



## Join the Discussion

Email us your comments via  
[publications@commonwealth.int](mailto:publications@commonwealth.int)

This Discussion Paper was prepared by [John Wilkins](#),  
Head, Thematic Programmes Group, Governance  
and Institutional Development Division,  
Commonwealth Secretariat.

## Published by the Commonwealth Secretariat

Editor: Joan Ross Frankson  
Designer: Rob Norridge

© Commonwealth Secretariat, 2011.

All rights reserved. This publication may be reproduced,  
stored in a retrieval system, or transmitted in any form  
or by any means, electronic or mechanical, including  
photocopying, recording or otherwise, provided it is  
not sold or otherwise used for commercial purposes  
and full acknowledgement is given to the  
Commonwealth Secretariat as the original publisher.

Views and opinions expressed in this publication are  
the responsibility of the authors and should in no way  
be attributed to the institutions to which they are  
affiliated or to the Commonwealth Secretariat.

ISBN: 978-0-85092-915-7 (print)  
ISBN: 978-1-84859-105-9 (electronic)

ISSN: 2071-2022

Publications Section  
Commonwealth Secretariat  
Marlborough House, Pall Mall  
London SW1Y 5HX  
United Kingdom

# Alternative Service Delivery Revisited

## Introduction

Restructuring was a prominent theme of the New Public Management (NPM) era. Traditional ministries and departments were challenged as the preferred organisational form to best meet public goals. Governments experimented with alternative designs because hierarchical, vertically integrated organisations proved too rigid and unresponsive in a public sector environment that was increasingly complex, turbulent and demanding. Unbundling bureaucracy through agency creation and private sector engagement was an innovative response to the pressures of scarce resources and the public's insistence on improved service.

By the turn of the millennium, public sector reform was evolving from transformation to collaboration. 'Networked government', exemplified by 'joined-up government' in the United Kingdom, succeeded NPM. The view emerged of many agencies but one government, of citizen engagement and of networking beyond borders. The challenge to the Commonwealth was to think collectively 'outside the box' to find new ways to collaborate. This meant leading what Bennis (1993: xxvii) called 'post-bureaucratic organisations' such as '... federations, networks, clusters, cross-functional teams, temporary systems, ad hoc

task forces, lattices, modules, matrices, almost anything but pyramids.'

Governments were innovative in their efforts to improve citizen-focused service delivery customised to country circumstances. More and more, reforms were connected with the [Millennium Development Goals](#). Countries were impatient to see quick results in keeping with the imperative to improve services that helped the most needy in society. Poverty alleviation and sustainable development depended upon placing the people most affected at the centre of decision-making and service delivery.

## Austerity has returned as the 'mother of invention'

The value system of progressive public organisations today is about service not bureaucracy. Leaders understand the 'public sector service value chain' and the connection between employee commitment, quality public services, client satisfaction and citizens' confidence in government. A capable public sector is grounded in principles of good governance that add public value in terms of

accountability, transparency, predictability, capacity and participation (Chhabra 2008).

Commonwealth countries that had formulated policy, built capacity and applied review tools systematically in the 1990s were able to streamline and strengthen their public sector. These countries generated flexible institutional arrangements that were more adaptable to economic and fiscal downturns. Canada, for example, managed its way to a decade of balanced budgets under the banner of 'Program Review and Alternative Service Delivery (ASD)'.

Austerity has returned as the 'mother of invention' in the post-NPM era. There is renewed interest in machinery of government reforms owing to the fiscal and budgetary effects of the global economic crisis. Notably, the British and Canadian prime ministers exchanged ideas on programme review during the G8/20 summit in Toronto, in September 2010. The Canadian experience is centre

