

Meeting basic needs in Asia, Part II: improving the performance of government and local communities

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SUMMARY

In nearly all Asian countries services available to rural populations are inadequate and inappropriate. Improvement is crucial not only to fulfilling basic human needs, but for raising productivity and generating more broadly based economic development. This article reviews the types of obstacles in the way of improving service delivery, and assesses the strengths and weaknesses of the major institutional arrangements for delivering services. In the light of this review the article identifies four issues of major importance, first, the priority to be given to providing social and productive services; second, the most appropriate approach to delivering social and productive services; third, how to finance social services more effectively; and finally what alternative means there are of improving the administration of services. This article follows on from Part I which presented a comparative review of service needs in Asian countries.

Part I of this study reviewed the capacity and performance of governments in Asia to meet basic human needs and to provide services that would stimulate and support productive activities in rural communities. The review indicates that some developing nations—the newly industrializing economies of Taiwan, South Korea and Malaysia—have made substantial progress in reducing or eliminating abject poverty and in satisfying demands for basic consumption goods and community services. Other countries that are in a transitional stage of economic development, such as Thailand and the Philippines, have been able to meet the basic needs of only a portion of their rural poor and have succeeded in providing productive support services adequately only to some of those who live in the major urban centres. They, and the majority of poor countries in Asia, face severe problems in stimulating economic growth with social equity. Large numbers of the rural poor in those countries have little or no access to social services, productive resources or employment opportunities that would provide the income needed to obtain adequate food, shelter, health care and education.

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In nearly all Asian countries the level and coverage of services provided to rural populations are far less than those aspired to in national development plans or that have been attained by more prosperous societies. The services that have been provided are often inappropriate to the needs of the vast majority of the rural poor and the distribution has been highly inequitable. The quality of services, even where they are available, is generally low.

PROBLEMS OF RESOURCE MOBILIZATION AND SERVICE DELIVERY

The developing countries of Asia face quite similar problems in overcoming these deficiencies in resource mobilization and service delivery. Financial, administrative and organizational problems vary in severity, and governments differ in their capacities to deal with them, but the problems fall into four broad categories: (1) low levels of capacity to mobilize existing resources to finance social and productive-support services; (2) reluctance to allocate a larger share of national resources to the service sectors; (3) weaknesses in local government financial capacity to establish and maintain services within communities; and (4) low levels of administrative capacity at the national and local levels to plan and manage service delivery programmes.

Low levels of capacity to mobilize national resources

The slow pace of economic growth in the poor and transitional countries limits the amount of economic resources available for expanding services. As noted earlier, growth in GNP averaged less than 2 per cent a year during the 1970s in most poor countries, a rate that either lagged behind or barely kept pace with population growth. Most governments in Asia have experienced great difficulty in mobilizing resources for services, or any for other development activity, through savings, investment and public expenditure.

The poor countries have had low levels of gross domestic savings during the 1970s. Savings were well below 10 per cent of GDP in Bangladesh, Burma, Nepal, and Pakistan in 1977. India, Indonesia and Sri Lanka and the transitional economies have been able to mobilize a slightly higher percentage of GDP through savings. Public consumption averaged about 10 per cent of GDP for the seven poorest countries in 1977, and average annual growth rates in public consumption from 1970 to 1977 were extremely low in all but Indonesia. Inability to mobilize resources for domestic investment also inhibits government from expanding service coverage and increasing access. In the poorest countries, gross domestic investment averaged 15 per cent of GDP in 1977 and average annual growth rates were 2 per cent or below in all poor countries except Indonesia between 1970 and 1977. Public investment in Nepal, for instance, is only about 10 per cent of gross domestic product and public revenues contribute only about 7 per cent to GDP. More than half of Nepal's development budget is financed by foreign assistance (USAID, 1979a, p. 15). From 1974 to 1976 only Burma had a public expenditure level that was greater than 50 per cent of GDP. Among other poor countries in Asia public expenditure averaged about 21 per cent of gross national product, providing a weak financial base for investment in and maintenance of services (see Table 1).

Table 1. Basic financial indicators for selected developing countries of East and Southeast Asia

	Gross domestic savings as a percentage of GDP, 1977*	Public consumption as a percentage of GDP, 1977*	Average annual growth in public consumption, 1970-1977*	Gross domestic investment as a percentage of GDP, 1977*
Newly industrializing countries				
Korea	25.0	13.0	8.3	26.0
Malaysia	31.0	17.0	6.0	23.5
Taiwan	31.0	17.0	4.6	27.0
Transitional developing economies				
Philippines	25.0	11.0	9.9	30.0
Thailand	21.0	11.0	7.8	26.0
Poor countries				
Bangladesh	-1.0	—	—	6.0
Burma	9.0	—	—	13.0
India	22.0	—	0.8	21.0
Indonesia	22.0	10.0	11.6	21.0
Nepal	5.0	—	—	10.0
Pakistan	8.0	11.0	3.3	19.0
Sri Lanka	20.0	10.0	—	17.0

Table 1. (Continued)

	Average annual growth rates in gross domestic investment, 1970-1977*	Average public expenditure as percentage of GNP at market prices, 1974-1976†	Central government share in general govern- ment expenditure (percent) 1973‡	General government expendi- tures for civil consumption (percent) 1973‡
Newly industrializing countries				
Korea	12.4	21.0	65.7	52.0
Malaysia	6.0	31.0	81.3	72.5
Taiwan	4.6	20.0	—	54.9
Transitional developing economies				
Philippines	11.7	17.0	65.7	67.4
Thailand	6.3	14.0	94.5	79.6
Poor countries				
Bangladesh	-7.8	17.0	—	82.6
Burma	1.2	54.0	77.5	23.1
India	2.1	28.0	55.2	83.4
Indonesia	16.6	13.0	—	52.2
Nepal	—	10.0	—	49.6
Pakistan	-0.7	31.0	76.1	48.5
Sri Lanka	0.9	29.0	96.9	88.6

*World Bank (1979).

