

# Institutionalised Co-production: Unorthodox Public Service Delivery in Challenging Environments

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*In developing countries in particular, services are often delivered through unorthodox organisational arrangements that cannot simply be dismissed as relics of 'traditional' institutions, or as incomplete modern organisations. Some have emerged recently, and represent institutional adaptations to specific political and logistical circumstances. We need to expand the range of organisational categories that are considered worthy of study and develop a better understanding of the strengths and weaknesses of unorthodox arrangements. The concept of institutionalised co-production provides a useful point of entry. Institutionalised co-production is defined as: the provision of public services (broadly defined, to include regulation) through a regular long-term relationship between state agencies and organised groups of citizens, where both make substantial resource contributions. We explain some varieties of institutionalised co-production arrangements; explore why they appear to be relatively so widespread in poor countries; and relate the concept to broader ideas about public organisation.*

## I. INTRODUCTION

What are the best organisational arrangements for the delivery of public services? The general tone of specialist opinion in most parts of the world is now agnostic. There is much agreement that monopolistic provision entirely through state agencies is unfeasible, undesirable, or simply rather old fashioned. However, there is little consensus on alternatives. The New Public

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Management agenda of privatisation and contracting out of public service delivery still has a great deal of support, and even sceptics see in it many elements and ideas of value. But the New Public Management agenda has now been sufficiently road tested that some major flaws and contradictions have become evident.<sup>1</sup> Anyone now suggesting that it provides a general template for widespread adoption appears very much an ideologue. Overt ideology is no longer in fashion. The dominant language is of pragmatism, pluralism, and adaptation to specific circumstances. This is evident, for example, in the World Development Report 2004, on the theme of service delivery to poor people. It is essentially eclectic on the issue of appropriate organisational forms for service delivery, and focuses, constructively, on the political context of service provision, and on relationships of accountability 'in the service delivery chain, between poor people and providers, between poor people and policy makers, and between policy makers and providers' [*World Bank 2003: 1*].<sup>2</sup> Insofar as there is an identifiable outcome to the relative intellectual ferment over public organisation that has characterised the last two or three decades, it lies not in any triumph of New Public Management principles, but in a preferential shift away from standardised (central) state provision toward recognition of, and sympathy for, diversity, experimentation and multi-actor arrangements. In particular, there is much more interest in the notion of inter-organisational 'partnerships', between state agencies and either commercial enterprises or civic organisations.<sup>3</sup>

However, in this as in other areas, there are limits to eclecticism and pragmatism, which are set by the conceptual categories and frameworks employed to debate the issues. We can only think about the alternatives for which we can find words. And we are likely to think only about the alternatives to which our attention is directed through the terms and ideas prevalent in the field. Despite its eclecticism, the current debate on appropriate organisational forms for service delivery in poor countries is limited by the implicit assumption that the choices lie among a small number of main organisational types. Reality in poor countries is more diverse. There are organisational arrangements that do not fit into standard categories, are not relics of 'traditional' institutions that have not yet completely disappeared, and are not best understood as incomplete versions of modern organisations still struggling to take root. Some of these unorthodox organisational arrangements are of recent origin, and constitute (smart) adaptations to prevailing local circumstances. The purpose of this paper is to help broaden the menu of ideas about service delivery arrangements in poor countries, and thereby open up a broader range of policy options for consideration. We do this by arguing the usefulness of the term *institutionalised co-production* in the analysis of service delivery, especially for countries where state authority is weak, and

public agencies struggle hard to fulfil the kinds of roles that we take for granted in OECD countries.

The argument proceeds as follows. In Section II, we examine the standard organisational categories used to discuss issues of public service delivery in poor countries, and point to the prevalence of types of arrangements that do not fit into any of these categories. We present two cases of *institutionalised co-production*. We explain the meaning of this term in Section III. We are reverting to the spirit of the original formulation of the concept of *co-production*, by Elinor Ostrom, that focuses on the joint and direct involvement of both public agents and private citizens in the provision of services. This is to be distinguished from the more recent, familiar, and rather formalistic use of the term, to refer to any service delivery arrangement involving two or more organisations. In Section IV we explore further the reasons for the widespread practice of co-production in poor countries, and explain the distinction we make between its *logistical* and *governance* motivations or drivers. In Section V we place the concept of institutionalised co-production in a broader context of ideas about states and public organisation, especially the issue of the permeability of the public–private divide. The message of the paper is not that institutionalised co-production arrangements are necessarily to be encouraged. It is rather that: (a) they are widely found, and may constitute the best available alternatives, especially in environments where public authority is unusually weak; and (b) if we are properly to explore the full range of options for service delivery in poor countries, we need to take more seriously the existence of unorthodox arrangements, and see what lessons we may learn about what makes them more or less effective or acceptable.