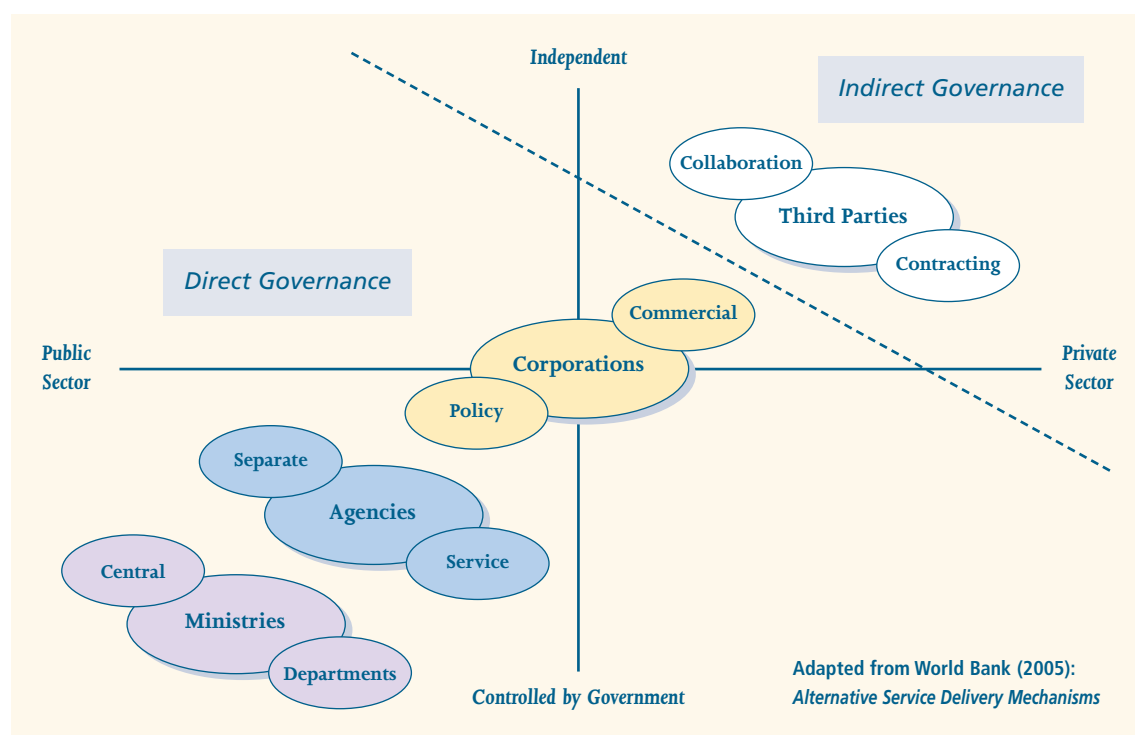
stage and topical again in other Commonwealth countries like New Zealand. But many developing countries in the Commonwealth have yet to be exposed to review tools like ASD as a means of building systemic capacity for ongoing self-examination and institutional innovation.

This paper treats ASD as a 1990s machinery of government reform that has regained currency in Commonwealth public sector development during the global economic crisis. First, it frames the concept and methodology. Second, it profiles two contrasting country cases of Commonwealth ASD experience. Third, it summarises the lessons learned from best practices. Finally, it considers the prospects for ASD and poses questions for further exploration.

### Conceptual Framework

ASD refers to the systematic review of public programmes and services aimed at identifying the

**Figure 1: Organisational Form**



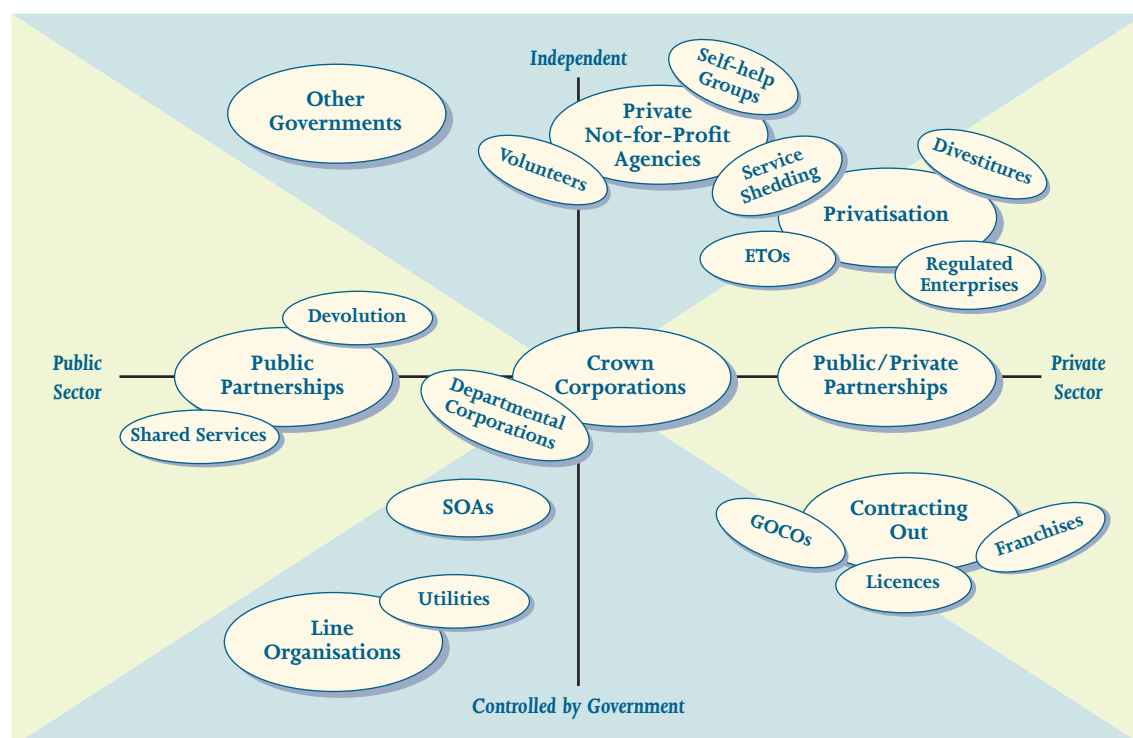
most appropriate organisational forms and delivery mechanisms to achieve government objectives. Ford and Zussman (1997: 6) define ASD as ‘... a creative and dynamic process of public sector restructuring that improves the delivery of services to clients by sharing governance functions with individuals, community groups and other government entities.’ The decision process is anchored in a spectrum of options that reflects the diversity of nations, governments and institutions. Innovations sustain the capacity to serve the public interest and to leverage efficiency, accountability and renewal. They embrace a strategy of collaboration across sectors and boundaries to overcome impediments to change and to transform service delivery.

