



FOR REVIEW PURPOSES ONLY

**DOCUMENTATION OF THE
INDIA CONSULTATION WORKSHOP WITH NGOs**

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Though we have attempted to provide an accurate account, the attached document is preliminary and may contain errors or omissions. Please contact us with any corrections. Thank you.



Documentation of the India Consultation Workshop with NGOs on the Review of the Implementation of ADB's Governance and Anticorruption Policies

14 December 2004, The Imperial Hotel, New Delhi

NOTE: *This document is primarily intended for participants of the workshop. Though others are welcome to consider the contents, the information will be less clear to people who did not attend the live event.*

The ADB India Resident Mission organized a consultation workshop with nongovernment organizations in India. In plenary, participants introduced themselves and identified their expectations and challenges in governance and anticorruption. They also assessed ADB's progress and recommended action to strengthen ADB's work. This document presents the outputs on the assessment of ADB's performance, recommended priority actions, and key discussion points of the consultation workshop.

The **purpose** of the workshop is for ADB to listen to NGOs in India as they:

- Consider what ADB has achieved, not achieved, and lessons learned India in governance & anticorruption;
- Describe issues and challenges in governance and anticorruption in the country and the region that will affect ADB's future work; and,
- Recommend appropriate roles and priority actions for ADB in governance and anticorruption in the country.

I. Introduction and Significant Issues and Challenges in India on Governance & Anticorruption

During plenary introduction, participants were asked to identify a significant issue or challenge in governance and anticorruption facing India. Their responses follow:

- Transparency and accountability
- Institution building, building capacity of people and helping them take over the management of projects
- Poverty alleviation
- Transparency and reducing corruption
- Ensuring community participation
- Get the discussion on governance in the open and identify what local information can empower the community
- Develop understanding of the issue of governance in the Indian context and the issue of downward accountability and how to get this at the local and community level
- How to make the various organizations interact and debate on the issues effectively
- [Expectation] is to look into local accountability issues and governance issues in disaster relief operations
- Capacity building (targeted and appropriate) can be an effective mechanism to promote good governance. The issue is that the scale of capacity building being

delivered is below the needed level to have any impact. Another is that we are not sure what capacity we are trying to build to promote good governance. Most are still focused on technical capacity and not capacities to ensure commitment for good governance

- Where and how do you detect corruption in project preparation, implementation and monitoring?
- Enforcement issues are extremely important. This includes relation of law and governance, strengthening legal systems and structures of enforcement
- Shared understanding of governance and what does governance mean to civil society
- Equity and policies to ensure social inclusion, particularly in the area of disability
- To provide knowledge to the community in governance to give them power
- Root of corruption is the need for more money as individuals and perhaps if we take care of this need, corruption will be alleviated
- Corruption is almost at every level and the issue is how to develop a critical mass of people who are willing to make a change
- What is ADB giving and how much is it? How is it being used and are these being used for the right purpose?
- Targeting the poorest of the poor and maximizing their participation and involvement and investing more in the process to achieve the result
- How do these crosscutting issues such as governance and *panchayats* are used? Is it for implementation, regulation or enforcement

II. ADB's Performance: Participants' Report Card

This session asked participants to consider ADB's governance and anticorruption performance versus its commitments using a Report Card.

| Results Area | Qualitative Assessment | Examples & Lessons Learned |
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| 1. Ensure country leadership and ownership of the governance and anticorruption development agenda | <ul style="list-style-type: none"> • This is a presumptuous statement because ADB in this context is such a small player • Considerable improvements in technical standards. | <p>Issues:</p> <ul style="list-style-type: none"> • Can ADB assume "country leadership and ownership" of governance and anticorruption? • Is ADB really flexible? <i>Sometimes it is not and is very rigid.</i> They come with their agenda • International commitment comes with a hidden agenda • Governments want the money, the foreign trips, cars, computer and budget • Some new principles at social level • Can ADB influence selection of project directors? • There is also a feeling that participation not taken seriously. It may be because ADB was seen as a technical organization in the early days, one that is interested in infrastructure, engineering, etc. • Maybe ADB has been too flexible |

