et al, 2003: 13).

Since the enactment of the 1991 Local Government Code, intergovernmental transfers in the Philippines from central to local authorities have increased from about 3 percent to 18 percent of the total government budget. Over 70,000 personnel were transferred from central to local agencies, including 60% of personnel of the Ministries of Agriculture and Health. Many services were transferred to local authorities, including agricultural extension and research, health, social welfare, and local infrastructure provision. However, the outcome has been mixed. On the plus side, local governments have more predictable and transparent financing than in the past, allowing them to pursue a range of innovative reforms, some of which have won international awards.[8] However, there has been no comprehensive effort to assess local government performance, so the overall record is unknown. The generous revenue allotments have contributed to an unsustainably high national budget deficit, and possibly allowed many local authorities to avoid collecting local taxes (Diokno, 2003).

Procurement

Systems work best when they are simple and transparent, and managed by competent officials and clear organizational arrangements. Many countries in the region have centralized, overly complex systems that often only exacerbate the corrupt practices they are intended to control. Government agencies with such procedures need to go through a lengthy process of securing funds, seeking competitive tenders, and awarding contracts. This lengthy process leads to different problems concerning, for example, procurement of ICT systems. To prevent undue influence of any one official, many decisions along the way are made by committees, which can lead to an unclear focus as compromises are made. In addition, a result of the lengthy process is that when acquisitions are made, the technology has often moved far beyond where it was when the project was first conceived. Thus, governments often install outdated systems. They also pay excessive prices, since new products may have come to the market during the long tender review that can deliver the same ICT power for much less money. The difference between the outdated tender price and the market price is also an arbitrage opportunity for corrupt officials (Wescott 2003: 110).

A study (ADB, 2002b) of procurement practices in the Philippines allows one to estimate the exposure of ADB projects to potential losses from corruption. The prequalification stage is the most subjective, and therefore an area at great risk to corruption. Payments are made by bidders to be prequalified. Bidders also agree at this stage who will win the bid, with others stepping aside in return for payment. Bidders may

Table 2: Exposure to Graft of ADB-Financed Projects in the Philippines in Civil Works and Procurement of Goods

| | Percent of Project Cost | |
Area	Civil Works	Supply of Goods
Project Selection	0	0
Bidding Stage		
Prequalification	5	5
Evaluation, Negotiation, and Award	5	0
Conduct of Works and Delivery of Goods		
Permits, Licenses, Approvals	10	5
Contract Administration	10	5
Financial Management	0	0
Total	30	15

Source: ADB 2002a

also collude with public officials to have competitors disqualified on false grounds. In the civil works area, foreign consultants reportedly pay 5-10 percent of the contract value to

"buy" a contract. This increases the cost of the contract, and reduces quality by discouraging many qualified bidders. Contractors may also have to pay to expedite permits, licenses and approvals, certification for payment, contract revisions or variations, quarry royalties over and above those officially negotiated, to the consultants' site staff for approval of work done, to expedite progress and escalation payments, to help agreement on the final measurement and to approve the final handover. Although specific payments can rarely be proven, the wide consensus that they do helps explain the low quality of work frequently observed. Table 2 provides estimates of exposure for ADB civil works projects and goods procurement.

To address such problems, Mongolia instituted a Public Procurement Law in 2000. Bidders usually have 4–6 weeks to prepare bids, and evaluation and selection usually take another month. For domestically financed projects, the total process rarely lasts longer than 2 or 3 months. The results of major tenders are made public and unsuccessful bidders are informed of results. Most tender exercises to date have generated a good deal of interest and multiple bids, which one hopes is leading to price competitiveness (ADB, 2004).

Pay and employment

Governments need a workforce of the right size and skills, which is motivated, honest, accountable, efficient, effective, and responsive. This is a challenge for developed countries, and more so for developing ones in Asia-Pacific. Internal accountability mechanisms may not be sufficient when officials collude with each other and with politicians, while outward accountability faces challenges of weak democratic traditions and systems. Public sectors are overstaffed and underpaid, thus limiting motivation and further encouraging graft. Personnel management systems are politicized and without a strong emphasis on merit or performance. Training is not well targeted, and often granted as a political favor rather than to build capacity.

