

Social dialogue as an instrument of social policy

Paper for the conference

Development in a Globalizing World: New Frontiers of Social Policy

World Bank ESSD Network, Arusha, Tanzania, December 12-15, 2005

by Brendan Martin, Public World, London

Abstract: The paper concerns the role of deliberative participatory processes in enabling citizen-users of public services, and personnel of organisations that provide them, to exercise power over the design and operation of public services, and to take more responsibility for equitable mobilisation of resources, and efficient and effective use of those resources, as a result.

While the constitutive value of 'civil society participation' in public service governance has become universally accepted, service reforms in some cases attempt to use it to transfer state responsibilities for financing services to social organisations and/or poor citizen-users.

The paper outlines three examples that illustrate problematic results of designing civil society participation around cost recovery. It also outlines three others that illustrate how financial efficiency and sustainability can be improved by devolving wider aspects of power and responsibility to participatory bodies, at community and workplace level.

It concludes that civil society and employee participation can improve cost recovery and financial efficiency best if they enhance and strengthen representative democracy and public administration rather than attempting to transfer financial responsibility without governance power to social organisations and poor citizens-users.

Key words: participation, social dialogue, cost recovery, public services, efficiency, sustainability

1. Introduction: what can developing countries learn from developed countries?

Why are Reggio Emilia's childcare services so good? They are good enough to have inspired at least three pre-school facilities in Washington, D.C., alone, and many others around the United States and the rest of the world. The World Bank Children's Centre has also been influenced by the 'Reggio Approach', I understand, which may be one of the reasons that only one in 20 of those who put their infant's name down for a place there are lucky enough to get one. So perhaps there will be, among readers of this paper, some with reasons close to home to want to know why Reggio Emilia's childcare services are so good. Others may wonder what they have to do with social policy in developing countries. I hope to answer both points.

Reggio Emilia is near Bologna in northern Italy. Its child care services have been growing their well deserved global reputation for so long that the mothers whose political campaigns and practical work got them started are now grandmothers, and many of the children who were their earliest beneficiaries have by now put their own children through them. That in itself is significant, particularly in an international policy environment which often appears to be more interested in quick fixes than in the long term organic growth of institutions and the relationships mediated through them that effective public service must entail.

Yet is certainly reasonable to wonder what the arrangements for the relatively privileged children of northern Italy have to do with the way in which the basic needs of billions for such facilities as water supply, sanitation and even housing can be met. There are several ways to answer that question. One is to note that the contextual differences between rich and poor countries have often failed to dissuade the development community from urging African, Asian and Latin American governments to follow the examples of Australia, Britain or New Zealand. Another is that there must indeed be much to learn about development from the experience of developed countries, even if this obvious point seems seldom to prompt interest in how Sweden transformed itself through the 20th century, and what that might teach us today about how to transform Bolivia. Perhaps most importantly, however, is that the essential issues associated with relationships between political power, public administration and service delivery are really not all that different from country to country. As one of the early Reggio pioneers, a founder of its first pre-school who was still involved in its management when I visited, recalled:

2. Civil society participation in public service development

'It was based on a large-scale popular movement. A lot of workers lived in this neighbourhood and women needed a service for their children. The local administration had no money to develop facilities, so the women got organised and decided to find a place to develop the school. This Liberty-style villa (now housing La Villetta) was disused. I wanted an excuse to visit such a villa! Once I was in, I took the keys for good and I have never given them back!

'The women raised money for equipment and organised three coachloads to go the Italian parliament. After six months we had our centre for pre-school children. Some of those women are now grandmothers but they are still on the council of the school.

'To understand how the service has developed, it is very important to remember these historical roots, because the schools were the outcome of an alliance between the community and advocates of a pioneering pedagogical approach. Families wanted not just a social service but an educational service.' (Personal interview).

Those words resonate with the following from what seems to be a very different context of the struggle to secure the most basic services in the most deprived cities:

'It would be simple to assume that ensuring basic water supply to a city's residents is merely a challenge of civil engineering, project financing and cost recovery. It would be easy to believe that the task of providing universal sanitation means finding a way to handle faeces more efficiently. However the provision of both these services is intricately linked to that most political of spheres -- land access and allocation -- and is profoundly affected by the manner in which vested interests relate to formal structures of political representation.' (Homeless International, 2005).

The same publication notes that the World Bank has been committed to civil society participation for at least a decade; that the Bank defines participation as 'the process through which stakeholders influence and share control over priority setting, policy-making, resource allocations and access to public goods and services'; and that then World Bank president Lewis Preston wrote in 1994: 'Our operational experience suggests that projects can be more efficient and sustainable when they involve those they are intended to help. Participation can also be complex and time-consuming but I believe that increased participation will increase the effectiveness of development.' (World Bank 1994).

It also emphasises, however, that the UNDP definition of governance notes that it comprises 'the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences.' And it comments: 'It is recognised that there are many levels of inclusion, some of which are genuinely participatory and beneficial, and some of which are negative -- from paying lip-service to the involvement of communities and other groups to actively using ineffective consultation to back an unpopular project.' (Homeless International 2005).

The World Bank has certainly paid much more than lip service to decentralisation and participation. More than 60 governments among World Bank client countries have decentralised some service delivery responsibilities to local government, and, in what has been called a 'second wave of decentralization', there has also been a 'proliferation' of user committees of 'immense proportions'. (Manor 2004). However, this has tended to entail the establishment of ad hoc bodies rather than transformation of the relationship between representative institutions and their citizens. Moreover, a study commissioned by DFID that looked at several examples of civil society participation in local service design and delivery stressed that there are circumstances in which participation is neither desirable nor desired by citizens. It stated: 'Citizen efforts to improve state accountability to service users are not more democratic, more appropriately designed, or more effective than public sector responsiveness initiatives simply by virtue of the fact they come from civil society.' (Goetz and Gaventa, 2001). This was because civil society groups might themselves lack democratic accountability, or because volunteers simply do not have the time or skills to effectively participate. It concluded that the 'key conditions' for 'effective voice' are:

- 'legal standing or formal recognition for non-governmental observers within policy making arenas or the institutions of public sector oversight which scrutinise quality in service delivery;
- 'a continuous presence for these observers throughout the process of the agency's work;
- 'structured access to the flow of official documentary information;' and either
- 'the right of observers to issue dissenting report directly to legislative bodies,'
or

- 'the right of service users to demand a formal investigation and/or seek legal redress for poor or non-delivery of services.'

To these enabling institutional characteristics must be added others from the political and social environment. Perhaps the best known examples of sustained institutionalised participatory governance in public services in developing countries are those of participatory budgeting in Porto Alegre, Brazil, which has spread to other Brazilian municipalities, and the decentralization and participation system in Kerala, India. In both cases, new institutions linking civil society organisations with the local state were constructed on the basis of existing strong civil society organisational and leadership capacity, linked to political commitment to pro-poor policies and participatory democracy. This produced relationships that have proved mutually reinforcing.

In contrast, the most significant repeated finding of a number of studies has been that, while it facilitates and sometimes leads to more civil society participation, decentralization *per se* does not necessarily produce better services. Research that looked at the experience in a number of African and Asian countries found increased participation in all cases and improved performance of services in some, but no discernible impact on the responsiveness to the poor and vulnerable groups. Shortage of trained staff and inadequate human resources appear to have been the dominant problems, although the same study also found that decentralization sometimes increased vulnerability to local elites and actually strengthened central government control rather than empowering the periphery and base. (Crook and Manor 1995)

Another study looked at six countries and found: 'Democratic local governance initiatives have encouraged participation, and have increased representation, but they have provided little in the way of empowerment, and even less in making the distribution of benefits more equitable or reducing poverty.' (Blair 2000) A further comparative study across a range of developing countries found 'no general link between decentralisation and development of more pro-poor policies or poverty-alleviating outcomes.' (Crook and Sverrisson 2001). The latter study also drew some conclusions about the factors associated with service improvement in the context of decentralization, including:

- the strength of the relationship between central and local government, such that local government is monitored for financial probity and held accountable for implementation of pro-poor policies;
- the existence of secure and adequate systems for allocating both administrative and financial resources;
- design of inter-governmental transfers, and capacity of local government to manage their finances.

Further recent work has warned: 'Although decentralized management has been touted as good practice with a potential to improve organizational performance, there is need for caution. The experience ... suggests that the decentralization of management within public services requires the existence of a credible system for monitoring before relaxing controls over finance and inputs. Where these controls are weak or undeveloped and arbitrary behaviour cannot be checked, introducing greater managerial flexibility may only increase arbitrary and corrupt behaviour.'