## II. ORGANISATIONAL ARRANGEMENTS FOR SERVICE DELIVERY

How are services actually delivered to poor people in poor countries? ‘Diversity’ is a big part of the answer. One can find every type of arrangement found in the standard classifications:<sup>4</sup>

- (a) Self-provisioning through collective action, independently of external agencies. Poor people often get together on a local basis to provide their own basic education, security, funeral expenses or small-scale savings systems.<sup>5</sup>
- (b) Direct social provision through private associations. In almost every part of the world there is a long tradition of providing basic services through private associations, notably religious organisations, but also private philanthropic foundations, locality-based associations, caste associations in India, etc. In recent years, increasing attention has been

paid to the fact that, especially in much of the Islamic world, in India and many parts of the world where evangelical Christians are active, the kinds of organisations normally labelled ‘religious fundamentalists’ are often major providers of services, notably basic education and income assistance for very poor families.

- (c) Direct market provision, on a commercial basis. High proportions of basic services, especially health, are simply purchased on the market from local providers, formal or informal.<sup>6</sup>
- (d) Direct social provision through state agencies. In most poor countries, there is a substantial government apparatus that is dedicated, at least formally, to the widespread provision of, at a minimum, health and education, and often a much wider range of services.
- (e) Indirect state provision, through sub-contracting of delivery responsibility to other agencies – religious organisations, NGOs, private for profit companies, user groups etc. In poor countries as elsewhere in the world, there has been an expansion of sub-contracting in recent years.

In reality, agencies that fall into different formal categories often interact and cooperate with one another in a diversity of ways to provide particular services, and governments play an indirect, regulatory role that often may not be evident.<sup>7</sup> In addition, one can find arrangements that fit into none of these standard categories, and are so ‘mixed’, or ‘hybrid’, that they seem almost to defy categorisation. Despite their unusual structuring, these arrangements often function effectively in circumstances where more conventional forms of service delivery have failed. We find it helpful to use the term *institutionalised co-production* to describe many of these hybrid phenomena. We postpone until Section III any discussion of the definition of this term. Let us first make it clear what, empirically, we are talking about. In this section we summarise two cases of institutionalised co-production that have been studied recently as part of the research programme in which we are engaged: the Citizen–Police Liaison Committee in Karachi (CPLC); and the Ghana Public Road Transport Union (GPRTU).

#### *The Citizen Police Liaison Committee, Karachi*<sup>8</sup>

In the 1980s, Karachi was notorious for disorder, political-cum-ethnic violence, murder, kidnapping and endless disruptions of industrial and commercial life. Neither the police nor the army could cope. The Citizen–Police Liaison Committee (CPLC) emerged in 1989 out of attempts by a group of influential business people, stimulated by the provincial governor, to make a positive contribution to a situation that was becoming intolerable. Political disorder posed both a general threat to business enterprise and a

specific threat, through the spread of kidnapping, to wealthy business families. The Karachi Chamber of Commerce had suggested that the business community might go on a tax strike. Since Karachi is the largest city in Pakistan, its commercial capital, and the source of a high proportion of the revenue of the federal government in Islamabad, this hint helped obtain the support of the federal government for unorthodox solutions that might help alleviate the security crisis. The CPLC was established and given some formal authority by the governor. It was however effectively run by a network of wealthy businessmen, who already enjoyed close social and business links with one another. Most belonged to a handful of the small 'business communities' which are prominent in the private sector in South Asia. The members, not the government, defined the CPLC's effective agenda. 'Intelligence' emerged as an area where they could make a major impact. But this is not the type of intelligence that citizens are expected to provide under small-scale co-production arrangements for policing typically found in the West, that is, locality surveillance, watching over neighbours' properties, and reporting suspicious activities.<sup>9</sup> The main contribution of the CPLC has been in establishing and managing crime data bases, that are accessed by the police on a 24-hour basis, as if they were dealing with their own information system. The CPLC works very closely with the Karachi police, and focuses on improving their performance through supportive engagement with their work. In addition to managing operational data bases on crime and vehicle theft, the organisation conducts spatial crime analysis, plays an important role in the investigation of kidnappings, and provides a range of police-related services directly to poor and rich alike. The CPLC is widely known in Karachi, and credited with playing an important role in improving security and policing.

