



REVIEW OF THE IMPLEMENTATION OF THE
**GOVERNANCE AND
ANTICORRUPTION**
POLICIES OF THE ASIAN DEVELOPMENT BANK

FOR REVIEW PURPOSES ONLY

REVIEW PROCESS DOCUMENT

Attached is a paper on the above subject for discussion

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The attached document is one of the papers being used in the current Review of the Implementation of the Governance and Anticorruption Policies.

Fighting Poverty in Asia and the Pacific: Achieving Results Together

REVIEW PROCESS DOCUMENT

I. Background

1. ADB is conducting a review of the implementation of the Governance and Anticorruption Policies¹, which was guided by the Medium Term Governance Agenda and Action Plan for the period covering 2000 – 2004. There is a need to consider the governance and anticorruption priority actions for the period 2005 – 2009.

2. The first stage of the review started first quarter 2004 and involved desk-based assessments and limited internal consultation. Preliminary findings have been shared with ADB's Governance Committee. Its comments and suggestions have been very useful in formulating some of the key issues and the next stage of the review process, which will involve consultations with internal and external stakeholders. A short paper on the preliminary findings and issues will be shared with stakeholders during the consultations. This paper sets out the key consultation principles, processes and timetable for consultation and the production of the review report. Alongside the consultation process, further desk-based reviews will be conducted and assessments undertaken to investigate some of the key issues. The review will also consider the requirements for operationalising the recently approved enhanced poverty reduction strategy and the managing for development results reform agenda within the context of the governance and anticorruption policies.

3. A task team² constituted by the Governance and Regional Cooperation (RSGR) Division in Regional and Sustainable Development Department (RSDD) is conducting the review in partnership with the Anticorruption Unit under the Office of the Auditor General (OAGA). An interdepartmental group³ will: provide strategic guidance; ensure adequate resources are available; and secure management and staff commitment to contribute effectively to the internal and external consultation processes. In addition, internal⁴ and external expert advisory groups are being set up to provide expert regional and international contributions to the review (terms of reference for the Internal Expert Advisory Group is attached as Appendix 1).

II. Objectives and Results Expected from the Review

4. The review is in five parts:

- (i) Assessing ADB's experience in implementing the policies (achievements and weaknesses), and identifying issues requiring attention;
- (ii) Capturing the lessons learned from ADB's implementation experiences and from other international development agencies;
- (iii) Considering the implications of the current development context – what has changed that could influence future implementation and what are the new challenges and opportunities;

¹ These policies may be viewed on ADB's Review website at <http://www.adb.org/Governance/Review/>.

² Task Team Leader is Asha Newsum, Principal Governance Specialist, RSGR, reporting to Jak Jabes, Director, RSGR. Task team members are A. Michael Stevens, Peter Malvicini, Nick Villaluz and Vanessa Manuel.

³ DG, RSDD, DG from 2 RDs, Auditor General, Principal Director COSO and Director, RSGR.

⁴ Including members from the Governance Committee.

- (iv) Assessing the validity of the policies given the implementation experience and changing context; and
- (v) The way forward: What does ADB need to do to improve development effectiveness through the implementation of the governance and anti-corruption policies.

5. The review is assessing the implementation of the policies within the context of ADB's poverty reduction strategy. It is designed to improve our collective understanding on how effectively governance and anticorruption issues have been operationalised in Country Strategies and Programs (CSPs), Country Governance Assessments, Thematic and Sector Assessments and Road Maps, and lending and non-lending activities. The review is also considering the adequacy of internal guidance and the extent to which guidance is utilized effectively. It will be drawing on the implementation experiences of other international development agencies and in particular looking at: governance and national poverty reduction strategies, governance and anticorruption indicators, results, assessments, and managing risks; sector governance; and governance and anticorruption staff. It is drawing on internal and external studies including the findings and recommendations of the Bank Information Center Report: *Assessing the Asian Development Bank's Efforts to Limit Corruption in its Lending Operations*, March 2004.

6. The output of the review is a Medium-Term Agenda and Action Plan for the Governance and Anticorruption Policies for the period 2005 – 2009 approved by ADB Management.

III. Objectives of the Consultation Process⁵

7. The main purpose of the consultation is to seek the views of internal and external stakeholders to the preliminary findings of the review of the implementation of the governance and anticorruption policies; circulate ADB's experience with the policies by proposing modifications to the operational approach as necessary, and indicating more specific budgetary and other resource implications; and to solicit information on the priority actions that ADB should take to strengthen the implementation of the two policies. The consultation process will be guided by the following principles.

