



Improving Governance through Enhanced Citizen Engagement: The Case of Malaysia

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Malaysia has focused on civil service reforms to improve the efficiency of public service delivery. This Research & Policy Brief argues that this method needs to be supplemented with an approach that makes officials more directly accountable to citizens. Improving governance by engaging citizens and strengthening local institutions is a policy implication that has lessons not only for Malaysia, but also for other countries around the world.

Introduction

This policy note provides a framework for understanding why it is important to pay attention to the demand side of governance, particularly in the case of Malaysia, where governance initiatives and reforms have almost entirely been focussed on the supply side.

The Context in Malaysia for Public Service Delivery

Malaysia's record in combating poverty and transforming its agrarian economy into an industrialized middle-income nation since its formation in 1957 has been impressive (Ravallion 2019; World Bank 2018; World Bank 2009). This progress was achieved by relying on robust macroeconomic planning and the deployment of effective state institutions to build human capacity, provide critical infrastructure, and attract private investments to spur economic growth. This achievement is even more impressive considering the affirmative action policy that was simultaneously instituted to correct for long-standing ethnic differences in economic status. Between 1967 and 1997 Malaysia recorded continuous average GDP growth of 7 percent, while achieving sharp and consistent drops in poverty levels from 49.3 percent to 1.7 percent between 1970 and 2012.

A central part of this transformation was the creation, training, and production of high-quality public officials to work in state institutions and deliver services necessary for nation building. From building irrigation canals, roads, and bridges to establishing schools, courts, and health centres, public service delivery was planned and implemented by a professional corps of highly motivated technocrats. From the beginning, the concept of governance was framed as the ability of technocrats to solve technical issues related to development objectives. This "supply-side" approach to service delivery yielded huge benefits in the transformation of the nation during the latter half of the twentieth century.

By the turn of the century, the country had undergone dramatic structural change. As income growth and standards

of living increased in urban centers, they became a magnet for attracting out-migrating people from rural spaces to towns and cities. The share of urban population doubled from 34.2 percent in 1980 to 71 percent in 2010, making it one of the most urbanized countries in southeast Asia.

To meet the rising public expectations for service delivery, the government, already a federation of 13 states, passed the Local Government Act 1976, which rationalized a new subnational level of government through the creation of 144 local authorities. Over the last three decades, Malaysia has undertaken a comprehensive program of reform initiatives. Innovative approaches were taken to promote the continuous improvement of a citizen-oriented public service delivery, such as the formalization of the Malaysian Administrative Modernization and Management Planning Unit (MAMPU) in 1986.

Limits of the Supply-Driven Model

These reform programs have attracted well-deserved international recognition and accolades (World Bank 2017). However, service delivery performance has continued to fall short of public expectations. For instance, by far the largest proportion of complaints received by the Public Complaints Bureau has been about local authorities (33 percent) and public amenities (27 percent). The perception persists that the delivery system has not been attentive to citizen's concerns, and that government decisions felt at the local level have not been made with public interest at heart. For instance, in the 2017 Edelman Trust Barometer, 48 percent of Malaysians reported distrust of public institutions, while 52 percent stated that the overall system had failed them (<https://www.slideshare.net/EdelmanAPAC/2017-edelman-trust-barometer-malaysia>)

