

World Governance Survey Discussion Paper 7
July 2003

THE BUREAUCRACY AND GOVERNANCE IN 16 DEVELOPING COUNTRIES

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Introduction

Assessing Governance

UN Secretary-General Kofi Annan has stated that ‘good governance is perhaps the single most important factor in eradicating poverty and promoting development.’² If governance matters, so does the need for more reliable and valid data on key governance processes. Many analysts believe, however, that current indicators provide inadequate measures of key governance processes. Based on the perceptions of experts within each country, governance assessments were undertaken in 16 developing and transitional societies, representing 51 per cent of the world’s population. The aim of the World Governance Survey (WGS) was to generate new, systematic data on governance processes.

To facilitate cohesive data collection and analysis, the governance realm was disaggregated into six arenas:

- (i) Civil Society, or the way citizens become aware of and raise political issues;
- (ii) Political Society, or the way societal interests are aggregated in politics;
- (iii) Executive, or the rules for stewardship of the system as a whole;
- (iv) Bureaucracy, or the rules guiding how policies are implemented;
- (v) Economic Society, or how state-market relations are structured; and,
- (vi) Judiciary, or the rules for how disputes are settled.

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² Kofi Annan, *Partnerships for Global Community: Annual Report on the Work of the Organisation* (UN, 1998).

The project identified 30 indicators based on widely held ‘principles’ of good governance – participation, fairness, decency, accountability, transparency and efficiency – with five indicators in each arena.

In each country, a national coordinator selected a small panel of experts – c35-40 well-informed-persons (WIPs) to complete the assessment. The panel included, amongst others, government officials, parliamentarians, entrepreneurs, researchers, NGO representatives, lawyers and civil servants. Respondents were asked to rank each answer on a scale from 1 to 5; the higher the score, the better. In addition, respondents were invited to provide qualitative comments. The total governance scores have a very robust correlation (0.77) with the country scores in Kaufmann et al’s aggregate governance indicators, indicating the validity of the results.³ Previous discussion papers looked at the issues of *Governance and Development*⁴ and *Assessing Governance: Methodological Challenges*⁵. This paper focuses on the bureaucracy arena.

Bureaucracy Arena

The bureaucratic arena refers to all state organizations engaged in formulating and implementing policy as well as in regulating and delivering services. While issues of bureaucratic governance are not constitutive of development *per se*, they are seen as crucial determinants of the degree to which a country makes social and economic progress – or fails to do so. This set of issues has been of concern since the advent of centralized administration, but they have taken on particular significance to academics and practitioners alike since the work of Max Weber⁶ some hundred years ago. In recent years, there has been increasing evidence, from case studies and cross-country empirical analysis, that bureaucratic performance is important for development performance.⁷ The literature on

³ Daniel Kaufmann, Aart Kraay and Pablo Zoido-Lobaton, ‘Governance Matters II: Updated Indicators for 2000/01’, *World Bank Policy Research Working Paper No. 2772*, 2002.

⁴ Goran Hyden and Julius Court, 2002, *Governance and Development, World Governance Survey Discussion Paper 1*, Tokyo: UNU.

⁵ Julius Court, Goran Hyden and Kenneth Mease, 2002, *Assessing Governance: Methodological Challenges, World Governance Survey Discussion Paper 2*, Tokyo: UNU.

⁶ Weber, M., *The Theory of Social and Economic Organizations*. New York: Free Press 1947.

⁷ See: D. Kaufmann, A. Kraay, and P. Zoido-Lobaton, “Governance Matters”, *Policy Research Working Paper No 2195*. Washington D.C.: The World Bank, October 1999; Peter Evans and J. E. Rauch, “Bureaucracy and Growth: A Cross-National Analysis of the Effects of ‘Weberian’ State Structures on Economic Growth” *American Sociological Review*, Vol. 64, No 5 (October 1999), pp 748-765; and, Peter

the role of the bureaucracy during the period of rapid growth in East Asia supports the view that the bureaucracy was a key ingredient of the “miracle”.⁸ At the same time, a substantial literature argues that the weakness of bureaucracy in Africa helps explain the poor development performance of many countries on the continent.⁹

Governance issues in the bureaucratic arena take on special significance given the massive pressures that have been placed on public agencies in recent years to become leaner, more efficient and bring services closer to the people. In many developing countries, in particular – often as part of structural adjustment programs – there have been pressures to dramatically reduce the role of the state in relation to the market and cut the size of the civil service (the numbers of employees and wage bill).¹⁰ Lack of economic and social progress in these countries has also led to many calls for improving the managerial efficiency of bureaucracies.

The bureaucracy, however, should not only be studied in the context of implementation of individual policies, but also in terms of governance. The rules that determine procedures in the bureaucracy, whether formal or informal, are especially important for public perceptions of how the state operates. As we know, many contacts that citizens have with government are with first-level bureaucrats responsible for processing requests for services and assistance. The recent *Voices of the Poor* study provides a demonstration of the importance of this set of issues – the poor highlighting that their experiences with bureaucrats are often unpleasant, unfair and corrupt.¹¹ The implication is that the way countries organize relations within the bureaucracy – and between the bureaucracy and

Evans and J.E. Rauch, “Bureaucratic Structure and Bureaucratic Performance in Less Developed Countries”, *Journal of Public Economics*, vol. 75 (January 2000), pp. 49-71.

⁸ Peter Evans, *Embedded Autonomy: States and Industrial Transformation*, Princeton, NJ: Princeton University Press 1995; and, World Bank, “*The East Asian Miracle: Economic Growth and Public Policy*”. New York: Oxford University Press 1993.

⁹ E.g. see, P. Blunt, *Organization Theory and Behaviour: An African Perspective*. London: Longman 1983 and Goran Hyden, *No Shortcuts to Progress: African Development Management in Perspective*. Berkeley: University of California Press and London: Heinemann Educational Books 1983.

¹⁰ Given the focus of our study, this paper does not directly address issues of the size of the bureaucracy. Various studies have found that there is no relation between larger bureaucracies and weaker development performance – indeed the opposite may be true; see: A. Goldsmith, “Africa’s Overgrown State Reconsidered: Bureaucracy and Economic Growth,” in *World Politics*, vol. 51 (July 1999), pp. 520-46.

