Exploring Innovative Resource Allocation and Service Delivery Performance in Developing Countries

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ABSTRACT

New governance paradigm in managing public resources needs to be given significant review while looking at alternatives in improving public service delivery. It implies that theories and practices of public administration, new public management, public value management or good governance need to be redesigned to embrace the public sector, private sector and the community. The relationship between resource allocation and service delivery performance is best viewed from view-lens of innovative governance. Innovative governance must be seen from the view point of integrating the public sector, market and community to deliver systematic public goods and services. This paper examines the relationship between innovative resource allocation and service delivery performance in developing countries. This paper uncovers various new models of allocative resource innovation taken from case studies reported in ten years of World Bank reports. The cases suggested that many countries are introducing several transformational programs, adopting open search strategies, and embarking on economic transformational agenda, which involve the use of a wide range of public private partnership strategy, private finance initiatives, performance-based management and other actors/sources to achieve the governmental programs. However, the impact of innovative governance on resource allocation and service delivery performance is often felt in developed countries, but the reverse is the case in the developing countries.

Keywords: *Innovative Resource Allocation, Service Delivery Performance, Good Governance, New Public Management (NPM). Public Value Management (PVM).*

INTRODUCTION

The scheme of doing things and methods of task accomplishment are altered and modified daily due to innovations, scientific exploits and technological breakthrough. It is as a result of these situations the nomenclature of public administration has changed from the generic name of public administration to public management and from public management to governance.

The introduction of public management in the 80s evolves the concept of marketability, entrepreneurialism, theory of efficiency and managing resources (both human and material) in the public service. Kettle (2000) described it as a striking global reform because of its spread across a large number of nations in a short period. The most common attributes of NPM include accountability, customer satisfaction, performance auditing and management, decentralization, privatization, strategic planning and management, flexibility, separation of politics and administration, personnel management, contracting out, changed management style, improved financial management and the use of information technology in the public service (Broening, 2001). These attributes, together with the ten principles introduced by Osborne and Gaebler in 1992, formed the set of tools through which public entrepreneurs might be able to bring massive governmental reforms and could shift public sector organizations from their traditional hierarchal, rules-based, process-oriented bureaucratic structures towards a more managerial setting based on the values of expediency, efficiency, economy, and output calculation. In regard to NPM, strategies are designed around investing in technological infrastructure, educating, training and changing management initiatives to achieve the efficiency, efficacy and effectiveness that will eventually transform into good governance, accountability and transparency in the public service.

In recent years after NPM values have been widely adopted in public sectors, again scholars are found to enhance the discipline by looking at how governance of public sector can be better embraced by collaborative relationship between public sector, private sector and community (NGOs/NPOs) resulting in the concept of new governance.

Government is one of the actors in the act of governance. Bear in mind that the terms ‘governance’ and ‘government’ do not connote same meaning, but they are used interchangeably by scholars. Governance is a process of policy making through active and cohesive discussion among policy makers who are interconnected through abroad range of networks (Kooiman, 2003 & World Bank, 1994). While, government on the other hand is defined as the manner in which power is exercised in the management of a country’s economic and social resources (The World Bank, 1991a), governance is a function of the many ways that individuals and institutions, both public and private manage their common affairs (Commission on Global Governance, 1995).

Governance is a multiple-stakeholder process. Hemmati (2002) corroborated this assertion by saying that the process goes beyond actors in the government circle. It includes market and civil society institutions. Rhodes (1997) assured that governance has no one center and/or sovereign authority, but multiple centers and no sovereign authority. Albrow (2001) posited that government transformed into governance, while Offe (2005) opined that governance complements rather than replaces government. Key elements of good governance are reinventing government, government reform, innovation, local governance, transparency, participation, accountability, social integration and development. Good governance is epitomized as a transparency process, a bureaucracy imbued with a professional ethos, an executive arm of government accountable for its actions, a strong civil society participating in public affairs and a well observed rule of law (World Bank, 1994).

With good governance in place, it is easier to explore the relationship between innovative resource allocation and service delivery performance among comity of nations. Findings form scholars revealed that resource allocation is being equitably disbursed for service delivery performance in the developed countries as a result of strong institutions, while it is not in developing countries because of weak institutions (Salihu et al., 2012). In view of this, the need arises to explore the relationship between innovative resource allocation and service delivery performance.

In addition to the use of good governance concept, scholars are arguing that public value management (PVM) should be embraced in the public service. According to Kelly et al. (2002), public value is defined as the value created by government through services, laws regulation and other actions. Stoker (2006:42) collaborated the position of Kelly et al. (2002) by seeing ‘public value as more than a summation of individual preferences of the users or producers of public services, rather it is collectively built through deliberation involving elected and appointed government officials and key stakeholders’. It therefore becomes imperative to a paradigm shift from NPM to PVM in order to deliver more public services to the public.