More details about the CPLC are to be found in Masud [2002]. For present purposes, there are three important general points to be made about this case. First, the organisational arrangement both defies categorisation and violates what we perceive to be a basic principle: that powerful 'private' interests and relationships should be kept out of public organisations, especially those performing sensitive core functions like policing. With offices in five police stations and its headquarters in the office in the Governor of Sindh Province, the CPLC has become deeply integrated into the apparatus of policing and government, yet remains rooted in informal social networks linking leading members of the city's business community. Second, the relationship between the CPLC and the Karachi police is not in any meaningful sense of the term 'contractual'. Nothing has formally been contracted to the CPLC. Most of its funding comes from the business community, with government making a small contribution. The agenda and remit of the CPLC have evolved over time through experience and

experimentation. There was no plan. Third, Masud's close look at the history and functioning of the CPLC explains why its 40 members have not abused their access to, and control over, the police and police databases, for personal or political advantage. One can get some inspiration from this case that might help make other 'irregular' organisations work relatively well in similarly difficult environments. Masud suggests four particular reasons why the CPLC arrangement has worked:

- (a) First, the leaders of the CPLC have built upon and reinforced the ties of mutual obligation, and of reputation that typically connect business communities. Membership is limited to 40. To be selected is a great honour. Candidate members awaiting a vacancy for full membership are required to work hard and show commitment. Once selected, members are expected to work long hours without any remuneration, and be available at very short notice to deal with emergencies.<sup>10</sup> Regular duties are demanding. The status attached to membership has continually to be earned.
- (b) Second, while CPLC members are mainly businessmen from minority ethnic groups, its leaders as a matter of principle refuse to recruit into its ranks lawyers, journalists, or former public servants. These latter groups comprise what Masud [2002: 26] terms an 'excluded elite': sets of influential people who are almost bound to be suspicious of the CPLC and keep it under intense scrutiny, including in the media. This not only helps ensure honesty and commitment, but provides powerful incentives for the organisation to help – and be seen to help – the poorer sections of the population, and not only those vulnerable to kidnapping or car theft.
- (c) Third, there is a powerful code of behaviour designed to protect the reputation of the organisation and to avoid adverse publicity. A member who once permitted himself to be photographed at a society event with a senior police officer was asked to step down.
- (d) Fourth, the CPLC from the beginning learned to work with the police, accepting that there were many things to which they would have to turn a blind eye, as the price for establishing a long-term relationship of trust. Much early effort was directed to improving very bad working and living conditions in police stations and quarters. The organisation never publicly claims credit for success in dealing with criminal cases, but leaves that for the police. Most strikingly, the CPLC has never used the powers of supervision and inspection over the police that the government originally granted it. This it was believed would represent a challenge to the internal police chain of command and lead to conflict and ill will.

We are not suggesting that the CPLC arrangement is the best way of providing policing services in an ideal world, or that it should be emulated where better alternatives are available. Like anyone else, we are instinctively opposed to this integration of private economic power into public policing. It is however useful to examine this case carefully, because the current arrangement seems to be better than the alternatives actually available, and one can draw from it useful ideas about how, in other circumstances, similar 'hybrid' organisations might be made to work tolerably well. The CPLC is not in fact a totally idiosyncratic organisation, but has much in common with a wide range of other unusual organisational forms that produce public services relatively effectively in rather difficult environments.

*The Ghana Public Road Transportation Union<sup>11</sup>*

Since 1987, a private association of owners and employees in the road passenger transport business in Ghana, the Ghana Private Transport Union (GPRTU) has been collecting income taxes from its own members on behalf of the government. This arrangement originated under the military government led by Jerry Rawlings, at a time when the economy of Ghana had suffered severe collapse. It has however survived the recent transition to a democratic regime and to less harsh economic circumstances. From the government's perspective, this deal originally offered two main benefits. One was a means of obtaining some tax income from a sector that was disorganised, fragmented and 'informal', yet had great potential as a source of revenue due to the rapid growth in the number of vehicles operating on the roads following import liberalisation. The other was that it gave the GPRTU, a close political ally, both resources and authority and effective control over a strategic political resource: the capacity to move a large number of people around the country for political activities – or to prevent them from moving. This second motivation is now much less powerful, but the arrangement – the effective devolution of taxation powers to a private association – has continued. Why? Because it also provides a set of advantages to the members of the GPRTU, virtually all of whom own, or operate enterprises consisting of a single vehicle. In Ghana, public buses operate from lorry parks. The GPRTU controls and manages the lorry parks. This control is not used to reduce competition among members. It does however make possible the provision of services that its members value. First, since income tax is levied per journey (for buses) or per operational day (taxis) and paid on the spot, with receipts, members pay their tax as they go (making the tax affordable). Second, the tax receipts and the power of the GPRTU largely protect members from harassment or extortion by the police while on the road. Third, the GPRTU is able to use some of its revenue to provide sleeping and eating facilities at lorry parks.