Furthermore: 'One key lesson is that the centre needs to be strengthened to perform its integrating, co-ordinating, monitoring and evaluating roles perhaps before or at the same time as decentralized agencies are created. The problem of capacity is not only limited to central agencies but is even more acute at the level of decentralized agencies. Planning, budgeting, and management systems within decentralized units are often weak, whilst financial and human resources at these levels are often lacking.' (Batley and Larbi, 2004).

Those findings, in Birmingham University DFID-sponsored research, are supported by Judith Tendler's work in Ceara, Brazil, to which approving reference is made in the World Bank's 2004 World Development Report *Making Services Work for Poor People*. Tendler identifies 'four explanations' for the 'remarkable accomplishments' by state and local government in Ceara:

- a high level of dedication to their jobs on the part of the government employees concerned;
- a sense of 'calling' created among these workers which 'cut across all categories of workers, including the temporary and less educated ones', and which was fuelled by positive and public demonstrations of admiration and respect by government;

- the relatively high levels of discretion and job-task variety enjoyed by the workers, and the fact that this led to quite customized roles shaped by engagement between workers and citizens at the frontline;
- the nature of the workers' accountability directly to the citizens they served, arising from the customized work, and leading to spiralling mutual trust. (Tendler 1997)

What is striking is that the four causal factors identified by Tendler are clearly mutually reinforcing. Her field work suggested that what made civil society participation work well was the way in which government employees were organised, trained and rewarded, while what made decentralization work well was that higher level government mobilised and appropriately distributed the powers and capacity needed. These arrangements were also compatible with some contracting-out, since some goods and services were supplied by local businesses with comparative advantage to do so, but under conditions in which, as part of an overall system of transparent accountability, they were closely monitored in their performance by civil society organisations both external and internal to service delivery organisations.

Another crucial conclusion drawn by Tendler, in common with other work already cited, was that, to be effective, decentralisation required not a weaker administration at the level from which authority was being decentralized, but, on the contrary, that higher level government and administration is strong enough to lead decentralization effectively. That does not mean micromanagement but, on the contrary, strategic leadership that not only encourages but creates an enabling environment for local autonomy and flexibility.

3. New public management and social dialogue

Such conclusions as Tendler's have been cited in favour of the separation of 'steering' from 'rowing' (Osborne and Gaebler 2003) in public administration. The idea behind a set of reforms sometimes referred to as 'new public management' is that strong strategic leadership from those responsible for policy making could find expression in service delivery most effectively via organisational separation from operational agencies. The two are linked through a performance management regime managed through contracts and personal incentives.

There was a time when New Zealand's civil service reforms were widely promoted as a model for developing countries on those grounds, since New Zealand's restructuring was the most radical and most widely celebrated example of such an arrangement. This was understandable, since the definitive study of New Zealand's experience, by Allen Schick, in 1996, described what had been done as 'enormous, ambitious, and, in large part, unprecedented anywhere in the world'. It commented that 'in budgeting and financial management, employment and human resource management, modes of appropriation, use of internal contracts, and other tools of management, New Zealand has been more venturesome than any other country in discarding old practices and devising new ones'. (Schick 1996). As a result, Schick wrote, New Zealand 'has revolutionised public management' in a 'truly remarkable way'. His 'one overriding conclusion' was that 'the reforms have lived up to most of the lofty expectations held up for them'.

Another reading of Schick's report, however, might highlight instead that, while he attributed those successes to devolution of managerial autonomy, he attributed the failings he discovered to the contract-based forms of accountability. And his concerns about those failings, allied to his concerns about the extent to which the New Zealand model was being seen and promoted as an example for developing countries to follow, led him to write (and the World Bank to publish) a paper called 'Why Most Developing Countries Should Not Try New Zealand Reforms'. His reasons were that it put focus on outputs at the expense of outcomes; that self-interested action could defeat the collective interest; that contract accountability could weaken public responsibility, and the use of professional judgement and discretion; and that it could cost more. (Schick 1998).

All of those problems appear to be compounded to the extent that the contract approach to performance management is linked to human resource management reforms such as performance-related pay. Such arrangements not only rupture the vertical relationships that enable knowledge to be developed throughout the system of public service governance, which requires that service delivery experience informs policy as much as vice versa. They also undermine the possibility of an holistic approach to public services as a whole, and the horizontal co-ordination within and between services, that is undoubtedly critical to success in developing countries, where deficiencies in water supply, energy supply, health care, education and transport are mutually disruptive.

An alternative approach to public management reform, that could avoid those problems while mobilising and developing the capacity of public service workers more effectively, has been advocated by the International Labour Organisation (ILO). It argues that new forms of social dialogue within public service institutions and organisations can be equally transformative in improving resource allocation, efficiency and quality, and creating a culture much more conducive to supporting participatory governance externally. Here there is less developing country experience -- the best examples of the development of team-based learning organisations in public services come from the Nordic countries, where institutions of workplace social partnership are strong -- but that does not mean that the lessons cannot be applied in other settings.

Governments and labour unions from 20 countries of all types were represented in an ILO joint meeting called Social Dialogue in the Health Services: Institutions, Capacity and Effectiveness, in 2002. Its conclusions are worth quoting at some length because of the way in which they construct the links between the pursuit of improved quality standards and human resource management:

'All structural changes and reforms in the health sector should be geared to the overall goal of improving efficiency and effectiveness as well as the quality of health services and, to this end, raising the quality of and access to health services. To identify quality standards for health services is, however, a particularly difficult task which has to be tackled carefully and realistically and which will have varied results for different countries. In the health sector, which is highly labour-intensive, the standards have to realistically include the quality and capacity of workers in each country, a question which is closely related to decent work and social dialogue itself.

'In social dialogue it is necessary to identify quality standards which are shared by all the social partners. Such participatory approaches to performance management will facilitate that quality standards and indicators of outcomes can benefit from the particular knowledge and experience of all stakeholders. A common understanding of quality standards has to be reached which should be shared by groups beyond the social partners, such as the users of health services.

'Governments should set the framework for the development and enforcement of quality standards for health services. These standards should be developed in consultation with the social partners and scientific or other relevant expert bodies. All

parties should observe and implement these standards. In order to assess the reality in a given situation, the partners will have, inter alia, to consider the following: the type of quality standards that should be identified; who will decide on the choice of quality standards and their enforcement; and what mechanisms will be used to monitor their implementation.' (ILO 2002)

Here, Judith Tandler's most fundamental conclusion from her Ceara work is especially significant: 'Although the importance of committed workers to improved performance would seem obvious, I start the chain of explanation here. This is because mainstream development advice pays little attention to the matter of worker commitment, except to argue that government workers are doomed by their self-interest to be uncommitted. And it does not worry about the array of practices now known to bring about dedication to the job.' (Tandler 1997)

Perhaps the most telling verdict on the 'new public management' in developing countries has come from the World Bank's own leading specialist on public administration reform, Nick Manning, who has noted that 'early proponents suggested it could replace other management strategies for policy implementation', but that 'this has not proved to be the case, especially in developing countries which lack the type of government needed to make NPM work'. Manning notes that there has been 'almost no evaluation of NPM outcomes on which to judge its success', but that what evidence does exist 'suggests that the impact of NPM is mixed: in some cases, there have been efficiency improvements, but reforms can be costly and even decrease accountability.' (Manning 2001).

4. Linking civil society participation and social dialogue

Do the points outlined above mean that we should turn the wheel full circle and rely on traditional hierarchical institutions and organisations, and forget about attempting to define goals and build accountability arrangements around their pursuit? The answer to that is an emphatic 'no', because public services do indeed require clear objectives and effective systems by which their pursuit can be evaluated. But it does suggest that an emerging set of experiences, in which new forms of civil society participation are enhancing established institutions of governance, should receive more attention from policy makers than they do.

This broad set of experimental efforts can be categorised as two sets, in terms of relationships between public service institutions and the people they serve, and within those institutions, defining internal relationships with employees. In both cases, they are changing and strengthening, rather than seeking to circumvent or replace, institutions of public accountability based on representative democracy. Indeed, the stronger those established institutions, the better the innovative arrangements can function.

Three of the case studies that follow -- those from Brazil, Sweden and Denmark -- are intended to illustrate the points made in the previous paragraph, and show how such an approach can lead to increased financial efficiency and cost recovery within a context of more effective representative democracy and public administration. The other three illustrate how an approach that seeks to use user participation primarily as a means to cost recovery without transformation in the power relationships of representative democracy and public administration are, at best, limited in their capacity to alleviate poverty through public service development and reform.