Wilkins (2005) developed the ASD indicative framework depicted in Figures 1 to 4. There are three strategic steps that shape ASD choices.

**The first step is to choose the right organisational form.** Ministries, agencies, corporations and third parties are the public sector counterparts to forms of business ownership. These four forms are a function of autonomy (legal, structural, financial, employment) and accountability (policy, process, performance, results) as depicted in Figure 1.

**The second step is to design the most appropriate model.** The 1990s witnessed the emergence of a bewildering array of new types of service delivery mechanisms, some of which straddle whatever boundaries remain between sectors. There is virtually no limit to the ingenuity of governments to invent new structural arrangements—and one size does not fit all. ASD ranges from basic reorganisation to outright privatisation. Experiments in delegation and collaboration are found along a continuum. A typical array is depicted in Figure 2. Four clusters are

**Figure 2: Delivery Options**



**Figure 3: Framework Test Questions**

Strategic Focus	Question
Public Interest Test	Does the programme or service continue to serve a public interest?
Role of Government Test	Is there a legitimate and necessary role for government in this programme or service?
Jurisdictional Alignment Test	Is the lead responsibility for this programme or service assigned to the right government jurisdiction?
External Partnership Test	Could, or should, this programme or service be provided in whole or in part by the private or voluntary sector?
Business Principles Test	If the programme or service continues within the existing government context, how could its efficiency and effectiveness be improved?
Affordability Test	Is the programme or service affordable within fiscal realities?

discernible: (1) government ministries and departments; (2) statutory and semi-autonomous agencies; (3) partnerships and contracts; and (4) private and civil sector entities.