- Work with internal and external stakeholders to identify groups and persons that should be consulted;
- Consult stakeholder groups at key stages in the process and allow sufficient time for consultation;
- Ensure our consultation is clear, concise and accessible to our stakeholder groups;
- Be clear on the key issues arising from the desk-based review and the implications of any changes that the task team may be proposing; and
- Give feedback regarding the responses received and how the consultation process influenced the findings and recommendations of the review

IV. Proposed Stakeholder Groups to be Consulted

8. ADB: Through a series of workshops, focus group discussions, meetings and questionnaires, ADB Management and staff will be invited to contribute to the review. Stakeholders include but are not limited to:

⁵ The consultation will be undertaken in accordance with the guidelines on external consultation, appendix 4, staff instructions on definition of directional documents and processing of policy and strategy papers.

- Management
- Regional Departments: DGs, Operations Coordination Divisions, Country Team Leaders, Divisional Directors, Sector Specialists, cross-section of project officers and Resident Mission Management/ Project Implementation Officers.
- RSDD, NGOC, OED, OGC, OAGA, SPD, ERD, COSO, BPMSD, OER and PSOD

9. Developing Member Countries: A number of DMCs will be consulted through in-country workshops, questionnaires and focus group meetings. Representatives from Government, Legislature, Civil Society, Academia, Oversight Bodies and the private sector will be invited to make a contribution to the review. The Directors General of Operations Departments will be responsible for approving the countries to be consulted that have been prioritized based on criteria.⁶

10. Shareholders and Donors: The task team will share preliminary findings and identify issues for discussion through an informal discussion with the ADB Board. We will consult with major donors and major international NGOs in their capitals and in country offices through the use of questionnaires. We will also take the opportunity of consulting with donors during the task team visits to DMCs.

11. Consultations will also be done through the ADB website.

V. Managing Risks in Consultations

12. The key risks that we would need to consider include:

- Lack of engagement/commitment to the consultation
- Issues not clearly presented and/or too complex (so not understood)
- Low participation or response rates⁷
- Poor quality responses
- Narrow range of respondents
- Participants dissatisfied with the quality of the process
- No feedback after consultation process

13. Risk mitigating measures: Effective stakeholder analysis, good planning⁸ to ensure their participation, transparency in the processes used, incorporating capacity building, tailoring consultation to suit different interest groups; and preparing for and managing consultation processes effectively and in an inclusive manner.

VI. Readable/Accessible Consultation Documents

⁶ Criteria include: relative size of lending; level of policy dialogue on governance and anti-corruption issues; scale and size of governance programs; there is an enabling environment for consultation; existence of anti-corruption institutions; judicial reform is on the agenda; and a CSP has been produced since the introduction of the new business processes, or is due in 2004/5.

⁷ It may be due to perceived weak links in terms of stakeholders' contributions and what is eventually presented in the report.

⁸ The task team has consulted the ADB officers responsible for the review of the Poverty Reduction Strategy, the development of the Public Communications Policy and the strategy for NGO support to inform the consultation process and timetable.

14. The aim will be to produce readable consultation documents and test them to ensure the documents are clearly written and questions are clear and come across as intended.

15. The Consultation Papers/Documents proposed include:

- Synopsis of the two policies and governance medium term action plan
- Summary of the key findings of phase one of the review
- A summary paper on the requirements for DMC consultation for resident missions (RMs)
- PowerPoint presentation of the key findings covering the four sections
- Questions/Issues for consideration by ADB, DMCs and Other Stakeholders during the consultation process
- Key papers translated for DMCs that are identified for inclusion in the consultation process
- Consultation Timetable
- A consultation report (after the process)

VII. Analyzing Responses

16. Records will be kept of all responses whether received through written responses or interactive methods.

- Sort responses out by stakeholder groups/types
- Analyze the responses for key issues and summarize viewpoints
- Evaluate quality of consultation process; and
- Produce a simple outcome paper

VIII. Review Report

17. The review report will not exceed 30 pages (excluding appendices) and will be structured in accordance with ADB guidelines and will have the following format:

- Background and Information
- Achievements and changing context
- Lesson Learned and Issues arising
- Other International Development Agencies' experience
- Main priorities and options for achieving them
- Implementation Arrangements
- Resource Needs and Cost Implications
- Recommendations for Approval
- Appendices

IX. Schedule and Resource Requirements

18. Resources

- Consultation Process Specialist, Review Analyst and one administrator to plan and organize the workshops
- Facilities for workshops in ADB and in DMCs

- Travel Costs to DMCs
- One good editor
- Support from RMs (preferably one person responsible for coordination, etc.)
- Support from OER
- Support from OIST
- Support from internal and external expert reference groups.

