

CONTRACTS AND SERVICE DELIVERY IN FRAGILE STATES



Clare Leaver presents initial findings from a report being compiled by the University of Oxford to assess different approaches to delivering basic services in developing countries. Using case studies from the World Bank and the Department for International Development (DfID) the Oxford team will attempt to draw out general lessons to feed into future policy decisions.

Ensuring that services such as education, health, and water and sanitation are effectively delivered to citizens is an issue facing every government. In fragile environments, state actors may lack the motivation and, or, institutional capability to rise to this challenge, thereby creating a potential role for donor-funded contributions from non-state providers. Donors taking on such a role typically express a desire to incorporate contributions from non-state providers while enabling the state to retain and strengthen its stewardship and legitimacy. This twin objective has resulted in a wide range of approaches. Understandably, there is a growing appetite among donors and partner governments to establish which, if any, of these approaches work.

During 2011, researchers from the World Bank and DFID prepared case studies of approaches to service delivery in fragile environments using a common framework developed by a team at Oxford. The Oxford team is now drafting a report that draws out the main empirical regularities evident in these studies, together with implications for future policy.

Each case study follows the same format: describing the environment prior to the intervention; summarising the details of the intervention; and assessing the efficacy of the intervention.

The case studies were chosen to reflect a range of environments and donor approaches:

- Six cases focus on Africa, five on the Middle East and Asia, and one on Central America.
- Eleven cases focus on a donor-funded intervention that changed the organisational arrangement in either the health sector, the education sector, or in multiple sectors.
- One case, a study of Eritrea, focuses on a government funded intervention that introduced innovative practices within the publicly financed and run health system.

Success is assessed in terms of the scale of improvements in coverage and other delivery outcomes, the sustainability of any such improvements, and the extent of any problems in process. The report restricts attention to cases where independent evaluative material is available.

An important initial observation is that the quality of the evaluative material is poor. At the time of writing, no independent study is available for four of the twelve cases. Even where independent studies are available, the ability to judge success is limited by the fact that typically the interventions were not designed with program evaluation in mind (e.g. failure to pilot with control areas, failure to collect baseline data).

The small number of useable case studies, and the scarcity of causal

estimates within these studies, inevitably makes it hard to draw firm conclusions.

With this caveat in mind, the main observations run as follows (see opposite page for definitions of environment types):

- **In the State-Direct and NGO-Direct environments, the direct form of contracting was associated with fast and sustainable improvements in coverage and other delivery outcomes.** Despite early concerns, governments proved capable of managing the contracting process.
- **In the Mixed environment, the direct form of contracting had a positive (causal) impact on outcomes but was politically unpopular and ultimately withdrawn.** Moreover, performance incentives for frontline staff were needed to overcome problems of motivation.
- In all three environments, allowing non-state providers freedom to innovate appeared to be beneficial.
- **In both the State-Direct and NGO-Direct environments, the delegated form of contracting was associated with fast and sustainable improvements in coverage and other delivery outcomes.** There also appear to have been advantages, relative to direct contracting, in terms of efficiency, accountability, and securing additional funding. However,



tensions arose among line ministries, largely due to a lack of engagement in the choice of projects for funding.

- **The unsupported form of decentralisation** (one case in the State-Direct environment) **was associated with a mixed impact on coverage and other delivery outcomes.** Sustainability was also questionable, both in terms of capacity at local level and political support from the centre.
- **The supported form of decentralisation** (one case in the NGO-Direct environment) **was associated with a fast improvement in coverage and other delivery outcomes.** Questions were raised over sustainability, both of the local government structures and contracting in of support.

The Oxford team, together with a wider steering group, is now considering how these observations (drawn from a small but consistent set of case studies) might be used to formulate common lessons that can inform the design of future policy towards service delivery in fragile environments.

This article is based on a 'Work in Progress', presentation at CMPO's conference in April 2012. The full report entitled '*Innovative Approaches to Service Delivery in Fragile Situations: An Interpretative Review of the Evidence*' will be available in 2013 from the OxiGED website www.oxiged.ox.ac.uk/index.php/service-delivery

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Fragile Environment Categories

Broadly speaking, the case studies fall into three categories of environment prior to intervention:

1. **State Direct:** recent conflict, the state plays the predominant role in delivery, gaps in coverage particularly in rural areas, main shortcomings relate to low state capacity (six cases);
2. **NGO-Charity Direct:** recent conflict, significant involvement from non-state providers in delivery, gaps in coverage, main shortcomings relate to low state capacity and free-standing NGO programs (five cases);
3. **Mixed:** history of conflict, mixed arrangement for delivery with significant involvement of the private sector, main shortcomings relate to low motivation of state actors (one case);

Donor-funded intervention

Two types of donor-funded interventions were identified:

- A. **Contracting:** the central government contracts non-state providers, either directly or through a managing agent/independent agency, to deliver a package of basic services; to deliver infrastructure projects; and/or provide management support to state providers (eight cases);
- B. **Decentralisation:** the central government decentralises responsibility for service delivery to lower tiers of government, which may or may not receive support from non-state providers (three cases).

What has been tried where?

- The contracting intervention was more common than the decentralisation intervention in all three environments. The ratio of contracting to decentralisation was largest in the NGO-Direct and Mixed environments and smallest in the State-Direct environment.
- Six of the eight contracting interventions were single sector (four in health and two in education). All three of the decentralisation interventions were multi-sectoral.
- The direct form of contracting was more common than the delegated form in the NGO-Direct and Mixed environments, and for single sector interventions. In contrast, the delegated form was more common than the direct form in the State-Direct environment, and for multi-sectoral interventions.
- The supported form of decentralisation was more common than the unsupported form in the NGO-Direct environment. The reverse was true in the State-Direct environment.