

INNOVATION AND THE PUBLIC SECTOR, VOLUME 16

Innovative Trends in Public Governance in Asia

EDITED BY

Ari-Veikko Anttiroiko

Stephen J. Bailey

Pekka Valkama

IOS
Press

Innovative Trends in Public Governance in Asia

Edited by

Ari-Veikko Anttiroiko

University of Tampere, Finland

Stephen J. Bailey

Glasgow Caledonian University, UK

and

Pekka Valkama

University of Tampere, Finland



IOS
Press

Amsterdam • Berlin • Tokyo • Washington, DC

© 2011 The authors and IOS Press.

All rights reserved. No part of this book may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, without prior written permission from the publisher.

ISBN 978-1-60750-728-4 (print)

ISBN 978-1-60750-729-1 (online)

Library of Congress Control Number: 2011925300

Publisher

IOS Press BV

Nieuwe Hemweg 6B

1013 BG Amsterdam

Netherlands

fax: +31 20 687 0019

e-mail: order@iospress.nl

Distributor in the USA and Canada

IOS Press, Inc.

4502 Rachael Manor Drive

Fairfax, VA 22032

USA

fax: +1 703 323 3668

e-mail: iosbooks@iospress.com

Cover Design

Joost van Grinsven

LEGAL NOTICE

The publisher is not responsible for the use which might be made of the following information.

PRINTED IN THE NETHERLANDS

Innovation and the Public Sector

The functioning of the public sector gives rise to considerable debate. Not only the efficiency and efficacy of the sector are at stake, but also its legitimacy. At the same time we see that in the public sector all kinds of innovations are taking place. These innovations are not only technological, which enable the redesign of all kinds of processes, like service delivery. The emphasis can also be put on more organizational and conceptual innovations. In this series we will try to understand the nature of a wide variety of innovations taking place in the public sector of the 21st century and try to evaluate their outcomes. How do they take place? What are relevant triggers? And, how are their outcomes being shaped by all kinds of actors and influences? And, do public innovations differ from innovations in the private sector? Moreover we try to assess the actual effects of these innovations, not only from an instrumental point of view, but also from a more institutional point of view. Do these innovations not only contribute to a better functioning of the public sector, but do they also challenge grown practices and vested interests? And what does this imply for the management of public sector innovations?

Series Editors:

Prof. Dr. Victor J.J.M. Bekkers
Erasmus University, Rotterdam, The Netherlands

Prof. Jean Hartley
The University of Warwick, Coventry, United Kingdom

Prof. Sharon S. Dawes
University at Albany/SUNY, Albany, NY, USA

Volume 16

Recently published in this series

- Vol. 15. A.-V. Anttiroiko, S.J. Bailey and P. Valkama (Eds.), *Innovations in Public Governance*
- Vol. 14. A. Meijer, K. Boersma and P. Wagenaar (Eds.), *ICTs, Citizens and Governance: After the Hype!*
- Vol. 13. D. Griffin, P. Trevororrow and E. Halpin (Eds.), *Developments in e-Government – A Critical Analysis*
- Vol. 12. V. Bekkers, H. van Duivenboden and M. Thaens (Eds.), *Information and Communication Technology and Public Innovation – Assessing the ICT-Driven Modernization of Public Administration*
- Vol. 11. M. Lips, J.A. Taylor and F. Bannister (Eds.), *Public Administration in the Information Society – Essays on Risk and Trust*

This series is a continuation of “Informatization Developments and the Public Sector” (vols. 1–9, ISSN 0928-9038)

ISSN 1871-1073 (print)
ISSN 1879-8454 (online)

Preface

Public governance is one of the most important topics in public administration worldwide. It is of special importance to many Asian countries, which struggle with governance issues related to environmental concerns, democracy and economic growth. This book highlights a range of contextual issues related to public governance in East, Southeast and South Asian countries. This is a part of a wider project in which we have pictured key challenges and developments in different parts of the world. We provide a contextual view for the innovation discourse by focusing on the practical context in which innovation emerges and hopefully makes a real difference.

