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**Cooperative Delivery of Public Services:  
Reflections on the Dynamics of Public Sector – Private Sector –  
Civil Society Collaboration on Governmental Service Delivery**

**by**

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# **Cooperative Delivery of Public Services: Reflections on the Dynamics of Public Sector-Private Sector-Civil Society Collaboration on Governmental Service Delivery**

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The purpose of this paper is to provide a brief overview of certain key elements of the relationship between the public and private sectors and civil society in the delivery of public services in countries around the world. The first and most important point to make about government-private sector-civil society relationships involving the delivery of public services is that these relationships are numerous, complex, and ever-growing. At the national level, the two-decade long worldwide focus upon privatization has actually served to expand and add much complexity to public-private sector relationships.<sup>1</sup> At the local level, the emergence of non-governmental organizations (NGOs) as a major component of civil society institutions in many countries has also served to greatly increase and intensify such relationships.<sup>2</sup>

There is yet another reason, frequently unspoken, that has also played a major role in contributing to the development of these multi-sectoral relationships. As has been noted in the United Nation's recently published, *World Public Sector Report: Globalization and the State, 2001*:

It is now clear that one of the major causes of the malaise which affects a number of States—mostly the already mentioned developing countries and countries with economies in transition—is a rampant capacity deficit...it is not so much that countries lack the requisite skills as might have been the case only a few decades ago. More often, the institutions have not been put in place to tap, attract, retain and use these skills effectively.<sup>3</sup>

The fact of the matter is that one of the ways that many states have been compensating for the lack of needed institutions and technical capacity is through the development of cross-sectoral relationships involving public sector—private sector—civil society collaboration in the carrying out of public initiatives and governmental service delivery. Indeed, all across the globe one finds significant and important illustrations of these processes at work.<sup>4</sup>

Throughout Latin America, partnerships of this type are profoundly affecting the hemisphere. In Buenos Aires, joint public/private sector collaboration has resulted in a dramatic transformation of what had been an area of abandoned warehouses into fashionable restaurants and office suites at Puerto Madero. At the same time in rural Argentina, NGOs supported by the Inter American Foundation are working with local

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<sup>1</sup> Farazmand, Ali. *Privatization or Public Enterprise Reform? International Case Studies with Implications for Public Management*. Westport, CT & London: Greenwood Press; 2001. Grayson, David & Hodges, Adrian. *Everybody's Business: Managing Risks and Opportunities in Today's Global Society*. London, New York, Munich, Melbourne & Delhi: Dorling Kindersley Limited, 2001.

<sup>2</sup> Barker, Jonathan. *Street-Level Democracy: Political Settings at the Margins of Global Power*. Toronto, Ontario; Between the Lines & West Hartford, CT; Kumarian Press, Inc, 1999. Montgomery, John D. & Inkeles, Alex. *Social Capital as a Policy Resource*. Dordrecht, The Netherlands, Kluwer Academic Publishers; 2001.

<sup>3</sup> United Nations, Department of Economic and Social Affairs, *World Public Sector Report: Globalization and the State, 2001*. New York, United Nations, p. 61.

<sup>4</sup> See for example, Burbidge, John. *Beyond Prince and Merchant: Citizen Participation and the Rise of Civil Society*. New York, NY: Pact Publications; Hann, Chris and Dunn, Elizabeth. 1996. *Civil Society: Challenging Western Models*. London & New York: Routledge.

governments to establish education and training programmes for low income youth.<sup>5</sup> At the other end of the hemisphere, in El Salvador, private and non-profit organizations are working with local governments to develop everything from fishing cooperatives to economic development programmes.<sup>6</sup>

In Pakistan, community groups are coming together to build and operate schools both independently of, and in collaboration with, local and national government.<sup>7</sup> In the northwestern Russian Republic of Karelia, citizens from many diverse areas of activity have come together to deal with both economic problems and to promote the establishment of a major national park to preserve various endangered species and conserve natural resources.<sup>8</sup> In Nigeria, community-based health organizations have been established by local citizens.<sup>9</sup>

Especially at the local level, governments throughout the world have experimented with contracting-out the delivery of public services to private and non-profit organizations. These services range from refuse collection, to preparing the municipal payroll, to providing mental health services, to carrying out municipal zoning policy, to running local parks.

These relationships are not limited to countries with transitional economies. In the United States, from Fanneuil Hall Market Place in Boston, to the Inner Harbor of Baltimore, to the riverbanks of San Antonio, to Century City in Los Angeles, the downtown business districts of American cities have, over the course of the past forty years, been rebuilt in spectacular fashion. In every instance, a complex array of public-private-non-profit sector relationships have been established which have involved the use of special tax breaks, government guaranteed reduced interest rate loans and publicly created, privately operated community development corporations in order to achieve these remarkable goals.<sup>10</sup>

Moreover, studies, both in the U.S. and in the rest of the world, have found that there is no municipal government function that hasn't, in one community or another, been contracted-out.<sup>11</sup> Indeed, at the national level in the U.S. in the human service field, more government-funded services are delivered through non-profit organizations than through government agencies. "The American welfare state," as one highly knowledgeable observer has noted, "is not run by the state at all, but by a host of non-governmental 'third parties'." <sup>12</sup>

There can be no doubt that the past several decades have seen a dramatic increase in the amount of collaboration carried out between government, the private sector and civil society and that such arrangements are continuing to increase in every region of the world. Because it is so prevalent, we shall not attempt here to extensively document this phenomenon. In fact, it has been very well documented in

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<sup>5</sup> Inter American Foundation, 2001. *Building Democracy from the Grass Roots*. Washington, DC, Inter-American Foundation, p.13.

