

## EXECUTIVE SUMMARY

The OECD Korea Policy Centre hosted the Seventh Multi-country Study Mission on Public Governance titled “Better Governance for Inclusive Growth: Asian Perspectives” in 2012. A total of 18 government officials from 15 Asian countries attended the seminar and discussed about the effective government and institutions for economic prosperity and social inclusion, sharing good practices and experiences. This report summarizes the result of the seminar.

### ***Better governance is essential to promote economic growth and social cohesion.***

Higher fiscal deficits have caused growing concerns in many OECD countries as a deterrent to growth. In this economic situation, strong governance is requisite; a sound fiscal and budgeting framework should be properly prepared and budget design should be open and transparent. However, developing countries in Asia might face challenges to follow the basic fiscal and budgeting rules in practice. Moreover, some delegates from Asia noted rapidly growing inequality in the society; 11 out of 16 countries in Asia have recorded increase in income inequality, ranging from 0.1% (Malaysia) to 29% (Indonesia-Rural) and 37% (China-Urban). To tackle the challenges, some recommendations were made in the context of Asia; (a) establishing expert committees for budgeting, (b) involving all stakeholders in fiscal rules, (c) broadening tax base rather than redistributive policies (high tax on income/assets), and (d) using the revenue to expand well-targeted social programs. A delegate from India presented the government’s efforts to promote social inclusion and growth. The government took a rights-based approach to development, considering citizens right-holders rather than beneficiaries; legislation of the Right to Information (2005), the enactment of National Rural Employment Guarantee Act (NREGA, 2005), granting India’s rural households the right to employment, the Right to Education Act (2009) and the Right to Food and Services.

### ***Corruption is widely rampant and accepted, and it hinders inclusive growth in Asia***

The 2011 Corruption Perceptions Index<sup>1</sup> (CPI) shows that majority of developing countries in Asia scored lower than five (from 0-highly corrupt, to 10-very clean), denoting a serious corruption problem. The WGI<sup>2</sup> control of corruption indicator also shows that average rank in Asia has been decreasing since the year 2002. The delegates from Asia raised some of challenges to combating corruption in their own countries; lack of political will, lenient rules against unethical behaviors, poor management of foreign aid, and public perception. Furthermore, the countries also introduced a large range of anti-corruption initiatives that they had undertaken. One of initiatives is to avoid any possibility for improperly managed cash flow; a cashless card for officers to pay for office expenses (Philippines) and the introduction of “Adhaar”- subsidies credited directly into the beneficiaries’ account (India). Others also include; a “Name and Shame” policy, disclosing offenders’ information on the government website (Malaysia), the establishment of anti-corruption centers in every ministry or province (Thailand, Pakistan), and e-procurement system, *etc.* They also agreed that disclosure of budget information and enhancing citizen participation in the budget process and independent judiciary system would be very crucial, and expressed their commitment to strengthening their efforts for anti-corruption.

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<sup>1</sup> The 2011 Corruption Perceptions Index, Transparency International. <http://cpi.transparency.org/cpi2011/>

<sup>2</sup> WGI stands for Worldwide Government Indicators.

***Leaders are competent change agents to facilitate better governance and growth.***

The roles of political leaders and senior civil servants are crucial in the reform process, especially in developing countries. Delegates agreed that a good leader should function as a competent change agent to promote economy and engage more citizens in reforms. Moreover, the leader should be also qualified to overcome resistance caused by any reform initiative, which is crucial to guarantee the effective and sustainable implementation of reform policies in the long term. They also noted an urban development project in the Solo city of Indonesia and its achievements. Under the leadership of Joko Widodo- former mayor of the Solo city, but currently a governor of Jakarta (elected in Oct. 2012), the city's GDP has increased by almost 100% by five years (2005-2010); an unemployment rate reduced and corruption perception index improved. In the process of reform, he derived support from the House of Representative, private sectors, citizens and government officials. The delegates could draw lessons from the case that good communication and citizen participation would be another component that leaders should consider to deal with challenges.

***Openness and innovation is an engine for growth and development.***

Openness and innovation is seen as a means of creating sustainable and effective solution for social cohesion and promoting economic prosperity. The roles of the government are to create condition, in which innovation flourishes and create a market for viability of innovation, and provide political support. Furthermore, it should ensure citizens a right to information, making government information open. The open government and innovative policies varied among countries in Asia, but the delegates shared their own; open government data (India), language policy for social cohesion (Sri Lanka), the establishment of an advisory committee for innovation, *i.e.* the National Innovation Committee (Indonesia), and an open competitive recruitment system for civil servants, using an item pool method (Afghanistan). Some countries such as Malaysia and India adopted “unique single ID” for citizens and companies, so that those personal and company information can be shared with all government agencies. The delegates stressed the importance of openness and innovation for inclusive growth and agreed that the use of ICT was effective and efficient, but noted that more adequate e-governance infrastructure should be the first priority in developing countries.

***Conclusion and Future Directions***

The seminar concluded with the agreements that all delegates would continuously share good practices in public governance and learn from other countries. They expressed their concerns and interest in following issues: corruption, human resource development, open government and innovation. Furthermore, they were also aware of the importance of green governance for sustainable development; development is not only economic growth, but also it includes social well-being and clean environment. In the future, the emerging issues in public governance should be further discussed in the framework of global collaboration, including the OECD and non-OECD countries.

The OECD Korea Policy Centre was established by the Memorandum of Understandings between the OECD and the Republic of Korea to be a resource centre to support OECD's work with non-OECD economies in the Asian-Pacific region, and to disseminate OECD advanced policy systems to the region. The Centre provides a forum where OECD and non-OECD economies can share their experiences and good practices through international seminars and workshops and conducts a variety of research projects in Asia.