Despite these formidable challenges, some countries in the region are making headway. The Republic of the Marshall Islands reduced the unsustainable size of its civil service by 30 percent with ADB support; however, because of other personnel issues remaining to be addressed, the quality of public services has declined (ADB, 2002b). The Federated States of Micronesia also reduced the size if its civil service by 22 percent during FY1997 and 1998, and a 28 percent savings in wage bill costs (ADB, 2003c). This helped to reverse a situation of economic decline (-4.5 percent in 1997) to 6 percent growth in 2000. Public services have weakened in some areas (education) but not in others (health).

Improving performance

While improving the performance of public services is a goal widely supported across many different stakeholders in the region, determining how to achieve it is not easy. There are many ways to improve performance, including use of quantitative and qualitative indicators, dialogue, report cards, peer pressure, incentives, and sanctions. Performance measures should be simple, and normally brought in without disrupting normal administrative and budgetary systems.

Take, for example, the road sector in Cambodia. Since the end of hostilities in the early 1990s, Cambodia and its development partners have improved about 1/3 of primary and secondary roads to a point where they can be maintained, and about 2/5 of tertiary roads. Yet survey results indicate that while 40.7 percent of primary roads were in good or better condition in 2001, only 7.7 percent of secondary national roads were at this standard, and 6.5 percent of provincial and urban roads, because of poor maintenance. To improve this performance, development partners have recommended a unified planning and budgeting process, use of analytical tools in making inputs to the planning and budgeting process, greater transparency in investment and procurement decisions. While these recommendations make sense in principle, the reality on the ground is that many transport planning and strategy documents are prepared only in the local Khymer language, and thus not fully understood by donors. Before donors push Cambodia toward new administrative systems, they themselves need a better understanding of the local systems already in place, and their strengths and weaknesses (Tolentino 2004).

An approach to productivity improvement being adopted in some regional countries is results-based management (RBM)[9], which typically includes the following elements: i) a focus on desired results; (ii) indicators to measure progress made toward those results; (iii) the ability to use information on results to manage operations and resources to improve future performance; (iv) holding relevant staff accountable for results; (v) recruitment and promotion of staff based on merit; and (vi) staff awareness and ownership (ADB 2003a, p. 2). For example, since 1999, 49 agencies in Thailand have adopted RBM to improve performance (World Bank, 2003, p. 40.) Notions of improving performance by measuring results originated in the private sector. Yet both private and public organizations have found it difficult to adopt this approach (Ittner and Larker; de Bruijn).

ADB has been facilitating education ministries in Cambodia and Mongolia to develop results oriented sector performance management capacity building plans. In Cambodia, a key aspect of results based monitoring has been the development of a joint annual sector review process, including the involvement of a recently formed NGO education partnership to formally participate in the process. The annual review includes formation of joint ministry / donor / NGO working groups who jointly assess performance and make recommendations for improving sector results. A follow-up Education Forum involves a range of stakeholders, including provincial governors and National Assembly officials.

In Mongolia, the focus of ADB-supported, RBM development is the introduction of performance agreements at central, aimag and school levels. The objective of these agreements is to develop an inclusive process for results oriented planning, management and monitoring. The leadership of the process by the Minister and provincial governors is designed to ensure accountability to a range of stakeholders. In particular, the school performance agreements directly involve communities and parents in annual target setting, development planning and monitoring, using the results of the years work, as a basis for revising school development plans.[10]

In a more developed example, the system of program agreements in Malaysia adopted starting in 1990 provides contracts between implementing agencies and the Treasury. Agency performance is evaluated at the end of each year against targets for output and impact; substandard performance necessitates preparation of an "exception report". Agencies are given flexibility to move spending within their budget ceiling. The system has some shortcomings: it doesn't set priorities among results achieved, it doesn't vary penalties depending on the extent to which the target is missed, and it doesn't cover non-Treasury funded areas. Still, the system has reportedly improved efficiency and client satisfaction (Trivedi, 2004).

However, such measures need to be used carefully. In the quest to achieve measurable results, there is a risk of quick fixes that aren't sustainable, attaining measurable targets of questionable benefit (e.g. downsizing staff and rehiring the same staff as consultants), and setting up unreasonable expectations for change that can't be met (Brinkerhoff and Brinkerhoff). There is also the risk that perception will diverge from reality.