5. Urban water supply and cost recovery in Brazil

The issue of how to expand and improve water supply, sanitation and water treatment in the fast growing cities of developing countries, in ways that are financially sustainable, is one of the major poverty issues of our times. Brazil's third city, Porto Alegre, appears to have shown how deepening democratic links with the city's fast growing population can contribute strongly to achieving it. Other Brazilian cities, such as Recife, are learning from the experience and applying similar approaches.

Porto Alegre's water and sanitation department (DMAE) invested US\$140m over the ten years to 2003, enabling potable water to be supplied to all but 0.5 per cent of the city's population, on a reliable continuous basis. Over a period in which the city's population grew by 14 per cent, piped water coverage increased from 94.7 per cent of the city's population to 99.5 per cent. In addition, sewage collection coverage rose from 73 to 84 per cent of the population, and treatment increased from two per cent to 27 per cent, through construction of five new plants, with plans for a further increase to 77 per cent by 2007.

These numbers are significantly better than comparable Brazilian cities have managed, and yet it has been achieved without making a claim on Porto Alegre's general budget and while the city has made similarly remarkable strides in other services. According to a presentation from a DMAE representative, Carlos Todeschini, at the World Water Forum in Kyoto in 2003, the water utility has financial and administrative autonomy:

'We are related to the city hall of Porto Alegre but without receiving any money from the city. We get no subsidies, we only have our tariffs. We have economic and financial balance, good technological development and human resources management. So besides economic sustainability we have social sustainability, which is very important, mainly based on our model of social control.' (Todeschini 2003). The point about 'social control' is a reference not only to the Participatory Budgeting (PB) system for which Porto Alegre has become well known in development and public administration circles, but also to the specific governance arrangements for DMAE.

According to the same account, when the Workers' Party first won election in Porto Alegre in 1989, its plan was to invest more in public transport. But the PB arrangements, whereby neighbourhood open meetings form the base of a decision-making pyramid of planning and accountability for municipal investments, revealed a stronger public preference for improved water and sanitation. As a result, those services were given priority on a city-wide basis, while the PB system also enables local neighbourhoods – the city is divided into 16 units for PB purposes – to develop their own more local priority services. Social control has been extended to the water utility itself through the introduction of civil society representatives on DMAE's 'deliberative council'.

These new participatory institutional arrangements have established relationships between the municipality, the utility and the citizen/users of municipal services that create more favourable conditions for designing tariff structures that sustain expanding and improving water supply. It means that budgets are transparent and the realities of costs and benefits can be realistically examined in public. It has also established a firm political and social base for strong cross subsidies, designed to enable luxurious use of water in large volumes to be priced at substantially higher unit costs than essential use of smaller volumes.

'Rich people who use water to fill their pool and other not so basic needs subsidise water for poor people,' Todeschini stated. 'With this tariff structures we are able to do all of our investments in maintenance and expansion of the water and sanitation services. This tariff structures allows us to generate yearly a surplus of about 20-25 per cent of our annual budget, which goes straight to new investments.' It means that more than 70 per cent of the required investment finance is raised from tariffs, while the balance is raised through borrowing from national investment banks and, thus, charged to future users of these long-term assets.

According to a recent World Bank study (Kingdom et al 2005), 'full cost recovery' for water supply -- in the sense of recovering all operation, maintenance and capital costs -- has proved beyond even north American and western European administrations. It is no surprise, therefore, that Brazilian cities require debt as well as current tariff revenue to finance investments to overcome chronic gaps in infrastructure and service provision. The extent to which current tariff revenue finances the investments is relatively high, however, and the distribution of the burden is determined through participatory institutions that reinforce community 'ownership' and political sustainability.

Todeschini argues that a 'virtuous cycle' has been established. 'The tariff revenue gives us economic and financial balance. With the social control and new investments we improve the population's wellbeing, environmental protection (and) consumer satisfaction.' He supported his argument with evidence drawn from the city's records of control of water-borne diseases and consumer satisfaction surveys, both of which reveal an upward trend.

The lessons are being adapted in other Brazilian cities, just as PB has been emulated in scores of municipalities beyond Porto Alegre, and has inspired similar developments in Argentina and Uruguay. In Recife, according to another presentation (Miranda 2003) at the same event, a 'new relationship' has been established between the water utility and the people it serves through the introduction of similar institutional reforms. It was kick started with a consultation exercise that involved 4,000 community participants in analysing options for the development of water and sanitation services. The assemblies elected 400 representatives to take the process forward.

Recife is a city of 1.5 million people in the north-east of Brazil, where half of the population is officially classed as poor even by that country's standards. Little over a quarter are serviced by sewers, and around 200,000 have no running water. Even those who do have piped water have grown accustomed to regular cut-offs by an inefficient municipal service. In 2000, the water provider's performance was so bad that a decision was taken, with little public opposition, to privatise it. The hope was that investment would come in to enable private companies to improve the service's efficiency and extend infrastructure to those denied decent services for so long.

By then, however, not only was Brazil's experience of enhancing social control through participatory institutions showing impressive results, but also water privatisation in Latin America cities was coming unstuck. Consumers in Argentina, Bolivia and elsewhere were paying much more while many of them did not see the promised benefits of extended and improved services. One privatisation contract after another was being renegotiated or collapsing as the companies involved found they simply could not reconcile the interests of their local consumers with those of their distant shareholders.

The deeper democracy pioneered in Porto Alegre was, however, bringing results. So Recife's incoming Workers' Party mayor scrapped the water privatisation plan when he took office and has instituted instead reforms to bring the municipal enterprise under more social control. Ambitious targets have been set, and are being met, by a new board drawn from the widest range of local business and civil society interests. The mayor, João Paulo, successfully dissuaded the World Bank from conditioning its offer of an US\$84m investment loan for Recife's water infrastructure expansion on revival of the privatisation plan. He secured the loan for the participatory approach instead, based on the promise of what was already emerging from the city's reforms.

The consultative process had led to 162 decisions, which included the establishment of a municipal council on water and sanitation to take charge of strategic decisions and of a concession contract linking the municipality with the water utility. Development targets were set, which require that 55,000 people per year are added to the network, and operational standards were put in place against which performance would be judged as the concession goes forward. Over the coming years, Recife's example might offer rich lessons to policy makers whether or not its targets are met.

6. Cutting costs through social dialogue in Sweden

When the Lithuanian capital, Vilnius, was looking for help to overcome years of neglect of its water services under the Soviet Union in the mid-1990s, it seemed yet another new market opportunity had emerged for the water service transnationals then expanding their operations internationally. But Vilnius found a partner closer to home. It found a company with a better record of financial efficiency than any of Britain's privatised water companies and without the habit of renegotiating contracts two or three years into 30 year concessions. The company with which it linked also boasted a string of recent successes in fighting pollution and improving drinking water quality, and its home base was just across the Baltic Sea in Sweden's capital, Stockholm.

The record of Stockholm Water spoke for itself. A few years earlier, the municipally-owned company had faced its own challenges of raising water quality and meeting ever more demanding environmental standards while operating within increasingly tight public finance. It made some false starts, but found keys to its organisational transformation among its own workforce. Since then, Stockholm Water has outperformed the privatised British water companies financially in the course of coming in at 15% below budget projections; reduced leakage from pipes to the lowest level for two decades; exceeded by a good margin higher drinking water quality targets set by the National Food Administration; and produced its best-ever purification results while reducing nitrogen and phosphorus levels.

How did Stockholm Water do it? One key has been the social dialogue arrangements that continue to underpin the modernisation of Sweden's social welfare model and have produced important innovations in public service management at the workplace level. These arrangements have provided the public service workers' union Kommunal with an incentive to engage effectively with both its own membership and with their employers in identifying ways to mobilise employees' knowledge to improve both efficiency and quality. The union has set up a special development and management unit called Komanco which has established its reputation sufficiently to be selling its services to municipalities at commercial rates. Its brochure maintains that 'tax increases are no longer possible' and that 'municipalities and county councils cannot count to any great extent on being able to solve problems with the help of increased resources'. Instead, it adds, 'on the basis of existing (and occasionally

even smaller) resources, they must ensure that they do the right things in the right way'.