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| <p>2. Take a long-term approach to achieving improvements in governance and anticorruption</p> | <ul style="list-style-type: none"> • ADB has come in a good time • ADB has insisted on systems which is good | <ul style="list-style-type: none"> • History of legislation, components even before ADB entered India • ADB has institutions and structures • Systems on reviewing bidding documents, selection of consultants, etc. • At policy level of planning projects, there must be a governance expert-consultant <p><i>Usually there are lots of consultants to help the planning of the project, but what would help is along with all the consultants, you have the governance expert's involvement from the beginning to the end. From designing, implementing, and monitoring accountability and participation. This also emphasizes the need to concentrate on the process. The governance expert focuses on the process and institutional capacity.</i></p> |
| <p>3. Optimize impact of ADB's operations on poverty reduction by addressing key governance issues in DMCs in a systematic and focused manner</p> | <ul style="list-style-type: none"> • Consistent in its implementation of anticorruption policy • Successful in influencing government • ADB could do better in getting individuals to communicate with the government at the initial stages | <ul style="list-style-type: none"> • Institutions like PMC and PMU • Poverty issues still not so clear • Local context is missing – government institutions • Vigilant body must be formed of local people at the grassroots level, especially women members of <i>panchayat</i> • Capacity building for vigilance • Self-help groups • Programs when formed give for proper “institutionalization” be reflective, learn by doing and have/ create guidelines which ensure <u>all</u> stakeholders “recognized” as partners in the ADB/privatization process <p><i>ADB has to involve NGOs more because NGOs interact directly and are sometimes proxies for the poor</i></p> |
| <p>4. Measure development impact of governance and anticorruption support</p> | <ul style="list-style-type: none"> • Weak area <p><i>There are no benchmarks for costs in projects</i></p> <ul style="list-style-type: none"> • What has been done and lessons learnt? • Has it addressed sustainability? <p><i>As a proxy indicator for corruption, sustainability is an issue. Better indicators for corruption must also be developed.</i></p> | <ul style="list-style-type: none"> • Requires further study and model for using indicators – no coordination; <i>no idea if there is any measurement if effectiveness really translates into the results</i> • Establish benchmarks of maximum payments or ceiling in procurements (i.e., cement, etc.) |

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| <p>5. Demonstrate to borrowing DMCs the cost of corruption and the value of eliminating it by setting an example of zero tolerance for it in ADB's own activities; promote spread of good internal financial and other control systems to DMCs by encouraging their use in all agencies involved in ADB related activities</p> | <ul style="list-style-type: none"> • Accountability systems are good but ADB systems are not yet compatible with countries' systems | |
| <p>6. Enhance strategic alliances and partnerships with the international development community in governance and anticorruption</p> | <ul style="list-style-type: none"> • It is happening. But how effective it is we don't know. • Not happening | <ul style="list-style-type: none"> • Funding agencies must coordinate activities if working in the same area <i>We are not aware of any such alliance here.</i> |
| <p>7. Empower the poor people and civil society organizations through processes used to identify and design projects</p> | <ul style="list-style-type: none"> • Some consultation is taking place but some stakeholders not really involved in design of projects. But there have been learning from projects and proper credit must be given to ADB. • Yes ADB has been effective but it can be improved if poor people are involved in the process from initial design | <p>Under New Act. 74th:</p> <ul style="list-style-type: none"> • Involve civil societies and democratic institutions like <i>panchayats</i> in planning especially women members and ward committees <i>This gives a more local voice in the designing of projects.</i> <i>Projects should not be stand-alone project and should be integrated in the local plans. There should be a connection with other projects in other levels.</i> <p>Issues:</p> <ul style="list-style-type: none"> • Poorest of the poor are often left out in processes that are supposed to empower them • Process is very important but how is it addressed (it is slow, time consuming and they require resources) to ensure good governance • The poor: <ul style="list-style-type: none"> ○ Lack identity ○ They are controlled ○ Led on, nexus for managing them ○ Lack of recognition of needs |

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| <p>8. Ensure stakeholder participation to establish priorities and poverty reduction targets, and help direct project identification and design</p> | <ul style="list-style-type: none"> Stakeholder participation, not so much. But steps taken and that should not be discredited. ADB seems to be flexible in its programs | <p><i>The idea of stakeholder analysis is relatively new to ADB. Being sensitive to stakeholders is important.</i></p> <ul style="list-style-type: none"> Stakeholders' priorities do not often match with local needs (uninvolved or unrepresented stakeholders i.e., rag pickers, etc.) Flexibility, participation has "costs" Top-down approach can be responsive as long as it allows modifications <p><i>There is also a need to invest in the unrepresented and uninvolved sectors to thoroughly identify priorities and targets</i></p> |
| <p>9. Introduce transparent procedures that ensure full disclosure of information for all dealings with public sector entities</p> | <ul style="list-style-type: none"> On paper, some steps taken and has to be done properly. | <p><i>Board has to be established in projects and full disclosure must be done such as name and contact details of contractors, project amount, etc.</i></p> |
| <p>10. Improve public expenditure management at central and local levels</p> | <ul style="list-style-type: none"> ADB has had no influence. Some steps have been taken, but ADB has no control on expenditure management. | <ul style="list-style-type: none"> To a certain extent, ADB has helped increase revenue because some projects have been able to kick-start municipal revenue collection <p><i>An example also is the use of GIS in Mysore.</i></p> |
| <p>11. Increase government accountability through support for fiscal decentralization and local empowerment</p> | <ul style="list-style-type: none"> Not much | <p><i>There are powerful dynamics at the state, district and panchayat levels. ADB is seen to be making arrangements or contracts at the State level and even national governments and there is very little scope for decentralized set up to come into play and to take off or cancel project implementation, therefore, there is a lot of resistance.</i></p> |
| <p>12. Strengthen ADB's capacity to effectively address governance issues</p> | <ul style="list-style-type: none"> More inputs are required | <p><i>ADB was previously seen as a technical agency but is now moving into social and political direction.</i></p> |