Laws and regulations enacted may not be enforced. Anti-corruption units may focus on eliminating political opponents. Policymakers may ventriloquize commitment to donor-supported policy changes, giving the impression of local ownership of reforms; yet their actual views may be directly opposite. Expatriate advisors may be used not to train counterparts, but to carry out policy formulation and coordination roles, thus sidelining counterparts, who are seen by insecure rulers as potential threats if they know too much. Staff given specialized training may be transferred to assignments where the training is irrelevant for the same reason, thus perpetuating problems of low government effectiveness. Thus, one needs to be careful what results one measures, and what inferences are drawn (Wescott 2001a:`299).

CONCLUSIONS

Drawing from ADB's experience since 1995 in the Asia-Pacific region, we have examined five conditions that are needed for administrative reforms to take hold: (i) leadership; (ii) vision; (iii) selectivity; (iv) sensitivity; and (v) stamina, with examples of each. Improving public administration is one of the most difficult challenges facing governments and their development partners, because of the complexity of the processes, the wide variation in context, and the difficulties in measuring reform outputs and outcomes. The paper considers four broad lessons: (i) begin with diagnostic work; (ii) test for readiness; (iii) move at the right speed; and (iv) implement effectively.

Building on the conditions and lessons outlined above, there are two operational approaches that have been successful in some countries: (i) assessing and strengthening capacity including inter-agency linkages; and (ii) empowering agents of change. With these conditions, lessons and approaches in mind, the paper reviews examples of two administrative reform priorities in the region: (i) strengthening government machinery and organization (e.g. central government organization, sub national government organization and decentralization, and other government bodies); and (ii) managing

public sector resources (e.g. central government, sub-national government, procurement, pay and employment, and improving performance).

The public administration reform experiences in Asia-Pacific and other regions have improved our understanding of what works and what doesn't, what practices are transferable, and under what conditions. The successes and failures of reforms are better understood than in the past with the help of cross-border reform networks, international agencies, think tanks, consultants, the media, and scholars. However, genuine evaluation of reforms using rigorous social science techniques is rare. Reasons include the difficulties of proving cause-and-effect relationships because of problems of multiple attribution, lack of baseline data, lack of robust, experimental designs, lack of agreed conceptual frameworks and language for reform, methodological difficulties of comparing reform outcomes with counterfactuals, and the tradition of public management research focusing on prescription rather than explanation and analysis (Kelman et al., 2003: 3-5; Jones and Kettl, 2003:12-14). Fully cognizant of the methodological challenges, greater investment is needed in more rigorous research on how to achieve high performance by the public sector in Asia-Pacific. Such research would lead to better prescriptions, and a better return on the considerable investment in reform by governments and international agencies.

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NOTES

[1] This is a personal view, and not necessarily the view of the ADB. An earlier version was presented at the Conference on Regulation, De-Regulation and Re-Regulation in Globalizing Asia, National University of Singapore (NUS), March 2004

[2] Wolfensohn, 1996. This policy commitment to good governance by the World Bank's President followed a series of analytical reports, including: World Bank, 1991, 1992, 1994.

[3] For example, "Washington Consensus", cf. Williamson, 2003; "new public management", cf. Mathiasen, 1999; "total quality management", cf. Sharma and Hoque; "performance-based management", cf. vanHeldon and Johnson, 2002.

[4] This draws from conceptual work in Wescott, 1999.

[5] This section draws from Wescott and Porter (in press).

6   This categorization as defined by Rondinelli et al (1983: 13-31), Leonard and Marshall (1982: 27-37), and others, is the most widely accepted in the recent literature, although Cohen and Peterson (1999: 52-61) list a long array of alternative definitions

7   Personal communication from Syahrul Luddin, ADB Jakarta.

8   Mayor Jesse M. Robredo of Naga City won the Magsaysay award in 2000 "for his giving credence to the promise of democracy by demonstrating that effective city management is compatible with yielding power to the people". See http://www.rmaf.org.ph/FRAMES.HTML.

9   See footnote 3 for some related approaches.

10   Personal communication from Dr. Claudia Buentjen, ADB.

11   web sites accessed March 2004.