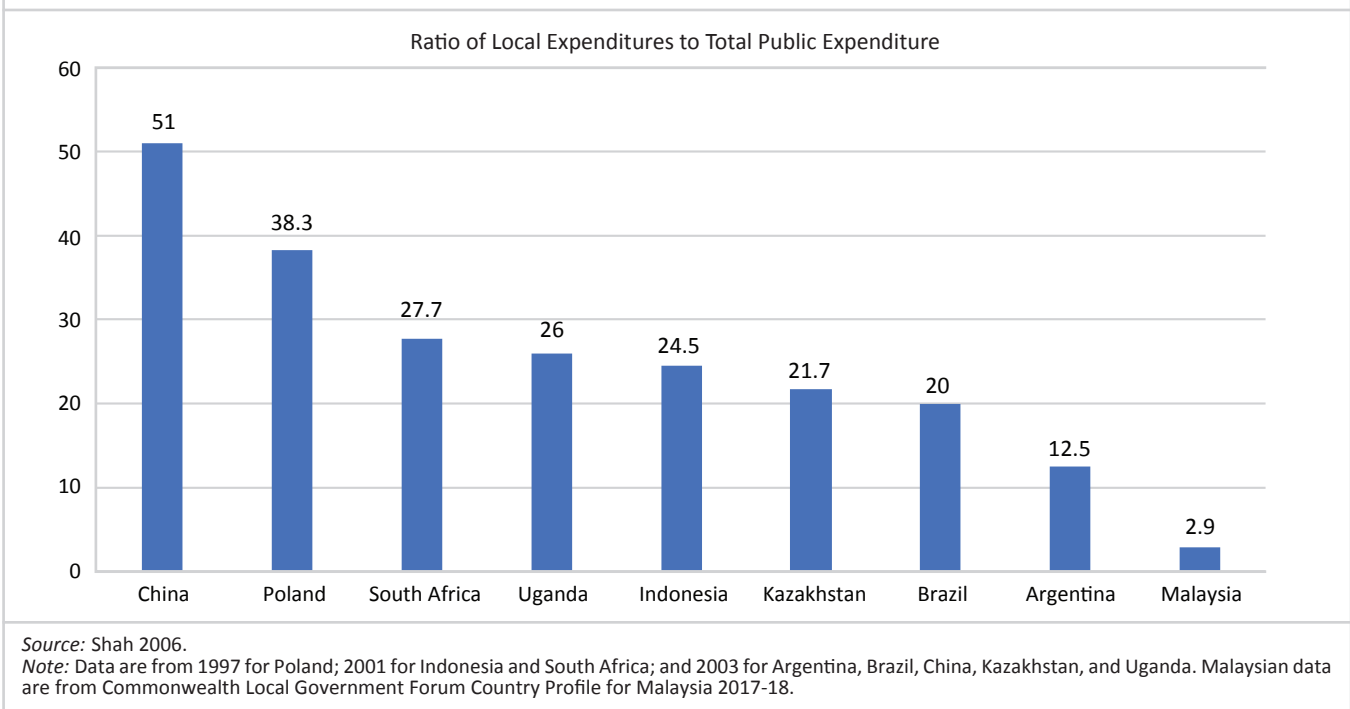
How can one explain the disconnect between an apparently reform-oriented public service delivery system and its inability to translate the reforms into tangible improvements that are felt by citizens? One important answer lies in the limits of the supply-driven service delivery

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Acknowledgement: This brief draws on a longer paper on "The Demand-Side of Service Delivery and the Strengthening of a New Malaysia," which was published as part of the Think City Urban Policy Series (Web: <https://thinkcity.com.my/wp/wp-content/uploads/2019/04/Urban-Policy-Series-No-1-The-Demand-side-of-Public-Service-Delivery-and-the-Strengthening-of-a-New-Malaysia-FINAL.pdf>). The authors are grateful to Rajni Bajpai, Yew Keat Chong, Norman Loayza, Hamdan Abdul Majeed, Firas Raad, Fabian Mendez Ramos, and members of the World Bank Knowledge and Research Hub in Malaysia for valuable comments. Nancy Morrison provided excellent editorial comments.

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Figure 1. Comparing Malaysia’s Local Government Share of Consolidated Public Sector Expenditure with Selected Countries



paradigm, with its highly centralized and top-down allocation of resources. The term “service delivery” as used in Malaysia reflected this mindset as public officials fashioned themselves into a simple binary relationship with citizens – the former’s job was to deliver, while the latter were required to behave simply as clients. Such a paradigm worked well when citizens had limited access to the latest information and technologies for services and goods and thus had to rely on the public sector to meet their needs. However, three major changes have challenged this paradigm:

1. Centripetal decision making. As Malaysia’s government administration evolved, the government structure became highly decentralized, with state and local level governments, regional development authorities, and deconcentrated federal agencies, while decision making became highly centralized (Hutchinson 2014; Loh 2016; Ostwald 2017). These centripetal forces have been shaped not by objective developmental imperatives, but by the political economy of interest groups – to the point that the decision of where to locate a bus stop in the state of Penang requires the approval of the city of Putrajaya!