The GPRTU co-production case faces some practical problems. In particular, much of the tax that is, or should be levied, does not reach the public treasury, and there is intimidation in the relationships between the GPRTU and a number of smaller, rival transport unions who co-produce a similar range of services in specific localities.<sup>12</sup> The arrangement that has evolved is however effective in its own way, and certainly seems to have been superior to any feasible alternative, given the past political circumstances in Ghana. It is presumably the highly unorthodox character of the system, along with its political origins under an authoritarian government, that account for the fact that, although it is well known in Ghana, no one until recently believed it to justify any research. This case illustrates both the diversity and the potential ‘depth’ of the co-production arrangements that can emerge when over-extended states are no longer able to fulfil even their core functions. The fact that the Zambia Revenue Authority recently has learned of the system, examined it, and proposes to introduce it in Zambia in 2003, suggests that it may be appropriate to other African countries.

There are many differences between the CPLC and the GPRTU cases. The GPRTU is a large membership organisation. Its initial engagement in co-production was very political. It continues to benefit financially from the deal it has with government over taxing the road passenger transport sector. Much of the strength of the CPLC lies in the facts that it scrupulously avoids ‘politics’ and comprises only 40 members, selected and trained with great care, who are expected to give their time generously and freely, and to help ensure that most of the costs of the operation are met by voluntary financial contributions from the business community. However, the two cases have a great deal in common:

- (a) each organisation helps fulfil a core state function in response to a clear decline in state capacity;
- (b) each developed organically, and provides a range of mixed services;<sup>13</sup>
- (c) in each case, conventional distinctions between legitimate public authority and private power are either obscured or maintained only with great difficulty; and
- (d) both potentially provide examples, stimulus and lessons applicable to other contexts where conventional public provision is under stress.

### III. CO-PRODUCTION: CONCEPTS AND DEFINITIONS

The CPLC and the GPRTU are examples of what we term an institutionalised co-production organisation. What is co-production? Although the term has been in use for some time, there is no standard

interpretation,<sup>14</sup> and some definitions of the word are vague and unhelpful.<sup>15</sup> Two quite distinct referents of the term are evident even in the work of Elinor Ostrom, the scholar who has done most to promote the use of the concept in the development field. Insofar as Ostrom provides a succinct definition of co-production, it is in the following words: ‘... the process through which inputs used to provide a good or service are contributed by individuals who are not “in” the same organisation’ [*Ostrom, 1996: 1073*].<sup>16</sup> That particular formulation is unfortunate. It leads easily to the definition of co-production as any process in which more than one organisation is involved in the production of a good or service. And such an interpretation is almost trivial. For it appears to be based on an implicit assumption that inter-agency cooperation is the exception rather than the norm. As we suggest above, the opposite is the case. Especially when one takes into account the role of public regulation, the involvement of more than one agency in service delivery is the norm. To express an interest in co-production, in this sense, is equivalent to marvelling at the discovery that one is able to speak in prose. Insofar as this meaning of the term serves any function, it is mainly to enrich the range of vocabulary available to refer to (public–private) organisational ‘partnerships’ (see above), and add some sense of allure and novelty to arrangements, for which we already have more prosaic terms.

Ostrom’s explanation of the term co-production, as opposed to her simple definition, begins from the observation: ‘Co-production implies that citizens can play an active role in producing public goods and services of consequence to them’ [*Ostrom, 1996: 1073*]. She focuses on the fact that, in the ways in which they interact with the public in service delivery, public agencies can either elicit synergistic, cooperative behaviour from clients that improves the overall quality of service delivery, or may fail to do so.<sup>17</sup> Her positive example is Gabrielle Watson’s [1995] acclaimed study of ‘condominial sewerage’ in Brazilian cities, where government agencies and groups of citizens cooperated to supply low-cost sewerage to poor communities – at the price of considerable citizen involvement in the planning, construction, and maintenance of sewers. Her negative example is of Nigerian educational administrators adopting such bureaucratic and exclusionary attitudes and procedures that they prevented willing parents and communities from making contributions to local schools.