¹¹ D. Narayan, R. Patel, K. Schafft, A. Rademacher, and S. Koch-Schulte, *Voices of the Poor: Can Anyone Hear Us?* Washington D.C.: The World Bank 2000.

other arenas in the public realm – may make a substantial difference when it comes to policy outcomes as well as the legitimacy of the regime.

But, what rules matter? Following the work of Weber, the view that bureaucratic rules must be legal-rational has dominated. Others, however, have perceived bureaucracies in negative terms, highlighting the problems of combining formal rules and procedures with positive substantive outcomes.¹² Much of the evidence has been limited to case studies and exploratory survey work. The lack of systematic data, both over time within countries and between countries around the world, means we remain uncertain as to what kind of bureaucratic structures and processes – in different contexts – lead to better bureaucratic performance (and thus development performance). What rules matter most for efficiency – and legitimacy? Are there tradeoffs involved? Are certain issues more important at different levels of development?

Our study cannot provide full answers to these questions, but is meant to offer insights into the importance of the rules that guide policy implementation. The paper is set out as follows. It begins by providing a literature review around the key issues relating to the bureaucracy and development. It focuses primarily on the links between bureaucratic rules and bureaucratic performance, but sets it in the context of development performance as well. Following the analysis of the aggregate findings, we continue, as in previous papers, with a discussion of the findings in relation to each individual indicator. The concluding section discusses the implications for research and practice.

Main Themes in the Literature

There is a growing literature in the field of public administration that deals with governance. Much of it, as indicated in Working Paper One, is focused on the specifics of inter-agency cooperation given that problem issues are perceived as increasingly cutting across administrative jurisdictions. While that section of the literature is important, we will not engage it here, but rather focus on writings that bear directly on the issues facing

¹² Michel Crozier, *The Bureaucratic Phenomenon*. Chicago: University of Chicago Press 1964.

developing countries, notably how bureaucratic performance can be improved and how such performance relates to development outcomes. We will begin with the latter.

Bureaucratic Rules, Performance and Outcomes

The relationship between bureaucratic performance and economic growth and development outcomes has been a subject of interest to the international development community as well as scholars for quite some time. Some forty years ago, it centered on the role of 'development administration', an approach to public administration that was meant to differ from a more conventional bureaucratic approach¹³. More recently, some of the same assumption has reappeared with the additional insight that the quality of bureaucratic rules is essential for understanding how bureaucratic performance relates to developmental outcomes. The current assumptions may be summarized, as follows:

Bureaucratic Rules → Bureaucratic Performance → Socio-Economic Development

For instance, the current focus on governance in institutions like the World Bank and the Organization for Economic Cooperation and Development (OECD) is almost exclusively on finding the links between improved government performance and development outcomes. Using the tool of regression analysis and a conception of governance that is primarily associated with qualities of state institutions, Kaufmann and his colleagues¹⁴ have created six scores for six dimensions of governance, of which the dimension "Government Effectiveness" is particularly relevant to the discussion in this paper. This dimension includes ratings on such issues as the quality of the bureaucracy, the quality of service provision and the competence of civil servants. They find that government effectiveness is positively associated with per capita incomes and adult literacy and negatively associated with infant mortality. Kaufmann argues that the evidence suggests that the level of economic development does not necessarily lead to better governance and that the causality runs from good governance to better growth and development performance.

¹³ An interesting account of the early efforts to launch development administration, see Bernard Schaffer, "The Deadlock in Development Administration" in Colin Leys (ed.), *Political Change in Developing Countries*. London: Longman 1969.

¹⁴ Kaufmann, Aart Kraay, and Massimo Mastruzzi 2003. "Governance Matters III: Governance Indicators for 1996-2002", Washington D.C.: World Bank (May).

The team at the World Bank is not alone. In recent years, a growing number of other actors have begun to rate the degree of bureaucratic performance in different ways (as part of broader assessments of country risk). For example, the Economist Intelligence Unit (EIU) provides ratings on various aspects of regulatory quality, rule of law, and corruption (among other issues) from a global network of national information gatherers reviewed by regional panels. The International Country Risk Guide, produced by Political Risk Services in New York, provides a direct measure of bureaucratic quality using a variety of indicators. Transparency International issues its annual Perception of Corruption Index. In sum, these agencies provide subjective assessments on some of the key issues of bureaucratic performance – including government efficacy, red tape, and corruption among public officials.

There have been a number of important studies that have used these data sets in empirical work investigating the importance of different aspects of bureaucratic quality for development outcomes. For example, using EIU data, Mauro found that the efficiency of the bureaucracy was associated with better rates of investment and growth whereas corruption was negatively related.¹⁵ Relying on ICRG data, Knack and Keefer found that bureaucratic quality, being used as part of a broader governance index, was positively associated with improved investment and growth rates.¹⁶ Chong and Calderon have reported a similar positive relationship between institutional quality and economic growth, although they also conclude that the reverse is true – economic growth leads to better institutional quality.¹⁷

In going through the contemporary literature and also look at the contributions made in the past by others, who have studied the role of government in development, a theme that goes all the way back to Max Weber and his contemporaries, we were of the opinion when designing this study that it was necessary to go beyond the limits of cross-sectional studies using regression analysis. We commend the important work that Kaufmann's group makes in aggregating data and developing a stronger statistical basis for further analysis, but we

¹⁵ Paolo Mauro, "Corruption and Growth", *Quarterly Journal of Economics*, No 110 (1995), pp. 681-712.

¹⁶ Stephen Knack and Philip Keefer, "Institutions and Economic Performance: Cross-Country Tests Using Alternative Institutional Measures", *Economics and Politics*, Vol. 7 (1995), pp. 207-227.

¹⁷ Alberto Chong and Cesar Calderon, "Causality and Feedback between Institutional Measures and Economic Growth", *Economics and Politics*, vol. 12, no 1 (2000), pp. 69-81.

also believe that their kind of data should be allowed to be only source of judging the role of governance in development. For instance, differences with regard to such key functions as (i) collecting revenues, (ii) providing public services, and (iii) regulating the economy cannot be measured only in statistical terms, especially if the objective is to identify ways of improving performance.¹⁸ The answers to such questions lie in the more qualitative sphere of data. As Evans and Rauch have put it, “while the cross-country statistical evidence reinforces the idea that differential governmental performance may have an impact on economic growth, it tells us little about what kind of institutional characteristics are associated with lower levels of corruption or red tape”.¹⁹ It is to this set of issues that we now turn.

