Keynote Speech by Professor Paul Collier

Note from the Secretariat

Professor Paul Collier of Oxford University addressed participants at the PDG/AfDB’s Conference on Contracting Out Core Government Functions and Services in Post-Conflict and Fragile Situations on the need for new and innovative thinking on service delivery. He called for the developing countries, civil society and donors to re-visit the typical western European model of full service delivery through state ministries, exploring a range of options, including independent service authorities for managing, assessing and regulating diverse actors.

Professor Collier said he was not in favour of the use of the term “contracting out” per se as it implied reducing the role of the state. Instead, he said the debate should concentrate on how to modernise the state through innovation. Using the analogy of how mobile phone technology enabled many developing countries to bypass analogue technology, he said fragile states needed to look past the 1950s European model for ministry-based service delivery. Britain’s public service model in the aftermath of the Second World War was of extremely high quality, with workers who were self-motivated and fully aligned with the interests of ordinary citizens. But the quality of these services did not endure (i.e. when pay scales reduced, motivation decreased). Once self-motivation was lost, it was almost impossible to reverse the newly established behaviour patterns, even when the root causes of dissatisfaction were addressed. And while Scandinavian countries possessed the most envied models of recent history, these worked because they delivered services to communities that were very small and ethnically homogenous – a model which was not appropriate in fragile states contexts.

As an alternative to traditional “contracting out” in fragile states, Professor Collier proposed a model of independent service authorities (ISAs), which is described in detailed in his attached paper. The ISAs are an echo of the independent revenue authority model. However, instead of raising revenue, they are first and foremost a public regulator agency for the state to deliver services to its citizens using a variety of different mechanisms (e.g. NGOs, churches, donors) and providing benchmarks and quality standards, evaluation and monitoring. An ISA could improve on a traditional ministry by:

1. Not having to motivate workers itself (that would be the job of the smaller and more connected providers).

2. Encouraging competition between providers as a way of measuring quality.

3. Fostering more direct incentives to deliver quality services. Providing high financial incentives does not work in service delivery where individual and group performance is not easily monitored and where efforts are diverted to what is measured and the highest remuneration, rather than concentrating on motivation to meet citizens’ needs.
4. Providing not just carrots but also sticks. As an independent organism for service delivery, sticks often have more power.

5. Labelling all services as government services (thus contributing to state building) no matter who is providing them.

6. Making performance monitoring central, rather than being lost in a range of priorities. The evaluative data collected would give good service providers and donors the evidence they need to argue in favour of scaling up where appropriate.

7. Having an ISA board composed mainly, but not entirely, of government appointees (it should also include donors and civil society in a minority as a way to prevent secrecy).

Professor Collier said that a major advantage of ISAs in fragile states was that they could be started incrementally with very small start-up costs and could even exist within an existing government structure. Good service providers would be attracted to the idea of improving standards and competition (for example, Oxfam has already indicated its enthusiasm to participate in a pilot of an ISA).

Regarding the ISA's impact on the role of ministries, Professor Collier said ministries would be freed up to concentrate on their core planning functions. Nevertheless, the ISA should be seen as a longer-term initiative – rather than a temporary fix – to get countries over a development/capacity hump.
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