19. Schedule⁹

Plan consultations	August 2004
Announce Consultation – internally and externally	August
Consultations Internal	October – November
Consultations External including website	October – November
Review of Consultation and Consultation Outcome Report	November / early December
Write Up Review Report	November / January 2005
Inter-Departmental Circulation	January
Update Report Based on Inter-departmental Comments	January
Publish Draft Report on website	February
Update Report Based on External Comments	March
Submit final report to Management for approval	April
Submission to Board for information	April 2005

X. Consultation Process and Content

20. The success of the consultation process is dependent on effective participation by stakeholders and secondly in the way the task team manages and conducts the consultation process. The task team is drawing on the experience gained by ADB staff that has undertaken

consultations for the NGO strategy, the Inspections Policy and the Public Communications Policy. The team is also drawing on the good practices from external websites and engaging the services of a consultation process expert for the assignment.

21. As participation by internal stakeholders in the consultation process has not been factored into staff work plans, professional staff who already have a busy schedule of work and travel would not make it a point of participating. To avoid this major risk, and as part of the announcement to be made to launch the consultation, the Vice Presidents and Directors General would need to issue appropriate internal directives to divisional directors in RSDD, OED, SPD, ERD and Operations. In addition, Divisional Directors will need to be responsible for ensuring effective participation by mission leaders, country team leaders and principal, lead and senior sector specialists. The task team will have in place a feedback system to track and report on the level of participation to the interdepartmental group.

22. **Internal stakeholders:** In recognition of the different types of stakeholder groups in ADB that have a responsibility for implementing the policies, a variety of instruments will be used to secure stakeholder contribution. Although the consultations will be held between September and November 2004, the bulk of the internal consultation is planned for September. The task team will consult by:

⁹ The schedule allows for 30 days notice to external stakeholders for participation in the consultation process, and 30 days to secure feedback on the draft review report from stakeholders who participated in the consultation process.

- Holding meetings with senior management;
- Conducting a series¹⁰ of multi-disciplinary workshops with operational staff;
- Sending questionnaires to operational departments;
- Sending questionnaires to, and hold videoconferences with RMs (not covered by the DMCs that are visited);
- Holding focus group discussions with RMs in DMCs that the task team visits; and
- Conducting meetings with stakeholders that are unable to attend the workshops.

23. **External Consultations:** The design of the external consultation process for the review has drawn on the experience of other consultations undertaken by ADB. Key factors for consideration include: Regional Departments to ensure RMs commit to the process and identify one focal person to undertake all local planning;¹¹ RMs should ensure ADB's key interlocutors from governments in DMCs participate; allow plenty of time and plenty of notice to stakeholders who are invited to participate; ensure a flexible agenda; ensure selective civil society organizations have an opportunity to strengthen the process by assisting in the identification of stakeholders and in the planning and preparatory work required for an effective consultative process; ensure key documents are translated into local languages; select DMCs for involvement in the consultation process using criteria that ADB can justify/defend; consider consultations with project affected persons and also consider visiting one or two project sites.

24. **Focus of external and internal consultations:** Although the process and perspectives of the external and internal consultations are likely to be different, the key areas for consultation will be common to both groups. The focus of the consultations will be on:

- ADB's performance within the context of the governance medium term action plan for the period covering 2000 and 2004 and in implementing the anticorruption policy;
- Extent to which ADB has adapted to the changing context;
- Key lessons learned;
- Important new policies and priorities that could impact on the way ADB implements the governance and anticorruption policies in the future;
- Key issues arising;
- How other international development agencies including multilateral development banks have addressed key issues;
- How should ADB address the issues and what should be the key components of the medium term action plan for governance and anticorruption for the period 2005 and 2009.

¹⁰ Four workshops will be held over an extended lunch break to provide maximum flexibility incentives to participate.

¹¹ There is provision in the budget to hire local administrators and facilitators for the consultation.



TERMS OF REFERENCE INTERNAL EXPERT ADVISORY GROUP

Purpose of the Internal Expert Advisory Group

1. The general purpose of the Internal Expert Advisory Group is to:
 - share perspectives and relevant experience on the issues pertaining to the review;
 - offer guidance at specific points during the process; and
 - contribute to the medium term action plan.

Role of the Internal Expert Advisory Group

2. Due to the size of the advisory group, and the difficulty of arranging live meetings to include a majority, members are asked to participate as a virtual network, guiding and commenting at specific points:
 - Initially, advisory group members share their perspectives on the main issues of governance and anti-corruption by responding to a brief questionnaire via e-mail.
 - Following this, they consider the proposed consultation and review process informing the review team of substantive questions to consider or strategic considerations given current trends in governance and anti-corruption.
 - Later in the process, advisory group members review findings before final recommendations are formulated.
3. Advisory group members should attempt to represent the collective views of their department, division or committee, and comment on interim and final outputs on their behalf. Upon internal circulation of the review, group members should be able to justify the findings and conclusions to their colleagues.
4. Advisory group members should plan to participate in one of the four internal consultation workshops to be held over lunch hours throughout October. Those members available may participate in a post-consultation workshop to process lessons learned being planned for late November. We believe that direct deliberation of issues and recommendations among staff will produce the best thinking and strongest action items for the medium term plan.