PARADIGM SHIFT FROM NPM TO PVM

Because of the strong belief of NPM on economic foundation which emphasizes the concept of marketalism and entrepreneurism in the public service, Moore (1994; 1995) postulated that public value management with emphasis on strong ideological positions of market versus state provision should be used in replacement of NPM. As a result of comparing the positions of market with state provision of public goods, scholars begin to shift from NPM to PVM. According to Hefetz and Warner (2004), the social values inherent in public services may not be adequately addressed by economic efficiency calculus of market.

Public value management is becoming more popular because of its multi-dimensional construct. PVM is a reflection of politically mediated preferences to create outcomes through processes which may generate trust or fairness (O’Flynn, 2005). To buttress what PVM stands for, Moore (1995) argued that the creation of public value management is the central activity of public managers, while the creation of private value is at the core of private sector managers’ action. This distinction is equally supported by Hefetz and Warner (2004) where it argue that public managers do more than steering a market process, they balance technical and political concerns to secure public value.

Recently, Stoker (2006) drawing from the works of Kelly, Mulgan and Muers (2002) argued that PVM model is an alternative paradigm for NPM or an overarching framework for post-competitive, collaborative network forms of governance. According to Stoker, PVM model will correct the weaknesses of the NPM approach. The model will recognize the new institutional and neo-classical economic conceptions of human behavior with respect to delivery of public services. In collaboration with the position of Stoker, Horner and Hazel (2005) posited that PVM overarching framework has become an instrument for resources allocation and measurement.

With the paradigm shift from NPM to PVM, Moore and Braga (2004) postulated that citizens decide public goods they value, which is seen by scholars as social exchange. The new idea differentiates the concept of direct economic efficiency that takes place under NPM compared to deliverance of public goods by government to its citizenry rather than to individuals. All these ideas put together are what encapsulated to what is known as PVM. PVM according to Stoker (2006) is about efficiency, accountability, equity and its ability to bring motivational force to drive public service reform. Rather, it rests on vision of humanity instead of traditional public administration or NPM. In a nutshell, the PVM brings a new means of thinking about government activity, policy-making and service delivery which currently challenging the NPM paradigm.

RESEARCH OBJECTIVE

In developing economies, resources are poorly managed and capacity to provide social and infrastructural services are lacking. The crux of the problem lies in the paucity to manage the resources among the stake players, i.e. government agencies, business partners and community entities. The objective of this paper therefore is to explore the relationship between innovative resource allocation and service delivery performance in the public sector.

RESEARCH METHODOLOGY

The paper is premised on conceptual analysis. Literatures for ten years on resource allocation and service delivery performance from the World Bank Development report are reviewed. The authors aim to explore the relationship between innovative resource allocation and service delivery performance in developing countries using the framework of the public value management and new governance paradigm. The unit of analysis is Uganda, Tanzania, Malaysia and Japan.

FRAMEWORK FOR INNOVATIVE RESOURCE ALLOCATION AND SERVICE DELIVERY

Governments are reinventing government by institutionalizing innovative ideas and practices. Thus, governments need to work in close cooperation with other societal actors (market and community) to increase the state resources in order to deliver social/welfare service optimally. While trying to encourage the concept of reinvention, governments make use of performance management, business management orientation and result-based budgeting to enhance the resource of the state, and ensure that this resource is used to service delivery performance. Several public sector reforms utilize these tools to make government more businesslike, less wasteful, more efficient and less expensive (Light, 1997).

In order to examine the relationship between innovative resource allocation and service delivery performance, scholars in the field of public sector economics see the need to have efficient and effective public value management and good governance paradigm. The government reforms on good governance paradigm are anchored on decentralization and regional development. The critical aspects of decentralization are the transfer of resources and decision making to the localized levels of public sector. The main focus of such reforms is to reduce the costs of governance at the centre on one hand, and to create flexible and responsive decision making for the benefit of local residents. Campbell (2005) posited that recent reforms on local governance has reshaped the system of local incentives, and set the stage for a new model of local governance in many parts of the world. It is observed by scholars that increase the role of local governments is important for national growth, growing demands for services, resistance to taxes and dramatic changes to service delivery by local governments. It therefore becomes imperative to reinventing governance at local governments to embrace market and community in order to meet up with these challenges and issues. Local government units have started networking with their counterparts abroad and other international organizations at regional level in order to cooperate with the trend of innovative resource allocation (Mikolajczak, 2005).

Transparency is an important element in innovative resource allocation framework. Transparency implies that information is freely and easily accessible to those who are affected by decisions. Thus, decisions are enforced in a manner that follows rules and regulations in the public sectors. According to Best (2005), transparency carries with it a powerful array of moral and political associations, including honesty, guilelessness and openness. Transparency is said to be sine qua non to effective resource allocation on one hand, and even to efficient service delivery performance on the other. A high level of transparency stimulates ethical awareness through information sharing, which ultimately ensures accountability for the performance of governments in handling the resources of the public.