We empathise very much with Ostrom’s objectives, but not with the ambiguity of her definition. The concept of co-production that we employ here is true to the spirit of Ostrom’s work, in that it focuses on the engagement of citizen-clients in the actual provision of public services, in complex, informal interactions with state agencies. It is, however, more precise and tangible: we use a more exact term – *institutionalised co-production* – to refer to organisational arrangements, which implicate clients

in effective service delivery, on a sustained, regular basis. *Institutionalised co-production is the provision of public services (broadly defined, to include regulation) through regular, long-term relationships between state agencies and organised groups of citizens, where both make substantial resource contributions.*

We need to clarify four points about this definition of institutionalised co-production. First, it excludes temporary co-production arrangements.<sup>18</sup> Second, institutionalised co-production need not involve the kinds of contractual or quasi-contractual arrangements between state agencies and organised non-state actors that are favoured by advocates of New Public Management, and implied in the use of terms like ‘public–private partnerships’. As in the CPLC case summarised above, the actual relationships between different agencies might be undefined, informal, and renegotiated almost continuously. Third, we do not particularly associate institutionalised co-production with what Hood categorises as the *egalitarian* (participatory, communitarian) approach to dealing with public management issues. The examples we have examined are mixtures of Hood’s four main categories of public management styles and doctrines: *fatalist*, *hierarchist*, *egalitarian* and *individualist* [Hood, 1998]. Fourth, institutionalised co-production implies blurring and fuzziness in the lines that Max Weber, in particular, taught us to try to define clearly and precisely: the boundaries between public and private (in terms of organisations, resources, authority and so on). Where co-production occurs, power, authority and control of resources are likely to be divided (not necessarily equally), between the state and groups of citizens in an interdependent and ambiguous fashion. This is not in itself something to be welcomed: sharp, clear boundaries between public and private spheres are indicators and components of effective, accountable polities. But, as we explore below, some blurring of those boundaries may in some circumstances be the price of service delivery arrangements that actually work.

#### IV. VARIETIES OF INSTITUTIONALISED CO-PRODUCTION

We do not know the extent and nature of institutionalised co-production in poor countries. Our search for cases suggests that they are probably more common than is generally appreciated, but are often ignored because people are simply not looking for them, or expecting to find them. Things that cannot be adequately labelled tend to be ignored.<sup>19</sup> It follows that we cannot satisfactorily explain the range of origins of, or motives for, institutionalised co-production arrangements. We tentatively suggest that there are two different sets of motivating forces, not completely separable from one another in practice, but sufficiently distinct both conceptually and in practice that we

can sensibly present them independently. Both sets of drivers can be described as variants of the imperfections or incompleteness of states:

- (a) First, some co-production arrangements have evolved in response to declines in governance capacity at local or national level. Government no longer provides certain services very effectively, and as a result, organised groups of citizens with something at stake move in to help shore them up. In such circumstances we talk of the *governance* drivers of co-production. The two cases summarised in Section II fall into this category. In both cases it was changes in the political environment, in the broad sense of the term, that made co-production desirable or possible.
- (b) Second, some services cannot effectively be delivered to the ultimate recipients by state agencies for reasons that are more ‘natural’: because the environment is too complex or variable, and the costs of interacting with very large numbers of poor households is too great, especially in rural areas. In such cases, users become involved in an organised way at local level. We label these factors the *logistical* drivers, or causes of co-production. In exploring such cases we tend to focus on generic differences between different sectors that impinge on public service delivery, that is, the differences that matter are more likely to be between immunisation and policing than between Karachi and Accra.

We look here in some detail at irrigation, because the extent and logic of co-production in that sector have been relatively well documented.<sup>20</sup> Examining this sector provides good insight into the logistical drives of co-production more generally.

In poorer countries, the irrigation sector appears in general to have been plagued by mismanagement and poor organisational performance. At the same time, high levels of organisational achievement have been observed in many smaller-scale irrigation systems, especially in East Asia and in many mountain areas. We cannot explain differences in organisational performance in terms of the degree to which clients (farmers) control irrigation facilities. Farmer-controlled systems often perform poorly. Conversely, farmers may have limited influence over the management of high performance irrigation systems. There is however a strong connection between good performance and the extent to which there is institutionalised co-production, that is, the extent to which both organised farmers and the staff of the irrigation agencies actively cooperate in service provision. Irrigation systems that perform well typically are characterised by some combination of the following types of institutionalised co-production arrangements:

- (a) Farmers' organisations or representatives have some discretion in the final distribution of water towards the end point of the delivery chain, that is, among farms and fields, as opposed to among villages or districts. This discretion may be wide or narrow, formal or informal, 'democratic' or 'authoritative'.
- (b) There are institutionalised mechanisms through which farmers can have some influence on the local-level policies and operations of the irrigation agency – organising routine maintenance or emergency repairs, planning irrigation schedules to fit cropping patterns, agreeing rotation schedules to cope with water scarcity, etc. These mechanisms too may be formal or informal, 'democratic' or 'authoritative', or otherwise diverse.
- (c) The social and geographical origins of irrigation agency employees, the locations of their offices or official quarters, or their prescribed work schedules may be designed to ensure empathy and informal social interaction with their clients (farmers).