<sup>6</sup> *ibid.* p.27.

<sup>7</sup> Crossette, Barbara. 1998. "Third World Fills a Void as Villagers Run Schools", The New York Times, May 10, p. 5.

<sup>8</sup> Roulier, Monte. 1997. "Local Community: Seedbed of Civil Society", in Burbidge, *op.cit.*, 183-196. See also, Anderson, David G. 1996. "Bringing Civil Society to an Uncivilized Place: Citizenship Regimes in Russia's Arctic Frontier", in Hann and Dunn, *op.cit.*, 99-120.

<sup>9</sup> Jiggins, Janice. 1997. "Women Remaking Civil Society", in Burbidge, *op.cit.*, 207-220.

<sup>10</sup> Rosenbaum, Allan. Spring, 1996. "La Relación entre el Sector Público y el Privado en el Gobierno de los Estados Unidos en Áreas Urbanas" in *Estudios Sociales*, vol. 23, no. 2, Corporación de Promoción Universitaria, Santiago, Chile.

<sup>11</sup> Lavery, Kevin, 1999. *Smart Contracting for Local Government Services: Processes and Experience*. Westport CT & London, Praeger Publishers.

<sup>12</sup> Salamon, Lester M., 1989. *Beyond Privatization: The Tools of Government Action*. The Urban Institute Press, Washington, DC. p. xv.

the Global Forum paper by Dennis Rondinelli, “Partnering for Development: Government—Private Sector Cooperation in Service Provision.” Rather, here we shall attempt to address five very significant aspects of such developments. These include the following issues:

- 1) What forms does this increasingly frequent public-private sector-civil society collaboration take?
- 2) Why is there increasing use of cooperative efforts in the delivering of public services?
- 3) What structural arrangements should be put in place to ensure effective cooperative service delivery?
- 4) When public service goes into partnership with the private sector and civil society organizations to deliver services, how does it guarantee the quality and the quantity of service and how will it ensure accountability to the public in this respect?
- 5) Given the peculiar circumstances of developing countries, where the public sector, the private sector and the civil society may all be weak, how can capacities be harnessed in all the sectors to ensure effectiveness in cooperative service delivery and what lessons have been learned in respect to cooperative service delivery in developing countries?

### **Forms of Public and Private Sector and Civil Society Collaboration**

As government has begun to tackle increasingly complex problems, it has developed increasingly sophisticated approaches through which it delivers services to the public. Lester Salomon has suggested that one can identify six different forms of service delivery mechanisms or “tools” that are used by government at all levels to deliver public goods.<sup>13</sup> As we shall note, each approach readily lends itself to public-private sector-civil society collaboration and in each area such collaboration has emerged. These mechanisms for delivering public goods include:

- 1) **Direct government service delivery.** This most traditional approach to service delivery involves the delivery of public goods or services by public employees funded by public money. It is in fact these kinds of activities that we typically and traditionally perceive of as government activities. Such activities can include everything from police services, to managing airports, to delivering various kinds of health services, to operating various kinds of public facilities, such as parks, auditoriums, and the like.

Even here however, substantial interaction takes place between public, private, and non-profit sectors. These activities range from the very obvious, such as the fact that the supplies used to manage the delivery of direct government services, whether they be motor vehicles, paper pads and pencils, or buildings (almost always constructed by private sector contractors), typically require the public sector service delivering agency to engage in extensive involvement with the private and/or civil society sectors in order to facilitate direct service delivery. Obviously, another major way in which considerable interaction occurs between the private sector and the public sector in terms of the direct delivery of services is the extensive use, at all levels of government, of private (frequently international donor-funded) consultants to advise on everything from the best way to deliver services to how to organize the computer systems of the agencies delivering services.

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<sup>13</sup> *Ibid*, Chapter 1-2.

- 2) **Service delivery through the use of contract and grants.** In one or another place, virtually every service delivered by government from tax collection, to foreign policy, to defense has at least in part been delivered through the use of contracts or grants with either private sector or non-profit sector organizations. Indeed, as noted at the outset, studies of social welfare policy in the United States have discovered that the bulk of social welfare services that are delivered to U. S. citizens are delivered not directly by the government agencies responsible for them, but rather by either non-profit or for-profit organizations which are engaged in these activities as a result of a contract or grant from a government agency. In Africa and Asia, services as diverse as health care and waging war have been out-sourced to non-profit and private contractors by governments during the past decade.
- 3) **Loans and loan guarantees.** During the course of the past few decades, one of the fastest-growing government service delivery tools has been loan guarantees, which essentially commit the resources of the government that is providing the loan guarantee as a backup to the private sector institution that would be making a loan to an individual, thus enabling that loan to be made at a significantly reduced interest rate than might otherwise be the case.