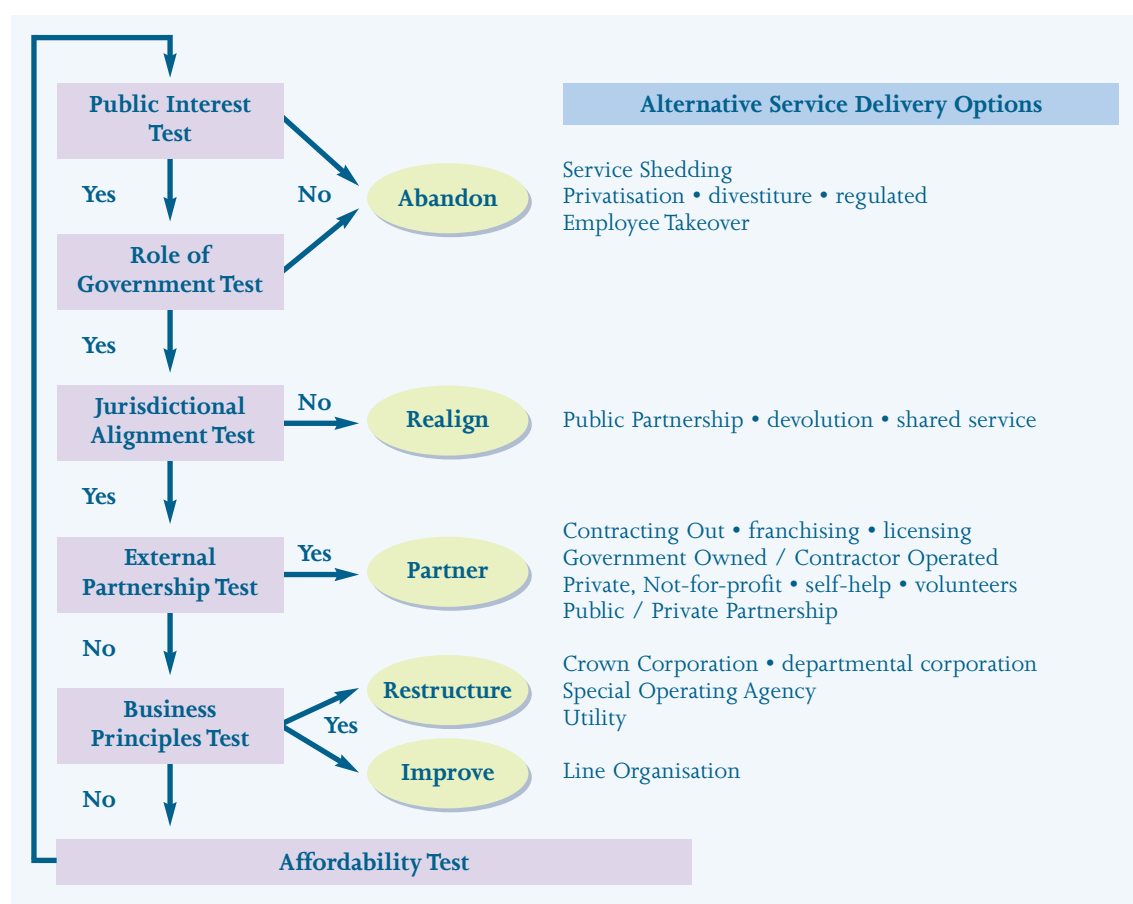
Figure 3 suggests six questions as a threshold test for selecting the right ASD option for the setting. When applied in association with the decision tree portrayed in Figure 4, these questions bring strategic focus to the task of narrowing the range of acceptable alternatives and of integrating ASD initiatives in government business plans. Good governance—measured in terms of accountability, transparency, predictability, capacity and participation—is an expected outcome of matching a programme or service with the right delivery option.

**The third step is to manage performance for best results.** By design, management expectations need to be made clear in the organisational form and function chosen to serve the public interest. Each delivery model has its own legal, policy and institutional features. Standards of accountability remain constant across the models, but the means to

ensure accountability vary according to degree of independence. As a rule, ministries are governed by central government oversight regimes. The greater the independence from government, the more accountability relies upon mechanisms that are internal to the organisation itself. The structure informs the strategies managers use to achieve results. This makes ‘implementability’ the seventh and deciding criterion of the ASD threshold test.