The union-owned company takes its title from the name the union gave to its model, Kom An!, meaning Come On! It was led when it was established by Lars-Åke Almqvist, who had previously for several years been a trade union official of the conventional type and is now Kommunal's vice-president. Recalling the early days of his union's change of approach, Almqvist said:

'Faced with demands from employers for cuts in public services or privatisation, we realised that just trying to refuse changes is not very constructive, especially as some of the accusations of inefficiency in the public services have definitely been true. In fact, we had for many years stressed that the traditional hierarchical organisation of work in local government administration must inevitably be inefficient if it does not involve the knowledge and experience of the employees. So we started to develop a model to build more efficient, non-hierarchical organisation by involving the employees, with the aim of saving money without making people redundant.' (Personal interview).

The opportunity to try out that approach came first in a town called Malung after the municipality there began to draw up plans to reduce staffing and contract out some areas of service to save money. Before going ahead with their plan, the social democratic local politicians in Malung agreed to give the union the chance to show what could be achieved in partnership with the workforce, and to allow them enough time to produce results. Almqvist recalled:

'When we got the chance to test our ideas in practice, in Malung back in 1991, the municipality's goal was to decrease costs by at least 10% within three years. We managed to save 10.5% in the first year.'

Dramatic progress -- possibly even too dramatic for the initiative's own good, in fact. Some fortuitous factors, in particular an exceptionally mild winter, boosted the municipality's financial results in Malung that year. So that year's financial numbers could have raised expectations to unrealistically high levels. On the other hand, it was the concrete results in Malung rather than the abstract arguments of the union that became the model's selling point from then on. Consequently, Komanco's clients have by no means been limited to politically sympathetic employers, and Komanco

has run scores of projects throughout the country in a wide range of services, including Stockholm Water.

Komanco's method is fundamentally one of developing trust in the experience and tacit knowledge of the workers at the front line, whom the union believes to be the key experts in any organisation. The first condition of Komanco's involvement in any workplace is that both management and workers (through their unions) say they want them there. That is not so obvious a condition as it might seem -- conventional management consultancies typically arrive with only the management's seal of approval. But this is more than just a matter of principle -- important though the principle is -- because the Komanco approach simply would not work on any other basis. The workplace cannot be successfully transformed without the freely given consent of the stakeholders in it.

A Komanco-employed consultant takes responsibility for each new Kom An! project, but while he or she gets things moving at the start, and has an important facilitating role all the way through, it is the internal project leaders and workplace 'tutors', as they are called, who have the key leadership positions in the projects. What happens is that, soon after a decision has been taken jointly by management and unions to set up a workplace project, all the employees are divided up into groups of up to 12 people. Each group elects a tutor from its membership while a project leader is selected by agreement between management, unions and Komanco. The tutors lead the process of drawing out from their groups as many ideas as possible to improve services and reduce costs. This process is developed through a series of short brainstorming sessions over several months, during which time the tutors have eight days of special training from Komanco, in four lots of two days. The project leaders also undergo that training, as well as an additional day dedicated to their specific role.

In the municipality of Ostersund, 147 tutors were elected from among 1,800 employees for the Kom An! project in health and social services. Ostersund's political leaders had decided that savings of five per cent had to be found over the following year if its in-house services were to remain competitive. This produced a new cost-oriented focus and it was agreed that the Kom An! project should get underway. Over the following six months, the workplace groups were formed and had a series of meetings, led by their increasingly competent tutors. The process produced an astonishing total of more than 800 ideas for large and small changes.

One tutor commented: 'We have now nearly forgotten that this was a process started by our project -- it is now so natural for employees to take responsibility. It has led to a big change in job content for employees, and a big change in attitude. People no longer reject the need for change. As an employee, you now take responsibility for your own ideas.' (Personal interview). Another said: 'We feel we have a different view of our job now -- more responsibility, more confidence. If you have more influence, you take more responsibility for quality. It has come as a surprise to us to learn how many savings we could make in this way -- we had been suspicious about demands for savings because we had assumed it would only be about cutting staff, as before. Some workers had had incentives to keep costs hidden.' (Personal interview). And a manager echoed their views: 'There is no way I would have been able to solve the problems myself that this process has solved. We are increasing productivity and what has been clearly crucial has been the participation of the employees. It makes my job as a supervisor much easier. It's no longer me and them.'

Traditional management methods and solutions to cost reduction provide workers with powerful incentives to protect the secrecy of their tacit knowledge and avoid cost measurement. The Komanco method, based as it is on commitment to employment security (though not necessarily in the same job) as a condition of union cooperation in change processes, provides the necessary incentives. Almqvist insisted: 'Every employee needs to know how his or her costs relate to the costs of the whole organisation. It is only on this basis that you can have a dialogue between the chief executive and the auxiliary nurse. Then you can define the limits within which you must operate and go on to identify how to be successful within these boundaries.'

More than that, Almqvist believes that without focusing on what is happening to the money employees cannot understand how their organisation really functions. He added: 'The members become researchers in their own jobs. The workplace groups break down their organisation's budget into its smallest components, to enable everyone to understand it and see where the money goes. They measure the costs of specific tasks, so that each person knows the costs associated with their own job and develops ways of reducing them. They discuss how to improve quality, where responsibility lies and should lie.'

'The process has enabled employees to see they can make big savings by working together in a different way. They are developing team work at the same time as

developing themselves as individuals. Their training needs are identified and personal initiative encouraged. The more people get to control their own jobs, the more interesting it becomes and the greater their job satisfaction. It leads to better management and pay systems, which produces real job security in the long run because it is the only way to increase productivity.'

7. Improving jobs and services in Denmark

When ancillary services in the hospitals and social care institutions run by the Danish county of Frederiksborg were reorganised to reduce costs, most of the women workers (and 80 per cent of the workforce were women) ended up with more pay and higher status. The minority of men in general lost their status advantage over their female colleagues and their salaries did not increase.

This might sound like a recipe for both labour and gender strife, and it might indeed have turned out that way if the changes, affecting around 1,000 cleaners, kitchen staff, porters and other ancillary workers, had been imposed by management. In fact, the initiative came from the labour side, under the leadership of the Union of Public Employees (FOA -- Forbundet af Offentligt Ansatte) and its allies in the Danish Confederation of Municipal Employees (DKK). It was not union officials who redesigned the jobs, although they kick-started the project and were involved in its development. Their key role was to tap the knowledge and experience of the workers themselves, through project teams made up of representatives of the workers themselves, and directly accountable to them.

If the outcome was experienced in different ways by different groups of workers, what prompted the reorganisation was a common threat to them all. Frederiksborg, which lies immediately to the north of the Danish capital, Copenhagen, told its employees that, in common with other municipal authorities throughout Denmark and far beyond, it faced a cash crisis which it proposed to tackle by contracting out many of its operations. Health and social care accounted for by far the largest share of the county's responsibilities -- around 90 per cent of Frederiksborg's employees work in around 100 health and social institutions, of which about two thirds are in health care and the rest in social care. It didn't take much imagination to realise that the jobs of the ancillary service workers would be on the line, especially as one of Europe's largest private cleaning contractor firms, ISS, is based in Copenhagen. As it turned out, imagination was one of the assets the workers themselves were able to mobilise

in their own protection, and they soon succeeded in stimulating that of their managers too because of the effects on costs and services.

The county's conservative politicians were not keen to begin with, but for chief executive Jørgen Iversen the union proposal was 'too good an opening to ignore'. So he persuaded the politicians to let him give the unions' ideas a try, for three months initially. Once it began to show results, the project was able to live off its growing reputation. Given the political background, it had to show quick results, on paper at least. 'It is fantastic that we were able to produce four operational reports within two months,' Iversen commented. (Personal interview).

Less than two years after that, changes in work organisation designed in the wards were about to take effect in the same wards -- but it had been a bumpy ride. 'Both we and the unions speak Danish but we do not always talk the same language,' Iversen remarked, an assessment shared by union representatives. 'There are very different mentalities and ways of working,' said Helle Stuart, leader of the team of consultants from the FOA headquarters which not only advised the union side but proved also to be a source of expertise on which Frederiksborg's management came to rely. 'At the beginning of the project we were far apart. Now we have some common goals,' she added. (Personal interview).

A key agreement in the early stages was that there would be a recruitment moratorium but no retrenchments. This enabled quick financial savings because labour turnover was high. That in turn reflected low morale and job satisfaction. A key assumption of the joint project between unions and management was that improvements in job satisfaction would produce improvements in service quality. Both were achieved, alongside cost reductions, by eliminating traditional job distinctions and reorganising the workforce into self-managing teams collectively responsible for carrying out a range of duties agreed with doctors and nursing management.

Such labour flexibility is anathema to many employees and their unions. So why did it work in this case? Because authority over the flexibility was not concentrated with managers and imposed on workers, but delegated to the workers themselves in teams that were both internally accountable day to day and accountable to management for results.