In part because loan guarantee programmes are largely off-budget (that is to say, they do not require very much in the way of an actual appropriation of governmental funds to implement), and because they typically are perceived as not requiring the development of a governmental bureaucracy to administer and, in turn, because they encourage the utilization especially of the private sector, the idea of using loan guarantees has gained much favorable political support. In that regard, especially in countries where the issue of budget deficits has been a very visible and significant one, loan guarantees have been used for everything from supporting agriculture, to facilitating college attendance, to constructing housing. In the Philippines, such approaches have been used to help improve the quality of water and sewage systems. In China, they are being used to support investment in housing for the elderly.<sup>14</sup>

- 4) **Tax breaks or (more appropriately) tax expenditures.** One of the benefits of having an effectively administered tax system is that those individuals and organizations that are subject to it, in fact, are usually inclined to pay their taxes rather than try to avoid them and bear the consequences. One significant result of this is to make the possibility of obtaining some form of special deduction in terms of the taxes one owes an extraordinarily influential tool for the achieving of particular public purposes.

However, it is important to remember that taxes foregone do represent a real utilization of government income that, under other circumstances, would have been available to be distributed for public purposes. Over the years, tax deductions have become a particularly valuable service delivery tool for use by local governments in terms of achieving either the rebuilding of the physical infrastructure of the city or alternatively, the initiation of new economic activity.

- 5) **Public regulation of the private sector.** Throughout the past century, governments have increasingly relied upon regulation of the private sector as a vehicle to achieve particular public policy ends. Obviously, this is an area that sometimes produces much conflict between the public and private sectors over many different issues. Regulatory activity has taken place in areas as diverse as the prevention of air pollution to the specifying of telephone charges. It no doubt will continue to be an area that brings the public and private sector into considerable conflict, since most regulatory activity imposes one or another kind of burden on the private sector organization

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<sup>14</sup> United Nations Development Programme. 2001. *Responding to Citizen's Needs: Local Governance and Social Services for All*. New York, NY.

that is being regulated. Throughout Latin America in particular, this has been an issue of concern as government power, telecommunications and other public utility enterprises have been sold off to the private sector.<sup>15</sup>

- 6) **Publicly established private or non-profit organizations.** The twentieth century has seen a vast expansion in the use of publicly established private organizations to carry out public policy goals. One of the first twentieth century uses of this type of governmental tool was the establishment by the United States government of the Panama Canal Company for the purposes of completing the digging of that waterway. In the final third of the twentieth century in the U.S., publicly established corporations had spread to the local level of government and became a prominent vehicle in the effort to deal with the problems of urban ghettos with the founding in 1968 of the Bedford Stuyvesant Corporation—a ground-breaking, major non-profit community development organization.

Asunción, Paraguay, provides an important illustration of the way that local government can facilitate the emergence of robust civil society non-profit organizations. In a country where the historic tradition has been one of strong government discouragement of independent organizations, great secrecy and sometimes brutal oppression, in the mid-1990s, former Mayor Carlos Filizzola helped reverse 200 years of tradition and improve the delivery of neighborhood public works projects by supporting the organization of some 200 neighborhood-based community improvement organizations and creating public-private partnerships to deal with various economic development activity.<sup>16</sup>

### **Why is cooperative service delivery a rapidly growing phenomenon?**

There are a variety of reasons why governments are increasingly engaging in cooperative service delivery with both the private sector and civil society. These range in nature from issues of philosophical preference, to managerial efficiency, to the impact of political pressure. Much has been written regarding the philosophical and managerial factors contributing to this development. In contrast, generally, not much attention has been paid to the political factors that have helped promote this rapidly emerging development in the area of government service delivery.

Especially in developing or transitional countries, the impact of external forces has been important. In most cases, this has involved the activities of national or multinational donor agencies. In many instances, organizations like the World Bank, United Nations Development Programme (UNDP), and the United States Agency for International Development (USAID) have all made very strong efforts to encourage the utilization of private sector approaches and non-governmental organizations (NGOs) in the delivery of public services.

Whether it is pressure from the World Bank and its sister organization, the International Monetary Fund, for the initiation of structural adjustment programmes, that is to say the reduction of the size and scope of the public sector, or USAID promoting, as it has in many countries of the world, the emergence and strengthening of a select group of NGOs, the outcome has many times been quite similar. Governments, in response to structural adjustment programmes, had to either reduce services or, alternatively, turn to the private sector and the NGO community to provide them—sometimes funding activities on their own, other times in conjunction with international donors and sometimes not at all.

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<sup>15</sup> Basañes, Federico and Willig, Robert, ed. 2002. *Second-Generation Reforms in Infrastructure Services*. Washington, DC: Inter-American Development Bank.

<sup>16</sup> Rosenbaum, Allan and Svensson, Arne. 1997. *Local Governance*. New York, NY: United Nations.

Often, the logic behind these efforts has involved the belief, and in some cases the reality, that private sector and NGO service delivery can be done with greater efficiency, more flexibility and cheaper cost. Most assessments of these developments suggest mixed results. To cite a couple of very different examples, one can note that in Latin America, when Argentina privatized its telephone system, the result was a dramatic increase in efficiency resulting in much greater availability of telephones to the average citizen, which were provided much more rapidly than ever before. In contrast, when Venezuela privatized its national airline, it went bankrupt and the country no longer has a national airline.