2. Change in social structure. While two-thirds of Malaysians now live in urban areas – reflecting increased population density, greater social differentiation within ethnic groups, and greater complexity of spatial relationships, rural spaces have experienced depopulation, labor force outmigration, and low levels of public and private investments. These changes intersected with shifts in power relationships within cities. Urban areas became the locus of new forms of struggle between elites, the state apparatus, and dispossessed citizens (Harvey 2008; Loh 2006; Tong 2013; Gomez and Jomo 1999). Citizens became more engaged with conflicts over land use, environmental quality, education and

health services, payment for services, and cost of living issues. The demands by the private sector on the government have also increased with requirements for greater levels of data transparency, clarity of policies, and enforcement of laws to allow firms to innovate and provide goods and services to increasingly complex and segmented urban consumer markets.

3. Change in the nature of the citizen. Meanwhile, the outlook and nature of urban Malaysians changed. As the nation’s GDP per capita increased, and the size of the middle class expanded. New aspirations began to take root centered around individual and group identity, long-term economic security, and issues affecting the quality of service delivery. With greater economic prosperity, stronger linkages to domestic and global markets, and the rapid utilization of internet technology, citizens have been better able to access information, goods and services by themselves, rather than depending on the public administration for information and support. Citizens now have greater voice and can communicate their demands with greater levels of sophistication. Citizens expect services to work and are more sensitive to their quality. The debates surrounding dissatisfaction with the quality of education are testimony to this phenomenon (Asadulah 2014).

Local Governance and the Demand-Driven Public Sector

Malaysia’s public administration system has not kept pace with the changing social and economic landscape. This is unlike many other middle- and high-income countries, where the principle of subsidiarity – that powers and jurisdiction devolved to local governments should be those that are best managed locally – is well established in the governance framework. Local governments in these countries tend to be

elected and planning systems are enhanced by high levels of innovation that incorporate citizen feedback. With effective levels of local participation, they are able to develop solutions based on citizen's needs and their own national characteristics to enhance public sector performance.

Evidence from around the world establishes a strong link between effective public service delivery and governments that are accountable to citizens (World Bank 2004). Particularly at the local level, citizens' needs are better matched with the supply of services when service providers have a downward accountability relationship with the consumers of those services. In contrast, Malaysia's local governments are not downwardly but "upwardly" accountable to centrally managed bureaucrats and politicians (Nooi 2011).

There are many different mechanisms for enhancing accountability (Heller and Rao 2015), in addition to elections. Two important examples are participatory budgeting, and consensus-building on local plans for the year. These innovations have had a wide influence all over Latin America. Elsewhere, economies as diverse as the Republic of Korea; Taiwan, China; and the United Kingdom have developed systems of participatory planning for local governments. For countries like Estonia that have high levels of literacy and effective internet access and connectivity, new ways of building online citizen planning systems have been pioneered where feedback from people is constantly monitored by government officials who are incentivized to act on them and to respond (Jonsson 2015). (More information on citizen planning innovations in the world is available via two very informative websites: Participedia, <https://participedia.net>, and Latino.net, <https://www.latinno.net>.)

For Malaysia, strengthening local governance is central to the crafting of a demand-responsive public sector. This will entail enhancing political and institutional processes at the local level through which decisions are taken and implemented. Such a system would address three key governance principles that are weakly represented in the current service delivery system:

- *Responsiveness.* To ensure that government does the right thing by delivering services that solve citizen's problems and that are consistent with citizen priorities.
- *Responsibility.* To ensure that government activities are done correctly, fiscal resources are managed prudently, and activities produce the intended impact.
- *Accountability.* To ensure that government is accountable and adheres to appropriate safeguards to ensure that it serves the public interest with integrity.

These governance principles have shaped the design of successful reform programs in public service delivery around the world. In the Malaysian context, the reform agenda may be framed around a local governance strengthening program built on the following six pillars:

1. Public participation. This is the defining component of any demand-driven service delivery system. Without it the capacity for responsive, responsible, and accountable governance is compromised as public expenditure and programs become susceptible to manipulation and capture. Various mechanisms for empowering citizens participation have been developed (such as citizens charter, sunshine rights, citizens report cards, and participatory budgeting) and there is now a rich literature on their application in different countries and cities (Mansuri and Rao 2012). In Malaysia the principle of public participation is provided for in various planning and development instruments, such as the Malaysian Town and Country Planning Act 1129 (Sections 9 and 13). These, however, have largely been observed in the breach or rendered impotent through by administrative actions (Dola and Mijan 2006; Siddique 2014).