It involved big cultural changes, as well as elimination of unjustified pay differentials in favour of equal pay for work of equal value. Porters' wages had been six per cent higher than those of cleaners, and their status involved some comfortable perks too. 'Porters had their own room in the basement -- they were used to having a very cosy time down there, playing cards and watching TV while they waited for jobs,' one of the union officials involved in the reorganisation said. 'If a porter was working nights, he could actually sleep waiting for the bleep; cleaners on night shift couldn't do that.' After the reorganisation, the porters had to 'get out of the basement and be visible to patients and nursing staff'. (Personal interview).

This demands -- and stimulates -- psychological changes as much as material ones. 'No-one in the hospital system would ever give a porter an order, except for their managers, whereas everyone felt free to issue orders to cleaners, although we too had our own managers,' one cleaner commented. 'You would sometimes hear a cleaner say something like "I'm only a cleaner." You never heard a porter saying "I'm only a porter."' (Personal interview).

Under the new arrangements, there was no such distinction. All the ancillary workers became members of flexibly deployed teams responsible for cleaning as well as portering, and for other tasks too. Bring self-managed, each team developed its own dynamic and internal power relationships. Awarely or otherwise, one might expect men to attempt a reassertion of their dominant position through informal means. Against that, however, the expectations and confidence of the women had been boosted by the process of planning and implementing the reorganisation itself, and they were able to carry this momentum into the reorganised work environment.

Gender stereotypes work both ways. If the porters doubted that the women were strong enough to do their jobs, there was some scepticism among the women too about how good the men would prove at cleaning. That was one of the many challenges to be tackled by the 15-week training programme which each team underwent before tackling their new jobs on the wards. The first six weeks of each programme concentrated on general issues such as team building, inter-personal communication and conflict resolution, and only once those general self-management issues had been thoroughly tackled did more practical retraining for new day-to-day tasks begin. To enable the transition, the county took on a group of temporary workers for two years, to cover for each team as it took its turn in the

training programme. According to both management and unions, that investment proved a good one.

8. Financing community-based primary schools in Mali

Of Mali's 11.3 million habitants, nearly half (49.2%) are under 15 years old and more than two thirds live in rural areas. With 90% of the population living on less than \$2 a day, and the average annual income only \$240, Mali is one of the five poorest countries in the world, ranking at 174th out of 177 countries on the 2004 United Nations Human Development Index.

Since the 1980s, Mali has been implementing structural adjustment policies with the support of the World Bank and the IMF. These have involved restrictions on public service expenditure, which led to a reduction in the recruitment of civil servants, leaving most university graduates without employment opportunities, and to early retirement for some teachers. (Daikite 2000) The current government has continued those policies with the aim of improving the management of public finances and improving control of public spending.

Mali's constitution recognises all children's right to education, asserting that 'public education is obligatory, free and secular'. Yet most children lack access to schooling. There is a shortage of schools and infrastructure, which is all the more significant in rural areas, where children often live 10 kilometres away from their nearest school. Mali also faces a serious shortage of teachers, although the number of students enrolled in teacher training schools, which had steadily decreased until the early nineties, has increased since 1995 as a result of the government's teacher recruitment policy. (Sangaré et al 2000).

In 1996, with 25% of the national budget spent on education, 43.6% of children, and only 34% of girls, were enrolled in school. (Centre National de l'Education 2002). To address this challenge, the government adopted in 1998 a Programme Décennal de Développement de l'Education (PRODEC), which involves, among other things, rapid expansion of primary education through the creation of more schools of various types, particularly public schools and community schools. The latter are governed and financed directly by communities, with some state support, and fees charged to parents are anything from three to six times higher than those paid by parents whose

children go to public schools. This is in line with the PRODEC policy, which encourages growth of new sources of funding.

The state finances about 75% of the costs of education in Mali, which covers salaries, teaching materials and secondary and university scholarships. (Sangaré et al 2000). The rest is received from foreign aid (either via international organisations and aid agencies or NGOs) and from parents' out-of-pocket contributions. In 2002, the Mali government approved a Poverty Reduction Strategy Paper (PRSP), which became the key reference document for the country's development strategies and policies. In the education sector, primary education was given priority, and educational authorities were encouraged to find alternative sources of funding.

Both public and community schools have parents' associations (APEs) elected by the general assembly of the village, which are in charge of collecting parents' contributions, carrying out maintenance and generally overseeing the management of the school. APEs have a crucial role in villages with community schools, since parents' monthly contributions pay for all expenses (mainly teachers' salaries). These increased levels of resources do appear to be having a positive impact on levels of enrolment. The director of the national education centre claims that the enrolment rate in the first cycle of fundamental education has doubled in little over a decade, from 32% in 1992 to 67% in 2003. (Personal interview). However, it also means that, since the organisational capacity of the APEs and the financial capacity of parents are decisive factors in schools' success, inequalities in access are not overcome, and might even be made worse, by the system.

In one village, where the community school was created in November 2003, the organisation and operation of the APE was one of the factors in the school having failed by the time of our primary research visit only six months later. The members of the APE did not collect parents' contributions, and were not even aware that the teacher's salary had not been paid for four months. They were reluctant to ask parents to pay, believing that payments should be made spontaneously. In another village, however, the APE made sure that the teachers were paid on time, and borrowed money from the village fund if necessary.

In a third case, during the first four years of a community school's existence, contributions were paid regularly when parents' incomes were stable. Since then, because of poor harvests and a fall in millet prices, parents have been unable to pay

their contributions. As a result, children that should have started school in 2003-2004 were not enrolled. Children whose parents had not paid the contributions were not excluded from school, but the headteacher left because his salary had not been paid. Although the village received a grant from the state to pay one teacher's salary, the APE could not pay the other two. The teachers who had not been paid for the past three months were considering leaving.

Even in the best case, where the APE managed to pay all the teachers their salaries on time every month, some parents had trouble making the monthly contributions, and the state grant often arrived late. The school therefore depended on additional support from the village fund and from villagers living in Bamako. The school was well managed and the parents expressed a strong feeling of ownership of the school, but interviewed parents did not feel they had more decision-making power in a community school than in a public school, since APEs in public schools have similar responsibilities but no financial constraints.

The idea that community schools were involving parents more in their children's schooling appeared to be questionable; in reality, parents' involvement is mainly limited to financing the schools. Moreover, financial constraints meant that in all the community schools visited, including the most successful of them, the qualifications of teachers were lower than in public schools, because of a policy of employing teachers with fewer qualifications, to keep costs down. Therefore, although community schools have undoubtedly contributed to increases in enrolment in line with government policy, their sustainability and quality tend to be at lower levels than in public schools, despite the low quality of the latter.

In both public and community schools, there was some evidence that the combination of high costs and low quality was impacting not only on overall access but particularly on girls' participation, since parents tended to be more likely to withdraw girls than boys. So, a number of policies and practices intended to overcome gender inequalities were being undermined by the differentiated gender impact of more general problems, despite gender equality being a central rationale of the reforms.

Community schools have arisen from the government's strategy to encourage local involvement in order to compensate for public deficiencies, but seem to have resulted both in an excessive burden on the communities and in levels of resources too low to

raise quality as intended. Moreover, although community schools were supposed to become public a few years after they opened, and many have applied to become public schools because of the excessive burden on community resources, few such requests have been granted.

9. User participation and financing of universal primary education in Tanzania

Tanzania has made remarkable efforts, for the first time in a generation, to make universal primary education a sustainable reality. This has been done through the country's Primary Education Development Programme (PEDP), in the context of public administration and local government reforms and the abolition of primary school fees, supported by the World Bank and its development partners.

However, continuing resource constraints, and the extent of reliance on parents' and local communities' cash and in-kind contributions, are preventing greater and more rapid improvements in equity, and are jeopardising quality. These problems are compounded by public administration failings that appear to be resulting in some of the funds allocated for primary education by central government failing to reach schools.

PEDP is not Tanzania's first attempt to achieve universal primary education. In 1974, having inherited very low levels of education provision at independence and initially prioritised expansion of post-primary education in order to 'Africanise' public administration, the then government launched an ambitious Universal Primary Education (UPE) programme, declaring that every child in Tanzania between the ages of seven and 13 must be enrolled in school. In quantitative terms, at least, the UPE drive enjoyed considerable success. Between 1974 and 1978, the number of children enrolled in Standard 1 increased from 248,000 to 878,321, while primary enrolment as a whole rose by nearly three times. By 1980 gross enrolment rates had reached 100 per cent. (Rajani 2003). This meant, among other dimensions of progress, that the government had managed, for the first time, to eliminate gender disparity in access to primary schooling.