### Commonwealth Experience

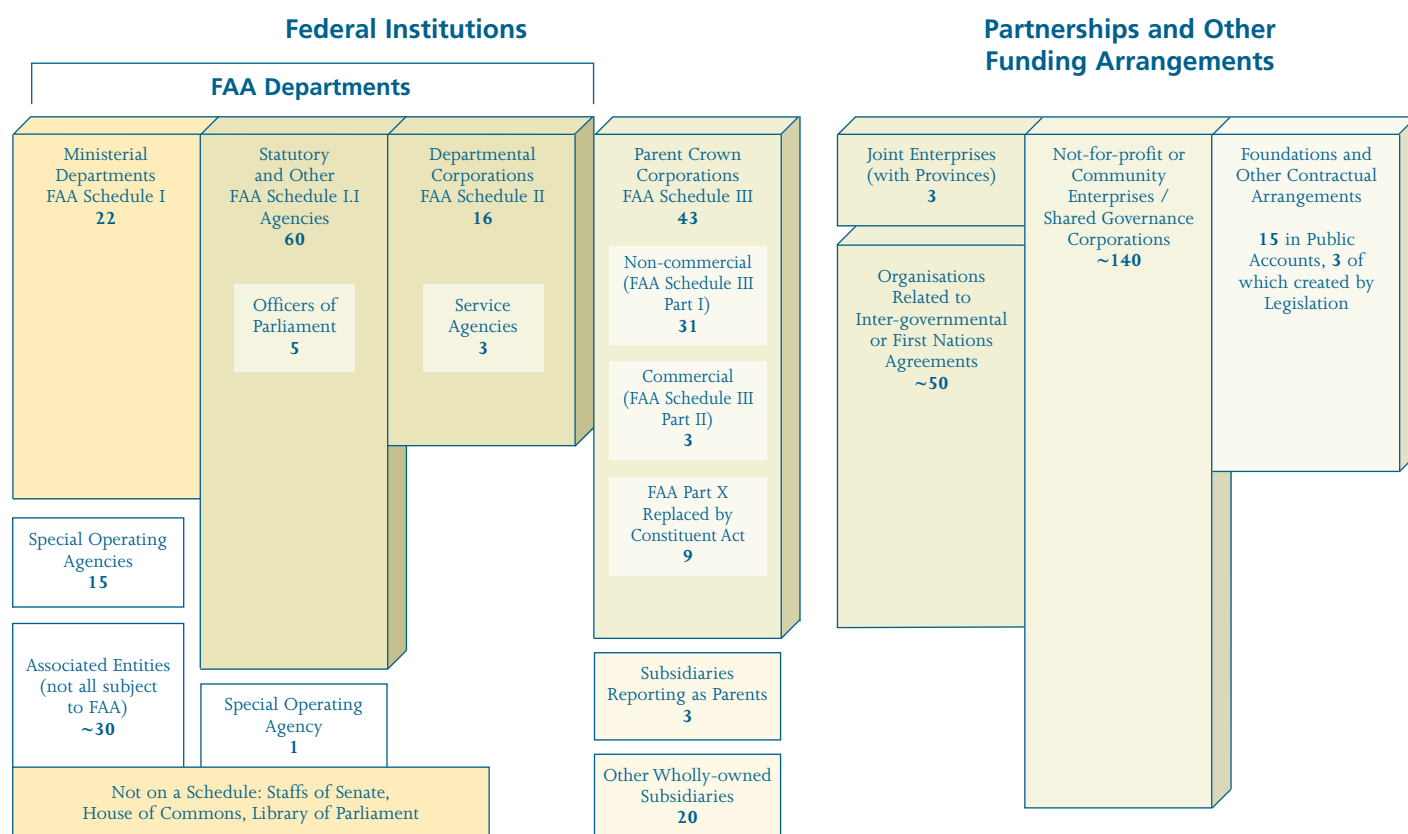
Manning (2001) notes that ASD has influenced programme and functional review processes used to transform service delivery worldwide. Countless spin-offs cascade throughout the public sector, are benchmarked internationally and are adapted in new settings. Developing and transition countries offer some of the most interesting case studies. Benchmarking works best when countries and regions share similar socio-economic trends, governance traditions and public functions. Canada and Tanzania illustrate how ASD has been adapted in different Commonwealth settings.

**Figure 4: Decision Framework****Canada**

Osbaldeston (1992: 10) observed, 'Governing is an untidy business, and the diversity of government structures reflects this reality.' In Canada, the ASD landscape mirrors the complexity and interdependence of federalism, the nation's geographical and cultural diversity and the increasing need to govern horizontally and globally. The federal government, most provinces and territories, and a growing number of major cities and municipalities practise ASD in various forms. Perhaps the greatest potential for replication is among sub-national governments, where programmes and services operate closer to citizens and where innovations resonate with

countries seeking to decentralise and modernise the state.

ASD's modern roots can be traced to the mid-1980s Nielsen Task Force recommendations on procurement and contracting out. By 1990, a reform initiative known as Public Service 2000 had redirected the focus to improving the performance and reducing the cost of in-house delivery through semi-autonomous special operating agencies (SOAs). Subsequent stocktaking resulted in some SOAs being privatised, repatriated to departments or retained within tighter parameters. The 1994-95 Program Review gave a new government a fresh start by evaluating programmes across the board. Its legacy was an ongoing process of departmental self-

**Figure 5: Institutional Models**

Treasury Board of Canada Secretariat (2005): *Review of Federal Institutional Governance*.

examination of programmes and services. The Treasury Board issued the Framework for Alternative Program Delivery in 1995 ([Treasury Board of Canada](#)).

Public service changed dramatically in the 1990s. The Government of Canada created more than 80 new ASD arrangements. Programme spending decreased by \$8 billion, from 16 per cent to 12 per cent of GDP. At one time, there were 25 per cent (55,000) fewer public servants. Only 45 per cent of public servants were engaged in direct service to citizens, down from 75 per cent. By the end of the decade, 55 per cent of the public service operated outside traditional departments, making the 'alternative' the norm. Figure 5 depicts the resulting ASD portfolio.