What Rules Matter for Bureaucratic Performance

There are a number of ways in which bureaucratic incentives and structures are thought to affect bureaucratic performance – again with much of the theoretical support from the classic work of Weber.²⁰ The main argument, articulated most clearly in Evans and Rauch (1999), is that “replacing patronage systems for state officials by a professional bureaucracy is a necessary (though not sufficient) condition for a state to be ‘developmental’”.²¹

Public servants should act in the public interest. Weber argued that a key aspect was the distinction between “public moneys and equipment” and “the private property of the official”.²² Evidence from the “miracle” era in East Asia highlights meritocratic recruitment and deep bureaucratic traditions as crucial to their development success.²³ In contrast, it has been a standard theme in the literature on African states that public officials serve their own

¹⁸ For example, a number of scholars have argued that raising income tax revenue requires an organization possessing Weberian features. See, e.g. Margaret Levy, *Of Rule and Revenue*. Berkeley: University of California Press 1988; Mick Moore, “Death without taxes: democracy, state capacity and aid dependence in the fourth world” in G. White and M. Robinson (eds), *Towards a Democratic Developmental State*. Oxford: Oxford University Press 1997; and, Charles Tilly, *Coercion, Capital and European States, AD 990-1992*. Oxford: Blackwell 1990.

¹⁹ Evans and Rauch, 1999, *op. cit.*

²⁰ Stemming from the original work of Weber, Evans and Rauch developed a set of hypotheses that can be found in Evans 1995, *op. cit.* and Evans and Rauch, 2000, *op. cit.*

²¹ Evans and Rauch, 1999, *op. cit.* See also: Evans and Rauch, 2000, *op. cit.*

²² Weber, 1947, *op. cit.*

²³ World Bank 1993, *op.cit.*

interests rather than that of the public.²⁴ Much of the literature on how bureaucracies perform, centers on this fundamental issue. More specifically it deals with themes such as merit in recruitment and promotion, adequate incentives, rule orientation, and accountability.

The need to have objective entry requirements or an independent body on public service employment is a key concern. Competence, and thus better performance, is seen as stemming from competition based on merit rather than personal contacts or illicit payments. Governments e.g. in Africa, have been accused of being more preoccupied with securing public employment than promoting the quality of the civil service. Even in the face of fiscal pressure, public employment has often been maintained and even expanded at lower skill levels. The World Bank has put it quite starkly: “[African] governments have become employers of last resort and dispensers of political patronage, offering jobs to family, friends and supporters”.²⁵ This is not necessarily exclusive African problem, so we decided to focus on this issue in our study.

Paying reasonable wages should encourage talented people to enter and remain in the civil service. In East Asia, adequate compensation of civil servants has been used as one means of attracting and retaining competent staff. It is not clear, however, how far better pay makes a difference when it comes to better performance and less corruption. For instance, most studies conclude that there is no positive link between higher salaries and lower levels of corruption, one exception being a study by Van Rijckeghem and Weder²⁶.

Another important issue in the bureaucratic arena is the extent to which officials follow rules. Clear rules relating to how decisions are made and how civil servants conduct themselves are important for performance²⁷. Although the existence of clear rules is often related to how the public views the bureaucracy, it is also linked to how efficient it is. Clear

²⁴ Hyden 1983, *op.cit.*; also Richard Joseph, *Prebendalism and Democracy in Nigeria*. New York: Cambridge University Press 1987.

²⁵ World Bank, “The State in a Changing World”, *World Development Report 1997*. New York: Oxford University Press 1997, p. 95.

²⁶ Caroline Van Rijckeghem and Beatrice Weder, “Corruption and the Rate of Temptation: Do Low Wages in the Civil Service Cause Corruption?” *IMF Working paper No. 97/73*. Washington D.C.: International Monetary Fund 1997.

²⁷ Weber, 1947, *op. cit.*

decision-making rules are typically seen as enhancing efficiency. The risk of misuse of public office and poor decisions is seen as higher, the less clear rules are²⁸. Probing how our respondents experience the decision-making rules in the bureaucracy, therefore, is another indicator in our survey.

Rules are also important for holding officials accountable. Rules internal to the bureaucracy may not be enforced unless there are control mechanisms and watchdog organizations. Audits, ombudsman institutions, anti-corruption commissions, public censure or courts are mechanisms that have been used to hold civil servants accountable. Given the significance attached to the accountability issue, it is also included as an indicator in the WGS.

Policy issues in society are typically complex and multi-dimensional requiring the insights of civil servants with professional and specialized competence. Structuring the policy formulation and implementation process such that government operations can benefit from the advice of professionals is seen to be an important issue affecting bureaucratic performance. The extent to which authority is given to specialized agencies to formulate policy indicates a strong role for bureaucrats. The existence of deep layers of political appointments in the bureaucracy would indicate a lesser role. The finding that the depth of political appointments was low in East Asia has been cited as one important reason for that region's economic success²⁹. We have opted to include the issue of professional influence in public policy-making as yet another indicator in this arena.

Although there are varied opinions about the extent to which participatory approaches can be accommodated with bureaucratic decision-making³⁰, bureaucracies need a definite measure of autonomy from both politicians and the public. It cannot afford to be responsive to every demand placed upon it. A degree of autonomy, therefore, seems to be helpful when it comes to formulating and implementing development strategies. On the other hand, links to certain groups in society are common and sometimes institutionalized, as, for example in

²⁸ Robert Klitgaard, *Controlling Corruption*. Berkeley and Los Angeles: University of California Press 1988.