However, the 1980s brought decline as dramatic as the 1970s growth. The 1980s was a decade in which many countries faced growing external debt and budget deficit problems, and responded to them, under IMF and World Bank guidance, with structural adjustment programmes that cut public service spending. Tanzania, whose

condition was made worse by particular problems such as war with Uganda, took that course.

School enrolment rates declined markedly, especially in the poorest rural districts, where they fell as low as 28 per cent, and even to 15 per cent in the most deprived areas within poor districts. By 2000, only about half of all children were completing primary education, and only half of them (and a lower proportion of both girls and the poorest children) were passing the Primary School Leaving Examination (PSLE). Classrooms had become dilapidated and overcrowded as construction and maintenance were neglected; teachers were under-qualified and used outdated teacher teaching methods; and transition to secondary schools from primary schools remained lower than any other country in sub-Saharan Africa. 'The quality of education, never too good in the first place, deteriorated further to one of the lowest levels in the world.' (Rajani 2003).

Against that background, in 1991 a Civil Service Reform Programme (CSRP) was launched with the stated objective of a 'smaller, affordable, well-compensated efficient and effectively performing civil service'. The programme drew multi-donor support from not only the World Bank's IDA but also the UNDP, the European Union and the official aid agencies of Denmark, Finland, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom and the United States of America. At the same time, 'the IMF set conditions in its credit programmes for public sector reform, especially for a reduction in public employment levels. Over the period from 1990 to 2000 employment in the public service fell 26% from a high of 350,000 to 260,000 personnel.' (Caulfield 2001).

As the CSRP developed, it drew its influence increasingly from the growing international 'new public management' orthodoxy, including separation of service delivery from policy making responsibility, characterised in particular by a rolling programme to create executive agencies, as in the UK. This trend was accelerated after the CSRP was relaunched, in 2000, as a Public Service Reform Programme (PSRP). Its core features are results-oriented management, performance budgeting, and contracting out. The PSRP website proclaims its mission as being 'In pursuit of Quality Public Services under Severe Budgetary Constraints'. (PSRP 2004).

A more critical approach to the suitability of NPM reforms to developing country contexts has emerged in more recent years. The DFID paper already quoted

comments that 'Tanzania's circumstances are totally unlike those of any developed country in which NPM has been implemented,' and goes on to explain: 'Tanzania has around one percent of the resources per capita of a typical developed country; it can only afford to provide the most basic services to its citizens, in the cheapest possible way. Although NPM techniques should ultimately lead to cost savings and greater efficiency, they also provide substantial opportunity for increasing waste, corruption and mismanagement if poorly implemented.' (Teskey and Hooper 2003).

The challenge has been increased in Tanzania by a policy of 'decentralization by devolution' under which local councils are designated the key service delivery role within a national system that assigns to central government the roles of policy making, quality assurance and capacity building. 'Power is devolved to the people, to communities themselves to decide upon their own priorities, spending and development patterns. Overt central planning ends and a "demand" as distinct from "supply" culture is developed, responsive to local needs and priorities.' (PEDP 2003).

In 1996, in the context of the policy and governance reforms already mentioned, Tanzania's government undertook to develop an Education Sector Development Programme (ESDP), in accordance with Sector-Wide Approach (SWAp) principles, with the support of the World Bank and the bilateral 'development partners'. In 2001, primary school fees were abolished and a Primary Education Development Plan (PEDP), to run from 2002 for five years, was announced. Its objectives are to increase enrolment; improve quality and quantity of facilities, teachers and teacher training; increase the number of teachers; and develop national and local governance infrastructures and funding arrangements.

These reforms have produced impressive expansion of primary education. Dramatic increases in both quantity and quality of classrooms are the main and most evident product of this transformation, supported to some degree by growth in the number of teachers. Those two trends are laying a foundation for the realisation of universal primary education. However, expansion of supply has failed to keep pace with expansion of demand following abolition of fees, and this has placed great pressure on school committees to bridge the gap from community resources. In 2001, according to the latest numbers available, 8,817 new classrooms were constructed and a further 7,677 were under construction. Between 2001 and 2002, however, total enrolment increased by 1,099,750 (22.5% increase over the 2001 enrolment), which

would have required construction of 24,439 additional classrooms to prevent deterioration in pupil:classroom ratio. (PEDP 2003).

Data show that only slightly more than half of the classrooms required -- and only about a quarter of teachers' housing, and less than half the number of desks -- are in place. To overcome the shortage of space in schools, many schools have adopted a double-session system whereby half of the pupils attend school in the morning and the other half in the afternoon. This has the effect, normally, of reducing class time for pupils from six hours to 3.5 hours per day.

While the school committees are playing an important role in the development of the service, their capacity to play a greater part in school governance, in partnership with the district, ward and village levels of education administration, is undermined by their overwhelming responsibility for mobilising cash and in-kind contributions to the construction of infrastructure, to overcome the deficits.

District council officials make no apology for making PEDP funding conditional on the prior commitment of community resources. On the contrary, they insist that it is only by mobilising their own resources that local communities will be able to develop, and that past development approaches have been undermined by over-dependence on the state. One district official was robust in his defence of this government line: 'Sometimes village leaders come to me and say the council must build a classroom for them, that they have been waiting a long time for this. I say: "You must start this. If you don't start, you can keep waiting, and bye bye!" We are insisting that support should come from their own efforts.' (Personal interview).

Although in some respects the accounts gathered from village and school sources in primary research in 2004 coincided with those given by district officials, there was also a significant and consistent difference. Whereas district officials spoke articulately and with clearly well developed understanding about how the system should work, at village and school levels there is more preoccupation with how it does work. At national and district level, the response to that disjunction tends to be to organise more workshops to further 'sensitise' local communities. Though themselves highly 'sensitised' to the demands coming to them from national level, district officials appeared less attuned to unwelcome news from village and school levels.

It would appear that one of the reasons that school committees are not contributing more than they are to the development of local visions of how primary education should develop is that they are wholly preoccupied, even overwhelmed, by the tasks associated with fund raising and construction. The scale of the challenge is increased by the fact that much of the \$10 per pupil capitation grant that is allocated by national government fails to reach schools via district government. The reasons for this are unclear, and it would be wrong to speculate, but it is clear that there are deficiencies in financial administration and transparency, and that these are undermining not only educational provision but also the potential of community participation to take responsibility for development as intended by the reforms.

10. Cost sharing for health care in Yemen

Yemen has in recent years set out to improve equity and quality in health care service outcomes by improving governance and civil society participation. It is financing this through 'cost sharing'. The aim is to increase accountability to communities and patients. However, in practice those aims appear not to have been realised so far, although the burden of funding the reforms are indeed falling on those people.

Yemen's reforms are intended to overcome a long legacy of governance, equity and quality deficiencies in its health services, and they do appear to be bringing extra resources into health care, which is having some positive effects on equity and quality. Available data show an improvement in the health indicators and a rise in the coverage of health services in the three years to 2004 (when the primary research for this study was carried out). The modest growth in health facilities and immunization has contributed to improvements in some of the health and demographic indicators.

However, there is evidence that 'cost sharing' is undermining rather than strengthening access to health care services for Yemen's poorest people. A central problem is that exemption schemes are not working, and this appears to be related to governance deficiencies in Yemen, and is certainly exacerbated by them. Because of the nature of power relationships at local level, combined with weak institutional and management systems generally, including lack of clear standards and transparency, exemption schemes are in some cases actually leading to more inequity than there would be without them. Community level health facility committees have been established, but their impact appears to be highly variable

and in some cases inequitable. There is a tendency for existing inequalities in power and access to public resources to be institutionalised through the committees, rather than challenged by them.

In the decade following Yemen's unification in 1990 (which was accompanied by limited democratic reforms), government spending on health services fell not only as a percentage of the budget (in 1990 it was 4.2% and in 1997 it was 3.1%) but also in per capita terms (from \$8.00 in the early 1990s to \$3.60 in 1997, and further to US\$ 2.58 in 1998). Some low paid staff resorted to requesting informal payments from users, while facilities fell into disrepair, supply of drugs and equipment was severely limited, supervision and management were weak, and some facilities functioned well below full capacity, or even closed.

