



PUTTING THE CART BEFORE THE HORSE: THE MODERNISING GOVERNMENT PROGRAM OF KERALA

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Abstract

This paper looks at the Modernising Government Program implemented in the state of Kerala from 2002 to 2008 drawing primarily on secondary data and key informant interviews. The paper traces the origin of the programme, its objectives, the impact it had on the administrative cultures and the hurdles to implementation of new public management type reforms in Kerala.

Key words: *New Public Management, Modernisation of Government Program, Asian Development Bank, Service Delivery, Bureaucracy.*

INTRODUCTION

Many developed countries have spruced up their administration and service delivery by introducing management principles in the last two decades. The same sets of principles have been prescribed for developing countries. In 2002, it was widely believed that the Modernising Government Programme (MGP) initiated with assistance from the Asian Development Bank would change the way the public services are delivered in Kerala. With active support from the bureaucrats and political functionaries, the MGP sought to ensure quality in service delivery especially in those departments where interactions with the public are more intense. The MGP secretary entrusted with the responsibility of implementing the service delivery project was hopeful that the expected goals would be realised. This paper looks at the first concerted effort to introduce new public management principles in service delivery administration in Kerala between 2002 and 2007 in order to identify the benefits the project entailed, its limitations and implications for similar future projects in Kerala and other states. This study adopts a descriptive methodology and the data are drawn from secondary sources supplemented by interviews with key informants such as those belonging to the higher bureaucracy associated in some way with the program.

MGP was designed and implemented under the New Public Management (NPM) label. According to the public management committee of the OECD (1995) the NPM is aimed at fostering a performance-oriented culture in decentralised public sector. According to Pollitt (1995) NPM is made up of eight main elements, namely, cost cutting, disaggregating traditional bureaucratic organisations into agencies, decentralised management in public agencies, separation of provider and purchaser, introducing quasi –market mechanisms, emphasizing performance management, introducing term contracts, performance- related pay and increasing emphasis on service quality and customer responsiveness. According to Hood (1991) NPM has seven interrelated elements such as hands-on professional management, explicit standards an performance measure, output control, a shift to disaggregation, a shift to greater competition and stress on private sector styles of management practice.

The high cost of government and ineffective and inefficient quality of public services provided were some of the factors that influenced the introduction of NPM principles especially in developing countries. There is no single best reform model for all countries; every country has its own development agenda. Hence different NPM strategies were adopted by different countries, some adopted a comprehensive model whereas others went for incremental type of reforms.

Do the application of NPM principles in developing countries work?

Developed countries are in a state of transition from NPM reforms to a post NPM stage. In the case of developing countries, they are still in the formative stage of NPM reforms. Some of the East Asian countries registered success in terms of economic reforms; but overall, many developing countries that have introduced NPM principles had not recorded any encouraging results.



Administrative reforms in developing countries are determined by social, cultural, political and economic factors. According to Polidano (2001) poor implementation is the major factor for the failure of reforms in developing countries. Schiavo and Sundram (2000) advised incremental type of reforms for developing countries. The leadership of the country concerned has a key role to play in the success of reforms (Kennedy,2000). The literature on NPM reforms suggest that the example of the developed countries should not be copied directly, but need to be reviewed carefully to accommodate the social, cultural political and administrative factors before implementing them in the developing countries.

Most of the countries adopted NPM principles as a conditionality for financial assistance. The restructure programs led by the World Bank and other international donor agencies try to bring efficiency and effectiveness in the developing countries through such reforms. Some African and Asian countries recorded very limited changes in their administrative practices. But these changes could not be sustained as they were donor-driven and not home-grown. For example, the e governance initiative implemented in India was not efficient. One of the goals of e-governance initiative was direct interface between individuals and government. The aim of reducing intermediaries and thus reducing corruption in service delivery was not successful as this initiative had invited another form of corruption and speed money. India is still a developing country with a preponderance of rural population. The poor literacy rate, internet coverage, awareness and competence of the people to use such sophisticated systems only led to the emergence of intermediaries rather than allowing direct access to these services.

The MGP program emerged as an idea way back in 1996 when the state government approached the central government seeking ADB assistance for augmentation of the resource mobilisation and improvement of the services of the government sector. The thrust of MGP program was to improve efficiency, effectiveness, accountability and equity. In 2002, the ruling Congress party in the state appointed a steering committee for overseeing the project with the Chief Secretary as its chairman.