²⁹ World Bank, 1993, *op. cit.*

³⁰ See Schaffer 1969, *op. cit.*

Japan and Korea³¹, where relations between bureaucrats and business people have for a long time been quite close. On a ‘Weberianness’ scale, such as the one produced by Rauch and Evans³², these two countries would not score high on the autonomy measure, but they do have other qualities that place them high on such a scale. Comparing 35 countries largely from Asia and Latin America, they concluded that Weberian characteristics of the bureaucracy are positively correlated with economic growth – even when controlling for level of development and human capital. They also found that the bureaucracies of Asia are more in an additional twenty countries in Africa and compared with the original data set from Rauch and Evans’ study³³. The original results were confirmed: better bureaucratic performance is associated with greater power and autonomy of agencies to formulate policies, good career opportunities in the public sector and good pay of public servants. Countries with a merit-based bureaucracy perform better, have lower corruption and higher efficiency in their service delivery, and provide a better framework for the private sector.

A final issue for discussion here concerns public access to the bureaucracy. While autonomy may be important for its functions, it must be tempered by some degree of accessibility. Without the latter, the legitimacy of the rules guiding this arena may be in question. This is particularly the case since some groups in society are more powerful than others. In our survey, we were interested to know to what extent efforts were made by state officials to ensure equal access to public services.

WGS Data on the Bureaucracy: Aggregate Findings

The framework for implementing policy is very important. Day-to-day management of government operations affects the impression citizens have not only of individual departments but often the regime as a whole. In other words, how policy-implementation is structured constitutes an important aspect of governance. The specific questions we used in the WGS were:

³¹ E.g. Sylvia Chan, *Liberalism, Democracy and Development*. Cambridge: Cambridge University Press 2002; also Evans 1995, *op.cit.*

³² Evans and Rauch 1999, *op.cit.*

³³ J. Court, P. Kristen, and B. Weder, “Bureaucratic Structure and Performance: New Evidence from Africa”, *United Nations University Working Paper*. Tokyo: U. N. University 1999.

1. To what extent are higher civil servants a part of the policy-making process? (the ‘influence’ indicator)
2. To what extent is there a merit-based system for recruitment into the civil service? (the ‘meritocracy’ indicator’)
3. To what extent are civil servants accountable for their actions? (the ‘accountability’ indicator)
4. To what extent are there clear decision-making processes in the civil service? (the ‘transparency’ indicator)
5. To what extent is there equal access to public services? (the ‘access’ indicator)

As reported in Working Paper 3, there is clearly much discontent about the bureaucracy in many countries. The aggregate scores are among the lowest of all the different arenas. The bureaucracy also records relatively modest improvement over time. There are plenty of references in the commentaries that nepotism and various forms of corruption continue to affect the civil services in many countries. This section looks at two issues: (i) the aggregate scores for the countries, and (ii) the changes over time and some of the reasons behind these changes.

Aggregate Findings

The most important aggregate finding about the bureaucratic arena is that respondents rate performance considerably lower than in other arenas, especially civil society and the executive. As Figure 1 shows, even the high-scoring countries come in at just over 15 (or 3 per indicator). Also interesting is the diversity of the top-scoring group of countries. It includes for year 2000, long-democratic India, Southeast Asian tiger Thailand, very poor Tanzania, Islamic Jordan and middle-income Chile. It suggests that bureaucratic performance is not necessarily dependent on level of GDP, type of regime or a particular culture. It can make a difference to the better in different economic or cultural settings. The five countries that score particularly low on this dimension – Togo, Kyrgyzstan, Indonesia, Philippines and Argentina – are perceived to suffer from prevalent political patronage and the lack of transparency and accountability. It is worth looking at some of these high and low scoring countries in more detail.

Table 1. Aggregate bureaucracy scores by country.

Country	Expert Advice	Meritocracy	Accountability	Transparency	Equal Access	Average
High scoring countries						
Chile	3.00	2.47	2.83	2.93	3.37	2.92
India	4.00	4.06	2.92	2.94	2.83	3.35
Jordan	3.03	2.50	2.95	3.03	3.48	3.00
Mongolia	3.38	2.67	2.41	2.82	2.67	2.79
Tanzania	3.42	3.18	3.03	3.15	2.61	3.08
Thailand	3.59	2.98	3.07	3.10	3.20	3.19
Medium scoring countries						
Argentina	2.94	1.70	2.11	1.86	2.77	2.28
Bulgaria	3.61	2.17	2.05	2.34	2.54	2.54
China	2.58	2.73	2.39	2.09	2.45	2.45
Indonesia	2.57	2.17	1.97	2.03	2.46	2.24
Peru	3.00	2.16	2.54	2.14	2.65	2.50
Low scoring countries						
Kyrgyzstan	2.85	2.03	2.08	2.05	2.10	2.22
Pakistan	3.85	2.94	2.48	2.39	1.94	2.72
Philippines	2.57	2.37	2.14	2.37	2.03	2.30
Russia	3.68	2.39	2.16	2.11	2.58	2.58
Togo	2.79	1.98	1.95	2.02	2.29	2.20
Average	3.18	2.53	2.44	2.46	2.62	2.65

The reputation of the Indian civil service being the backbone of the country's government is generally confirmed. Indian respondents do recognize the bureaucracy's input into policy and its recruitment on the basis of merit criteria (although the overall rating fell marginally between 1996 and 2000). Both in international comparison and compared to the ratings for other arenas within India, the bureaucracy scores relatively well.

In Mongolia respondents indicate that the power given to specialised agencies to formulate policy is very limited. The excessive role of political parties in bureaucratic appointments at all level of public administration contradicts the principles of a merit-based system of recruitment and equal access to public service. Since the structure of accountability at all

institutional levels is underdeveloped, the transparency and responsiveness of the public administration is low.

Bulgaria provides an interesting case of the challenges of reforming the bureaucratic arena after the shift to a market economy. Commentators noted that this was the most difficult arena to reform in the years of transition and the low average scores reflect these difficulties. The small improvement witnessed is attributed to the Law on Public Officials, elaborated and enacted by the government in power in 2000. This new legislation has reduced the number of political appointees and defined in no uncertain terms what the rights and obligations of civil servants are. Some parts of the old Communist order, however, are still present. Corruption is seen as widespread and accountability is still almost completely absent.

Given that the survey was conducted before the financial crisis in Argentina, it is a little surprising that its scores in this arena are so low. The country has been undergoing public sector reform for quite some time with support from the international finance institutions. Our respondents indicate that there is little evidence of improvement in spite of these hefty investments in reform. They are very critical of the rules relating to good governance within the bureaucracy – i.e. with regard to hiring, transparency, and accountability.