†Asian Development Bank (1977).

‡World Bank (1976).

Part of the problem is government's heavy reliance on indirect taxes to raise revenues and its weak tax collection capability in most Asian countries. In Pakistan, for instance, nearly 80 per cent of all national government receipts come from indirect taxes. Attempts to impose an agricultural tax in 1977 had to be suspended in 1978 because of the government's inability to implement it (USAID, 1979b, p. 12). In Thailand over 70 per cent of revenues come from indirect taxes. Personal and corporate income taxes account for less than 15 per cent of all revenues and the tax structure is both regressive and horizontally inequitable. Tax collection of any kind, moreover, is generally inefficient; non-compliance and evasion are widespread (USAID, 1980a, p. 31).

Small share of national revenue available for social and productive services

The percentage of the budget allocated to social and productive-support services is consistently small in all of the developing countries of Asia. Expenditures for civil consumption (non-defence items) ranged from over 80 per cent in Bangladesh, India and Sri Lanka to only about 23 per cent in Burma in 1973, but social services received a relatively small share of overall expenditure in all countries. The only major exception was education, for which recurrent costs are high and political demands are strong. Operating expenditures for agricultural services in every country were vastly smaller than agriculture's contribution to GDP and the sector's share of the labour force. No country in Asia spent more than 7 per cent of its annual budget on agricultural services and in most the sector received from 2 to 4 per cent of total expenditure. Agriculture did receive larger shares of capital expenditures—averaging 18 per cent—but these ranged from only about 2 per cent in India to about 34 per cent in Pakistan (see Table 2).

Operating expenditure for education claimed from 16 to 22 per cent of the budgets of Asian countries in 1973 except in India, Pakistan and Nepal, where they were significantly lower. Except in Thailand, however, the educational sector received only about 6 per cent of capital expenditure. Overall spending on health has been relatively low; only Taiwan placed a greater emphasis on health expenditure in its 1973 budget. Newly industrializing and transitional countries gave high priority to transportation, investing from one-third to nearly half of their development budgets in highway construction. Transportation has also been an important capital expenditure for poor countries. But allocations for operations and maintenance have only made up a small share of the total in these countries.

Although current comparative statistics are not available, scattered evidence suggests that support for social services has not increased much in recent years. India's 1975–1976 budget provided less than 7 per cent of all disbursements and less than 2 per cent of capital expenditure for social and community services while nearly 60 per cent of operating expenditure went on defence and general administration (see Table 3). Pakistan's 1977–1978 budget allocated less than 3 per cent to education and medical, public health and social services combined. About 60 per cent of Pakistan's operating budget was allocated to defence and debt service (see Table 4).

Relatively small percentages of annual expenditure are devoted to social

Table 2. Operating and capital expenditures for selected services in Asian LDCs, 1973 (percentage of total)

	Agriculture		Education		Health		Transportation		Housing	
	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital	Operating	Capital
Newly industrializing countries										
Korea	2.4	15.6	19.3	9.9	0.9	1.0	0.9	45.8	—	1.1
Malaysia	2.4	—	22.7	—	8.1	—	—	—	—	—
Taiwan	—	—	22.6	—	16.2	—	—	47.4	—	—
Transitional developing economies										
Philippines	6.8	23.5	23.2	4.6	4.2	8.7	4.8	35.7	—	—
Thailand	4.4	17.5	17.6	22.7	3.3	2.4	3.7	35.9	—	—
Poor countries										
Bangladesh	—	20.4	20.0	4.8	5.4	3.5	—	22.8	—	5.6
Burma	6.6	13.0	16.5	2.4	6.4	1.6	1.1	13.8	—	7.6
India	3.4	2.0	2.1	—	0.7	—	—	10.9	—	—
Indonesia	—	—	—	—	—	—	—	—	—	—
Nepal	4.7	18.0	8.7	8.4	5.0	4.7	6.5	46.2	—	—
Pakistan	2.8	34.5	0.8	—	0.8	—	0.9	9.7	—	—
Sri Lanka	—	14.0	16.1	3.4	7.5	3.1	—	20.4	—	3.6

World Bank (1976).