February 2, 2011, in Tampere, Finland and Glasgow, Scotland, UK

Ari-Veikko Anttiroiko

Stephen J. Bailey

Pekka Valkama

Acknowledgements

The editorial team of this book wishes to express gratitude to all facilitators and partners who have supported our research work and editorial activities. The University of Tampere, Finland and Glasgow Caledonian University, Scotland, UK provided academic settings for the team. The Academy of Finland and the Finnish Funding Agency for Technology and Innovation (Tekes) provided funding for members of the team.

This book on innovation in public governance is the outcome of the work done by experts and researchers from Asia and Europe. We want to express our special thanks to all authors who have contributed to this book. We would also like to thank Ms Marita Alanko, M.A. Virginia Mattila and M.A. Bentley Mathias from the University of Tampere. Marita set up the camera-ready version of the manuscript. Virginia and Bentley acted as language consultants. We also want to thank Mr. Kari Kuoppala and Ms. Ulrika Leponiemi for their help in proof-reading the chapters. Finally, we would like to thank IOS Press for smooth and fruitful collaboration.

February 2, 2011, in Tampere, Finland and Glasgow, Scotland, UK

Ari-Veikko Anttiroiko

Stephen J. Bailey

Pekka Valkama

List of Contributors

Maria Dolores Alicias

Independent consultant to civil society organizations in Southeast Asia, Manila, Philippines.

Ari-Veikko Anttiroiko

Adjunct Professor, University of Tampere, Finland.

Mohammed Asaduzzaman

Islamic University of Kushtia, Bangladesh; Senior Research Fellow, University of Tampere, Finland.

Palmira Permata Bachtiar

Researcher, The SMERU Institute, Jakarta, Indonesia.

Stephen J. Bailey

Professor, Glasgow Caledonian University, UK.

Nalin Bharti

Assistant Professor, Indian Institute of Technology, Patna, India.

Bill K.P. Chou

Assistant Professor, Department of Government and Public Administration, University of Macau, China.

Nguyen Thi Thu Hang

Research Fellow, Centre for Analysis and Forecasting, Vietnam Academy of Social Sciences, Ha Noi, Vietnam.

Sung Gul Hong

Professor, School of Public Administration and Public Policy, Kookmin University, Seoul, South Korea.

Naresh Jhaharia

Senior Research Fellow, Department of Public Administration, University of Rajasthan, Jaipur, India.

Yijia Jing

Associate Professor of Public Administration, Fudan University, Shanghai, China.

Kazuhiro Kagoya

Professor, Kanto Gakuin University, Yokohama, Japan.

Mohammad Mohabbat Khan

Professor, Department of Public Administration, University of Dhaka, Dhaka, Bangladesh.

Hiroyuki Mori

Professor, Ritsumeikan University, Kyoto, Japan.

Fumio Nagai

Professor, Osaka City University, Osaka, Japan.

Arnaldo Pellini

Research Fellow, Overseas Development Institute, London, United Kingdom.

Jon S.T. Quah

Retired Professor of Political Science, National University of Singapore, Singapore.

Sangeeta Sharma

Professor, Department of Public Administration, University of Rajasthan, Jaipur, India.

Junjie Song

Beijing University of Posts and Telecommunications, Beijing, China.

Pekka Valkama

Director of Research, University of Tampere, Finland.

Clay G. Wescott

Director, Asia Pacific Governance Institute.

Jianqiu Zeng

Professor, Beijing University of Posts and Telecommunications, Beijing, China.