Poor quality of service and lack of public confidence in health facilities at the village and district levels compelled people to bypass the primary health facilities and resort to government health facilities at regional or central levels, which added to the strain on those and imposed extra time and transportation costs on patients. In 1998, out-of-pocket expenditure accounted for 91% of total health care spending, giving Yemenis the highest costs in the region, although private services remained of dubious quality. Public resources were also unevenly distributed, and services for women have been particularly deprived.

At the end of 1998, reforms were introduced with a view to improving technical efficiency of the service delivery system and providing equitable access to quality health care services on a financially sustainable basis. Its key aspects include: decentralization of management functions to district level; targeting interventions at the poorest people; 'cost sharing' (i.e. user fees); and more involvement of NGOs (and the private sector) in service delivery. The strategy was endorsed and influenced by the 'development partners', including DFID and the World Bank, and the reform design was based on SWAp principles.

There are two cost sharing programmes as part of the reforms. One is designed to raise up to 15 per cent of health care facility operating costs directly from user fees, while the other aims to finance 100 per cent of a Revolving Drug Fund (RDF) by charging patients for the medication doctors prescribe to them.

Health care facilities were supposed to grant exemptions to exceptionally poor people, but were not supposed to make more than 10 per cent of the charges subject to exemption. National exemption criteria were not imposed on health facilities because 'cost sharing' has been introduced in the context of the decentralisation and community participation programmes. Part of its rationale is to enable users to exercise consumer power by demanding higher quality of service, while health facility committees, including representatives of patients, are supposed to be able to help determine how extra revenue is spent.

A study carried out by Oxfam in collaboration with the government looked at four government facilities and 12 donor-supported cost-sharing schemes at primary and secondary level in 15 locations in eight governorates across Yemen, mainly in rural settings. Through 113 focus groups and 67 in-depth interviews, the study explored the attitudes and perceptions of various stakeholders (over 1,000 individuals) including health facility committees, health staff, facility and district level managers. They were asked about utilisation, affordability, quality of health care, the population's willingness to pay, and exemption practices.

The study reported in 2001 and found that, while there was widespread 'willingness to pay', roughly half of the population could not afford to do so. It found that poor people were in general more willing to pay than the better off, for example for affordable and good quality drugs, as they only have access to the public facilities, and are more seriously affected by the funding shortages. However, poor people were several times as likely as the better off to be unable to pay.

The study (Oxfam 2001) found also that the exemption system was not working to protect the poorest. Indeed, it found that favoured patients, particularly those from elites, such as sheikhs, were more likely to be exempted from charges than poor people. The study showed wide variations in exemption policy, even in government facilities, and large deficiencies in the way exemption procedures were applied. People's awareness of exemption criteria was very low. Written guidelines were rare and exemptions were granted on an ad hoc basis rather than in accordance with transparent criteria. This often benefited those who could work the system (government officials, friends of staff, and members of the elite). As one General Health Director said: 'To be honest, only those who are better off are granted exemption.'

Financial management and record keeping were generally weak, and it was found that about half of the fees collected reverted to the central Treasury, although the plan had been to retain them locally. Fewer than half of fee-for-service facilities and RDFs had a bank account for revenue; policy and decisions on use of revenue were not transparent and often taken solely by the health facility director; accounts were often incomplete and in several cases the annual balance was negative.

These findings were confirmed by follow-up primary research at some of the health care facilities in 2004. Staff interviewed complained of drugs shortages, poor quality, inappropriate dosage formats, and other deficiencies. However, there are four private pharmacies at the front door of the hospital, some of which are owned by staff, or at least give incentives to some of them. Perhaps this fact contributes to the hospital's failure to operate the RDF scheme. The evidence of the limited research was that weaknesses in both financial and human resources management are contributing to the negative impacts of 'cost sharing', as well as undermining the potential for service improvements that increased revenue should bring. (Personal interviews).

There have been attempts to promote decentralization of resource management and decision making, but the research revealed widespread criticism that the decentralization process is too slow and all major decisions regarding staff and budget are still taking at central level. To the extent that decentralisation has been implemented, it appears to have made accountability worse, at least in some cases. An interview with the General Director of Finance at the health ministry was interrupted by a community leader who had come from a village more than 400 kilometres away to complain about lack of drugs in his village health centre. He had made the extraordinary decision to take his problem to the capital and try to get some money to solve his hospital's pharmaceutical crisis. The General Director spent more than half an hour trying to explain that, under the new concept of decentralization, it is the responsibility of the Governorate Health Office (GHO) and not the central ministry. But the visitor insisted he had already been to his regional GHO, and got nowhere.

Considerable anecdotal evidence from more than one locality suggested that, although community participation structures are in place, they are not functioning properly. It appears there is weak understanding of the role of the health committees, and especially about the boundaries between their responsibilities and those of management. Management deficiencies combined with unclear definition of roles

appear to be prompting some committee members to stray into what would conventionally be regarded as management roles. Even if the committee members concerned have appropriate skills for those roles, it is not surprising that official incumbents view their intrusion as unwelcome. Yet as long as they can see that management systems are not functioning properly, those with the skills, time and energy to do so will endeavour to overcome the deficiencies by their own efforts.

Sheikhs (invariably male) are often heads of the health committees, and this seems to be contributing to the inequitable criteria for 'cost sharing' exemptions. Lack of available resources appears to be undermining them as well. In one case, 75 per cent of the members resigned soon after setting up the committee, because they had to pay for their own transport, photocopying and other expenses.

Data concerning equitable access to health care services show little change, and some negative change (particularly resulting from user fees), since the beginning of the reforms. Moreover, all the indicators suggest that both curative and preventive public health care services are significantly more accessible to the 'non-poor' than the 'poor'.

11. Conclusion: learning from the cases and from Reggio Emilia

It is in the context of experiences such as those outlined above that this paper concludes that much can be learned not only from them, and from other sources cited, but also by reiterating the question: why are Reggio Emilia's childcare services so good?

The Reggio Approach, as it has become known, certainly fails at least one test of the so-called 'new public management': it is not new. The pre-schools fail others too. They neither set performance targets for their staff nor give them market-based incentives to achieve them. Training is a collective experience at the heart of everyday provision, rather than a seminar about the latest ministerial instruction. Change is a continuous reality, not an endlessly repeated mantra, or boast. The services continue to improve, partly because they are adequately funded (by user fees as well as tax subsidy) but also because their approach enables them to build upon their strengths to adapt to changing economic, social and cultural trends. Theory and practice have continually enriched each other through participatory processes that are predicated on the assumption that all stakeholders (for want of a

better term) have knowledge and perspectives to contribute. Their governance and management processes are designed to systematically mobilise and develop that knowledge, collectively and individually, and to respond to and find compromises between rival perspectives.

Reggio's pre-schools, in short, are democratically accountable learning organisations. Neither the city nor central government has imposed one failed initiative after another on their workers and users, although a radical shake-up of municipal governance in the 1960s was required to establish them. Since then, Reggio services have been built on continually developing relationships between the local state and citizens, between management and employees, between professionals and other workers, between the staff, children and parents, and, more recently, between the public, private and voluntary sectors.

Rooted in shared vision and values -- shared, enriched and developed through discussion -- it is these relationships that provide the strength of the services, and the strength of the relationships is in the framework of ethics and standards they sustain and develop. Cutting edge child development theory continually informs and is informed by everyday practice. Professionals and academics are neither despised nor given more than their due. They link their expertise with the work of practitioners in mutually enriching and supportive ways through both the long-term governance and day-to-day management systems of the pre-schools. The services are excellent because the participatory processes through which they have been developed find expression too in every moment of their delivery.

Reggio has achieved just what modern public service reform is supposed to be aimed at: efficient, affordable and responsive services of high quality, provided through well-motivated and continually innovating workforces, securely rooted in -- and, therefore, all the more responsive to -- local communities. The city's pre-schools remain world class today by sustaining their roots through innovation, rather than ripping up those roots as so many examples of apparently radical but actually unsustainable reform have done.

The Model Early Learning Center in Washington, D.C., was the first child care institution outside Italy to receive certification for practising the Reggio Approach, which is promoted internationally through a public-private company called Reggio Children. Since then, nurseries and pre-schools in other parts of the United States --

California, Indiana, Missouri and Ohio -- have followed the example, as have many in Europe and Asia.

The pedagogical theory behind the Reggio Approach is based on the work of Bruno Ciari and Loris Malaguzzi, but it took the determined action of that group of working class women to give it a chance to develop in practice. Although community action originally drove the creation of Reggio's childcare services, what made the vision of their founders a sustainable reality was their success in securing public finance and municipal policy commitment. Local political conditions at the time were an important factor in enabling them to develop rapidly following the mothers' movement's initiative. A ruling alliance of Communists and Socialists, influenced by changing ideas about the role of the state then being explored in pioneering spirit on the Italian left, shared a commitment to forging stronger bonds between local government and civil society.

