

OVERVIEW OF ADB'S GOVERNANCE/ PUBLIC SECTOR MANAGEMENT POLICY AND STRATEGY

ADB Business Opportunities Fair

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Governance and Public Sector Management

- Two ways ADB approaches governance
 - (i) **governance as sector reform** thru public sector management work
 - (ii) **governance as an over-arching theme** thru its thematic priorities of public financial management, procurement, and anticorruption
- Public Sector Management extends to the 5 subsectors
 - (i) Subnational and local government administration or Decentralization
 - (ii) Economic and Public Affairs Management
 - (iii) Law and Judiciary
 - (iv) National Government Administration or Public Administration
 - (v) Public Expenditure and Fiscal Management

ADB's Mandate for Governance

- 1995: Governance Policy – equated governance with sound development management and identified fundamental elements of governance (accountability, participation, predictability and transparency)
- 1998: Anticorruption Policy – viewed anticorruption as part of broader effort to advance governance and capacity development
- 2006: ADB's Second Governance and Anticorruption Action Plan (GACAP II)
- 2008: Strategy 2020 – reaffirms ADB's commitment to supporting governance and anticorruption. Governance as a driver of change to build development capacities and broaden inclusiveness

Second Governance & Anticorruption Action Plan (GACAP II)

- Three priority theme
 - Public finance Management
 - Procurement
 - Combating Corruption
- Three Levels
 - Country
 - Sector
 - Project
- Two Targets
 - Strengthening Country systems
 - ADB projects

Risk-Based Approach

- GACAP II is a risk-based approach to governance assessment and determination of priority areas for ADB support
- The Risk has been categorized as of:

“Reduced Development Effectiveness”

- ...That DMC and ADB development objectives will not be met, or will be adversely affected by poor governance, weakly performing institutions or vulnerability to corruption...
- This tool can help identify opportunities for business process reform, capacity development priorities and reduce vulnerability to corrupt practices

Examples of ADB Actions for Addressing Country Level Risks

- **Risk:** Actual budget out-turns do not reflect policy based allocations across sectors
- **Mitigation:** Targeted support for budget preparation and expenditure control
- **Risk:** Weaknesses in the procurement law
- **Mitigation:** BIS assessment, followed by prioritized implementation of BIS recommendations
- **Risk:** Budget comprehensiveness compromised because of excessive off-budget funding
- **Mitigation:** Consolidation of projects in integrated FM database to get all funding on budget

Examples of ADB Actions for Addressing Sector Level Risks

- **Risk:** Inadequate oversight by local authorities over road works
- **Mitigation:** Introduction of clear procedures, specifying oversight responsibilities at national and local level
- **Risk:** Gaps in institutional and regulatory framework
- **Mitigation:** Conduct review of technical road standards

Example of ADB Actions for Addressing Project Level Risks

Water Supply and Sanitation Services Investment Program

- **Risk:** Shortage of financial analytical and managerial skills and capacity in local government
- **Mitigation:** (i) training on financial management systems and reporting; and (ii) introduction of computerized customer database, billing and FM systems

ADB/OECD Anticorruption Initiative for Asia and the Pacific

- Established in 1999 under joint leadership of the ADB and OECD
- The Initiative is a network built around common commitment to the Anti-Corruption Action Plan for Asia and Pacific.
- Action plan has three pillars focusing on public sector, private sector, and civil society.
- Action plan originally endorsed by 17 countries and jurisdictions in Nov 2001, now 28 members and three observers (including OECD member countries, middle income countries, low income countries)
- Advisors include World Bank, UNDP, Transparency International, the American Bar Association, AusAid, Sida

RSGP Public Management Portfolio 2011–2012

- R-CDTA: Knowledge Sharing and Capacity Development for Public Sector Management in the Asia and Pacific Region, Amount: \$1.5 million
- R-CDTA: Supporting Public Management through e-Governance Capacity Development, Amount: \$1.0 million
- R-CDTA: Regional Capacity Development of Selected DMCs on Tax Administration, Amount: \$300,000

Thank You

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