Contents

| | |
|---|-----|
| Preface | v |
| Acknowledgements | vii |
| List of Contributors | ix |
| Contextual Aspects of Innovations in Public Governance in Asia <i>Ari-Veikko Anttiroiko, Stephen J. Bailey and Pekka Valkama</i> | 1 |
| Recent Innovations in Public Financial Management and Procurement in Asia Pacific <i>Clay G. Wescott</i> | 24 |
| Innovation for Constrained Municipalities: The Transformation of Japanese Local Government under Central Government Pressure <i>Hiroyuki Mori</i> | 48 |
| Developing ICT and e-Government: The South Korean Experience of ICT-based Governance Innovation <i>Sung Gul Hong</i> | 59 |
| Towards Soft Authoritarianism: Governance Innovations in China <i>Bill K.P. Chou</i> | 77 |
| Outsourcing: Rebuilding Public Service Delivery in China <i>Yijia Jing</i> | 93 |
| Digital Beijing: Successful Innovation in e-Government in China <i>Junjie Song and Jianqiu Zeng</i> | 110 |
| Innovation in Public Governance in Singapore: Solving the Housing Shortage and Curbing Corruption <i>Jon S.T. Quah</i> | 121 |
| Decentralization as a Local Governance Innovation in Thailand <i>Fumio Nagai and Kazuhiro Kagoya</i> | 137 |

| | |
|--|-----|
| Governance Reforms in Three Southeast Asian Countries: the Role of Research-based Evidence in Promoting Innovations <i>Arnaldo Pellini, Palmira Permata Bachtiar, Maria Dolores Alicias and Nguyen Thi Thu Hang</i> | 151 |
| Innovations in Metropolitan Governance in South Asian Countries <i>Mohammad Mohabbat Khan</i> | 172 |
| Innovations in Public Governance in India <i>Sangeeta Sharma and Naresh Jhajharia</i> | 188 |
| Privatization as Innovation in Governance in India <i>Nalin Bharti</i> | 203 |
| Innovation in Local Governance: Decentralization and Citizen Participation in Bangladesh <i>Mohammed Asaduzzaman</i> | 220 |
| Subject Index | 235 |
| Author Index | 239 |

Contextual Aspects of Innovations in Public Governance in Asia

Ari-Veikko Anttiroiko

University of Tampere, Finland

Stephen J. Bailey

Glasgow Caledonian University, UK

Pekka Valkama

University of Tampere, Finland

In this book we discuss innovations in public governance in Asian countries. Our approach is contextual, innovations being discussed in their societal, political and administrative contexts with a special focus on both conditions for innovativeness and innovations actually introduced in various Asian countries. The purpose of these innovations is to bring about radical governance improvements, promote citizen participation and utilize private sector organizations in the provision of public services. Innovativeness in Asian countries seems to be heavily constrained by unique historical developments, diverse cultural features, developmental orientation and authoritarianism. The potential for innovation in public governance is huge but it is unlikely that it can be fully harnessed before further democratization takes place, before a determined attempt to develop good governance and before support of local creativity.

Introduction

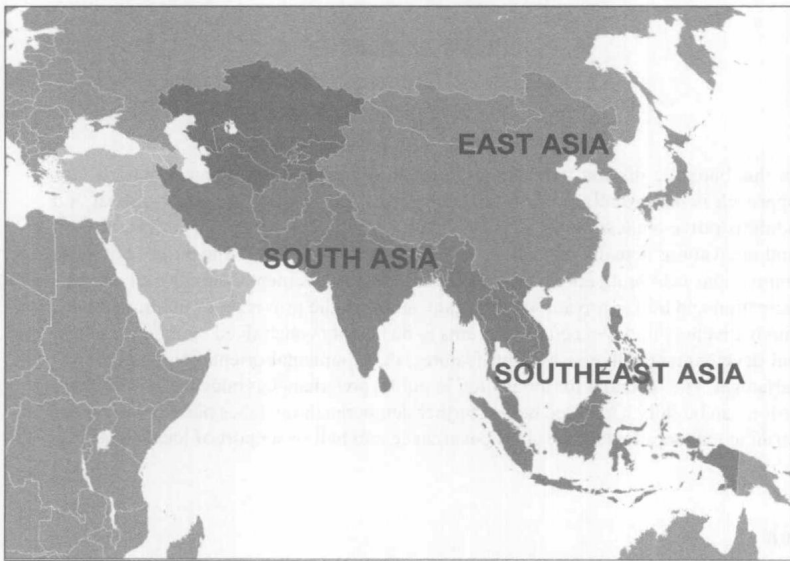
This book provides a contextual and realist view of preconditions for innovation in public governance in Asia. Innovative developments in public governance are contextualized in their societal, political and administrative settings. Our interest is not only in innovations *per se*, but in the conditions in which they have been created and implemented. Additionally, from a more normative viewpoint, we are concerned with what kind of circumstances support innovativeness in the public sector. Geographically our cases on governance innovations come from three sub-regions of Asia: East Asia (Japan, China and South Korea), Southeast Asia (Vietnam, Indonesia, Philippines, Thailand and Singapore) and South Asia (India, Bangladesh, Sri Lanka and Pakistan). (See Figure 1).