Another surprise is Pakistan, but for the opposite reason. While governance in Pakistan is generally rated low, respondents are more appreciative of the rules applying to the bureaucratic arena. This seems to reflect the decline in other arenas. Party politics in the late 1990s was both chaotic and corrupt, eventually causing the military to step in and take over power. In this situation, the civil service has looked like a strong backbone, capable of getting the things done that other institutions have failed to do.

While the civil service has appeared in increasingly favourable light in Pakistan, the opposite applies to Togo. President Eyadema's long-standing rule – himself a military officer – has politicized public policy-making to a point where professional expertise is no longer valued as much as before. As one commentator put it, "policies are implemented in compliance with the interests of the ruling group in power." Since civil servants are seen as essentially incompetent and corrupt, the low score is no surprise.

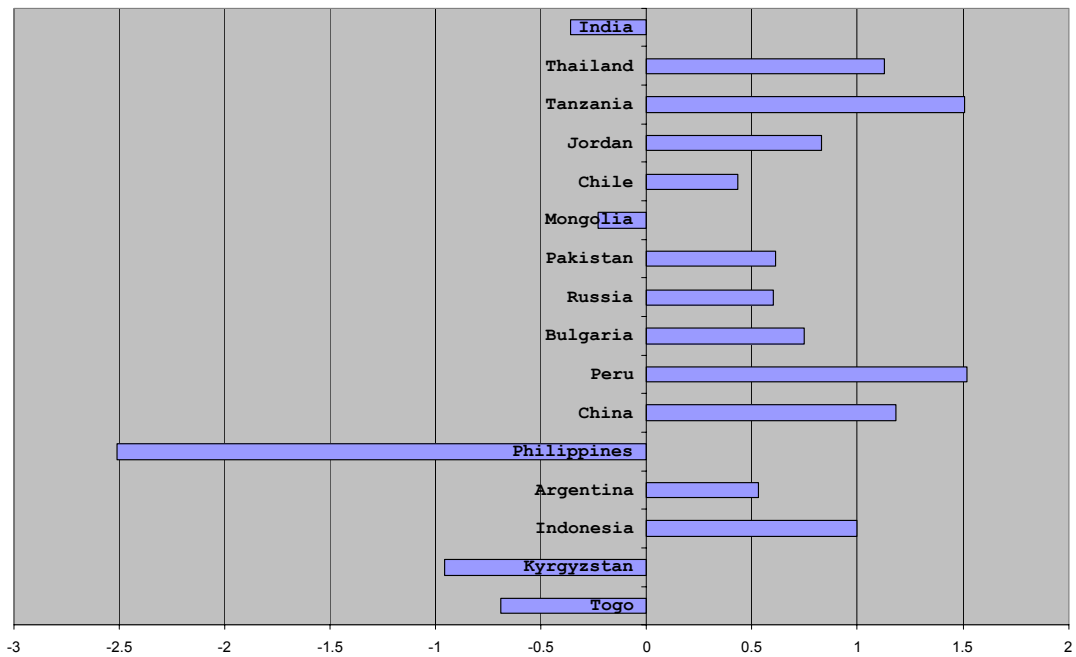
The reasons for the low scores in Indonesia seem to vary from 1996 and 2000. In 1996, the main concern was the hold that President Suharto and his immediate associates had over the public service. Corruption was seen as widespread and even if it functioned, it did so in an arbitrary fashion that left large segments of the public dissatisfied. In 2000, it was the uncertainty associated with the transition from the Suharto era that explains the low score. Our respondents indicated that the situation after Suharto's resignation was characterized by confusion. Old rules continued to exist, but many of them had lost their credibility. New ones had yet to be agreed upon. Management of public affairs had suffered in quality.

Changes over Time

Our findings regarding change over time are summarized in Figure 2. Five countries are rated considerably higher in 2000 than in 1996: Peru, China, Thailand, Tanzania and Indonesia. The reasons behind these perceived improvements differ. In Indonesia and Peru, they seem to be 'spillover' effects of the regime change that took place as Presidents Suharto and Fujimori were forced out of power. In the other three, however, ratings seem to reflect a genuine satisfaction with improved public sector performance.

That Thailand scores well in this arena is not a surprise. The bureaucracy in that country has generally been viewed as a key contributor to its economic growth and "tiger" status. However, more specifically, Thailand experienced significant institutional changes over the five-year period with the aim of balancing the power between the legislative, administrative and judicial sectors. Although these reforms do not explain everything behind the high scores in Thailand, they are an integral part of the sense among our respondents that governance in this arena has improved considerably.

Figure 2. Changes in Aggregate Bureaucracy Scores from 1996 to 2000



For those who have studied Tanzania, the scores in this arena may at first be a surprise. It has not been known for an effective or efficient public sector. The noticeable improvement in scoring, however, is a genuine reflection of the appreciation that respondents have of the implementation of public sector reforms since President Mkapa took over as head of state in 1995. This progress is now broadly acknowledged in the international community. In recent years, Tanzania has often been held up as a success story when it comes to getting public finances and operations in order. Among a range of governance reforms that have taken place in Tanzania are five major components – organization and efficiency reform, personnel control and management reform, capacity building, local government and regional administration reform, and rationalization of government employment reform. The successful implementation of these reforms is evident in our data: although still short of target, accountability and transparency are on the increase in Tanzania; greater equality of access is noted; appointments are increasingly based on merit; and, expertise is now more appreciated. That pressures from the international community have played their part in this process should not overshadow the appreciation that the Tanzanian respondents have with the progress that their country has made in this arena.

Like Tanzania, China has long suffered from a bureaucracy with little autonomy of its own. During the heyday of Maoist rule in the 1960s and 1970s, party leaders made all decisions of importance with little regard for costs and benefits or feasibility. Professional expertise was scorned. This has changed subsequently, but to this day, the Communist Party of China has remained the principal policy-making organ. Nonetheless, with economic reform since 1978 has come an incremental change in the way civil servants contribute to the country's development. Several public organs – not just enterprises – have received a greater degree of autonomy. Our respondents acknowledge that China has a long way to go with regard to opening up its bureaucracy to greater public scrutiny, but they also note that reforms keep occurring. In their view, changes in the governance of this arena are in the right direction.

