



# Impact of "Emerging Powers" on Governance in Partner Countries

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## Structure of the Presentation

- Aid, Decentralisation and Reforms
- Institutional Capacity
- The Indian Context: Experience as Recipient



# Aid, Decentralisation and Reforms

## The Poverty Reduction Strategy of WB Identifies

- \* Development Philosophy
- \* Governance
  - Commitment for Decentralisation
  - Stronger public sector institutions (internal organizational efficiencies)
  - Opt from variety of service-delivery activities
- \* Area Identification: Urbanisation Management; health, education, water and roads, infrastructure
- \* Central and Provincial Agencies/ Municipalities



# Institutional Capacity

- \* Even most well founded programmes and their procedures which are supposed to be flexible to any situation would have to go through change if need be – may be due to lack of exposure to the systems followed by the donors.
- \* Ability to retain neutrality with readiness to negotiate agreements with multiple levels of governments
- \* Ability to track trends in decentralisation.
- \* Be part of larger coordination efforts.



# Institutional Capacity

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- \* Performance at the Sub-national level
  - required technical and managerial capacity
  - ability to monitor programme and financial outputs and outcomes
  - decentralisation of financial powers
  - linkages with Central and Provincial governments



# Inference from India: Urban Local Bodies

- \* In order to decentralise local governance, the Constitution of India was amended.
- \* Recognising urban local governments as third tier of government (after central and state levels)
- \* Empowering the urban local bodies through devolution
- \* Enable integration of functional autonomy thereby facilitating adoption of plans prepared by the local bodies.
- \* Government of India has issued guidelines for 100% FDI in development of integrated townships (of 2000 dwelling units/100acres)
- \* An Urban Reform Incentive Fund (URIF) to provide support to the reform oriented states (reforms such as, improvement in accounting system, computerisation of land records)



# Multilateral Modalities

- \* India Development Forum by ADB in India
  - WB and all most of the other bilateral and multilateral donors participate to brief each other about sub-national operations.
  - Facilitate coordination and agreement on technical and policy issues, avoid unnecessary duplication of effort, and enable donor agencies to learn from each other's experience
  - This has provided impetus for bilateral donors' efforts to reorient their developmental strategy and for strengthening their geographical and sectoral focus of assistance.
  - This helps in identifying long term development partnership with its focal areas/states in the country.



# Multilateral Modalities

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- In addition to ADB, the World Bank, Germany, Japan, Netherlands, United Kingdom, and United States, as well as the European Union are India's major sources of **aid**. ADB, the World Bank, and the Japan Bank for International Cooperation (JBIC) provide the bulk of India's official loans.
- Regular consultations and clear concurrence are found to be most essential features
- Sectoral Policy Coordination and Co financing are the major modalities.