

# PROMOTING EFFECTIVE GOVERNANCE IN THE GMS THROUGH ADB OPERATIONS

## Applying ADB's Governance Policy to the GMS

The reasons that ADB, the World Bank, and other donors have achieved limited success in the governance area have been well documented (see, for example, ADB 1999f). Donors typically take a technocratic approach to reform, interacting mainly with officials from the executive branch of government, and funding consulting services, computers, and other inputs in the absence of a deep and sustainable commitment to reform from top to bottom in member countries. To increase chances of success, the focus needs to broaden to other stakeholders and approaches.

Institutional reforms would be better supported if introduced using a “mutual gains approach” (Susskind 2000) involving stakeholders in the agency concerned, other agencies that work with that agency, and other organizations and citizens concerned. Such an approach would involve

- consulting with all key parties whose support is critical and/or who can help mobilize pressure for change;
- acknowledging the concerns of all parties in a culturally appropriate manner;
- encouraging fact-finding by all parties;
- avoiding the importation of best practice from one country to an entirely different setting, with

little attention to the impact of country differences on the prospects for success; offering contingent commitments to minimize any negative impacts;

- building in maximum flexibility so that projects can shift direction to respond to new opportunities;
- taking local capacity constraints into account;
- accepting responsibility, admitting mistakes, and sharing power;
- acting in a trustworthy fashion at all times; and
- focusing on building long-term relationships.

ADB and other donors rarely follow all these steps. The outcome is not only the poor success rate of institutional reform support by donors, but also increasing criticism of donors by stakeholders.

## Improving Government through Changes in ADB Operations

ADB could do a better job of addressing governance in its DMCs. Drawing from ADB's (2000d) governance work plan the following steps are recommended:

- ADB should focus its governance specialist resources on DMCs that demonstrate a commitment to reform.
- Commitment is more than statements of intent. It is best measured by actual, measurable success in achieving results.

- In some cases provincial or municipal governance work could be justified by a strong reform commitment, despite weak commitment at the national level.
- In the case of Cambodia, even though the results are less impressive than in some other DMCs, the country's recent, tragic history needs to be taken into account.
- In countries showing weak commitment to reform, ADB's governance work should generally be limited to awareness raising.
- ADB should improve the incentives for staff to pay greater attention to project implementation and monitoring.
- In each DMC, ADB needs to seek out the "creative minority" of public-spirited citizens that have both stature in their countries and innovative ideas.
- ADB needs to make more extensive and more effective use of specialist resources.
- ADB should not try to match the World Bank's economic sector work given the vast disparity in staff, resources, and organizational culture. ADB should instead focus on niche areas that the World Bank is overlooking.
- ADB should expand the use of information and communications technology to promote improved governance and poverty reduction.
- ADB should test innovative approaches; however, these initiatives should be subject to rigorous peer review to ensure that they are of the highest quality and not repeating work already being carried out by NGOs and other donors.

## Conclusion

Improving governance is central to achieving development objectives and reducing poverty in GMS countries. To be more effective in this regard, ADB will have to consider changing some of its core business processes. Greater management and specialist attention is needed for project implementation, and a longer-term perspective is needed on institutional improvements. Better partnerships that bring together governments, donors, NGOs, and other parties concerned are essential for success. Significant governance progress is possible for countries showing strong reform commitment. For countries without such a commitment, ADB's governance support should focus on awareness raising.