Asia as an economic powerhouse

What makes Asia particularly interesting and challenging is its cultural diversity, wide inequalities and increasing political and economic weight. Asian economic success stories started with Japan which developed quickly after the Second World War (1939–45), be-

coming regarded as an economic miracle and so became the most widely discussed Asian case in the management literature. South Korea, Japan's neighbor, developed quickly from the 1960s and became one of the so-called 'Four Asian Tigers' of newly industrialized economies, the other three being Hong Kong, Singapore and Taiwan.

Whilst Japan's economy stagnated in the 'lost decade' of the 1990s, two Asian giants – China and India, sometimes jointly called 'Chindia' – started to open their doors to international trade in the late 1980s. China and India have chosen different paths in their internationalization, yet, both have for long been among the most attractive countries from the point of view of global business. China has traditionally been strong in the manufacturing sector, whereas India's strength is more on software and information technology (IT)-related services.



Modified from: Concerto, 2009-04-23, United Nations geoscheme subregions of Asia.
Licensing: Public Domain. [http://en.wikipedia.org/wiki/File:United_Nations_geoscheme_\(Asia\).svg](http://en.wikipedia.org/wiki/File:United_Nations_geoscheme_(Asia).svg)

Figure 1. Three sub-regions of Asia.

In descending order of gross domestic product (GDP), the largest economies in Asia are China, Japan, India, South Korea and Indonesia. However, many other Asian countries – especially Vietnam, Malaysia, the Philippines, Pakistan and Thailand – also have a lot of potential for economic growth. Nevertheless, many Asian countries suffer from extreme rural poverty, inefficiency, poor government and lack of entrepreneurship (Shotton 2004). Even if the poorest countries in the world are predominantly African, some countries in Asia (Burma, Nepal, Bangladesh, Cambodia and Laos) have low GDP per capita and find

it difficult to achieve economic growth. In general, the wealth in Asia is concentrated in East Asia, whereas poverty and overpopulation is most severe in South Asia.

In all its diversity and extremes, Asia is undeniably a promising continent for economic growth and opportunities, increasing its overall appeal in international arena. If present global economic trends persist, the 21st century will be an Asian century, with Asia poised to become the world's dominant economic powerhouse (UN ESCAP n/a).

Overpopulation and environmental problems

Asia is the largest and most populous continent on the globe. China and India are the two most populated countries in the world, each with more than one billion inhabitants. Other big Asian countries include Indonesia (approximately 237 million inhabitants), Pakistan (164 million), Bangladesh (164 million), Japan (127 million), the Philippines (94 million) and Vietnam (86 million).