Their vision gave rise to such innovatory organisational forms as Bologna's municipal and neighbourhood committees, factory councils and school councils. 'These form one of the essential elements for the ordering of the "new state", the point of connection between direct democracy and representative democracy,' as one group of observers put it in 1976, adding: 'Bologna's significance rests in the fact that its achievements have not been the results of the technocratic-Fabian decisions from the top, but of a framework of local democracy which has involved wider and wider strata of the population. ... In this network of frequent consultation, of debates, of dialogue among differing political forces -- some of which have been and are opposed to socialism -- a learning process has been underway wherein solutions to problems of the present have been reached in a participatory climate.' (Jäggi, Müller and Schmid, 1977).

'User consultation' has become a standard element of public service reform, but is often little more than a cosmetic exercise to create an illusion of 'ownership', sometimes with the purpose of reinforcing the pre-determined decisions of the powerful. User involvement is often, in reality, user management, driven by public relations rather than public service. In Reggio, by contrast, it means really widening and deepening democratic processes. Parents, other community representatives and pedagogical specialists -- pedagogistas -- employed by the municipality all contribute to governance. Each pre-school's staff are management committee members ex

ufficio, and their contractual hours of work allow for attendance at committee meetings.

Crucially, the mutually reinforcing association of social participation, professional specialism and public administration has found expression not only at the political and governance levels but also in the way in which Reggio's child care services are run day to day. 'There is a strong sense of belonging -- you see yourself as building something for your own use,' one teacher commented. (Personal interview). The physical design of the pre-schools is the concern of all who use them, and the *ateliers*, the workshops in which the children spend much of their time learning by doing, are central to an approach in which each is encouraged to make her own way. Even lunch is part of the learning experience -- the role of the cook, who is in regular contact with other staff, parents and, crucially, the children, knows no boundary between the educational and the nutritional.

Clearly, these children and their parents are not 'consumers' of a service, much less its 'customers', and nor is there the artificial opposition of consumer and producer that a marketised approach to public service relationships requires and promotes. The service's users have not less but much more power over the deployment of state resources than the term 'customer' would imply. They are participants in the daily recreation of the services they use, but their voluntary efforts complement those of paid staff rather than substituting for them as so many 'user involvement' projects do. The state here is indeed an enabler, but not in the sense of abandoning its own responsibilities, but rather of acquitting them more effectively.

Investment in staff development is taken as seriously as investment in child development, for the simple reason that their success is mutually interdependent. As with so much else in Reggio, this might appear to be obvious, but when you consider the extent to which child care and other services internationally are based on cheap, unskilled, transitory labour, rather than providing for career development, you realise that even to do the obviously right thing would be revolutionary in many countries.

Reggio describes its approach as 'an educational project whose objective is to reanimate and integrate all the expressive, communicative, and cognitive languages, to educate a "re-integrated" child who constructs his or her own powers of thought and choice.' That can happen because staff have been able to develop themselves in the same spirit. Staff involvement in both planning and everyday decisions is seen as

a key to the quality of decisions, as well as a way of cementing their loyalty and commitment to the job. The relationship between job satisfaction and service quality was well expressed by one worker who said she could switch to one of the 'state nurseries' (run by central government) and work less hard for no less pay. 'But I prefer to work in a quality environment -- it's more demanding.' (Personal interview).

Among the many socialists drawn to Bologna and Reggiana (the region within which Reggio Emilia is situated) in the 1970s -- and in his case provided with a safe haven there from the military dictatorship that had forced him into exile from his own country -- was Cezar Alvarez. By the time I met him, some twenty years after his time in Bologna and nearly ten years ago, Alvarez was chief executive (a political appointment) of the Brazilian city of Porto Alegre. During his time in Italy, Alvarez absorbed many of the ideas later expressed in participatory budgeting after he had shared and honed them through discussion with others who returned from European exile and helped build the Workers Party, founded in 1982. One of the first steps taken by the Workers' Party administration when it won Porto Alegre in 1989, indeed, was to institute municipal pre-school provision. But it was the governance and management arrangements that produced Reggio's outstanding childcare that were to have wider significance. Alvarez commented:

'We started from the belief that the state must be democratic. The popular councils of the participatory budget offered the way. Now we can say that we have a combination of representative formal democracy and direct participation. This is not easy either for the parliament or the people -- but it is a very rich experience. We had a state which had been appropriated for private interests. The poor people had only got to know the state as an oppressive force. Historically investment by the state was distorted in favour of business interests and the rich élite. We want to create public institutions. This means that we are trying to develop public as opposed to statal organisations. These processes will never be concluded.'

Acknowledgements

The case studies in Brazil, Denmark and Sweden are versions of research study reports commissioned by Public Services International. The case studies in Mali, Tanzania and Yemen are versions of a research study commissioned and financed by OxfamGB. Other research and this report were commissioned by the World Bank ESSD Network. The support of these three organisations is gratefully acknowledged.

References

- Homeless International (with the Urban Poverty Group) 2005. *Good Urban Governance: Tackling urban poverty around the world*, Homeless International, Coventry.
- World Bank 1994. *The World Bank and Participation*, World Bank, Washington, D.C.
- Manor 2004. *User committees: a potentially damaging second wave of decentralization?*, James Manor, IDS, University of Sussex, 2004
- Goetz and Gaventa 2001. *Bringing citizen voice and client focus into service delivery*, Anne Marie Goetz and John Gaventa, IDS Working Paper 138, IDS, University of Sussex, 2001
- Crook and Manor 1995. *Democratic decentralisation and institutional performances: four Asian and African experiences compared*, R. Crook and J. Manor, *Journal of Commonwealth and Comparative Politics*, 33 (3), 1995, pp. 309-334:
- Blair 2000. *Participation and Accountability at the periphery: democratic local government in six countries*, H. Blair, *World Development* 28 (1) 21-39, World Bank, Washington, D.C., 2000
- Crook and Sverrisson 2001, *Decentralisation and Poverty Alleviation in developing countries: a comparative analysis*, R. Crook and A. Sverrisson, IDS Working Paper 130, IDS, University of Sussex, 2001.
- Batley and Larbi 2004. *The Changing Role of Government: The Reform of Public Services in Developing Countries*, Richard Batley and George Larbi, Palgrave, 2004, p.104.
- Tendler 1997. *Good Government in the Tropics*, Judith Tendler, Johns Hopkins University Press, 1997.
- Schick 1996. *The Spirit of Reform: Managing the New Zealand State Sector in a Time of Change*, Allen Schick, State Services Commission, Wellington, 1996..

Schick 1998. *Why Most Developing Countries Should Not Try New Zealand Reforms*, Allen Schick, The World Bank Research Observer, Vol. 13, No. 1, February 1998.

Manning 2001. *The Legacy of the New Public Management in Developing Countries*, N.Manning, in International Review of Administrative Sciences, vol. 67, no.2, 2001, pp. 297-312.

Todeschini 2003. Presentation by Carlos Antonio Todeschini to International Seminar on Advancing Alternatives to Water Privatisation, Kyoto, March 22, 2003.

Miranda 2003. Presentation by Antonio Neto Miranda to International Seminar on Advancing Alternatives to Water Privatisation, Kyoto, March 22, 2003.

Diakite 2000. *La crise scolaire au Mali*, Drissa Diakite, Nordic Journal of African Studies, 9 (3), 2000.

Sangaré et al 2000. *Genre et fréquentation scolaire au 1er cycle de l'enseignement fondamental au Mali*, S.A. Tounkara, D. Tangara, N. Assétou Kéita, IDS, University of Sussex, 2000.

Rajani 2003. *Is Primary Education Heading in the Right Direction? Thinking with Nyerere*, Rakesh Rajani, HakiElimu, Dar es Salaam, 2003.

Caulfield 2001. *Agency Reform in Tanzania: Freedom, Finance and Performance*, Janice L Caulfield, at <http://winelands.sun.ac.za/>

PSRP 2004. Public Service Reform Programme Report, Dar es Salaam, 2004.

Teskey and Hooper 1999. *Tanzania Civil Service Reform Programme*, Graham Teskey and Richard Hooper, paper given to the joint DAC Informal Network/ACBF Workshop on Institutional and Capacity Development, Harare, October 1999

PEDP 2003. *Joint Review of the Primary Education Development Plan*, Ministry of Education and Culture, United Republic of Tanzania, November 2003