Table 3. India, union budget, 1975-1976

Disbursements	Amount (Rs Crores)	Percentage
Revenue Disbursements	6491	60.3
General services	1789	16.6
Defence	2036	18.9
Social and community services	482	4.5
Economic services	956	8.9
Grants-in-aid to states	1228	11.4
Capital disbursements	4277	39.7
General services	21	0.2
Defence	238	2.2
Social and community services	61	0.6
Economic services	1213	11.2
Loans and advances	2744	25.5
Total	10,768	100.0

Source: India, Ministry of Finance, 1977.

services other than education, even in the more economically advanced countries in Asia. In Korea, for example, about 16 per cent of the financial year 1978 budget was allocated to education; but less than 2 per cent of expenditure went on health, less than 1 per cent on community and social services, and about 1 per cent on housing. Of the 20 per cent of the budget devoted to economic services, agriculture received only about 5 per cent and utilities less than 3 per cent (Korea, 1978, Table 286).

Table 4. Pakistan, revenue budget of federal government expenditures, 1977-1978

Expenditure items	Amount (Million Rupees)	Percentage
Direct demands c. revenue	119.1	0.5
Debt service	5208.5	22.7
Civil administration	2264.3	9.7
General administration	539.8	2.3
Frontier regions	644.4	2.8
Foreign affairs	184.0	0.8
Education	123.9	0.5
Medical and public health	61.7	0.3
Other beneficent and social services	290.4	1.2
Other administrative depts.	420.1	1.8
Currency and mint	33.7	0.1
Civil works and central road fund	110.9	0.5
Miscellaneous	1753.8	7.5
Defence	9150.0	39.1
Adjustments with provincial govts.	1423.2	6.1
Development expenditures	3239.3	13.8

Source: Pakistan Statistical Yearbook (1978).

Weaknesses in local financial capacity

The difficulties that Asian nations have with mobilizing resources for social services are exacerbated by the inability of most local governments to raise revenues for community services. In Asia, local governments are either agents of the central government with little authority or taxing ability of their own or are highly dependent on central governments to provide financial resources through transfers and grants-in-aid. Although in Korea, the Philippines, India and Taiwan, local governments account for a substantial percentage of general government expenditures, much of the money goes on administration. Even in the newly industrializing countries only the largest cities have significant revenue raising capacity. Smaller towns and rural municipalities receive much of their revenue from proceeds of indirect taxes levied by the central government. In Korea, for instance, where subnational governments make about 40 per cent of general government expenditure, the large majority goes on education and general administration. In 1978, local governments spent 40 per cent of their budgets on education. Economic services for agriculture, rural development and farm land improvement received about 6 per cent as did community services, including health. Local taxing capacity remains weak at the provincial, city and county levels. From 1974 to 1978, for instance, about 55 per cent of all local tax collections came from the country's two largest cities—Seoul and Pusan (Korea, 1978, Table 293).

Similar conditions prevail in Pakistan. Although local governments do virtually nothing, provinces provide some local services. About one-third of their expenditures are on debt repayment and civil administration, however, and only education claims a significant share of provincial budgets. In the financial year 1977–1978, provinces spent only about 5 per cent of their revenues on health services, 3 per cent on agriculture and 7 per cent on irrigation (Pakistan, 1978, Tables 10.5–10.8). In Thailand, government expenditure in the provinces has consistently been higher than revenue collection, and provincial deficits have largely been covered by revenue transfers and borrowing from Bangkok. But uncontrollable increases in recurrent costs—especially for bureaucratic salaries—have forced the central government in recent years to cover deficits by cutting allocations for capital investment (USAID, 1980a, p. 25).

Attempts to reform tax and administrative structures to increase the financial base for local governments have not been noticeably successful in the poor and transitional countries. Recent attempts to impose a Panchayat Development and Land Tax in Nepal resulted in what most observers believe is a regressive levy. The benefits most likely will go to wealthier landowners (USAID, 1979a, pp. 24–27). More extensive efforts to strengthen local government in Pakistan and India have been widely assessed as failures (Cheema, 1976). Local government no longer functions effectively in Pakistan, and in India the Panchayati Raj institutions have been unable to establish an autonomous financial and administrative base. The problems with Panchayati Raj in India are characteristic of those obstructing improvements in local government in other parts of Asia as well. As one observer notes, a variety of complex factors blocked the success of local government reforms in India, including:

dependence of rural local bodies on grants-in-aid or financial assistance and their failure to levy or collect all authorized taxes; stringent control

by higher authorities over the allocation of financial assistance for specific development projects; a rigid administrative framework, leading to frictions between government officials and elected leaders; the allegiance of local bodies' staff members to their own departments; and centralized planning and schematic budgets (Cheema, 1976, p. 128).

Finally, the ability of local governments to finance services has been inhibited by constraints on their borrowing powers. In much of Asia, only the largest cities have borrowing authority and smaller municipalities and towns are unable to obtain long-term financing through bonds or securities. National governments have imposed tight constraints on local borrowing, and weaknesses in local revenue bases would make local government securities unattractive investments in any case (Prakash, 1977). Thus, the capacity of local governments to provide services depends on improvements in tax collection and revenue administration.

Limited administrative capacity to improve service delivery

Financial constraints are not the only bottlenecks to improving service delivery and in the long run may not be the most crucial. In most Asian LDCs low levels of administrative capacity at the national and local levels limit government's ability to improve service delivery, even if larger amounts of financial resources were available. Among the most serious administrative problems are overcentralization of planning and decision-making in national ministries, low levels of planning and managerial capability at all levels of government, difficulties in coordinating service delivery among national ministries and between central government agencies and local governments, ineffective managerial and supervisory practices in the field, and severe shortages of trained personnel and professionals.