Another demographic trend in Asia is megacity development. For example, 13 out of the 20 world's largest cities are Asian. The largest Asian cities are Tokyo, Guangzhou, Seoul, Delhi, Mumbai, Manila and Shanghai. A general feature of accelerated urbanization is the special attractiveness of capital regions: in the Asia Pacific most capital-city regions account for one-fifth to a half of total population (Douglass 2006). Such concentrations create a range of urban challenges, including slums, homelessness, congestion costs, urban sprawl and the deterioration of the environment, especially in developing country contexts. This is why urban innovations have a special role in most of the Asian countries. With most of its value added economic activities and populations located in urban areas, good urban governance and functionality of urban systems will determine the future of Asia (UN ESCAP n/a).

Poverty, overpopulation, inadequate infrastructure and rapid industrialization have caused severe environmental, economic, social and humanitarian problems throughout Asia. This is another reason for Asia's international significance. The concept of sustainable development is slowly spreading throughout the continent, providing some hope to people who have suffered from environmental deterioration (Williams 1994). These concerns are global, for sustainability can only be achieved through global efforts. China, India, Japan and South Korea belong to the biggest polluters in the world and thus occupy a key role in greening Asia.

From cultural diversity to Asianization

Historical, cultural, political and religious diversity makes Asia an extremely heterogeneous continent. These factors are crucial in explaining differences in political regimes and governance models of Asian countries. As Asian countries are highly diverse in terms of wealth, culture and historical experience, reform tools have been applied selectively, taking local conditions into account. This is particularly true in the case of developing countries in Asia, which have not the wealth, market structure, political stability and institutional strength that characterize many Western countries and which are often a source of governance innovations.

It goes without saying that governance innovations developed in Western countries are not usually in any simple way applicable to Asian countries. This is particularly criti-

cal in the case of marketization which, in order to work well, requires a sufficient legal system, sale of state-owned enterprises and regulation of the resulting (privatized or liberalized) business entities, skills of business administration and an economy open to foreign trade and foreign direct investment. However, many reforms and development projects designed or influenced by international organizations and development agencies led to insufficient local ownership and lack of support from citizens, causing additional problems in public governance (Bowornwathana & Wescott 2007). One of the counter-trends is Asianization, which reflects the idea of developing home-grown solutions to social, economic, governance and environmental problems of the region.

Varieties of regimes and governance models

Asia displays huge variation in regimes and governance models. The major innovation in governance was the democratization movement beginning after the Second World War, namely the waves of the decolonization process in many of the Asian countries in the 1940s and 1950s and, later, the 1970s when the region's contemporary regime variation emerged. This was part of the global democratization process hypothesized by Samuel P. Huntington in the early 1990s. 'People power' swept across the Philippines and toppled the Marcos regime and South Korea, Taiwan and Thailand put an end to military or semi-military rule (Suzuki n/a).

Thereafter, most Asian countries witnessed increased demands for efficiency in service delivery, good governance, and decentralization, partly influenced by the Asian financial crisis that erupted in 1997. This crisis seemed to discredit the discussion about 'Asian values' in Pacific Asia, replacing it with a globalized 'good governance' discourse. Financial breakdown undermined Asian autocrats' claims that government should be based on authoritarian 'Asian values' instead of imported 'Western democracy'. Yet, what can be seen later is that many authoritarian regimes in the region are still flourishing while new democracies flounder (Thompson 2004). Suzuki's (n/a) explanation of this outcome is that authoritarian regimes that brought about the 'miracle' were replaced with more 'democratic' but less 'developmentalist' governments. Such a development in the East does little to please those who hypothesized the end of history or the global victory of Western liberal democratic values.

Challenges of the late 1990s and the 2000s seemed slightly different in different sub-regions. East Asia, and South Korea in particular, needed to restructure its financial institutions. Southeast Asian economies were weakened by 'crony capitalism' and public sector mismanagement and South Asian countries suffered from the 'over-stretched' state syndrome: involved in a totality of activities that exceeds its capability (ADB 1999). When mapping the big picture, an interesting question is why some countries were able to push democratization further, while others have relied continuously on authoritarian rule.