Other comments:

- Culture is something that needs to be taken into account. For some, borrowing money is not seen as a courteous thing. If people need to borrow, they will from relatives but not from a foreign entity. Having borrowed money from the foreigner and being dictated what to do and what not to do is very hurtful for others. This is because of the shame culture.
- Demonstration value of good projects is very important. Because of an observable good project, people have demanded similar quality implementation of projects as well. An example is the Delhi Metrorail Project, where people are experiencing minimal disruption in ordinary life despite major urban infrastructure going on. This has raised a level of expectation and this has to be done in all projects as well.
- Indicators of governance and corruption are not easy things to do because these are not quantitative phenomenon like power generation or water supply. The point of sustainability as a proxy for corruption is a useful way of thinking about it. If the project is not sustainable then it is possible that corruption has taken place or money has been ciphred somewhere.

III. Recommended Actions for Governance & Anticorruption

Different small groups focused on priorities, analysis, country strategy, and programs & projects. Participants were asked to recommend priority action points for ADB. Below are the responses:

| Group | Recommendations / Actions |
|-------|---|
| 1 | <ul style="list-style-type: none"> • ADB focus on smaller projects rather than a country-wide approach • Involve more local governments and bodies • ADB should have direct support to local bodies in the following areas: <ul style="list-style-type: none"> ○ Quality of service ○ Increased revenues ○ Public expenditure • Better representation in India i.e., to have more regional offices all over India to be more accessible • Proper stakeholder analysis from start to end of planning including consultations as well as establish working group (minus government officials) – this will make planning a people’s program and eventually help in improving anticorruption and governance • Process & Feasibility Study Operation and Maintenance Plans • CORE AGENDA should be direct support in the process of decentralization in the form of grants • Capacity building of local authority and institution building as a conditionality for ADB loans • Long-term funding for sustainability of processes • Good governance programs and projects to be done in consortium with other funders rather than ADB alone • Anticorruption mechanisms to be a conditionality for ADB loans • Suggested model to address corruption: |

Corruption is a consequence of weak governance

Strategy: Assess what are the causative factors of corruption through:

- ✓ Improving inter- and intra-sector coordination and convergence among the various suppliers of any development project – improving the backward and forward linkages in the supply process

Approach:

- ✓ Good, credible data/indicators at disaggregated level (i.e., sub-city) on dimensions, roadblocks and constraints (i.e., Bangalore, Jaipur, Bopal, etc.)
- ✓ Sharing of indicators
- ✓ I Products

Participation Process (Transparency – Accountability – Predictability)

- Central Government: New Recruits
- Autonomous Institutions: New Recruits
- State Governments: New Recruits
- Defence
- Existing (Young) Central & State
- Superannuation funds
- EPFO- Voluntary
- EPFO- Exempt
- EPFO – More than 6500
- Unorganized

