

T02P28 / Governance Challenges in Institutional Performance and Public Policy

Topic : T02 / Comparative Public Policy sponsored by Journal of Comparative Policy Analysis

Chair : Gambhir Bhatta (Asian Development Bank)

GENERAL OBJECTIVES, RESEARCH QUESTIONS AND SCIENTIFIC RELEVANCE

The objective of the panel is to explore the nature of governance challenges of less developed countries in Asia and the Pacific in the broad areas of public policy making and institutional performance. How have different countries (both middle-income and low-income) addressed issues of participation, accountability, and transparency in their work? What role do institutions play, and how can they be strengthened? What types of incentives can be put in place to enhance institutional performance, and what specific roles can the governments play in this regard. These questions have been in the development agenda of many bilateral and multilateral development institutions.

CALL FOR PAPERS

This panel requests papers from researchers and practitioners that dwell specifically in the areas of governance, public policy, and institutional performance. Papers may be more general/theoretical or empirical although there is preference for cross-country learning in the papers. The goal is to assemble a set of papers that inform the work of multilateral institutions, such as the ADB, in enhancing institutional performance.

Key research questions to be addressed will include: (a) What are the main risks in institutional development in countries in Asia and the Pacific that constrain efforts at achieving the sustainable development goals? (b) How can different approaches to the political economy of institutional development be better understood and contextualized for developing countries? (c) What are considered to be good practices in institutional development and how can they be adapted to other jurisdictions? (d) Should the machinery of government itself be targeted for changes in order to bring about more enabling conditions at the organization level in developing countries?

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Session 1 Governance Challenges in Institutional Performance and Public Policy

Wednesday, June 28th 14:00 to 16:00 (Manasseh Meyer MM 3 - 4)

Discussants

Matthias Helble (Asian Development Bank Institute)

Peter Morgan (Asia Development Bank Institute)

Improving Global Governance Post- 2015: Challenges and Opportunities for Global Health and Trade governance

Zulfiqar Ali (Asian Development Bank institute)

Matthias Helble (Asian Development Bank Institute)

The 2030 Agenda for Sustainable Development adopted by the UN General Assembly on 25 September 2015 laid out 17 “sustainable development goals” (SDGs) soliciting an urgent need for a collective global action. The success of SDGs will not just be a litmus test of global governance but of the efficacy and relevance of WHO and WTO (stewards of global health and trade governance respectively) in the 21st century. This paper examines key shared global health and trade governance challenges before suggesting specific and broad policy prescriptions to tackle those challenges and lead a concerted action on SDGs. It argues that post-Cold war period has ushered polycentrism in global health and trade governance. The encroachment of the Gates Foundation, the Global Fund, GAVI in global health coupled with the rise of regional and free trade agreements (FTAs) such as the TTP, TTIP COMESA and MERCOSUR in global trade have significantly altered global governance infrastructure into, what some scholars argue, a “post-Westphalian” world order. WTO and WHO have yet to adapt fully to address key health and trade issues effectively. Consequently, states- especially the BRICS countries- have sought to fill the governance void. The containment of the H1N1 by China and Mexico, SARS by China, and HIV/AIDS by Brazil and Thailand provide a few examples. The “complexity” and “intractability” of WTO has steadily increased FTAs and Regional trade agreements allowing states to circumvent the impasse and reach mutually beneficial agreements. The fragmentation of global governance poses an existential threat to WHO and WTO as leading global governance institutions. To reaffirm their commitment, they need to recognize the legitimacy of other players to engage purposefully with them. This calls for abandoning “vertical” (issue-specific) and “horizontal” (institution-building and collaboration) approaches in favour of holistic multidisciplinary approaches. They need to be proactive, setting agenda and leading action on global health and trade governance issues instead of being reactive, striving to contain or manage governance challenges long after they surface. Lastly, global governance is more about creating self-perpetuating value-systems or “collective preferences” to shape, reset and innovate norms to suit the needs of the particular era than instituting a rigid hierarchy of rules that stagnates overtime. Creating such value-systems would require some painstaking compromises from different stakeholders and greater institutional collaborations, and continued engagement from the state, non-state institutions.

Fiscal Decentralization and local budget deficits in Vietnam: an empirical analysis

Peter Morgan (Asia Development Bank Institute)

Since 1975, Viet Nam has gradually decentralized more fiscal responsibilities to local authorities. This study has two objectives: (i) to take stock of the current institutional framework for intergovernmental fiscal relations in Viet Nam, and (ii) to empirically assess the debt sustainability of local governments in Viet Nam. Regarding the former, several issues hinder the effectiveness and efficiency of fiscal decentralization in Viet Nam, including unclear expenditure assignments among tiers of governments, various measures and

regulations that limit the autonomy of local governments in carrying out expenditure revenue management, and a lack of minimum standards for expenditure outcomes. Regarding intergovernmental fiscal transfers, although the transfer system is working fairly well, weaknesses in transfer norms, incentive problems in resources mobilization and allocation, and existence of many national and provincial targeted programs with overlapping objectives and targets also limit the efficiency of this system. Local governments are permitted to borrow in capital markets, but it seems that the fundamental foundations for local government borrowing management are weak. Lack of transparency is also observed in all aspects of fiscal decentralization.

