

Governance

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CAREC countries are making considerable efforts to improve governance with proactive assistance from development partners. All countries have strengthened their constitutions, created enabling primary legislation, established market-based taxation systems, and strengthened public accounts.

In the CARs, transforming centrally planned, command-driven, and control-oriented systems of government into ones based on transparency, accountability, predictability, and participation has proved difficult. This transformation was complicated by two main factors: (i) the sudden withdrawal of skills and resources needed to sustain public services; and (ii) the persistence of traditional networks of power and patronage that have impeded good governance and the impartial rule of law.

Many notable issues remain unresolved.

- Civil services are large and relatively underpaid.
- Core government offices handle policy development and problem solving—the function of line ministries—rather than focusing on principal issues.
- Financial, legal, and capacity constraints mean true local self-government is the exception and local state government is the rule.
- Effective judicial enforcement is lacking although legislation and regulation need improvement as well.
- Corruption is pervasive although governments have recognized this and have taken initial steps.

While there has been some improvement, independent media; free and fair elections; freedom of speech, association, and movement; fair treatment without

discrimination according to gender, ethnicity, religion, or area of origin; and access to information are still weak. Nongovernment organizations (NGOs) and private media are nascent but growing, and they are increasingly analytical and effective in disseminating information.

Reforms are crucial in: (i) the judiciary and out-of-court arbitration; (ii) public financial management and audits of state agencies and state-owned enterprises; (iii) local government; (iv) core functions of central governments especially policy development and program monitoring and implementation; and (v) facilitating regional agreements on border trade and natural resource management. All are possible candidates for regional initiatives.



Good governance and strong institutions will provide a sound future for Central Asia's youth.



Central Asia has a dynamic, growing industrial base.