2. Local government elections. The free and fair election of local public officials is a key mechanism for strengthening accountability. This is not a new idea in Malaysia. Various municipalities had a history of local elections before Malaysia's independence, but the practice was discontinued in 1964 (Loh 2011), when the responsibility of governance was transferred to appointed officials. It would be prudent, however, to note that while local elections help strengthen accountability, it is not a panacea against corruption. Global experience has shown that, without adequate safeguards, elected local governments are also susceptible to collusion and elite capture (Mansuri and Rao 2012).

3. Financing, capacity building, and performance-based grants. The devolution of power requires careful thought about the authority and jurisdiction of local governments, keeping in mind the principle of subsidiarity. A good place to start is the devolution of jurisdictional authority within the existing structure. The financing of local governments also must be carefully thought through – with attention paid to the generation of local revenues and other fiscal considerations. Substantial attention will have to be paid to building local capacity of local politicians, bureaucrats, and citizens, via such means as formal training, web-based training, and participation in public events. In addition, consideration will have to be given to establishing incentives for improving the performance of local governments. Various questions will need to be addressed, such as: how will performance be measured so that the data are objective and not subject to compromise? Should incentives be just symbolic, such as awards for the best performing local government, or should they also include performance-based grants?

4. Nurturing collective action. When the state, private sector, and civil society work meaningfully together, impressive results can be obtained with high levels of public satisfaction. Malaysia's ThinkCity provides a good example of such a successful initiative. Utilizing small grants and the power of social networks to bring key stakeholders to the table, ThinkCity created effective platforms to promote collective action to solve issues and challenges, particularly in urban areas (Khor and Benson 2019; Englehart and Khor 2019).

Similar initiatives around the country have emerged in response to the vacuum created by the failure of the service delivery system to promote collective action. Malaysia and southeast Asia have a very long history of community action, as exemplified by the Malay term *gotong-royong*, which loosely translates to group-work or collective action (Rao 2008). With innovative and successful Malaysian models already in existence, what remains is to support the ecosystem and scale up.

5. Digital governance. The convergence of new communication technologies with artificial intelligence (AI) has created powerful new possibilities for local governance. The public can now communicate with government agencies in real time and provide timely evidence-based feedback. Satisfaction with public service delivery can now be obtained with a high level of precision, identifying performance levels of specific units within agencies and individual officers. Systems are now being developed in Indonesia and India to give citizens the ability to collect and analyze their own survey data to track their well-being and the quality of public services. There are many other new innovations on improving monitoring systems and feedback processes to improve the performance of ground level staff. (For more see <http://socialobservatory.worldbank.org/categories/democratizing-data>, Jakarta Smart City initiative, <https://govinsider.asia/smart-gov/inside-jakartas-new-smart-city-hq/> and <https://www.brookings.edu/blog/future-development/2019/06/07/can-technology-improve-service-delivery/>). These systems of citizen-generated data greatly facilitate participatory planning at the local level, provide higher levels of government access to high-frequency census data concerning the delivery of public services and citizen well-being, and improve performance monitoring of frontline staff.

6. New generation of talent. For the creation of a demand-driven public service, a new type of public official is required – one who is as much focused on service delivery as becoming a facilitator and interlocutor between the citizen and the state. As more activities and processes get replaced by digital- and AI-based systems, the function of public officials will also change, with greater emphasis on relationship building with communities, problem solving, and strategic planning. This new generation of public official will need to possess skills that enable them to both engage with local communities and manage intelligent machines. Ineffective old hierarchical structures would need to be replaced by new network-based organizational systems that understand the power of informational flows that can deliver positive development outcomes. The current preoccupation with public-official competency based on twentieth century metrics will quickly become outdated as the demand for digital government increases rapidly, with its attendant need for a new generation of citizen-responsive, tech-savvy talent.

Conclusion

All over the world our familiar ideas of state and society are being reshaped by the power of information flows emanating from ever-changing and increasingly interconnected networks. Older command-and-control governance structures are no longer as effective in this new landscape. A new type of engagement based on network arrangements aligning the state, the private sector, and civil society needs to take shape in the emerging new Malaysia and in many countries around the world. Fundamental to this reconfiguration is the role of local governance in providing public services that are well matched to the needs of citizens.

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