The USAID Mission in the Philippines notes that 'in addition to the limitation on absorbing a much higher level of resources, there exist a number of institutional constraints to more effective use of resources that are received'. Two important constraints in the Philippines are 'the uneven administrative capacity among institutions and between levels within institutions [that] lowers the rate and effectiveness of program implementation, particularly in the areas of health, education, population and forestry and natural resources management and many at the regional and provincial level', and the extreme centralization of decision-making and administrative control that obstructs participation and discretionary action at the local level (USAID, 1980b, pp. 36-38).

A similar situation exists in Nepal, one that is aggravated by the low level of planning and managerial capacity within central government ministries. The USAID Mission in Nepal argues that a 'major structural constraint is the limited ability of the [Government of Nepal] itself to identify, plan and execute productive policies and projects' (USAID, 1979a, p. 17). In Bangladesh, the USAID Mission reports, 'the lack of decentralized authority has retarded development of basic rural infrastructure. Because almost all project decisions must be made in Dacca, implementation is usually slow and progress intermittent' (USAID, 1980e, pp. 17-18). The combination of overcentralization and low levels of administrative capacity in localities creates serious difficulties in coordinating programmes. 'Coordination problems best solved in the field

must frequently be resolved by a series of high level meetings in Dacca' the USAID Mission in Bangladesh observes. 'Development services to rural areas have been equally affected by administrative shortcomings' (USAID 1980c, pp. 17-18).

The ability to manage service delivery programmes and projects is limited in nearly all of the poor and transitional countries in Asia. Progress in extending social services has been slowed in Burma by bureaucratic ineffectiveness. 'Burmese absorptive capacity has been subjected to strains', the USAID Mission in Burma contends, 'due to the limited ability to administer complex projects, difficulty in forecasting needs for the purchase of spare parts and additional equipment, and Burma's modest ability to provide adequate technical skills at the working level' (USAID, 1979c, pp. 46-47). In Bangladesh, the effectiveness of family planning services has been consistently low because of poor management, inadequate staff training and ineffective supervision. Bureaucratic jurisdictional conflicts also limit the number of physicians that have been assigned to the programme. Similar management problems plague the education sector, resulting in low quality educational programmes in rural villages and smaller towns (USAID, 1980c, pp. 17-18).

Many of these administrative problems have been exacerbated by the severe shortages of qualified professionals and skilled technical personnel in all of the developing countries of Asia. The USAID Mission in Indonesia points out that 'of over 50,000,000 people in the Indonesian labour force, only 1.9 per cent are classified as professional/technical and only 0.2 per cent as administrative/managerial'. Inadequate numbers of trained personnel and technicians at all levels 'is generally perceived by the Government of Indonesia and among the donor community as the single most limiting factor in Indonesia's development efforts' (USAID, 1979d, p. 22).

INCREASING GOVERNMENT CAPACITY TO PROVIDE SERVICES: ISSUES AND DIRECTIONS

Governments in Asia have used five major arrangements for delivering social and productive support services to local communities, each of which has advantages and deficiencies in meeting the needs of the poor. The approaches include: central government provision of local services, shared responsibility between local government and central ministries, use of public corporations and authorities, integrated rural development projects and self-help community development programmes.

1. *Central government provision of local services.* Most governments in Asia take direct responsibility for providing a wide range of social and productive-support services through central ministries. In Malaysia, Burma, Sri Lanka, Thailand, the Philippines and Indonesia the central government is almost totally responsible for mobilizing resources for services and for planning and managing delivery programmes. Local governments either play no role in these activities or are entirely subordinate to national agencies. Control of services by the central government is likely to continue into the foreseeable future. Central ministries in most countries have the largest share of financial and technical resources and professional expertise. Attempts to reduce their role in providing

such services as health have been strongly opposed by national bureaucracies in a number of countries. Until local governments are given greater authority and resources, and can obtain more skilled personnel, there are few alternatives to the central government providing most services.

2. *Shared responsibility between central and local governments, with central ministries providing financial and technical aid.* In some countries, such as Korea, Taiwan, Pakistan and India, local governments at state, provincial and district levels take a significant share of general government expenditure. In most of these countries, however, local units of administration are agents of central authority rather than semi-autonomous governments. They take a relatively large role in financing and administering education, public safety and some community development services, but their revenue bases and tax collection capabilities remain weak. For the most part, local governments in all Asian countries are still highly dependent on revenue transfers from, and indirect taxes collected by, the central government. Moreover, they are controlled by, and depend on, technical and administrative guidelines issued by national ministries. In Indonesia, for instance, the national government provides grants-in-aid to villages through the INPRES programme for a wide variety of social services including schools, public health services and clinics, and productive support services such as roads, irrigation works, credit and agricultural extension. In Korea, although local governments participate in planning and budgeting, their recommendations are strongly constrained by guidelines provided by national ministries and provincial governments.

3. *Use of public corporations or authorities to provide selected services.* A number of countries such as India and Malaysia provide services through public corporations and authorities that are outside of the regular government bureaucracy. Some have semi-autonomous revenue raising powers and can collect user charges to finance the extension and maintenance of services. Public enterprises are used especially to provide services for which households can be charged, such as electricity, piped water, sewerage, and other utilities. Authorities are also used to provide a combination of services to specific geographical regions or rural districts. In the Philippines, India and Malaysia, for instance, river basin development, land resettlement and area development authorities have the responsibility for delivering selected services within their designated boundaries.