Why do we tend to find co-production in many of the more effective irrigation delivery systems in poor countries? The simple answer is that it is otherwise difficult to deliver the service effectively. Keeping the argument at a broad conceptual level and abstracting from details of particular cases, there are three related reasons why effective irrigation service delivery to small farmers is logistically difficult without co-production:

- (a) First, there is the issue of trying to deal with *large numbers of clients*. Small farmers are numerous. It is difficult for any formal irrigation management agency to interact with them individually, to assess needs, respond to problems etc. The costs of any interactions are high in relation to the average small farm economy. Informal communications that piggyback on existing local networks are preferred.
- (b) Second, there is a major issue of *diversity of operational situations*, which has several dimensions. Individual farmers may have very different cropping patterns and planting schedules, and thus have very different water and drainage needs at any moment. Irrigation delivery infrastructure is unstandardised, integrated into the local physical environment, and subject to rapid changes over time as physical structures erode, break or silt up, and some parts are maintained much better than others. Discharging 25 cusecs of water down a particular distributary channel might deliver enough water to the Jones clan field channel in one season, but totally fail to reach them at an equivalent point in the next season. Most evidently, the weather – and thus the need for either irrigation or drainage – can vary widely and rapidly over

even small areas. All in all, this diversity of operational situations means that it is very difficult for an organisation pursuing formal or office-based procedures to obtain and process the information on client circumstances that is needed to respond adequately. And response sometimes has to be very fast. A break in a channel may need fast repair if it is not to enlarge rapidly and lead to flood damage. Additional, non-bureaucratic means of obtaining relevant, rapid information on local operational situations offer advantages to both sides.

- (c) Following from the previous two points, formal provider organisations, acting alone, will in these kinds of circumstances tend to lack the *resources* needed to deliver services effectively, whether resources take the form of: (i) information on local client needs and situations; (ii) equipment; (iii) personnel, especially in numbers and locations adequate to deal with emergencies, such as floods; or (iv) the authority to command help from members of the public.

Institutionalised co-production is potentially an effective means of mobilising the resources needed to cope with these kinds of logistical challenges.<sup>21</sup> Institutionalised co-production solutions to public service delivery are not peculiar to irrigation. They are in fact widespread in situations that pose similar logistical challenges to comprehensive service delivery through state agencies. Perhaps the most visible examples from the recent development literature are of Joint Forest Management, where Forest Departments and local communities cooperate to plant and protect forests, and share the eventual proceeds [Sundar *et al.*, 2001; Ravindranath *et al.*, 2000; Joshi, 1999; Poffenberger and McGean, 1996]. As in the case of irrigation, effective management virtually requires the active collaboration of both parties. Other kinds of co-production arrangements are found in primary health care, agricultural extension, urban sewerage [Watson, 1995], and the provision of micro-credit.<sup>22</sup>

This exploration of the logistical drivers of co-production tends to focus on differences between sectors or activities: the organisational implications of the characteristic differences, for example, between the ways in which immunisation services and small farm irrigation services are actually delivered. The latter tends to evoke co-production, but not the former. Our discussion of the governance drivers of co-production focused more on differences among political jurisdictions: the relative inability of public authorities in some areas of the South effectively to provide even the public services that they delivered a few decades ago, and the nature, if any, of organised citizen responses. We know less about this type of governance-driven co-production than about the logistically-driven varieties discussed in

this section. It seems that, in situations of governance crisis, co-production can be politically attractive. States can provide services at reduced costs and resources, and gain political support in exchange for some loss of control and power. It may not be entirely coincidental that the cases of governance driven co-production we presented earlier both relate to core state regulatory functions – policing and tax collection. For, if the state alone is unable adequately to perform core functions, there may be serious adverse implications – and therefore powerful incentives, both for the state and for affected citizens, to find means of working together to fill the gap.

We emphasise that this distinction between the logistical and the governance drivers of co-production is exploratory and fuzzy. As far as we can judge, one type of institutionalised co-production widely found in the South – neighbourhood associations that help provide utility connections and repairs, urban development services such as sanitation and drainage, and local security – is motivated by combinations of both sets of factors [*Ahlbrant and Sumka, 1983; Barkan et al., 1991; Hasson and Ley, 1997*]. We are still trying to develop both the language and concepts to help us better understand these unorthodox patterns of service delivery.