The major initiatives proposed under this program include formation of the state civil service, merit- based promotions, minimum needs program covering health and other sectors, restructuring of subsidies, reforms in educational sectors and also formulation of unified water resources policy(Business line ,June 21, 2003). The strategy document (G.O (Rt) No 4170/03/GAD dated 20.06.2003) conceptualised MGP program under five important pillars. They are:

1. Ensuring assured level of public services to the poor and the marginalised
2. Building an enabling environment for growth
3. Fiscal sustainability
4. Enhancing effectiveness and efficiency of core government functions
5. Building on decentralisation for efficient, effective and accessible local government

Evaluation of MGP by ADB

Kerala's first subprogram of \$200 million was for 2 years with two tranches. However, Kerala's second subprogram was not designed, as the state was considered "fiscally stressed" and unable to meet the Government of India's requirements to borrow from multilateral agencies (ADB, 2007: 1). Even after two years of program the revenue deficit was expected to be 6% in FY 2006, and the fiscal deficit 4.3%, virtually remained unchanged from FY2001, 2 years prior to the program's approval.(ibid : 4). As the Kerala government was reluctant to levy user charges for public services, the program focused on improving the financial health of the state's electricity board without specifically identifying tariff increases.(ibid). The Kerala program emphasized the need to ensure that the annual budget was integrated with investment plans, included forward estimates for 2 years, and was passed by the state assembly before the beginning of the fiscal year(ibid : 7). Although a number of service delivery projects were implemented, reforming local government offices responsible for rural development and their asset management systems had mixed success. In Kerala, the implementation arrangements reflected the program design with two distinct programs (fiscal reforms and modernizing governance) grafted together, but not integrated, under one "program." Establishing a new government department for MGP alone was a complex



process, and by adding recurrent budget costs it was working against an expenditure compression objective. Without widespread support for modernizing governance reforms, the new department proved unsustainable. The ability of a newly created department to give direction and coordinate other departments was severely circumscribed by bureaucratic procedures (ibid : 11). The Kerala program's modernising governance focus emphasized improving service delivery at the local level through a range of policies and 126 investment interventions. However, effectiveness was limited by the following: (i) incentives to motivate service providers to improve delivery were not addressed, (ii) measures to improve the accountability of service providers were missing, (iii) an effective system to monitor and evaluate service delivery was not in place, (iv) clear economic and social criteria to prioritize service delivery projects were missing, and (v) decentralizing power to local governments were not accompanied by a timely transfer of financial resources and responsibilities (ibid: 15). Although cross-party support for modernizing governance reforms was more or less present, a lack of serious political commitment to control expenditure and increase revenue undermined fiscal consolidation and the sustainability of both sets of reforms.(ibid :16). A single senior-level bureaucratic champion in charge of the MGP could not generate a sufficiently broad base to sustain reforms, and sequencing of various components of reform was inappropriate (ibid :18). The Kerala program design identified the most significant external risk as public action against reforms and included a communication strategy as a mitigation measure. Irrespective of whether this measure was sufficient to mitigate the risk, the strategy was not implemented, despite the risk coming to fruition and pressure put on the government to wind back some measures in the reform program.(ibid: 18).

An overview of MGP program implementation

MGP was considered as a reform package that was evolved from the recommendations of the Administrative Reforms Committee. The neoliberal tenor of MGP invited many criticisms both from the public servants as well as general public. They feared that NPM type of reforms would affect their job security. They were also apprehensive of the prospect of the government withdrawing itself from social responsibilities.

The study found that the MGP was implemented without proper political consensus. The process and systems in the government continued in the same manner, even during the implementation, which was against the so-called efficiency and effectiveness drive of the program. The criteria for selecting institutions were sound enough. Some of the selected institutions good were equipped with additional physical facilities. But the program never focused on the behavioural aspects of the employees manning the very same institutions. Several sessions of training were provided to the employees at different levels. The inefficiency of trainers as well as the lack interest from the participants was cited as one of the major reasons of the failure of MGP. The trainers selected had little experience of how public offices function and the employees could not relate themselves to the management oriented training that they received.