We cannot rule out the possibility that the marked improvement in Peru is a reflection of the euphoria that the end of the Fujimori regime brought to large segments of the population in that country. Our respondents note that the bureaucracy had little, if any, input into policy-making in the Fujimori days. Moreover, civil servants were hired, fired or promoted with little respect for the rules that are supposed to guide public employment. Even though, things remained somewhat uncertain in 2000, respondents reported significant improvements in public sector institutions and regulatory agencies. Especially appreciated is the rising level of professionalism. Another important improvement is the increased bureaucratic accountability. Holding the public service accountable was in the Fujimori days under the control of the government. It now lies with an independent judicial authority.

Among countries registering a decline between 1996 and 2000, the Philippines exhibited the biggest fall. Respondents attributed this primarily to the corrupt and clientelistic rule of former president Estrada. His patronage system diluted the accountability of civil servants and transparency of bureaucratic processes. As one respondent put it, "One good indicator of the strength of accountability mechanisms is the number of top public servants who have been sent to jail. There has been none in the Philippines." All these issues negatively affected the effectiveness of the system.

In Kyrgyzstan, the bureaucracy received the lowest average score of all arenas – and there was a noticeable overall decrease of the aggregate scores since 1996. This decline was present in all indicators, although it was especially noticeable with regard to meritocratic recruitment and equality of access to public services. One reason for this may be that administrative authority is so highly decentralized that civil servants easily end up in the hands of local political patrons. Reform of the civil service system is being attempted, aimed at increasing central direction and control, while also strengthening its transparency and the professional competence of individual government employees, but it seems that conflicts within the government about how the reform should be implemented have prevented much progress.

Analysis of Individual Indicators

As suggested above, each indicator included in the WGS reflects a major focus in the vast literature on bureaucracy, but also a contemporary concern with how public services should perform. It is possible that additional relevant indicators could have been included, but we believe that we have captured the most significant determinants of bureaucratic performance: (1) Influence, (2) Meritocracy, (3) Accountability, (4) Transparency, and (5) Access. We shall now examine each one of them more closely.

Influence

We were interested here in the extent to which higher civil servants were part of the policymaking process. Three main issues deserve attention. The first is the broad agreement among respondents across countries that higher-level civil servants have influence on policy, albeit not just as experts. Pakistan and India stand out in this regard. In both countries, respondents quite strongly point out that civil servants are an important part of the policy making process. The same is true for some other countries, including Russia, but respondents there mention that only some top bureaucrats – notably those in the President’s Office – are really influential. Higher civil servants in sectoral ministries are much less influential.

The second observation is that many respondents see politicization of top positions in the bureaucracy as inevitable and not necessarily harmful. The point that respondents are making in e.g. Chile and Thailand is that reliance on public servants who are first and foremost technocrats may make the bureaucracy less sensitive to public interests and, by extension, less concerned about issues such as accountability and transparency in the service. There is also a question of where to draw the line of responsibility between elected and appointed officials. In countries with relatively stable bureaucratic structures, such as Chile, there is a tendency among respondents to argue for more input by elected political officials. Respondents in the Philippines, however, harbor the opposite view. As one of them noted, “The more personalized and populist the leadership, the more diminished the role of technocrats and professional civil servants.”

Indonesia provides an interesting case of change and complexity. By the end of the Suharto regime, the policy making process was highly centralized. Some higher civil servants had a significant influence on policy, but only those advisers who formed “the inner circle” of his government. On other issues such as public finance, technology, and public health, Suharto was more dependent on his ministers. Thus, even though higher civil servants in some policy areas, their ability to influence policy-making was not universal, nor guaranteed. It depended on personal loyalty to the president. It is interesting that, according to our respondents, Suharto’s departure has not increased the influence of civil servants. On the contrary, because of the introduction of a more genuine multi-party democracy than in the past, elected politicians demand to have more influence than the experts in the public service.

The third issue that emerges is that respondents across countries believed that bureaucrats were more influential in the implementation rather than the formulation of policy. Interestingly, this issue came out most repeatedly and strongly for China. Respondents noted that the influence varies from one sector to another. For instance, local bureaucrats often have enough discretion to twist central government policy in directions other than those originally intended. Comments by respondents also in other countries tend to confirm Lipsky’s point that policy implementation in the end boils down to what ‘street-level’

bureaucrats decide to do³⁴ The conclusion to be drawn is that top bureaucrats do not always have as much influence of what really happens in the end as is often implied in the analysis of the role that this group plays in the policy-making process.

Meritocracy

The rules guiding recruitment have long been regarded as a key issue for successful policy implementation, regulation and provision of services. We refer not only to formal issues – such as the existence of an exam – but also the ways that they operate in practice. Our survey, and comments by our respondents accompanying it, makes it clear that very few countries have a merit-based system for recruitment. India stands out as the main exception. Merit recruitment prevails in India, although respondents indicate that scheduled castes and tribes are not able to compete with other groups in society. None of the other countries scored above 3 for this indicator except for Tanzania, which reflects, as indicated above, its improvement in recent years. For most countries, commentators seem to agree that recruitment is done arbitrarily, with little or no reference made to merit.

Qualifications are not taken into account in an objective way in choosing bureaucrats. Many commentators point to the lack of a proper exam or that exams are seen as a “sham.” In Togo, there used to be an exam, but it has now been stopped. In Jordan, one commentator lamented that the main problem is that government agencies are overstaffed and that employment rules in the public sector needs improvement, giving priority to qualifications.

The most commonly used reference is to political interference in civil service appointments. Having the right personal connections is important, as the respondents in the Philippines suggested. Nepotism is an issue also in countries like Indonesia and Togo. The situation in Latin American countries also seems problematic. In Argentina, most experts noted that there is no merit-based system for recruitment into the civil service. This means that family members and friends are recruited into the government. Suggestions for bureaucracy reform included the introduction of a more competitive recruitment system in

³⁴ M. Lipsky, *Street-Level Bureaucracy: Dilemmas of the Individual in Public Services*. New York: Russell Sage Foundation 1980.

order to increase the number of professionals in the civil service. Even in Chile, which is a country generally scoring quite high, the ratings of the bureaucratic arena is lower than the country average. Our respondents complain about the immobility of the civil service and need for new statutes to reduce politicization of appointments and to attract more professional staff.