On another clime, participatory governance is another good framework that is used to ensure innovative resource allocation and service delivery performance. According to Ocampo (2005), "participatory governance provides citizens with access not only to information, but also to decision-making…. It means access not only for a privileged few, but for all". Thus, participatory governance entails the close involvement of people in the economic, political, cultural and social processes, and facilitates access to people-centered development. Participatory governance is a convergence of social and political participation and the scaling up of participatory methods, state-civil partnerships, decentralization and devolution, participatory assessment, and other factors in order to attain effective and efficient innovative resource allocation and service delivery performance, Hickey and Mohan (2004), note.

Last but not the least, other sectors such as market and civil society can equally be used as a good framework for enhancing effective resource allocation and service delivery performance in the public sector. The role of government is not to control the economy; rather it is to facilitate the economy in order to ensure effective service delivery. The government supposes to be working with the private sector in order to develop programs that will support the capacity to respond to economic opportunities and bring infrastructural development to the public. Paine (2005) postulated that government must play an active role in promoting fairness among private sector and the community through its laws, policies and programs so as to deliver effective and efficient social and welfare services. This may be done through public financial management, such as taxation, government expenditures, fiscal and monetary policies (Schnitzer, 1987).

INNOVATIVE RESOURCE ALLOCATION – CASE STUDIES

This paper will position several landmark case studies on innovative resource allocation and service delivery performance. These studies include studies on the Peri-urban infrastructural project in Uganda, Goods-building capacity in Tanzania and Uganda, Performance-based grants systems, Evaluation of city to city technical cooperation between Malaysia and Japan and Future intergovernmental relations-ideas from Japan. Literatures regarding African countries are given below as:

Case 1: A Study of Peri-urban Infrastructural Project in Uganda
A study is conducted in Uganda on Peri-urban Infrastructural Project (PUIP), which focused on the development of participatory urban service delivery mechanisms and discretionary funding provided to communities in Uganda. The study shows that only 2% of the allocated funds are invested outside the five priority areas. The unit cost per investment is much cheaper by 20%- 50% using innovative resource allocation compared to traditional methods. The study shows further that linking access of funds to service delivery performance is greatly improved. Funding through a performance driven approach encouraged competition and improved governments' compliance to standards and regulations.

Case 2: A Study of Goods-building Capacity (GBC) in Tanzania and Uganda
A similar study is conducted on delivering the goods-building capacity to achieve the millennium development goals in Tanzania and Uganda by Shotton and Winter (2005). The study aims to improve service delivery performance in a sustainable and replicable manner. The study shows that capacity building is delivered through demand-driven mechanisms. The study vividly examines the viability and effectiveness of a decentralized, demand-driven capacity building facility for service delivery performance.

Case 3: A Study of Performance Based Grant Systems (PBGSs)
Steffensen and Larsen (2005) conducted a study on conceptual basis for performance based grant systems with respect to selected international experiences. The study discusses performance-based grant systems, including capacity building grants (CBGs). The

scholars note that development grants for investments, capacity building support and performance incentive systems can be designed to be mutually strengthening in order to have a significant impact on government service delivery. The study significantly states that CBGs are easily accessible than capital grants.

Case 4: Evaluation of City to City Technical Cooperation between Malaysia and Japan

Tjandradewi, Marcotullio and Kidokoro (2006) conducted a study on evaluating city to city cooperation. A survey is conducted on the states of Penang in Malaysia and Yokohama in Japan. The study is on border cooperation, which focus on a 9-year technical cooperation and exchange program in the arenas of city planning and management capacities. The cooperation took the form of transfers of knowledge, skills and experiences through the modalities of staff exchange programs, study visits, and on-the job training programmes. These efforts provide endless opportunities for the two states. The study finds out that the cooperation is fruitful and successful because of what is realized from the cooperation. The city to city technical cooperation leads to the concepts of pedestrianisation and comprehensive urban design planning to the inner city area of George Town, Penang, implementation of a recycling program and solid waste data collection activities.

Case 5: Future Intergovernmental Relations-ideas from Japan

In 2008, a seminar with a theme tagged ‘future intergovernmental relations-ideas from Japan’. The seminar tried to negotiate an inter-governmental agreement among comity of nations. The focus was on the finance and governance of capital cities under the federal system of government. The study tries to compare Canberra with other federal capitals in Brazil, Canada, Germany, India, Mexico, Nigeria, South Africa, Switzerland and the United States. Although many of the political, cultural and symbolic functions of capital cities in Federal countries are similar, but there is considerable variation in many of the other characteristics of these cities. In terms of finance and governance, there are differences in national capitals with respect to their roles, responsibilities and revenues on one hand, and their fiscal relationship with the federal government on the other. These distinguishing features reflect differences in national cultures, historical development, constitutions, political structures and ideologies.