Another factor which has encouraged the development of collaborative approaches has been, in at least some instances, the activities of government itself. In some cases, this has been for the best of reasons—the realization by governmental administrators that, as a consequence of established networks of relationships with agencies and companies disbursed throughout the country, various civil society and private sector organizations have far greater capacity to effectively deliver services throughout a country. In other instances, this has been for the worst of reasons, government concluding that it doesn't have adequate funding to support services and abandoning its efforts to do so, thus, leaving the responsibility for the provision of critical services to the ability of individuals to purchase them from the private sector in the marketplace or to receive them through the work of NGOs.

While this has been a particular problem in transitional countries, it has been by no means limited to them. Over the past half a dozen years, the United States has witnessed major efforts at welfare reform carried out under various slogans suggesting that people would be moved from public sector welfare assistance to private sector jobs and that the two sectors would work together through local bodies to insure that this process took place. Increasingly, it is becoming clear that at least to some degree, the government has abandoned its commitment to support its citizens at a certain basic level. The same phenomenon can be seen as part of the processes of privatization that are going on in various transitional countries as well.

One factor encouraging government collaboration in service delivery, especially with the civil society/NGO sector, has been the inclination and ability of non-governmental organizations to act effectively in particularly difficult areas of public policy. For example, in the area of poverty elimination, one finds NGOs that range from local community based self-help groups working to deal with problems of the poor (church food aid efforts, neighborhood initiatives, etc) to a wide array of well established national and international charitable agencies and organizations. Indeed, as one moves from the local to the national and the international level, one finds that much of the actual distribution and implementation of food and other resources designed to deal with problems of poverty and/or international crisis is in fact done by multinational civil society organizations such as CARE, the Red Cross and the like.

Generally in more transitional societies, it has been civil society organizations, and in particular the non-governmental organizations through which the international donor community frequently works, that have played the major roles in raising gender issues and providing resources to begin to address them. Certainly one of the most notable instances of this kind of activity has been the Grameen Bank in Bangladesh which has, over the years, developed an extraordinary record of enabling, through very modest assistance, Bangladeshi women to develop various kinds of highly productive micro enterprise economic activity. Likewise, in Bolivia, since the mid-1980s the Foundation for Promotion and Development of Microenterprise (more recently Banco Sol), following a similar model, has now provided 70,000 small loans, primarily to women entrepreneurs.

Probably in no single area has the role of civil society been more pronounced than in the area of the environment. Environmental organizations have a long and venerable history as important elements in civil society. They have served to promote the environmental agenda and, in so doing, to help shape attitudes and to sensitize individuals to environmental concerns all over the world. They also are

frequently major agents of change in bringing about environmental protection both as civil society organizations attempting to shape and influence government policy as well as in themselves taking important initiatives and raising very substantial amounts of resources to support environmental development and the restoration of environmentally endangered areas.

Yet another frequently unexplored reason for the growth of relationships between the public and private sectors and civil society has to do with the increasing political influence of private sector and public sector actors in local, national and international contexts. The reality is that as government turns over the delivery of services to the private sector and civil society, private profits increase and NGO influence grows within the community. These are important incentives to encourage both private sector and civil society organizations to utilize whatever resources that they may have to influence government to work in conjunction with them.

Table I provides an overview of the various ways in which both private sector and civil society organizations, agencies, and institutions can act to influence government. It is organized to reflect the key processes in which governments engage (rather than to focus upon specific government institutions). The reason for this is that civil society institutions tend to use the same techniques—just in slightly different ways—to seek to influence the executive, legislative, judicial and administrative processes. Variation in behavior tends to focus more upon the stage of the policy formulation and implementation process at which the civil society organization seeks to intervene rather than the particular institution it is focusing upon.

**Table 1**

**Means by Which Civil Society Organizations Seek  
to Influence Processes of Governance**

**I. Agenda Setting**

1. Civic education campaigns
2. Mobilizing public opinion
  - a) media campaigns
  - b) word of mouth
  - c) educating members
  - d) financing public relations activities
  - e) enlisting support of other organizations or prominent individuals
3. Supporting candidates for office
  - a) financially (contributions, etc.)
  - b) providing campaign support services
  - c) mobilizing membership support
  - d) endorsements
  - e) providing publicity or public education
4. Carrying out demonstration projects
5. Conducting and publicizing research and analysis



6. Organizing mass demonstrations
7. Educating elites (lobbying)

## **II. Policy-making**

1. Influencing policy proposals by cabinet members, chief executive and legislative branch
2. Drafting and publicizing proposed legislation
3. Mobilizing letter writing campaigns
4. Lobbying at the local, sub-national and national level
5. Testifying at public hearing on proposals
6. Financing and/or organizing media campaigns
7. Providing campaign contributions and other donations
8. Lobbying programme and budget agencies and the chief executive and legislative branch
9. Mobilizing media sentiment and public opinion
10. Mobilizing expert opinion
11. Carrying out research, analysis, demonstration projects, etc.
12. Creating advocacy coalitions