The Treasury Board adopted an ASD policy in 2002 to guide departments in assessing appropriate strategies and options for service delivery. The policy advocated a pragmatic, case-by-case approach in which arrangements must square with the public interest. Government's aim was to encourage innovation, to strengthen Treasury Board oversight of significant initiatives, to improve reporting to Parliament on new governance arrangements and to ensure that the public service as an institution learned from experience. ASD became more results based, citizen centred, transparent, accountable and values driven. The focus shifted from a drive to devolve and delegate to the challenge of achieving good governance.

The Treasury Board rescinded a cluster of ASD policies in 2007. It was deemed to stifle recourse to ASD by creating too high a reporting burden and by taking the pendulum too far outside the direct accountability of elected officials and central agencies. ASD remained intrinsic to public management and relevant to the Government's service improvement framework.

#### United Republic of Tanzania

Tanzania made performance management systems the fulcrum of its Public Service Reform Programme in the 1990s. This meant making public organisations and officials accountable for results to citizens, either directly through service charters or indirectly through reporting to Parliament. Service delivery was improved by involving stakeholders in budget consultations, by deploying information and communication technologies and by having the private sector perform non-core public service functions.

Tanzania launched the Executive Agencies Project in 1997 (Tanzania Civil Service Department) with technical assistance from the United Kingdom. To

This examination helped ensure that only essential government functions were retained and that executive agencies were differentiated from government-owned or partly funded enterprises known as parastatals. Three organisations—civil aviation, dams and drilling, statistics—were made executive agencies by 1999. Another 35 organisations were reviewed and lined up as agency candidates. In parallel, hundreds of public enterprises were privatised over the next decade, including Air Tanzania and Tanzania Railways Corporation.

The Tanzanian case demonstrates the important role of solid preparation in creating agencies and other forms of ASD. Government cannot simply declare that an organisation has become an agency and expect it to take off. The institutional arrangements had to be developed over a number of years. Even more important from the outset was grounding the rationale for the delivery option chosen in a clear policy framework and critical thinking. Government then adopted an 'eyes on, hands off' approach, where parent ministries watched what was going on at a strategic level without getting involved in day-to-day operations.

Tanzania is typical of the scope and focus of reforms in Commonwealth Africa, which is now moving progressively away from cost containment towards improving service delivery. Balogun (2010) argues that African economies are particularly vulnerable to external shocks like those experienced during the recent global economic crisis. This calls for renewed institution building rather than the dismantling of public institutions advocated by donors to achieve 'lean and mean' government.

#### Lessons Learned

Saul (1995: 99) maintains that '... governments continue to deliver services that are and have been historically better in the long run than those

## Involving stakeholders in budget consultations improves service delivery

avoid previous false starts, careful consideration was given to the policy fundamentals and process for assessing service delivery options before any agencies were set up. The stated aims were clarity of mandate, self-sufficiency, modern management practices, client satisfaction and continuous improvement. Abolition, privatisation, contractualisation and rationalisation were identified as alternatives to agency status.

provided by the private sector. Our lives are filled with these services. They run so smoothly that we scarcely notice them.' The discipline of planning, design, implementation and evaluation is critical to success. The devil is in the details.

Thomas (2000: 70) warns that '... organizational design is a controversial, uncertain and risky process. The process has been likened to repairing a truck while it continues to travel at top speed down an interstate highway. The prospects for success are doubtful and the potential for disaster is real.' ASD without regard for service characteristics and institutional underpinnings can make things worse and create a backlash against reforms. Poor financial discipline can damage the budget or entrench 'islands of privilege' within the public service. New delivery mechanisms need to be more than 'transplanted solutions' as a quick fix.

## Institutionalisation is a more realistic strategy for capacity-building than restructuring

There is no general theory governing the choice of ASD arrangements. Rather, it must be approached bottom up on a case-by-case basis. Good governance is a necessary but insufficient precondition for effective ASD. It also requires ongoing performance management and should be treated harshly if ineffective. There is no substitute for critical thinking when it comes to preventing the dire consequences of poor implementation.

Wilkins (2003) summarised the lessons from Commonwealth and international experience.

Foremost, ASD is 'different approaches for different realities'. It is important to know why existing arrangements do not work in a setting before launching into ASD. A shared vision starts with agreement on common goals. Strategic focus is strengthened when hard budget constraints, core issues and expected results are articulated. It is acceptable to adopt an asymmetrical approach, where different reforms are applied in different settings for different reasons, as long as the implications are understood.