Service delivery performance can be easily attained through innovative resource allocation, and efficient resource allocation can easily be guaranteed through good governance.

DISCUSSION

The relationship between innovative resource allocation and service delivery performance needs to be considered in the context of new thinking. It is shown from literatures that infrastructural services development (ISD) is complex because many variables are involved in the delivery of quality services to the public. As a result of the complexity in the Uganda case, the project under consideration was able to complete 1,816, representing 86% of the total projects. The study establishes that there are sector relationships, sustainability, discretionary funding, capacity building and improvement of accountability.

In helping government to satisfy service delivery performance, goods-building capacity should be introduced as a national model among the principal level of government. While recognizing goods-building capacity as a novelty, there are associated weaknesses in the model. In the case of Tanzania and Uganda, the study states that the goods-building capacity approach does not get automatic fund transfer, instead governments have to 'earn' the funds by fulfilling a set of an annual assessment conditions. The budgetary support mechanism is not well stated in the use of goods-building capacity in service delivery performance.

In criticism to improving service delivery performance through partnerships, it is suggested by scholars that there ought to be innovative resource allocation to execute projects such as urban transport management system, smart tunnel project and other government service partnerships. Innovative resource allocation focuses on the finance and governance of capital cities under the federal system of government. In terms of finance and governance, there are differences with respect to their roles, responsibilities and revenues on one hand, and their fiscal relationship with the federal government on the other.

In an increasingly complex world, innovative resource allocation and service delivery performance becomes sine qua non. There is need for a good framework for governance that will deliver public goods maximally. The limited resources available for service delivery performance are under severe pressure. Therefore, governments should put in place efficient and able leadership, and find additional resources to meet community needs, by sharing responsibilities and risks with other key stakeholders. Governments may enter into partnership with the private sector, community-based organizations, non-governmental organizations (NGOs), Not-for-Profit Organizations (NPOs) and civil society organizations (CSOs) or a mixture of these.

Governments must enhance capacity in strategic planning to take into account the changing roles of government, business and community. Smart partnership requires a clear vision and objectives for the community. While projecting future needs, government must consider possible alternative approaches to innovative resource allocation governance. Involved agencies should identify opportunities for partnerships that will generate real community benefits. The central government should ensure local needs. Besides, there should be legal framework enabling the workability of formal partnerships on innovative resource allocation governance among comity of nations.

Under the innovative resource allocation, social/welfare services are contracted to efficient private contractors based on expertise. The schemes in which social/welfare services are contracted out are public private partnership (PPP), private finance initiative (PFI), community volunteer (CV), concessionaire, etc. The rationale behind contracting out public goods and services is for cost savings and efficiency gains. All these schemes encourage innovative resource allocation activities, and bring about efficient and effective service delivery performance.

CONCLUSION

Exploring innovative resource allocation and service delivery performance in the new governance paradigm shows a strong relationship between innovative resource allocation and service delivery performance, especially in the developing countries. It should neither be seen as either old or new. Rather, it should be seen from view-lens of service delivery performance to the public by the public sector, private sector and the community. It is high time scholars come together to critique the existing concept on innovative resource allocation and service delivery performance, and come up new theories and models that can be added to the existing literatures.

Public administration institutions, scholars, practioners and other stake players should start looking for answers to the following posers: what kind of relationship between government and the market, between market and civil society and between government and civil society is expected in terms of resource allocation and service delivery performance? It is pertinent to note here that such question will ensure effective and efficient innovative resource allocation and service delivery performance.

Heads of government should endeavor to come up with a well thought number of visions and policies that will sustain the act of innovative resource allocation and service delivery performance. If these policies are implemented, it will improve the living standards of the citizens on one hand, and contribute to infrastructural development on the other.

RECOMMENDATIONS

Having explored the relationship between innovative resource allocation and service delivery performance, the paper tends to encourage efficient decentralization of resources and responsibility among levels of government in developing countries. Governments need to maintain strategic coherence of capacity building, ensure performance measurement, efficiency of demand-driven mechanism and quality control on the delivery of services. Besides, capacity building plan preparation, coordination, monitoring and evaluation need to be strengthened.

By the same token, there should be a mixture of supply-driven and demand-driven approaches to service delivery performance. In order to consolidate the institutional-strengthening capacity, governments should use their discretion over what sort of capacity needs to be built and where the inputs should be sourced.

Lastly, there should be political will on the part of the government to put in place policy initiative on innovative resource allocation. Also, there should be consistent leadership, demand-driven focus, cost-sharing and cost-effective projects in order to attain effective and efficient service delivery performance.

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