4. *Integrated rural development projects.* Nearly all Asian governments have established integrated rural development projects to provide a combination of social and productive support services for selected rural areas. The projects are usually financed by the central government with financial and technical aid from international assistance agencies. Central government ministries generally provide staff and technical support to special project implementation units, local governments, farmers' organizations, cooperatives or training institutes to carry out the projects. Rural development projects in Bangladesh, for instance, involve Thana offices in social services delivery and technical training, and cooperative organizations in establishing productive support services. In Pakistan and the Philippines, planning and management is carried out with the cooperation of local organizations through government sponsored integrated area development programmes.

5. *Self-help community development programmes.* A related, but somewhat different, approach used by nearly all governments in Asia is community self-help. Local residents are expected to contribute labour, local materials and sometimes matching funds, as well as leadership and organization, to projects for constructing and maintaining community facilities. Financial and technical assistance, as well as supervision, is often provided by the central government. Self-help programmes have been used primarily to construct local infrastructure such as roads, irrigation works, schools, clinics, and water and sanitation systems. Experience with self-help programmes has been mixed; in many countries it has had limited success in improving standards of living in rural areas. The most extensive and successful programmes, however, have had an important impact on local communities. Taiwan has used a 'joint farming operations' approach to community development in which central government agencies, local government officials, farmers' associations and community groups plan an integrated programme of agricultural development and community services improvement. The programme, sponsored by the Joint Commission on Rural Reconstruction, has been responsible for increasing agricultural productivity in rural areas and organizing local communities to provide a wide range of social services that have raised standards of living in rural villages and small towns.¹

In Korea, during the 1970s, the government was quite successful in distributing social and productive support services widely in rural villages through the *Saemaul Undong* (New Community) Movement. This local self-help resource mobilization and community motivation programme, organized and strongly supported by national political leaders, sought to promote leadership in rural villages to create physical infrastructure, provide local services and increase village productivity. In the process it mobilized vast amounts of underutilized resources in rural areas for village improvements. Between 1971 and 1975, people in *Saemaul Undong* villages undertook improvements on more than 1.5 million housing units, built over 41,500 km of farm roads, extended nearly 40,000 km of village lanes, and brought electrification to more than 1.6 million households. Through the programme telephone services were extended to more than 8000 villages, nearly 1400 marketing centre facilities were constructed and retail chain stores were established as part of 800 agricultural cooperatives. In addition, *Saemaul Undong* placed emphasis on decentralizing small-scale industries. Nearly 400 rural factories were operating in 1975, providing substantial off-farm employment for rural people (Kim, 1978).

Relatively little comparative research has been done on the strength and weaknesses of these alternative ways of delivering social and productive support services in Asia. Such an assessment, however, is a precondition of effective technical assistance for improving government capacity to mobilize resources and to deliver services to local communities.

Given the magnitude of service needs described in this study, careful and detailed research is required on a number of issues before technical and financial aid projects can be designed appropriately and effectively.

¹For a more detailed description see Huang (1977) and Hong (1978).

Building commitment to services improvement programmes

One fundamental issue that can only be addressed by governments in Asian countries is the priority to be given to providing social and productive support services and to building the capacity of local governments and organizations to mobilize resources and deliver services more effectively. Commitment to this aspect of development varies widely among countries in Asia, and to a large extent, it is a political issue. The widespread distribution of services became an important component of equitable growth policy in the newly industrializing countries of Asia, for example, because political pressures on the national government were strong. In Korea, Taiwan, and Malaysia external political and military threats during the 1960s and 1970s influenced national leaders to give growth-with-equity policies high priority. Emphasis was placed on building an internationally-based export economy for which foreign assistance was available in large amounts, especially from the United States. Distributive policies were aimed as much at building internal political support for the central government and at forging political solidarity in these three countries as at assuring extensive participation in economic activity. Widespread distribution of social overhead investments, physical facilities, productive resources and social services in rural areas was a means of achieving both aims.

The foundation for the relatively equitable pattern of development that now exists in Korea and Taiwan was laid in the 1950s and early 1960s. Two factors were especially important in Korea—the extensive land reform programme of the late 1940s and early 1950s that redistributed farmland and limited ownership to 3 hectares of paddy, and the strong emphasis placed on education. As Rao points out, 'the broad distribution of land contributed importantly to the fact that farmers gained equitably from the growth in farm incomes and the early spread of education enabled a wide segment of the population to participate in the rapidly expanding modern manufacturing sector and was instrumental in the extensive modernization of agriculture' (Rao, 1978, p. 384). Agricultural price policies protected farmers and wage policies prevented large disparities in income between the urban and rural sectors. Similar policies, advocated and implemented by political leaders in Taiwan, assured greater access for rural people to services and facilities that enabled them to raise agricultural and industrial productivity, increase their incomes and attain a higher standard of living. In Malaysia, political factors played a dominant role in shaping the government's policy of providing basic infrastructure, roads, schools and health clinics in rural villages. 'Besides the short gestation period of physical amenities, the infrastructure approach to rural development was congruent with the elite's view of rural underdevelopment as being due to historical neglect', Chee observes. 'The more important reason for the infrastructural emphasis, however, was that output maximized the distributive benefits of government investment for all of the major groups in the system and minimized ethnic tensions' in a culturally diverse, multi-racial society plagued with insurgency and external political threats during the 1950s and 1960s (Chee, 1976, p. 14). In many of the poorer countries of Asia national political commitment to improving service delivery is weak, however, and means must be found to increase that commitment before financial and technical assistance will be effective.