Champions must emerge at all levels to sustain progress in ASD initiatives. Political champions are needed to assuage public concerns and to advance candidates based upon government and ministerial priorities. The political/administrative interface needs to be massaged continuously for ASD to thrive.

Central oversight bodies need to become clearinghouses for connecting people interested in ASD with sources of ideas and expertise. 'Virtual organisations' answer the question of how to muster adequate resources to accomplish significant projects when the time and expense of acquiring and owning resources are not otherwise affordable. ASD communities of practice can help disseminate knowledge, share learning and build commitment.

There needs to be a threshold test to determine, on a case-by-case basis, which ASD options might be a useful way forward in a setting. ASD designs rely upon systems that inform the right equilibrium between autonomy and accountability. To the extent possible, ASD should be mainstreamed in government systems and management practices. A government's balanced scorecard must also measure dimensions that reflect stakeholder interests.

Recognition is a proven motivator of ASD initiatives. Awards can be instrumental in motivating practitioners to innovate. To minimise the risk of



creating havoc elsewhere in the system, it is also important that the right preconditions for ASD are created and that the transition process is used as a source of learning and adjustment. Exchange of country experiences and good practices improves the prospects for ‘getting service delivery right’.

Commonwealth diversity enables innovation, a track record of results and international influence. At the same time, practitioners are challenged in scoping reforms, in sharing good practices and in accessing support groups. There is an immediate need to build capacity to respond to emerging demands for international co-operation. Based upon the lessons learned, institutionalisation rather than restructuring is a more realistic strategy for capacity-building.

## Conclusion

Good governance matters in the Commonwealth and around the world. Dror (2001: x) asserts that ‘... all prevailing forms of governance are increasingly becoming “dead ends”, unable to perform changing crucial functions. The view that markets, civil society, non-governmental organisations and other social structures can compensate for this inadequacy is a chimera. Radical redesign of governance is therefore required; otherwise, increasing social costs, even existence-threatening failures, are unavoidable.’ He advocates remodelling governance to create the capacity to govern, build the future and improve global governance.

Governance is at the heart of ASD. Salamon (2002: 1-2) sees it as one of the new tools of government:

**Figure 6: Review Toolkit**

Tool	Why <i>Objective</i>	What <i>Focus</i>	When <i>Time-frame</i>	Where <i>Scope</i>	Who <i>Decision Maker</i>	How <i>Methodology</i>
<b>Functional Review</b>	Expenditure management	Inputs	Present (ad hoc)	Selected ministries	Minister(s)	<ul style="list-style-type: none"> <li>• Functional s-q</li> <li>• Staff capacity</li> <li>• Performance</li> <li>• Costed options</li> </ul>
<b>Business Process Re-engineering</b>	Process simplification	Activities	Future (continuous improvement)	<ul style="list-style-type: none"> <li>• Government</li> <li>• Ministry</li> <li>• Process</li> </ul>	<ul style="list-style-type: none"> <li>• Central agency</li> <li>• Permanent secretary</li> <li>• Manager</li> </ul>	<ul style="list-style-type: none"> <li>• ICT / OD</li> <li>• Mapping</li> <li>• Customers</li> <li>• Measurement</li> </ul>
<b>Organisational Review</b>	Reorganisation	Activities	Future (short/medium term)	<ul style="list-style-type: none"> <li>• Ministry</li> <li>• Programme</li> </ul>	<ul style="list-style-type: none"> <li>• Minister</li> <li>• Senior manager</li> </ul>	<ul style="list-style-type: none"> <li>• New functions</li> <li>• Duplication</li> <li>• Realignment</li> <li>• Downsizing</li> </ul>
<b>Programme Review</b>	Scope/size/role of government	Outcomes	Future (periodic)	Whole of government	Prime minister and Cabinet	<ul style="list-style-type: none"> <li>• Policy priorities</li> <li>• Core/non-core</li> <li>• T-D targets</li> <li>• B-U innovations</li> </ul>
<b>Alternative Service Delivery</b>	Citizen-centred service	<ul style="list-style-type: none"> <li>• Outputs</li> <li>• Outcomes</li> </ul>	Future (ongoing)	Institution	Head	<ul style="list-style-type: none"> <li>• Forms/models</li> <li>• Criteria</li> <li>• Decision tree</li> <li>• Governance</li> </ul>

‘Massive proliferation has occurred in the tools of public action; in the instruments or means used to address public problems. Whereas earlier government activity was largely restricted to the direct delivery of goods or services by government bureaucrats, it now embraces a dizzying array of loans, loan guarantees, grants, contracts, social regulation, economic regulation, insurance, tax expenditures, vouchers and more.’ By example, it is estimated that two-thirds of the United States budget is delivered as transfer payments.