## **III. Policy or Programme Implementation**

1. Influencing, administering or implementing agency(s) by:
  - a) testimony at rulemaking or legislative oversight hearings
  - b) lobbying (individually or collectively)
  - c) letter writing campaigns
  - d) public demonstrations
2. Lobbying chief executive or legislative branch to intervene
3. Obtaining appointment of member(s) or supporter(s) as senior administering official(s)
4. Seeking and/or receiving contract(s) to design, implement, provide technical assistance, review or evaluate programme or policy
5. Media and/or public education campaign
6. Coalition building to support or oppose aspects of implementation

7. Seeking judicial intervention or review
  - a) initiating law suit
  - b) financing legal action
  - c) filing friend of court action
8. Seeking new or revised legislation through one or more techniques of influencing policy-making processes

As Table I illustrates, there are many means by which private sector and civil society organizations can influence the political, deliberative and administrative processes of government. Likewise, there are many resources which can be mobilized by private sector and civil society organizations as they seek to influence the processes of governance. The capacity of a private sector or civil society organization to engage in the varying activities is obviously in part a function of its size, its capacity to mobilize resources and the quality of its leadership. In general, the larger and wealthier the organization, the more likely it is to, in varying degrees, have access to virtually all of the resources and processes noted in Table I.

In many instances, this can be a very good thing. Civil society organizations, as well as private sector organizations, often represent in a very real sense the cutting edge of public policy at the national level in both transitional and highly developed countries. They frequently serve as the source of new ideas and initiatives which are incorporated into government policy proposals. Suggestions coming from such organizations often, in time, ultimately find their way into the annual budget messages and state of the nation speeches of presidents and prime ministers. When this occurs, these organizations frequently will then attempt, through any number of means, to mobilize support for such proposals. Such efforts might focus on lobbying, media campaign or the publicizing of research and analysis.

Civil society and private sector organizations in many instances develop especially strong ties to particular units or agencies within government bureaucracies. For example, civil or human rights organizations are likely to develop close ties with the counterpart units of a government bureaucracy (where they exist). Likewise, health or education related organizations, whether private or non-profit, are likely to develop strong ties to those government agencies which administer programmes relevant to their constituencies. These relationships may sometimes be very supportive and, in other instances, they can be adversarial. In some instances, especially civil society organizations will serve as an important source of information and support for a government agency, while in other instances they can and will assume a watchdog or agency critic type of role.

### **Structural arrangements necessary to ensure effective cooperative service delivery**

Without question, the single most important contributing factor that would facilitate effective cooperation in cooperative service delivery is the existence of a strong governmental sector, a strong private sector and a vibrant civil society. The reality is that effective collaboration requires effective participants and is not a zero sum game in which one side depends on the weakness of the other to enhance its organizational capacity. Unfortunately, for many transitional countries, the possession of three strong sectors is not a likely reality. The governmental sector is often short on skilled personnel, lacking in finances and, in some cases, does not have the capacity to have an impact much beyond the environs of the capital city. In other instances, the private sector is not very well developed and civil society organizations, with the exception of a few NGOs heavily financed by international donors, are almost non-existent.

In far too many instances, problems of corruption plague each sector. Unfortunately, in many countries, both economically developed and transitional ones as well, government has been used by unscrupulous individuals as a means of gaining personal wealth. In some situations, private sector individuals, recognizing the frequently very limited salaries of governmental officials, have utilized various resources available to them to attempt to illegally manipulate procurement processes. While this has tended to be most prevalent in terms of public sector/private sector relationships, such occurrences are not unknown in terms of the relationships between civil society/NGO organizations and government officials. Unfortunately, whether it takes the form of inflating bills for reimbursement or putting associates of government officials on consulting contracts, the NGO sector is not immune to practices which serve to undermine the basic trust relationship between the public sector and civil society.

Among other things, these realities require a considerable amount of effort up front on the part of the government that is planning to engage in collaborative relationships with the private sector or civil society organizations. This includes developing detailed specifications regarding the nature of the project that the government intends to carry out through collaborative relationships. It also involves specifying very clearly the criteria upon which decisions will be made regarding the organization that will be selected to carry out the project. It also includes defining early on those procedures that will be utilized in resolving potential conflicts between the participants in the conduct of cooperative service delivery activities.

The first step in addressing such situations involves encouraging the government to provide a facilitating legal framework for both private sector and civil society activities. This can range from, in the case of the private sector, at its most basic, providing a framework of legislation that will both discourage corrupt practices and facilitate public-private sector collaborative activities while ensuring a legal system that functions with a reasonable measure of integrity. It is within such circumstances that both the private sector and civil society can most effectively function.

The elimination of corrupt practices in collaborative service delivery relationships is very often not an easy one to achieve. The reality is that there is a very long history of corrupt practices that have plagued public-public sector contracting throughout the past century. Efforts to influence the outcome of public contracting processes have in fact become routine practices in many countries of the world—both transitional and highly developed. Likewise, with the emergence of major efforts at privatization during the past two decades, one finds many cases of crony-capitalism in which government enterprises are sold off to private sector entrepreneurs or turned over to former government bureaucrats in ways that raise serious question.<sup>17</sup>

Insofar as civil society and NGOs are specifically concerned, a supportive legal environment is also very important. Certainly, one of the things that has most contributed to the emergence of vibrant civil society/NGO activity in economically well developed countries has been tax systems which allow those who financially support civil society organizations to receive certain benefits with regard to reductions in taxation. Obviously other even more basic aspects of a country's legal and political environment can have a critical impact upon civil society organizations. National environments in which limitations are placed upon freedom of speech are certainly not ones that are likely to encourage the emergence of strong civil society organizations.

