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
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**

* 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
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/100 acres)

* 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.
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.