Remarks on democracy in the sub-regions of Asia

In *East Asia*, Japan is credited to be the oldest democracy in the whole of Asia. The National Diet of Japan as a bicameral legislature was convened in 1889 as a result of adopting the Meiji constitution. Another wave of Westernization in Japan took place after

World War II when a US-style government system was imposed on the country. Thereafter, Japan was ruled for several decades by the Liberal Democratic Party (LDP), which has been a major political factor behind export-oriented economic growth, close alliance with the USA and promotion of administrative reforms, including administrative simplification and privatization of state-owned companies. The governance system of the expansion era of Japan was called *the 1955 system* characterized by the unchallenged dominance of Liberal Democratic Party (LDP). South Korea and Taiwan are also considered democracies. However, North Korea is a military dictatorship and China has an authoritarian government under the Communist Party of China.

In *Southeast Asia* the so-called Southeast Asia 5 – Singapore, Malaysia, Indonesia, Thailand and the Philippines – are generally seen as better endowed with managerial capability and farther along the route to liberalization than other countries of this sub-region (Gonzalez & Mendoza 2002). Indonesia is rated as politically free by Freedom House. The Philippines used to have the same kind of status as an electoral democracy, but corrupt practices and human rights violations caused its situation to deteriorate by the end of 2000s (Quimpo 2009). Thailand has seen its democratic procedures interrupted (at least temporarily) and is now considered only partly democratic. Malaysia, Cambodia and Singapore present mixes of competitive and authoritarian features, whereas Vietnam, Burma (officially the Union of Myanmar), Laos and Brunei are authoritarian regimes. (Slater 2006; Case 2009; Bridges & Ho 2010). Democratization has taken place gradually in many Asian countries but is still less than fully-fledged (Slater 2006). Especially in Southeast Asia, both new and old authoritarian regimes demonstrate durability (Case 2009).

In *South Asia*, India stands out as a special case, being known as the world's largest democracy and undeniably the dominant political and economic power of the region. As India moves towards becoming a global economic power, poor infrastructure, poverty and the need to secure social and economic equity are major challenges. Countries with 'partly free' status in Freedom House's ranking are Bangladesh, Nepal, Sri Lanka, Pakistan and Bhutan. Human rights and political liberties are most severely violated in Bhutan and Pakistan. Democracy does not work particularly well in the region and severe problems are caused by poor governance and government failure. Nevertheless, it seems that democratic governance is generally supported and cries for democracy become louder, most notably from civil society. For example, in Nepal, an overwhelming social movement has reined in an autocratic monarchy with strengthened democracy. In Bangladesh there is widespread mistrust of institutions of public governance and democracy, reflecting the failure to institutionalize democracy. This situation has been prevalent since independence and yet the media, civil society and various non-governmental organizations are promoting piecemeal changes to establish a fully-fledged democracy in the country. In Pakistan, the second largest country in the region, the military continues to overshadow politics, giving little room for autonomous political development (IDEA 2007).

Table 1. Asian countries' political rights and civil liberties 2010.

| Combined Average Ratings | Independent countries in East, Southeast and South Asia |
|--------------------------|---|
| <i>Free</i> | |
| 1.0 | - |
| 1.5 | Japan, South Korea, Taiwan |
| 2.0 | Mongolia |
| 2.5 | India, Indonesia |
| <i>Partly free</i> | |
| 3.0 | - |
| 3.5 | Bangladesh, Philippines |
| 4.0 | Malaysia, Nepal, Sri Lanka |
| 4.5 | Bhutan, Pakistan, Singapore, Thailand |
| 5.0 | - |
| <i>Not free</i> | |
| 5.5 | Brunei, Cambodia |
| 6.0 | Vietnam |
| 6.5 | China, Laos |
| 7.0 | Burma, North Korea |

Note: Ratings are taken from Freedom in the World 2010 ranking by Freedom House.