Appropriate approaches to service delivery—the importance of self-help

The most appropriate approach to delivering social and productive-support services is a second important issue that requires detailed investigation. Although central governments will continue to play a dominant role in resource mobilization and programme administration for the foreseeable future, attention must be given to alternative possible approaches if quantity, quality and distribution are to be improved. The strengths and weaknesses, and necessary conditions for the effective use, of public corporations or authorities, integrated rural development programmes and local governments must be identified and analysed prior to designing large-scale financial and technical assistance projects.

Given the nature and magnitude of service needs in rural areas and the extremely limited financial resources available in Asia, self-help programmes seem to be the most important alternative for reaching the largest number of people quickly. Self-help projects are particularly attractive because they can mobilize existing, but untapped, financial, manpower and organizational resources in rural communities. A number of self-help projects aimed at improving health, for instance, have been successfully implemented in Asia. The factors contributing to their success, as well as constraints and limitations, must be further explored.

In Asia, community self-help health projects have two key characteristics. First, allied health workers drawn from the community play a major role in providing health services. In some cases these allied health workers are traditional practitioners, such as midwives, who are found in local communities in nearly all developing countries. Use of traditional birth attendants is now a part of the national health plan in Indonesia, Malaysia, Pakistan, the Philippines and Thailand. In many areas, a second category of traditional practitioners—healers—provide a much broader range of health services. India and Sri Lanka, two countries notable for their extensive networks of healers, and a number of other nations, are now attempting to integrate these traditional practitioners into the overall health system. Projects designed to assist with this form of health service delivery must be concerned with a number of tasks, including: orienting traditional practitioners to relevant concepts of modern medical care; validating the professional claims of traditional practitioners; further developing their skills; creating referral and communications links between traditional and modern healers; introducing basic elements of preventive health care into the activities of traditional practitioners; and fostering mutual respect, recognition and collaboration between practitioners of 'traditional' and 'modern' medicine (Djukanovic and Mach, 1975).

In other cases, villagers with even minimal task-oriented training in basic clinical skills, environmental health practices and preventive care can play an important role in providing local health services. In the Jamkhed project in India, for example, a local health worker who is chosen from three or four women recommended by the village council, is the first line of medical care (Arole and Arole, 1975). She is responsible for such tasks as organizing a feeding and nutrition education programme; screening children for simple ailments—e.g. sore eyes, skin infections, diarrhoea and fever; providing prenatal supervision and instruction in simple principles of hygiene and preventive

practices to relatives who will help deliver the baby; distributing family planning materials and counselling; and providing overall health education for villagers.

A second common feature of self-help health projects is community participation in constructing and maintaining clinics, water and sewerage facilities and other infrastructure and in organizing and carrying out vector control programmes. In some cases, these community activities are organized by a local health worker; in others, a village health council organizes community action projects. Village health councils also perform other key functions such as setting priorities and selecting the community health worker (Newell, 1975).

Projects of this type are intended to '... promote health from *within* the community on a continuing basis, rather than from without on an episodic crisis basis' (World Bank, 1975, p. 383). This approach has a number of important advantages. First, progress can be achieved using resources that are largely within the reach of the community. Second, it does not depend on extensive use of highly educated manpower, expensive facilities and equipment, or high levels of taxable capacity. Moreover, indigenous practitioners—either traditional healers or specially trained community members—have strong ties to the community and thus are more likely to gain the confidence of local residents, a crucial factor in the success of self-help health programmes. This confidence is heightened when villagers initiate and control the programmes.

Optimism regarding community self-help projects should not, however, mask some important problems, reservations and unanswered questions about this approach. There may, for instance, be inherent barriers to establishing self-help projects in some countries, such as opposition by national bureaucracies to locally controlled projects. Moreover, the rigid sectoral channels through which services are delivered in most countries may inhibit cooperation among specialized agencies that is needed in multi-sectoral self-help projects (Djukanovic and Mach, 1975). Clearly, while self-help can meet many basic health needs, it cannot provide the entire range of services. More sophisticated forms of medical care involving hospitals, highly trained physicians and complex equipment are still required, although less extensively than if the objective were to extend sophisticated curative care to the entire population. Theoretically, at least, such support services would be made available to allied health workers for referring cases requiring treatment that is beyond their capability.

This raises an important question that must be answered in the design of any technical assistance programme: what constitutes an optimal balance between locally provided basic services and more comprehensive and sophisticated forms of curative care? In any country, whatever the balance, strong linkages must be established between community-level health workers and the more sophisticated 'back-up' services. Such links are now weak in most developing countries of Asia. Competition between 'modern' and 'traditional' practitioners impede the formation of such links and the insistence of physicians that doctors must remain the principal providers of health care and that non-physicians should be allowed to deliver services only under the close supervision of physicians can inhibit cooperation (Roemer, 1976). The failure to link community self-help projects with more sophisticated forms of medical service can lead to decision-making about medical care on the basis of class and regional characteristics rather than on considerations of need, effectiveness and efficiency (WHO, 1978).