It is important to look not only at the activities of the national government in supporting these relationships, but also at local government activities as well. This is because increasingly, local governments are playing a very important role in collaborating with the private and non-profit sectors in public service delivery. The reality is that the more decentralized government is, and the stronger local

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<sup>17</sup> Hodge, Graeme, A. 2000. *Privatization: An International Review of Performance*. Boulder, CO: Westview Press. On the problems associated with contracting-out, see pp 142-149. On the problems of privatization, see pp 215-219.

governance capacity is, the more opportunities—in essence, the more arenas—are provided for the involvement of private sector and NGO/civil society.<sup>18</sup>

Consequently, local government leaders increasingly are recognizing that it is clearly in their interest to encourage the development of an energetic private sector and civil society. This is especially so when local political officials are from a different political party or faction than national officials. As a result, in many communities throughout the world where in the past there has been tension between government and civil society organizations, new alliances are developing.<sup>19</sup> This has become especially pronounced in those countries where, as democratic governance has begun to take root, popularly elected mayors have come to office. These local political leaders are now perceiving that a strong private sector, and effective locally based civil society organizations represent, at the least, important allies in their efforts to build institutional and financial resource capacity for their communities.

It is for all of these reasons that local government is playing an ever more important enabling role in the development of a strong civil society. Municipal regulations and statutes can either hinder or facilitate the development of all sorts of civil society organizations including NGOs. For example, the implementing of municipal regulations regarding facility standards for child-care centers can profoundly impact a locally based civil society organization's budgetary situation if it is in the daycare business. Likewise, the actions of local political leaders can be either supportive or can serve to create major impediments to civil society/NGO development. The use by local officials of public hearings and community meetings, which give civil society and private sector organizations opportunities to both influence policy and attract public attention, can, for example, make a major contribution to the creation of a civil society/private sector friendly environment.

While the relationship between the private sector and civil society and local government is very clearly a reinforcing and mutually beneficial one to all parties, there are also some complexities and ambiguities, indeed even paradoxes, in such relationships. In particular, the relationship between local governments and non-governmental organizations (NGOs) can be problematic. In many countries, some of the strongest local NGOs were in fact initiated by the international donor community as vehicles to facilitate going around the national government for the provision of various kinds of technical and material assistance. This has meant that, in some instances, significant rivalry for international donor resources has developed between emerging local institutions of government and established non-governmental organizations.

This conflict has been further exacerbated by the fact that in many instances, when seeking to assist local (and national) governments, international donor organizations have tended to use NGOs to provide this assistance. In more than a few cases, this has caused resentment on the part of government officials who frequently see themselves as being more knowledgeable, and having more legitimate authority, than the NGOs who have been commissioned to provide them with technical assistance. Nevertheless, whatever the potential pitfalls might be, there is no question that the emergence of local government as a governance force in many countries is occurring hand-in-hand with the emergence of NGOs as an equally important force. Clearly, working both separately and together, strong local government and vibrant NGOs are among the key builders of an effective local civil society.

Perhaps the most important factor contributing to the emergence of private sector and civil society organizations that can effectively deliver public services are the availability of skilled and committed personnel. Fortunately, for private sector and in many cases non-governmental organizations as well (and unfortunately for government), this is not a problem since salaries and benefits in the private and non-

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<sup>18</sup> See, for example, United Nations, 1997, *Local Governance*, New York. (ST/TCD/SER.E/46)

<sup>19</sup> *Ibid.*

profit sectors are, especially in transitional countries, significantly better than is the case with government employment. These relationships would be even stronger if the capacity of government was improved through increasing that compensation available to those in the public sector.

Increasingly, it also is important to have some sort of mediating agent involved in these relationships. This is because, in more than a few instances, there has been the emergence of significant rivalries between and among private sector organizations and NGO's for the various contracts that government and international donors issue. In the best of circumstances, this mediating agent will be the government, which will assume a role of non-partisan facilitator and broker. When this does not occur, it is necessary that the involved organizations initiate some form of self-regulatory action. Alternatively, sometimes, international donors will undertake such activities.

It is very necessary that government attempt to ensure the avoidance of harmful conflict between the various sectors by dealing with them in the clearest possible fashion. It is important that there be clarity in terms of expectations of support and in terms of expectations with regard to the nature and extent of service delivery that is expected of those involved in cooperative relationships. Frequently, this is more difficult to ensure than it might seem. The reality is that on more than a few occasions, governments avoid clarity in order to avoid conflict. In contrast, both public and private sector organizations will frequently attempt to avoid clarity as a means of facilitating the maximization of their organizational interests.