Source: [http://www.freedomhouse.org/uploads/fiw10/CombinedAverageRatings\(IndependentCountries\)FIW2010.pdf](http://www.freedomhouse.org/uploads/fiw10/CombinedAverageRatings(IndependentCountries)FIW2010.pdf)

Central-local relations

Authoritarianism in various degrees has overshadowed central-local relations and the role of local government in Asian societies. Since the late-1990s many Asian countries took such steps as decentralization, deconcentration and deregulation, which are important components of what Suzuki (n/a) calls localization, indicating an internally-oriented view of transformation in terms of devolution of power, a greater role for local institutions and local government in particular, innovation in local governance, and the utilization of local resources in development work. There is much evidence of local governments' attempts to boost their local economy and expand their revenue base, as well as their involvement in industrial development and place marketing, all of which are expressions of new localism (see Shen 2007 for the case of Chinese cities). There is also some evidence for the local actors' influence on high-level politics, governance and regulation (e.g. Gillespie & Peerenboom 2009). Yet, at the same time, there is often some degree of central control involved, as exemplified by controlled decentralization of Japan (Akizuki 2001) and an emerging recentralization and reconsolidated hierarchical system in local land and economic governance in China (Xu & Yeh 2009).

Central control over local government is characterized by financial control, central appointments of senior staff, central determination of powers and functions of local authorities, and strained relations between the levels of government. In this respect most Asian countries are far from offering sufficient room for local choice and utilizing local

potential for development. Yet, there are some signs of increased stakeholder involvement at the local level and piecemeal decentralization. In China, for example, local government is assuming a role in local economic development and some local governments have also been able to influence higher level policy-makers within the multi-level governance system. To benefit from local creativity and potential it is necessary to realize that co-dependent and complementary central-local relations can create synergy only if division of labor works well and the local level is given sufficient resources and autonomy to realize its potential (UN ESCAP n/a). Nevertheless, in terms of the share of local expenditure in GDP, the absolute level of local expenditure and local fiscal autonomy, local governments are fairly weak in most Asian countries (Suzuki n/a; Douglass 2006). Even in countries like Japan, the trend seems to be towards increasingly constrained local public finance (see Hasunuma 2008 and Horoyuki Mori's chapter in this book).

Need for governance innovations

In general, governance innovations are associated with such application areas as decentralization, partnership creation, citizen engagement and the utilization of information and communication technologies, which are expected to improve governance processes and outcomes (Alberti & Bertucci 2006, 1, 5–6). Expected benefits of innovation in the public sector include (i) maximization of the utilization of resources and capacity to create public value; (ii) regaining public trust in 'open and transparent' government, (iii) encouraging a culture of continuous improvement; (iv) creating a domino effect in having positive impact on other sectors (Alberti & Bertucci 2006, 2).

It was made clear above that many Asian countries have not been particularly successful in delivering positive outcomes associated with governance innovations. Nevertheless, those countries are influenced by strong criticism regarding their lack of democratic rights, poor performance of public bureaucracy, corruption in politics and misuse of public property and funds (Siddiquee 2007). These factors drive demands for innovative solutions to governance problems.

Learning from others, seeking good practices and benchmarking successful cases in other countries have become a predominant feature in the globalizing world. In this scene the New Public Management (NPM) has been the most innovative element in public sector reform and in the innovation agenda in particular, even if many Asian governments have been rather selective in the ways they are adopting this efficiency and market-oriented doctrine. (Siddiquee 2007). Another major driver is obviously civil society, which has been shown to have an increasing impact in determining the future of Asian countries.

Contextualizing governance innovations

This book focuses on *public governance*, which refers to steering, coordination and use of various forms of institutional arrangements in the policy-making and implementation processes in a polycentric multi-sectoral stakeholder context to pursue collective interests. *Innovation in public governance* thus refers to a radical renewal of such governance paradigms or practices. A more precise definition is that innovation in public governance is a new mechanism or institutional arrangement which is implemented to solve governance problems or to gain better governance outcomes.