In assessing appropriate approaches to service delivery, it must be remembered that although resources for self-help projects are largely within the reach of local communities, the need for outside support is still great. Self-help projects almost always require external assistance in the form of training, technical guidelines, supervision, and the provision of supplies and materials that are not available in the local community.² Failure to provide such support in timely fashion can destroy self-help projects by lowering community morale and making future efforts to mobilize local resources difficult or impossible.

A great deal more research is needed into the strengths and limitations of alternative approaches to service delivery and resource mobilization—especially into factors that account for successes and failures of self-help projects—before extensive interventions are made by international assistance agencies.

Alternative forms of financing

A third issue facing governments in Asia is how to finance social services more effectively to obtain larger amounts of resources for investment and to meet recurrent costs. Alternative forms of financing not only affect the quantity of services available but also their quality and distribution. Quality, appropriateness and equity considerations must be taken into account in the design of technical assistance projects.

There are a limited number of ways in which social services can be financed in developing countries, and these are from: (a) *general revenues* of the central government obtained through taxes on foreign imports and exports; (b) *internal deficit financing* through domestic borrowing; (c) *external financing assistance* through loans and grants from foreign governments, multilateral aid agencies and private foundations; (d) *insurance revenues* raised from payments made by employers and employees or from personal contributions to insurance funds; (e) *special taxes* levied by the central or local governments on sales or property and from excise or user taxes; (f) *charitable and private contributions* provided by domestic foundations or private organizations; (g) *direct payments* by recipients or beneficiaries of services at full or subsidized costs; and (h) *in-kind contributions* of goods, materials or labour for services received (Robertson, Zschock and Daly, 1974, pp. 10–16).

The effects of financing arrangements on the quality and distribution of services can be seen most clearly in the decision of governments in India, Pakistan, the Philippines and Korea, for instance, to use social insurance programmes to provide some aspects of health care (Roemer, 1976; WHO, 1978). The most striking feature of social insurance schemes in developing countries is their limited coverage: only those who are regularly engaged in wage employment can participate, and thus a large proportion of the rural poor who do not have sources of off-farm income do not benefit from them. Such an approach may reinforce rural–urban inequities in access to services. Moreover, insurance programmes generally only pay for individual curative services; thus

²Some interesting problems in the timing of support from the Central Government are identified by Robert Chambers (Chambers, 1974).

they tend to support modern hospital-centered care and discourage the use of allied health workers (Zschock, 1979). Social insurance programs also have certain advantages, however, that may make them quite appropriate for financing selected services for particular groups. They tap an additional source of money for medical services without cutting into revenues available to the Ministry of Health to provide subsidized care for people who cannot afford to participate in insurance programmes.

A case can also be made for establishing cooperative financing or revolving loan funds through transfers or grants from the central government to provide subsidized services for the rural population. For a large proportion of the rural poor there is no alternative to highly subsidized or free social services. The United Nations Department of International Economic and Social Affairs points out, however, that 'while there is much to be said for the free provision of social services, consideration should be given to the participation of consumers in these services, through token payments either in cash, material or labour. Such an approach tends to lessen the sense of dependency and increase the identification of these services as their own' (UN Department of International Economic and Social Affairs, 1979, pp. 21-22).

The degree to which user charges for services in rural areas are feasible is another crucial issue in the design of service delivery projects. Two opposing arguments have been made concerning user charges for health services. One states that 'full-cost pricing' might create substantial financial incentives for people to use appropriate services; that is, to use less costly and more effective sources of care through outpatient facilities or local health posts rather than general service hospitals (World Bank, 1975). The other contends that 'essential health care . . . should not depend on the purchasing power of the individual. It is therefore a national responsibility to provide health care that is free, or at least within the means of the individual' (Djukanovic and Mach, 1975, p. 22). Compromises between the two positions are possible, of course, and one is to permit in-kind contributions to community self-help projects that entitle individuals or families to a fixed number of visits to clinics or hospitals for curative services. Another is to use a 'sliding scale' payments schedule to accommodate low income families, if ways can be found of discouraging providers from offering only those services that are attractive to wealthier individuals and neglecting services needed by the poor.

In any case, additional research is needed on the most appropriate forms of financing for different services, recipient groups and countries at different stages of economic development. Advantages and disadvantages of each approach must be identified, the parameters on and preconditions for their effective use must be analysed, and the most appropriate combination of financing arrangements must be determined.

Improving the administration of service delivery

A final major issue requiring further research concerns alternative means of improving the administration of service delivery. Technical assistance is needed at both the national and local government levels for improving planning, design, management, supervision and evaluation capacity. USAID Missions have

identified a number of administrative aspects of service delivery that require improvement in nearly all Asian countries. Institution-building is identified by all Missions: the institutional capacity of national ministries and local governments must be assessed and assistance provided to address gaps or deficiencies.³ Financial and technical assistance must be provided to local government and non-governmental organizations for improving planning and management of service delivery and for maintaining services and facilities after they are established. The USAID Mission in the Philippines, for instance, sees an important role in providing 'specific technical assistance to help improve fiscal planning resource inventory practices, budgeting and allocation procedures' (USAID, 1980b, p. 50).