### **Guaranteeing the quality, quantity and accountability of cooperative service delivery**

While there is no doubt that there are various benefits in terms of maximizing efficiency and responsiveness that can be realized through cooperative service delivery, the reality is that it is not a magic formula for the successful delivery of public services. Absent adequate funding and skilled personnel, cooperative service delivery can be every bit as ineffective as any other approach to service delivery—regardless of whether it is managed by the public sector, private sector, or NGOs. Consequently, ensuring the adequacy, the quality and the quantity of service delivery begins with ensuring the adequacy of the resources available to carry out the specified service. Part of the reason for this is that, as the large body of literature on privatizations has begun to demonstrate, in only a very few areas of service delivery are significant savings likely to be achieved as a result of the utilization of private sector or NGO organizations. As Graeme Hodge has noted in the most thoroughgoing review of the burgeoning international evaluative literature on privatization, only in the areas of garbage collection, cleaning and maintenance are significant savings routinely achieved through privatization.<sup>20</sup> Moreover, as some research has suggested, most of those benefits are achieved as a result of lessening the salaries and benefits of already very low-paid employees.

There are a variety of other things that can help to facilitate the effectiveness of service delivery beyond simply having adequate funds to finance it. A key factor in that regard is the government's ability and willingness to do those things that will maximize the likelihood of effective, cooperative service delivery. One seemingly very simple but in reality quite complex thing that government can do is to keep in mind that it must always focus on broad questions of public interest. In that regard, it must be especially kept in mind that in most instances, the private sector views issues of social equity as basic concerns of the public sector and should the public sector fail to pay attention to those issues, then one can be reasonably sure that they will not receive the attention that is required if they are to be addressed.

Certainly one activity that has become increasingly relevant, especially in most of the developed countries, is the training of public employees in contract management skills. The reality is that there is a

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<sup>20</sup> Hodge, *op.cit.*

certain art involved in the oversight of governmental contracts. Individuals involved in this activity must walk a delicate line between ensuring that accountability to the public is maintained but, at the same time, allowing adequate flexibility to encourage innovation and efficiency. Effective contract management requires both an understanding of the legal context in which contracting occurs, as well as the process of oversight.

There are other skills that are very important to ensuring effectiveness in the cooperative delivery of public services. Particularly important is an understanding of, and an ability to utilize, various techniques of performance measurement. When one is depending on a third party to deliver necessary services to the public, one must have the capacity to assess both the extent to which, and the effectiveness with which, those services are in fact being delivered. Performance measurement, whether done formally or through informal means is one important way of doing this.

Another useful technique, in terms of ensuring the effectiveness of cooperative service delivery is through the utilization of strategic planning techniques in which one draws upon the insights and knowledge of those to whom the services are to be delivered. This is important both because if one is turning over to a third party the responsibility of delivering key services upon which citizens depend, one is lessening one's day to day ability to observe the delivery of those services and thus to realize when adjustments might need to be made. This puts all the more pressure upon government administrators to adequately plan for the implementation of activities which they are going to rely upon private or non-profit organizations to deliver.

Effective strategic planning also obviously depends on the involvement of those who are going to be impacted by the activities being planned. Such an approach helps to encourage accountability in government by ensuring that those who are going to rely upon the service become sensitized to and made aware that they do have voice in the process. Having been engaged from the outset in the process of planning for a service, one is much more likely to continue to pay attention to the way that service is delivered. That, in turn, is the basic prerequisite necessary for citizens to hold the deliverers of services—whether they are from the public, private or NGO sectors—accountable.

Ensuring accountability also requires the existence of an institutional context that is supportive. Frequently this means the existence of various kinds of mechanisms that enable citizens to give voice to their concerns. Sometimes this may take the form of public hearings. In other instances, it may take the form of the utilization of citizen oversight and advisory bodies. Sometimes when cooperative approaches to service delivery are utilized, this reality is forgotten. Those in the private sector are genuinely not used to having to deal with public sector accountability mechanisms. People in the NGO sector often feel such mechanisms are neither necessary, nor relevant for them since, as many such organizations would suggest, they are citizen based and grounded. In both instances this is clearly not the case.

### **Lessons learned for effectively harnessing public sector - private sector - civil society initiatives in transitional countries**

While there has been, as is clearly evident, a substantial expansion of collaborative service delivery involving all three sectors in all parts of the world, there can be no doubt that the development of these relationships can be complicated and difficult. This is especially so in those circumstances where each of these three sectors is in the process of building its own institutional capacity. Under such circumstances, it is critical that the various sectors work together both cooperatively and effectively. When resources are scarce, it is critical that they not be wasted.

Too often, there has been conflict between the three sectors. Sometimes this conflict has been the result of jealousy. In other instances, it has involved a struggle for limited resource. In some cases, the conflict has been a function of the different philosophical approaches that characterize each of these three sectors. However, those activities that encourage the strengthening of each sector usually serve in the long run to contribute to their ability to collaborate effectively.

One of the most important factors in contributing to the improvement of such relationships is the familiarity with and knowledge of the other that each partner has of the other. In far too many instances, especially in transitional countries, where resources are highly limited, and obtaining them is not an easy task, individuals in each of the three sectors frequently have, under normal circumstances, little interaction with one another. Government officials are often seen as arbitrary and unresponsive. The private sector is sometimes seen as exploitive and greedy. The civil society sector is frequently seen as aggressive and self-aggrandizing. The reality is that while one can find illustrations of each of these kinds of behavior on the part of each of these organizations, in most cases, these stereotypes are the result of the unfamiliarity that individuals in one sector have of individuals in the other.