The challenge is to take ASD to the next level to serve greater interests and to respond to new imperatives. Today’s public service must be flexible,

fatigue, service mindset, institutional memory, sequencing of reforms and project management and implementation. Their research calls for solutions to address the causes rather than the symptoms of underlying problems.

Figure 6 outlines the arsenal of tools featured in responses to past economic crises. These review methodologies continue to be applied ad hoc in work with Commonwealth public service reform units and training institutes. A toolkit that can be self-administered and applied systematically by member countries would add value and functionality for practitioners.

ASD is a Canadian creation that was popularised in the 1990s as part of wider public sector reform. It is time to re-examine and modernise ASD for the Commonwealth challenges of today. ASD is both a practical decision-making process and a set of possible organisational outcomes. It remains controversial and raises many questions that would benefit from further study and debate.

This paper represents the middle episode of the ASD trilogy. It tells the story of how service delivery alternatives can be considered. A prequel is needed to define the scope of service delivery that frames the issues at stake. A sequel is needed to point to gains and losses that have ensued in practice. ASD will continue to feature in upcoming Commonwealth work and publications.

## The next level for ASD is to serve greater interests and respond to new imperatives

consultative, outcome focused and proactive in encouraging innovation from the bottom up. As a new generation of public managers assumes the helm of organisations that are built of energy and ideas, there is renewed impetus for innovating ASD. This implies a broader spectrum of options, improved alignment of expectations, better balancing of autonomy and accountability, closer connection to citizens and wider dissemination of knowledge and reforms.

In the aftermath of the global economic crisis, Balogun (2010: 5) asserts that leadership, institutions and values are the keys to public sector reform. Mutahaba (2010) reports lingering questions in Africa about reform ownership, reform

---

## References

- Balogun, J. 2010. Assessing Africa's Capacity to Cope with and to Address the Global Economic and Other Crises. Background paper, 7th Commonwealth Africa Heads of Public Service Forum. Yaoundé, Cameroon, 27-29 July. London: Commonwealth Secretariat.
- Bennis, W. 1993. *Beyond Bureaucracy*. San Francisco: Jossey-Bass.
- Chhabra, S. 2008. A governance framework for the Commonwealth: organising to deliver (concept paper). London: Commonwealth Secretariat.
- Dror, Y. 2001. *The Capacity to Govern: A Report to the Club of Rome*. London: Frank Cass Publishers.
- Ford, R and D Zussman (eds). 1997. *Alternative Service Delivery: Sharing Governance in Canada*. Toronto: Institute of Public Administration of Canada and KPMG Centre for Government Foundation.
- Manning, N. 2001. Making efficiency and effectiveness reviews work (unpublished report). Washington, DC: The World Bank.
- Mutahaba, G. 2010. Integrating and Re-aligning Public Sector Reforms to More Effectively Respond to Current and Future Crises Facing Africa. Background paper, 7th Commonwealth Africa Heads of Public Service Forum. Yaoundé, Cameroon, 27-29 July. London: Commonwealth Secretariat.
- Osbaldeston, G. 1992. *Organizing to Govern*. Toronto: McGraw-Hill Ryerson.
- Salamon, L (ed). 2002. *The Tools of Government: A Guide to the New Governance*. New York: Oxford University Press.
- Saul, J R. 1995. *The Unconscious Civilization*. Concord: House of Anansi Press.
- Tanzania Civil Service Department. 1997. The Executive Agencies Project: Policy Framework and Programme Implementation. Dar es Salaam: President's Office, Government of the United Republic of Tanzania.
- Thomas, P. 2000. 'Change, Governance and Public Management: Alternative Service Delivery and Information Technology – An Introduction', in KPMG and Public Policy Forum (eds) *Change, Governance and Public Management*, 1-80. Ottawa: Public Policy Forum.
- Treasury Board of Canada. Website. Ottawa: Treasury Board Secretariat. <http://www.tbs-sct.gc.ca>
- Wilkins, J. 2005. 'Alternative Service Delivery Mechanisms', in Public Sector Group (eds) *Administrative & Civil Service Reform*. Washington, DC: The World Bank.
- 2003. 'Conceptual and practical considerations in alternative service delivery' in *International Review of Administrative Sciences* 69:2. Brussels: IIAS, 173-189.
-



Commonwealth Secretariat