| Group | Question No. | Recommendations / Actions |
|-------|--|---|
| 2 | | <ul style="list-style-type: none"> • There are lots of similarities in neighboring countries and ADB to bring out the lessons learnt and best practices brought here • All technical projects should have personnel to gauge social implications of these intervention and concurrent monitoring and evaluation system should be built in • ADB should also involve grassroots level stakeholders • Being known as a prime-mover in transparency in project implementation, its organization must also be transparent (no hidden agenda) • Should address sector specific governance issues only and not go into “big picture” country-wide governance approach <p><i>ADB is also requested to look at its very high interest rates</i></p> |
| 3 | <p>[1] ADB's Comparative Advantage</p> <p>[4] Community Mapping of Stakeholders</p> <p>[6]</p> | <ul style="list-style-type: none"> • ADB is smaller than WB and hence, more flexible, can say “no” to some loans. Need to approach governance issues less by confrontation (which reduces defensiveness and deceit) but rather by emphasizing improved service delivery. This is a measurable proxy indicator for “good governance.” <ol style="list-style-type: none"> 1. During project design and planning, involve range of stakeholders both organized and unorganized <ol style="list-style-type: none"> (a) Field-based exercise during design not during implementation planning and not “consultants” sitting in rooms (<i>hire a community-based organization who will find out who are the stakeholders, both negatively and positively, organized and unorganized affected by the program.</i>) (b) Indirect ways of reducing corruption – improve government service delivery <p><i>It is difficult to directly influence or reduce corruption because this might create hostility in government when you say you are corrupt.</i></p> <ul style="list-style-type: none"> • Ways of making political democracy “responsive” and involved to create ownership 2. With service delivery improvements, it should have bottom-up planning and broader open participation of all stakeholders <ul style="list-style-type: none"> • ADB system and procedures should encourage “open self-critical analysis” all the way through the implementation of the program, and not just at the very end – institutionalized in program design and within ADB • Monitoring to be an ongoing, multidisciplinary team – process in built within projects/programs; and involve media in the monitoring • Laws of land which govern information, transparency and accountability – needs to be complied both in during the planning stages and final implementation completion. <p><i>India has very good laws which govern information, transparency and accountability. What is not available are project specific information (i.e., panchayat level) such as who is implementing or is responsible for a project, how much is the project, where is the money going, how is it being utilized, etc. - mapping of these projects must be done.</i></p> 3. Bring local elected/administrations and community leaders/power structures to buy in by planning upwards (including media) <p><i>In the planning process at the beginning, bring local elected administrators and community leaders and invest more in the initial stages of planning projects so that everyone can be involved.</i></p> <ul style="list-style-type: none"> • Partnerships should include NGOs in strategic alliances to ensure “practicality” in governance and corruption |

Other comments:

- Interesting in the reports is the need to bring in a specialist to help in the process of mapping the community, at the same time, there should be social specialist.
- The degree of social participation, while it is emphasized in the projects and programs, ADB needs to have a more effective way to ensure that this comes out.
- Measuring corruption can be done through indirect means such as proxy indicators and not necessarily through quantitative indicators.
- ADB's presence in the region gives it the inherent advantage and potential to facilitate advocacy of best practices. Also, because of this, its comparative advantage is that its initiatives can be more sector-specific such as in areas of governance and anticorruption.
- ADB could have more success in its projects if they look at governance and anticorruption initiatives that are very specific to a project or a sector rather than looking at the larger issues of the country. Sector specific initiatives are more accepted and if it looks at bigger issues so many factors come in.
- On the issue of marrying the social and technical aspect of ADB projects, there are a whole lot of good governance practices, not only in neighboring countries but also within India. And what we need to do is pick them up and adopt them and the challenge is to be creative in marrying what is already existing in our projects. ADB should also not reinvent the wheel and just go down, map and look how governance is being operationalized. There are existing good governance operational procedures in several areas and they can be made good case studies.
- One thing that was brought out that will be good for ADB is to establish benchmarking procurement policies but making sure it is flexible (i.e., printing); can institute simple local benchmarking procedures.
- Open-mindedness and a lot of capacity building of Urban Local Bodies (ULB) will go a long way in reducing anticorruption.
- 2 reality checks: (1) ULBs are not interested in training or capacity building, thus, the important thing is buy-in from all stakeholders; and (2) there is a notion that ADB is an "white-skinned" organization.
- The need to better design projects and to be able to adhere to the implementation plans to reduce possibility of corruption.

We encourage participants to comment or give feedback on this report through e-mail at governance_review@adb.org. Thank you.

APPENDIX



INDIA CONSULTATION WORKSHOP WITH NGOs 14 December 2004, The Imperial Hotel, New Delhi PURPOSE & AGENDA

Purpose :

The purpose of the workshop is to seek feedback of nongovernment organizations in India to collectively:

- Discuss issues arising from the findings of the desk review on governance and anticorruption;
- Describe regional trends in governance and anticorruption that influence poverty reduction and will affect future work; and,
- Identify action points for ADB's Medium Term Action Plan (2005-09) on Governance and Anticorruption to reduce poverty.

Agenda:

| | |
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| 10:00 AM | Arrival / Registration |
| 10:30 AM | Welcome, Expectations & Introductions |
| 11.15 AM | Governance & Anticorruption Desk-Based Review: Background and Themes |
| 12 NN | Highlights of ADB's Urban Governance Program in India |
| 12:30 PM | ADB's Contribution to India: Achievements and Performance (small groups) |
| 1:30 PM | LUNCH |
| 2.15 PM | NGO Presentation: Self Employed Women's Association (SEWA) |
| 2:30 PM | Report Back: ADB's Contribution and Performance |
| 3:30 PM | Appropriate Roles & Priority Actions by ADB for Governance & Anticorruption Work (small groups) |
| 4:15 PM | Report Back: Recommended Priority Actions and Results for the Medium-Term Action Plan for Governance and Anticorruption (2005-2009) (plenary) |
| 5:00 PM | Implications & Next Steps |
| 5:30 PM | Close |