Consequently, particularly in transitional countries, it is necessary that individuals from each of the sectors begin to work together in a more formal and collaborative spirit in order to share ideas and maximize their resources. In many cases, international agencies and donor organizations have been attempting to encourage these developments. In some instances, formal structural arrangements are established in order to attempt to achieve such collaboration. In particular, the United Nations Development Programme, through its LIFE programme, has sought to encourage such collaboration.<sup>21</sup> The US Agency for International Development likewise in many instances, on a country by country basis, has attempted to encourage and support activities that bring together participants from these various sectors.

Earlier, a variety of programmes have been noted that are designed to contribute to the development of the small business sector within a country. Increasingly, it has come to be recognized that small businesses are a very important element in the economic development of any community, region or country. It is particularly important that the relationship between the three sectors be especially supportive in terms of the development of small businesses. As a consequence, this is a particularly significant area in which to foster such cross-sectoral collaboration. Small businesses are critical to the economy of transitional countries, less threatening to government in terms of potential for conflict and can be very much helped by the support of NGOs.

Perhaps the single most important lesson learned in terms of collaborative service delivery arrangements is that such arrangements must be both in the best interests of the individuals receiving the services and consistent with the broad public interests for the providing of public services by the governmental organization involved. All too often, collaborative service delivery is a function of some combination of chance, political circumstances or simple expediency. Sometimes, collaborative service delivery is a product of the political influence of a private or non-governmental organization. Other times, it can be the result of a seemingly reasonable way to solve a complicated and pressing problem. Only infrequently, do government officials think reflectively in terms of both what services can best be dealt with collaboratively and how this will impact on the governments needs to respond to the interests of its citizens. Sometimes, this results in governments engaged in cooperative service delivery where it is not very effective and not engaged in it in areas where such an approach could be highly productive.

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<sup>21</sup> United Nations Development Programme. 1997. *Participatory Local Governance: LIFE's Method and Experience 1992-1997*. New York, NY.

Obviously a critical variable in terms of effective sectoral collaboration is the use by the government involved of effective procedures in terms of establishing collaborative arrangements. In most cases, the development of such relationships in terms of service delivery involves formal contractual relationships. When this is the case, there are clearly certain procedures that should be followed. Among these are:

- 1) **Systematic publicizing.** Whether it be through the use of advertising or through more direct approaches to potential contractors—whether public or private—or through market research of potential service providers, it is important that all organizations that have a legitimate capacity to provide a service be aware that government is seeking a partner for some form of service delivery.
- 2) **Developing detailed specifications of the services to be delivered.** As noted earlier, clarity in defining the task to be done and the expectations in terms of performance is critical for all parties involved in collaborative service delivery—the government, the collaborating organization and the service recipients. Absent clarity in standards and expectations (and if necessary in the processes by which the service is to be delivered), there inevitably will be complications, conflict and wasted resources.
- 3) **Transparent selection processes.** For a variety of reasons ranging from the credibility of the participants to the concerns of the individual citizens, it is important that the processes by which decisions to engage in collaborative service delivery (whether with the private or non-profit sector) be open and transparent. Such arrangements inevitably benefit all parties. This is true even when there are logical reasons not to engage in competitive procedures.

If there is a logical reason for utilizing a particular organization or agency in some form of collaborative service delivery, it is critical that those involved in the decision-making be totally open and transparent in explaining why such arrangements are in the best interests of the public and allowing all aspects of the relationship to be open to public scrutiny. This includes establishing procedures that allow for other organizations to protest decisions that are made and to have them, in one way or another, reviewed.

- 4) **Having established oversight procedures.** For a variety of reasons, it is critical that governments engaged in collaborative service delivery have in place effective procedures to oversee the processes of service delivery. Ultimately, it is their responsibility to ensure that both their collaborating partner performs effectively and that the services being delivered meet the needs of the recipients in the best possible fashion. In some cases, this oversight will require significant training for the government administrators bearing the responsibility; in other cases, less so. In all cases however, one of the most critical elements is the maintaining of an open and responsive dialogue between the government administrators involved, the collaborating organization and the service recipients.

## **Conclusion**

As was noted at the outset, collaborative service delivery involving the public sector, the private sector and the non-governmental sector has increased dramatically over the course of the past few decades. Nevertheless, despite its prevalence in transitional countries, there has not been a great deal of systematic assessment regarding its success, failures, and means of implementation. While there has been much research on privatization, much of that research has come from more developed country experiences. Even here however, the research outcomes are not very conclusive.



Regardless of the ambiguity of the information about cooperative service delivery, the reality is that it will continue to increase. Limited government resources, the growing political influence of the private and non-profit sector and the inclinations of the international donor community all combine to assure the continued growth of this approach to service delivery in both transitional and highly economically developed countries. As has been noted above, there are a variety of actions that can be taken to ensure the most effective form of cooperative service delivery. These range from each sector involved developing a better understanding of the other, to the establishment of procedures that will encourage, and hopefully ensure, relationships of mutual trust and understanding between those involved in such arrangements—government, collaborating partner and service recipient.