The very criterion of efficiency was defeated when the government decided to go for purchases from its sick industrial units at prices higher than the local market. The programme could not get into the next stage of bringing more institutions in its purview. Hence it was an incomplete project. No proper evaluation of the scheme was done by the government. In some cases manual systems of service delivery continued even though modern facilities and equipment were put in place. In many institutions, the modern ICT facilities like computer and internet connectivity provided through the reform package were lying idle. Traditional way of disposing of files and pile-up of files on many tables continued as usual. The monitoring and evaluation of the projects were also not done in a systematic way.

The performance management system, which was one of the foci of the program, was never implemented. The traditional assessment system continued as usual and promotions were still based on seniority alone. The Right to Information Act was often used for personnel revenge, which is totally against the stated objectives of the Act. Nonetheless the Act has been able to improve in transparency and correspondingly in accountability and responsibility among the government servants to some extent. The citizen charter implementation was another focus of the program. We could not see citizen charters in the institutions visited by us. Most of the public servants were unaware of the importance of such charters and their scope.



The fiscal reform was one of the goals of the program. In many cases the program funds were utilized for paying outstanding debts such as electricity and phone bills. Even after clearance of such dues, there was no clear policy for preventing the recurrence of such cases.

The most important finding from the study is that the program did not get active political support from the politicians and the bureaucracy. The LDF opposition saw the MGP as a neo-liberal reform and opposed it on ideological grounds. Even the coalition partners in the ruling UDF had a different approach towards the program. Mr. A.K Antony then UDF chief Minister was actively supporting the program. But his successor Mr. Oommen Chandy was more inclined to support the employees union and was generally for the continuation of the traditional systems and procedures. Thus the ruling congress party itself had no clear consensus about the reforms. The MGP department also failed to get proper media support. The MGP project was finally wound up 2008, the enthusiasm of the program came to an drastic end and the systems continued in the traditional way. It had absolutely no impact on changing the mindset of the public servants; work culture remained the same.

Recommendations for successful implementation of reform projects

The basic home work was not done for successful implementation of reform projects. The first and foremost important factor for failure was lack of active political support both from the ruling parties as well as from the opposition and absence of a vibrant leadership with a clear mandate. Secondly government could not get active support from the bureaucracy. These two factors must be addressed before implementing any such projects especially in a democratic county like India. The MGP program had a short term perspective of five years. There should be continuity and contingency business plan for the program. No such action plan for sustaining the achievements was designed as part of the program. Once the program came to an end, the entire systems and procedures were reverted to the old ways. Another important drawback was that the program was implemented in a fast track manner. Any reform program to be sustained should be implemented in an incremental way, with periodic evaluation of the progress.

One of the failures of the MGP program in Kerala was the inefficient coordination and integration of different ministries, departments and institutions. For any reforms to be successful, an enabling socio cultural, economic, legal, bureaucratic and political environment is needed. Majority of the MGP consultants came from outside the state and they designed systems and procedures which were not suitable for the state. Finally, in a democratic country like India, media management is also an important aspect for the success of any reform. Media did not take kindly to the MGP initiatives and this also affected the program.

CONCLUSION

The MGP was not successful in bringing out the desired level of change in the State. The ADB evaluation found the program as relevant to the state, but the outcomes were never achieved and the political environment was pointed out as the main weakness behind the ineffectiveness of the program. The MGP program created considerable amount of facilities. Some institutions like anganwadis were the direct beneficiaries of MGP assistance. Modernisation of the District collectorate, use of DC suite office software and layout change to make it more people friendly are some of the achievements. MGP provided a fillip to computerization and the setting up of enquiry offices in several institutions. But often computerization was not preceded by creation of the necessary back up structures such as uninterrupted power supply. Performance-based management system, one of the goals of the MGP, could not be implemented in Kerala.

Many allocations made under MGP were not meant for developmental purposes, but for clearing arrears arising from non-plan commitments. The facilities created also needed additional funds for maintenance for which no provision was made, making many of these facilities unusable after a while. On the whole the politically charged environment in Kerala and the politically aligned bureaucratic activism wreaked havoc with the MGP. The type of pre-negotiations needed to rope in the potential spoilers of MGP also was not undertaken before the program was launched. The background conditions for successful implementation of MGP were absent in the state. Hence the



MGP was like putting the cart before the horse. The study has found that NPM principles cannot be transferred in a blanket fashion to developing regions like Kerala.

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