#### V. CO-PRODUCTION IN CONTEXT

There has long been a clear tension between two different kinds of discussion of the state and public organisation in democratic contexts. On the one hand, normative discourse tends to be structured by some foundational principles that we often associate with Max Weber: the importance of maintaining a clear separation between public and private interests, public and private organisations, and public and private behavioural motivations; and the need for public scrutiny and accountability mechanisms to monitor and protect this divide. On the other hand, political scientists and public administration specialists focus a great deal of their analytical attention on the divergence of reality from prescription: on the ways in which (effective) governance sometimes implies or requires complex, opaque engagement between public and private organisations, in circumstances that make it difficult to enforce formal, explicit accountability.<sup>23</sup> One example is the recognition of the extent to which the effectiveness of apparent ‘self-regulation’ in the private sector is dependent on formal, public regulation, and vice versa [*Moran, 2002: 397–402*]. Another is the literature on what some have termed ‘private interest government’ (by ‘private’ associations) [*Streek and Schmitter, 1985*].

It is evident that we cannot sensibly treat such ‘ambiguous’ organisational arrangements as hangovers from some non-democratic or economically backward past, that will shrink further when fully exposed to the forces of

modern, democratic rationality, and be replaced by an ever more Weberian state where the lines between public and private are drawn ever more clearly and sharply. Indeed, one influential recent body of theory argues the opposite: that further blurring of the boundaries between public and private is integral to the observed shift in the functions and activity patterns of modern states – away from direct provision of goods and services toward support for economic enterprises competing in global markets [*Cerny, 1990; see also Majone, 1997*].<sup>24</sup> This is the hypothesis that a China specialist, Corinna-Barbara Francis [*2001*] employs to explain why a society that so thoroughly violates standard (Weberian) norms about the separation of public from private organisation has also recently been so successful in nurturing capitalism:

Unorthodox interactions between the state and the market are ubiquitous in China's emerging market system . . . . The central role of Chinese local governments and state agencies in the market, captured in such concepts as local state corporatism and bureaucratic entrepreneurship, blurs orthodox state–market boundaries. China's market landscape is laden with quasi-governmental organisations and other mixed institutions. . . . In short, China's emerging market system displays a wide range of quasi-public, quasi-private trends and is frequently described with such adjectives as quasi-public, quasi-private, paragonovernmental, and semiofficial [*Francis, 2001: 266*].

It is the logic of modern competitive capitalist states, rather than either the 'traditional' ramifying influence of the Communist Party over the state apparatus, or even more 'traditional' culture, that Francis suggests as the reason for rapid economic progress in China, despite the proliferation of 'hybrid institutional forms' [279] that, according to our conventional ideas, should condemn it to institutional decay and economic stagnation.

What is the relevance of all this to co-production? Especially when they appear in poor countries, it is easy to assume that unorthodox forms of public organisation are, in some varying degree, relics of 'traditional' arrangements, undesirable, ineffective or, at the very least, unworthy of serious attention. But there is neither intellectual nor practical warrant for closing our minds in this way. Standard ways of thinking about public organisations, their boundaries, and how they relate to 'private' actors, may be helping to blind us to some of the realities of public service provision, at least in poor countries. The concept of institutionalised co-production helps us to explore this reality in a more open-minded way. Whether or not institutionalised co-production arrangements are to be encouraged is an open question, and probably too broad to be answerable. In a normative sense, many co-

production arrangements rank second best, or even lower. In particular, they raise many concerns about accountability. However, such arrangements do appear to be widespread in parts of the South, and may constitute the best available alternatives, especially in environments where public authority is unusually weak. If we are properly to explore the full range of options for service delivery in poor countries, we need to take more seriously the existence of institutionalised co-production arrangements, and see what lessons we may learn about what makes them more or less effective or acceptable.