Institution's Resilience to Governance Challenges: A Study of the Sanitation Policy Implementation in Rural Andhra Pradesh in India

SAITY ROY

Bharath Kumar (Society for Elimination of Rural Poverty, Ministry of Rural Development- Andhra Pradesh)

Public policy making in India has significantly been characterised with the inability to anticipate needs and reactions, leading to consequences which have been uncalled for and therefore, policy failures. Governance challenges due to lack of transparency, accountability of the policies, faulty implementation, follow, when the needs and impacts are just estimated from the apparent issues the policy is trying to address, and the underlying ulterior problems go unaddressed, which could have been the greater and ultimate goal of the policy. The reasons for these kinds of lacunae range over a variety of issues from narrow understanding of the behaviours of the policy recipients to the prevailing political and social circumstances in which the policy is implemented. In this context, this Paper seeks to discuss the nature of governance challenges with respect to the implementation of sanitation policy in rural Andhra Pradesh in India, which is a part of the drive which aims to make India open defecation free by 2019. The implementation status of this policy indicates the understanding missing with regard to the cultural and behavioural barriers preventing toilet use, with just making toilets available being the main goal. The absence of the former also has made construction of the right model of toilets, a liability of the government instead of a demand arising from the recipients themselves. Therefore, issues which have come up for further tackling, besides the policy implementation, include wrong models of toilets being constructed which can lead to further health hazards, lack of understanding within the community on the need to participate in this sanitation drive and the role they can play, and the converging role of the institutions engaged.

This Paper aims to understand these governance challenges arising in implementation of this policy on sanitation. It seeks to address: (a) What are the main risks in institutional development in countries like India (in context of rural Andhra Pradesh) that constrain efforts at achieving the sustainable development goals with regard to sanitation? (b) How can different approaches to the political economy of institutional development be better understood and contextualized for developing countries like India? (c) What are considered to be good practices in institutional development and how can they be adapted to other jurisdictions? (d) Should the machinery of government itself be targeted for changes in order to bring about more enabling conditions at the organization level in developing countries?

Qualitative modes of research would be undertaken for a cross-sectional study across all the three geographic regions of Andhra Pradesh and it would include structural and informal interviews. These methods are preferred to understand the lived experiences of the people, across the several community managed institutions in rural Andhra Pradesh.

Since this Paper attempts to explore the nature of governance challenges in policy making and institutional performance, it aims to answer the major Research Questions this panel puts forth, in the context of the Sanitation Policy being implemented in rural Andhra Pradesh.

Top-down and bottom-up incentives for improving local government performance: what can we learn from decentralization in Indonesia and the Philippines?

Mulya Amri (Lee Kuan Yew School of Public Policy, National University of Singapore)

As urbanization takes center stage, and developing countries adopt more decentralized and democratic forms of governance, there has been growing interest in efforts to improve city government performance. Among developing Asian countries, the Philippines and Indonesia have been at the forefront of applying wide-scale decentralization in the form of devolution, which takes place in-line with their quick transition from authoritarian to democratic regimes.

After about 20 years of experience, different lessons start to emerge from each country's decentralization and democratization processes. Through a top-down manner, decentralization has prompted the central governments to set minimum service standards, conduct annual performance assessments, and present

prestigious awards to local governments based on said performance. When coupled with local democracy, these measures have triggered a “competition”-like environment among city government leaders to be nationally recognized for their performance and gain political capital to compete in following elections, be it at the local level or higher.

This paper is based on a recently completed Ph.D thesis that examines eight city governments in Indonesia and the Philippines. I find that public management reforms tend to work better when top-down and bottom-up incentives align with the continued presence of transformational leaders as well as organized and meritocratic societies at the local level. The research findings weave conventional claims on the primacy of leadership (agency) and deep-rooted societal institutions (structure) in explaining progress, and adds the importance of meso-level structure that links leaders with their social setting in the form of administrative and political incentives.

Financial Inclusion and financial innovation

DAVID DOLE (ADB INSTITUTE)

Naoyuki Yoshino (Asian Development Bank Institute)

Access to finance is very limited in rural regions in Asia. Only 15 % of households own deposit accounts in Myanmar and only 30% of households own deposits in Indonesia. Access to finance can be improved if post offices can offer private financial products through their nationwide network. Mobile phone technology will allow people in remote areas to access finance. Financial education will be important since many people can access various financial products through their mobile phones. Various financial products can be supplied through internet. How to regulate financial products using mobile technology will become important. International coordination will be needed since the products can be offered from overseas by use of mobile technology.