

Governance and State Effectiveness in Asia

Hossain Zillur Rahman and Mark Robinson¹

Summary

Introduction

Governance offers an opportunity to address existing and emerging challenges on growth and poverty reduction in Asia. Through an examination of a variety of Asian strategies for improving governance and the effectiveness of state institutions, this paper identifies important lessons for the Asian region and beyond.

Main findings

Governance is likely to be central in the next phase of Asia's growth and poverty reduction. The continuing scale of poverty in the region and the emergence of new problems, such as social exclusion and increased vulnerability to natural disasters, reinforce the importance of governance. Gaining a better understanding of poor people's governance priorities will be useful; these would seem to include areas such as better service-delivery (particularly in health and education), access to justice and more support in coping with unexpected events.

There is no single model of governance associated with positive growth and poverty reduction outcomes in Asia to date. The centralised East Asian countries and the democratic governments of South Asia have followed very different paths. Changes in the nature of governance in successful Asian countries over the last two decades have been driven by a range of factors including: domestic economic reform, increased integration with the global economy, citizen-led demands for better governance and, to a lesser extent, the influence of aid donors.

Of the governance initiatives introduced by Asian governments, decentralisation and service delivery reforms have the greatest potential to contribute to poverty reduction. Decentralisation – whether comprehensive as in India, Indonesia, Philippines and Pakistan or more incremental as in Bangladesh, Nepal and Sri Lanka – provides opportunities for a greater number of people, including women, to participate in local government.

Key implications

- Political commitment to governance reform based on a recognition of the potential benefits for growth and poverty reduction is essential.
- Country ownership of the reform process is critical. Aid donors can support governance reform efforts initiated by Asian governments by moving from conditionality to positive encouragement.
- Incremental, small-scale and targeted reforms that can create visible results and strengthen political commitment for further reform are most effective. An extended time frame for implementation is also needed.
- Promoting a local governance approach to decentralisation and service delivery predicated on involving a wide variety of actors (community organisations, NGOs, the private sector, etc.) is important.
- Improving transparency and accountability in financial management and implementing effective anti-corruption strategies will be vital.

¹ Hossain Zillur Rahman is Executive Director of the Power and Participation Research Centre, Dhaka. Mark Robinson is a Research Fellow at the Institute of Development Studies.