An important function of institution-building in most Asian countries is to facilitate administrative decentralization. The National Economic and Social Development Board in Thailand observes of the educational sector that 'the over-centralization of educational administration aggravates the problem of bureaucratic red-tape as considerable delays are created by local education units having to wait for decisions to be made by central authorities. This centralization also makes it difficult to provide educational facilities in accordance with local needs and leads to the failure to mobilize resources from the people who take part in the provision of education' (Thailand, 1977, p. 244).

Another common need is for external funds to build basic infrastructure through which services can be extended and delivery made more efficient. The USAID Mission in Bangladesh points out the need for rural roads, electrification and other utilities that would facilitate the distribution of services in rural areas. Training is also consistently identified as a high priority for foreign technical assistance (USAID, 1980c, p. 46). Upgrading of technical and managerial skills is needed at all levels of government, including village and community service workers who form the first line of service delivery.

But more important, perhaps, than all of these specific activities is the need to develop overall policies and strategies for improving the design and administration of service delivery. The United Nations Department of International Economic and Social Affairs suggests classifying communities into three basic categories of needs and capabilities as a means of developing strategies for social and productive-support services improvement:

- (1) The direct aid stage, in which a community lacks the most basic amenities such as roads to markets, schools, clinics or health care. Starting projects is usually a slow process and there is a great need for direct aid. Emphasis is on food production and attention to the most serious health problems;
- (2) Communities with some links to markets, some kind of health care and minimal forms of schooling and income can benefit more rapidly from developmental efforts. Greater emphasis can be put on preventive medicine, cash crops and other forms of productivity not related directly to nutrition;

³A method of assessing organizational viability and institution-building needs is described in Ingle and Rondinelli (1980).

(3) Communities with some form of local institutional decision-making, basic amenities and services but lacking capital, modern skills and links to larger financial, educational and service institutions can benefit most rapidly from developmental efforts. Self-help is easier to organize and progress is comparatively rapid (UN Department of International Economic and Social Affairs, 1979, pp. 21–22).

The adoption of such a strategy—or any other policy that attempts to address differing needs in rural areas—must also be concerned with developing informational support systems for planning and management. If planning in its broadest sense is defined as a process of determining what courses of action should be followed (that is, what programmes and projects should be implemented), it must rely upon information that comes from two major sources. One is what Chambers calls ‘local knowledge’ and what Lindblom and Cohen call ‘ordinary knowledge’, that is, information that is derived from relatively informal processes such as everyday experience and common sense (Chambers, 1974; Lindblom and Cohen, 1979). A second source of information is from formal analyses, obtained from feasibility and cost–benefit studies, field surveys, evaluations and assessment studies. In most of the poorer developing countries of Asia service delivery planning aimed at meeting the basic needs of the rural poor must be grounded in ‘local knowledge’, and ways must be found to increase information about local needs, capacities, preferences, commitments, and resources that is not usually available to central planning agencies and technical ministries. The collection and use of local knowledge in planning processes at both the local and national levels must be improved if service delivery programmes and projects are to be effective. And additional research is also needed into ways of improving formal analyses, and of making the requirements for formal analyses that are prerequisite to external financial assistance more realistic in the light of time, informational, and budgetary constraints within developing nations.⁴

Improvements in the administration of service delivery can only come with a better understanding of the recipients or beneficiaries of the services and of the most effective means of eliciting their participation. Guidelines suggested by the UN’s Department of International Economic and Social Affairs for organizing an appropriate service delivery programme in rural areas are as much an applied research agenda as rules for action, since so little is known about so many aspects of the process. The UN agency suggests that rural service delivery programmes build upon local values and traditional forms of cooperation, address high priority needs within the community in initial projects, and design them to benefit the elite groups as well as the poor. The projects should also be designed to work with groups within the community who have homogeneous needs and interests. Service delivery programmes should be combined with or make provisions for activities that will generate income for the poorest segments of the population. The programmes would seek to broaden the leadership and skills found within the community rather than depending on the infusion of outside assistance. The projects should be implemented in such a way that they

⁴A more detailed argument along these lines is made in Chambers (1978) and Rondinelli (1976).

expand the capacity of local residents to plan and manage the projects and to sustain and maintain them (UN Department of International Economic and Social Affairs, 1979, pp. 20–21).

In the long run, assistance aimed at dealing with these strategic issues can have as much, if not more, impact on improving the administration of service delivery than that aimed at improving budgetary and fiscal procedures or at solving detailed problems of bureaucratic management.

In brief, social and productive-support services are an important part of rural development in Asia. Improvements in the quantity and coverage of services, their quality, appropriateness and distribution, and the amount of access that the rural poor have to them, are crucial not only for fulfilling basic human needs, but also for raising productivity and generating more broadly based economic development. Developing nations of Asia face serious problems of mobilizing resources and allocating them effectively to the services sectors. Technical assistance is needed in building the financial capacity of national and local governments, and of non-governmental institutions, to invest in and maintain local services. Technical and financial aid will also be needed for increasing the administrative capacity of governments at all levels to plan, design, manage and evaluate service delivery programmes.

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