## NOTES

1. See, in particular, Batley [1999]; McCourt and Minogue [2001]; and Minogue *et al.* [1998].
2. See also Bloom and Standing [2001] for an analysis of health services in poorer countries. Most public sector reform programmes now embody a similar eclecticism about organisational forms. They typically comprise a mix of elements from diverse historical traditions: some attempts to re-establish the classic Weberian ideal of a specialist, meritocratic career public service under the direct and effective control of political executives; efforts to provide more immediate performance incentives for individual public servants and for individual units within the public service; a push for more specific and transparent accounting of the costs of different public sector activities; a recognition that the contracting out of the delivery of some services often makes sense; and a sympathetic stance toward the diffuse but powerful notion of 'partnership', especially between public and private agencies.
3. Robinson and White [1998] provide a useful discussion of 'partnership' arrangements between state agencies and civic organisations in service provision in poor countries.
4. The World Bank's [2003] classification is a little different from the one presented here in that it put 'partnership' in a distinct category, but is in essence the same.
5. To give but one example, many communities in Tanzania turn to putatively 'traditional' *sungusungu* local security organisations for their defence against crime [Mwaikuse, 1995].
6. The contractual arrangements through which payment is made may however be diverse and sophisticated [Leonard, 2000].
7. Salamon's [2002] concept of the 'tools of government' is especially productive in categorising the range of mechanisms through which governments can impact on the behaviour of other service providers.
8. For details of this case, see Masud [2002].
9. These are termed Neighbourhood Watch schemes in the United Kingdom.
10. For example, the two most senior members oversee the Central Reporting Cell, located in the office of the Provincial Governor, which has 18 employees and is open continuously. Other members supervise the five District Reporting Cells that are open for 16 hours a day within the offices of each district Superintendent of Police in the city.
11. For details of this case, see Joshi and Ayee [2002].
12. Similar arrangements exist on a small scale in some other sectors in Ghana, including roadside eateries, hairdressing and auto-repair shops.
13. Co-production organisations that evolve in response to declines in the capacity of governments to perform core activities perhaps are more likely to accumulate a range of functions than those that are oriented more to solving logistical problems in state-society interactions in the provision of particular services, like irrigation.
14. For the literature on co-production, see, for example, Alford [1998], Ahlbrandt and Sumka [1983], Ben-ari [1990], Brudney and England [1983], Brudney [1985], Isham and Kahkonen [1998], Levine [1984], Pammer [1992], Parks *et al.* [1981], Percy [1984], Reddy [1998], Rich [1981], Sharp [1980], Sundeen [1985], Sundeen [1988], and Warren *et al.* [1984].

15. For example, Pammer [1992] defines co-production as ‘those actions by citizens which are intended to augment or contribute to the actions of public agencies and invoke conjoint behaviour’.
16. See also Ostrom [1992].
17. Ostrom [1996: 1079] acknowledges an intellectual debt to Michael Lipsky’s path-breaking work on ‘street-level bureaucrats’ [1980], and especially on his observation that these people – police, teachers and the like – do not and cannot simply deliver services to (passive) clients, but often are able to operate effectively only to the extent that they are able to obtain, through negotiation, the active engagement of clients in the service delivery process. Teachers can only impart education if parents are willing to send children to school and children are willing to learn. Police officers are much better at preventing and detecting crime if potential victims provide them with information. Doctors and nurses are much more effective if patients cooperate in treatment.
18. For example, temporary co-production is a widespread mode of coping with the challenges posed by strikes, political demonstrations and similar phenomena. Emotions often run high. Both police and organisers of demonstrations may stand to lose if the situation gets out of control. This risk can be reduced by co-production arrangements: prior agreement on routes, timings, numbers and forms of demonstration; and the use of authorised stewards, provided by the organisations doing the demonstrating, to police these agreements, eject ‘trouble-makers’, etc.
19. The story of how we discovered the CPLC case is illustrative. We had been discussing the concept of co-production (and hybrid arrangements) in our graduate teaching when a student identified the interesting case of the CPLC for us.
20. See especially Lam [1996], Moore [1989], Ostrom [1992] and Wade [1988a and 1988b].
21. For logistical reasons, co-production is less widespread in the irrigation sector in rich than in poor countries. Farms are larger in rich countries, reducing transactions costs; and higher levels of capital investment make it easier to capture, deliver and monitor water in a reliable way.
22. The potential benefits of co-production may be greater than some readers will infer from the rather mechanical mode of argument we have employed here to explore its logic. As we have suggested above, the interaction of state employees and clients in actual service provision can generate valuable information, increase mutual understanding of the situation and constraints faced by the other side, enhance trust, and thereby increase organisational effectiveness. Evans [1995], in his explanation for the differential performance of India, Korea and Brazil in the high technology sector, terms this sort of regular generalised interaction as ‘embedded autonomy’.
23. This appears to be one reason why empirically-minded public administration specialists are motivated to stretch the notion of ‘accountability’ to apply to relations of ‘mutual regard’ that do not in reality conform to any strict concept of accountability. For example, Considine, working on horizontal relationships within public agencies, has recently defined accountability in operational terms as ‘responsiveness, obligation, and willingness to communicate with others’ [2002: 21].
24. Cerny [1990] terms this the shift from the ‘commodifying state’ to the ‘competition state’.

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