In Russia too, recruitment of bureaucrats is a major problem. One respondent after another noted that there is little use of merit criteria. Recruitment depends on personal ties. The result is that people without training or experience often get to fill high posts.

Although merit-based recruitment to the bureaucracy is only one of five indicators, our survey suggests that the lack of it in most countries is a serious shortcoming. Not only does it affect performance, but it also calls into question the role that government plays in development. The sense of unfairness and discontent that it breeds, adversely affects the whole regime on which governance rests.

Accountability

Civil servants often have a degree of discretion in their work and the way they implement rules and provide services can have significant impact on citizens. Therefore, systems of accountability are considered important to reduce corruption or other forms of misuse of public office. We asked respondents to consider the degree to which civil servants were accountable for their actions. As can be seen, the accountability scores are generally low, indicating that this is another problem area. The main issue here seems to be that institutional mechanisms, although they exist, don't really work. The main exceptions are Thailand and, interestingly, Pakistan under military rule.

Administrative reform in Thailand has been far reaching and has included the establishment of a range of institutions aimed at holding bureaucrats publicly accountable. These include an Anti-Corruption Commission, a special Administrative Court, and an Ombudsman institution aimed at providing a forum for launching complaints against administrative decisions. Implementation of these reforms has been facilitated by the fact that all government officials – also those elected – must declare their interests and show their private assets and liabilities. These steps are quite bold and have, as indicated by our

respondents, changed the overall perception among the public of the civil service in a positive direction.

Accountability of civil servants in Pakistan has improved since the military took over. This is the message from our respondents. In fact, they argue that even though they don't know for how long this will last, accountability of the public service has become a major priority of the military government. Several civil servants have been dismissed and some have been prosecuted for abuse of public office. These steps have been in response to the 'soft' nature of the state apparatus during the previous democratically elected government. Laws and institutional mechanisms for holding public officers accountable existed but were not systematically enforced, leaving the public with the impression that the system was quite corrupt. Civil servants took advantage of the corruption at ministerial level, allowing it to become institutionalized from top to bottom of the government.

It is clear that behavior in the civil service is very much dependent on how the political leadership behaves. If the elected politicians are not corrupt, they tend to set an example that is emulated in the bureaucracy. If, on the other hand, they are corrupt, this tends to spread to the civil service too. The cases of the Philippines and Russia highlight this. Cronyism and political patronage set the stage for undermining both merit-based recruitment and efforts at holding civil servants accountable. The latter often use their offices to get rich and promote their own interests at the expense of the public.

The conclusion that we like to draw from this study is that holding civil servants accountable is a complicated issue. Establishing institutional mechanisms, such as the Ombudsman, Auditor-General's Office, or one-time commissions aimed at curbing corruption, is only an important first step. The real challenge is to make these bodies use their 'teeth'. Our respondents in most countries indicate that these specific institutions have been largely ineffective. Instead, accountability has come from demands made by the media or, as in Indonesia, pressures exercised by members of the public. Although the media cannot really be described as the 'fourth estate' in the countries included in our study, we believe that when it comes to holding officials accountable, they are at least as effective in many countries as other mechanisms in place.

Transparency

Although transparency is a controversial issue in some governments around the world, there is an increasingly widespread view that clear rules and openness reduce the risk of misuse of public office. Similarly, if the public is not adequately informed about how decisions are made, this adversely affects the image of the bureaucracy. Our survey investigated to extent to which there are clear decision-making processes in the civil service in the sixteen countries.

The overall results are worrying. The scores for this indicator are generally low for each country and are among the lowest obtained in the whole survey. Clearly, many WIPs believe that the operations of the civil service lack real transparency. There was some variation with Tanzania, Thailand and Jordan scoring a bit better (only around 3.0) and Argentina, Kyrgyzstan, Indonesia and Togo scoring more poorly (around 2.0). That Argentina was the lowest rated country will raise some eyebrows, but the respondents were extremely critical of the situation there.³⁵ Generally, however, it is interesting that many respondents comment that they do perceive a public demand for greater transparency.

Not surprisingly perhaps, the scores for transparency tend to be quite close to those recorded for accountability. One tends to go hand-in-hand with the other, the only exception being Pakistan. While accountability improved notably with military rule, transparency deteriorated marginally. Commentators note that decision-making rules became more obscure and consultation with the public less frequent.

It is worth mentioning that transparency is an issue that cuts across regime type. We find this being a source of disaffection in Argentina and Peru – countries with a democratic legacy – as well as in China with its long tradition of Communist rule. This is not to imply that the issue of transparency is the same everywhere. We find that some countries try to introduce it, while others do not even try. The country coordinator for Bulgaria may have stated the problem better than any one else when he commented that this is definitely an

³⁵ To us this reinforces the point that the impression from rating agencies and the international media do not always accurately reflect the situation on the ground and highlights the value of governance assessment approaches that seek local views.

issue that takes time to deal with. It involves an attitudinal change not just among bureaucrats but also among politicians and the public at large. The important thing is that any measures taken, enhances the degree of legitimacy of the regime, even if it is only incremental at a time. Although progress is slowly being made, not the least thanks to organizations like Transparency International, judging from our study, much more needs to be done to enhance the legitimacy of bureaucracy, in particular, and the regime, in general.

Access

The final indicator in this arena concerns equal access to public services. This is seen as an important issue for the legitimacy of the civil service as well as for development outcomes. Given what has been said about the bureaucracy already, it is no surprise that access to services is perceived to be unequal in many of the WGS countries. The scores for most countries are low, with the exception of Thailand, Jordan and Chile. They are particularly low in Pakistan and Kyrgyzstan. The reasons for the scores seem to vary along four different lines.

The first is the recognition that a country's size complicates access. This comes across in comments made by respondents both in China and Indonesia. The vast expanses of western China are definitely handicapped compared to the eastern coastal belt of the country. In Indonesia, respondents point to the outlying islands as having more difficulty of taking advantage of public services than the main island of Java. Smaller countries like Jordan and Togo score comparatively better on this particular indicator than on others, confirming the thesis that geography matters. In Jordan, for instance, the new Civil Service Bylaw of 1998 goes quite far toward local district control of both government services and human resource development.

The second point that comes out of our study is that urban residents are favored over their rural counterparts. This is no surprise given the cost of extending infrastructure to the countryside as compared to urban areas. Respondents in the Philippines, for example, note that residents of the metropolitan areas, especially Manila, are much better served than other parts of the country. By and large, therefore, these people have easier access than those in the villages, especially on the outlying islands. Respondents in Chile, India, and

Russia also make this point. The rural population is seen as being at a disadvantage when it comes to access to government services, whether welfare provisions or extension advice.

The third point regards differential access and social stratification. There are surprisingly few references to unequal access being the result of social or economic inequalities in society. The observation that it matters, however, comes out in the comments provided by Indian and Pakistani respondents, in particular. Access to public services among the poor in these countries is low. Thus, even if the bureaucracy is meritocratic and civil servants have an influence on policy, this seems to make little difference on the ground for the poorer segments of the population. Respondents in our study also suggest that the better off in society often have privileged access to services as a result of being able to pay bribes. In sum, the inclusion of the access variable has convinced us that changes in the governance of the bureaucratic arena are difficult to achieve from within and may be more easily facilitated by thinking of how its relations to other arenas, notably government and civil society, are constituted.

The fourth point concerns the fact that even if there is officially equal access, the quality of services differs from one area to another. As indicated above, wherever demand is high, such as in the urban areas, quality tends to be better than in those places where demand is low. This type of difference may also stem from political favoritism. The quality of public services in areas where government ministers come from is often better.

As indicated above, the issue of access to public services is important. Unequal access is the result of more than one factor. Often geography, demography and social stratification coincide to make greater equality in access to public services a very complicated and costly issue. Mustering the political will to achieve such a transformation is not easy. One can expect, therefore, that overcoming the deficiencies associated with this indicator may be more difficult than those identified in relation to the other four indicators in this arena.

Implications for Research and Practice

As in previous papers, we will first make our main conclusions from the analysis in this paper. Four observations stand out as especially important. The first is that bureaucracy is

one of the more problematic arenas of governance. Respondents in most of the WGS countries were little impressed with governance of this arena. Hiring is rarely on merit, bureaucrats are seldom seen to be accountable, and the operations of the civil service often lack real transparency. The WIPs rated these issues lower than most other indicators in the survey and commented extensively on their frustrations in this arena. It is clear that issues of bureaucratic governance affect the legitimacy of the public realm – and that this is the case for *all* the indicators we focused on.

The second point is that the relationship between rules and structures, on the one hand, and performance, on the other, is difficult to establish. It is not that the link is unimportant. It is, but even disaggregated, it is hard to know what rule has what kind of effect. Our third observation is that reforming the bureaucratic arena is really difficult. One of our country coordinators summarized it well when he said, “This arena has proved hardest to reform in the years of transition and the average scores are just another evidence of these difficulties.” It is clear that reforms take time to implement and even longer to have an impact on development outcomes. Above all, it must be recognized that it is not merely a ‘technical’ issue. The bureaucratic arena cannot be treated in isolation from other governance arenas, although public sector reform efforts have tended to do so. Our findings indicate that a pure public administration perspective may be too narrow and technical in many cases and fail to focus on the real problem.

The fourth observation we want to make is that reforming the bureaucracy requires sensitivity to regime-specific issues. Context matters, but it is encouraging that level of development, according to our study, is not a critical issue. It is possible for poor countries to improve bureaucratic governance. Socio-economic conditions are not necessarily impeding reforms in this arena. Tanzania and Thailand are two very different countries where reforms have been undertaken and progress has been registered.

Given the dominance in this research field of the work done by the World Bank team, led by Daniel Kaufmann, it may be especially appropriate that we discuss the implications for research in conjunction with their work. We are hesitant to make a direct comparison between our study and theirs, given differences in conceptualization and operationalization of the concept, but by choosing our ‘access’ indicator and comparing it with the World

Bank's Government Effectiveness measure, we find quite a high correlation coefficient – 0.658.³⁶ When examining the relationship between the other four indicators and bureaucratic performance, we found that the findings are more ambiguous as the relationships vary considerably. Meritocracy seems to be the least significant. Although qualitative comments by our respondents indicate that merit criteria in appointment and promotion are important for the credibility of the civil service, there is no clear link between this indicator and performance. Participation by higher civil servants in policy-making is another enigmatic indicator. We found little evidence to suggest that participation of higher civil servants in policymaking is necessarily a good thing in and of itself. Our respondents make comments to the effect that a certain degree of politicization is not only inevitable but sometimes a good thing. This indicator, therefore, is highly regime-dependent: the strength of expert advice works well in some regimes but may be less valued in comparison to other criteria, such as political loyalty, in others. This is where we recognize that the purely quantitative analysis of governance shows its limitations. Additional case studies may be needed in order to throw more light on the issues where there is a deviation from the 'ideal model' advocated by agencies in the international development community³⁷.

In our study, transparency and accountability proved to be the indicators where there is some evidence of a correlation with performance. Comparing our average scores on this indicator with the Bank's Government Effectiveness scores for 2000/01, we found correlation co-efficients at 0.48 and 0.49 respectively. Even if we allow for problems with comparability, our study indicates that these two variables seem to be more important for improving bureaucratic performance. Given this finding, we also carried out a simple additional piece of analysis by comparing the two indicators with the access indicator. What we found is that, (a) if both transparency and accountability are low, service performance is rated low; (b) if either transparency or accountability are low and the other is rated high, service performance is likely to be in a medium-low range; (c) if both transparency and accountability are medium, service performance is also rated medium.

³⁶ See Kaufmann et. al. 2002, *op.cit.*

³⁷ Work along these lines is being done by a group of scholars in East and South East Asia. The project is entitled "Governance in Asia Revisited" and is led by Professor Yasutami Shimomura at Hosei University in Japan.

This gives us an additional indication that transparency and accountability do have a potential influence on performance.

This is obviously an interesting and important finding for all those who are in the business of improving public administration or public sector performance. Our study suggests that these are issues that should be given primary attention. This study also provides encouragement for organizations like Transparency International that is in the forefront of combating corruption by working practically on issues such as accountability and transparency.