

India: Research Notebook for Liberia, Nepal and Sri Lanka¹

CATEGORY: COUNTRY STRATEGY

Q1. Does India publish the country strategy paper for the recipient countries?

India does not publish a consolidated strategy paper for Liberia, Nepal or Sri Lanka. However, India does provide overviews of its assistance and planned activities, which can be used as proxies to understand the focus and priorities of the country's cooperation to both Nepal and Sri Lanka.

Liberia: There is no published annual report of activities.

No Partially Yes

Nepal: There is no formal written paper that outlines India's strategy for cooperation to the country.² However, the Indian Embassy in Nepal has published an overview of its work in the country and the prioritized areas for engagement, including science and technology. It also has a compiled a map of its projects and created a PowerPoint that outlines its current work.³

No Partially Yes

Sri Lanka: An overview of the aims and focus areas of its "development partnership" is publicly available online – as a website and presentation. While not a formal "strategy", the information does provide a de facto means for outlining its development cooperation to the country and the focus of its projects.⁴

No Partially Yes

Q2. What are the main modalities used in India's operations in the recipient countries?

India's technical assistance is generally provided under the framework of Indian Technical and Economic Cooperation (ITEC) program. Indian development cooperation is based on loans and grants, with loan assistance provided through the Export-Import Bank (Exim Bank) of India as a line of credit. Most of the grants and loans under this program are allocated to countries in its immediate periphery through social development and infrastructure building projects.⁵

With respect to Liberia, Nepal and Sri Lanka, India's development cooperation modalities diverge strongly due to geographic, economic and diplomatic factors.

Liberia: For countries outside the region, like Liberia, cooperation is better characterized along the lines of trade and investment, cooperation in the form of scholarship funding and

¹ All interview requests with Indian officials in Liberia were denied. The response given was that India's contribution to Liberia is not significant enough for it to be considered an emerging donor.

² Interview with an Indian official in Nepal, January 2012.

³ Embassy of India, 'Being Together Growing Together. Six Decades of Development Partnership' (Kathmandu: Embassy of India, 2008). Accessed on 11 October 2012. <http://www.indianembassy.org.np/india-nepal-relations/India-Nepal%20Economic%20Cooperation.pdf>. Also see: <http://www.indianembassy.org.np/india-nepal-relations/Economic%20Cooperation.ppt>.

⁴ "India-Sri Lanka Development Partnership," High Commission of India in Sri Lanka, http://www.hcicolombo.org/index.php?option=com_pages&id=73.

⁵ Ibid.

infrastructure investment.⁶ For example, a large project was tendered by the Indian ministry of external affairs among Indian manufacturers, for the supply of 25 buses and the creation of associated servicing centers in Monrovia.⁷ Liberians also are the recipients of numerous scholarships to study in India under three Indian Government scholarship schemes: (a) India Technical and Economic Cooperation (ITEC); (b) Indian Government Special Agricultural Scholarship Program and; (3) Indian Africa-Forum Summit Scholarship Grant.⁸

Nepal: India receives requests by Nepal (national government, local government, local NGOs, and institutions) and signs triangular agreements between the government of India, the government of Nepal, and the local representative. Cooperation between Nepal and India is purely bilateral, and investments are only made in infrastructure.⁹

India provides concessional credit lines for investments in economic and infrastructure development, supplies food items such as wheat, rice, or pulses, and offers scholarships to Nepalese students and training of Nepalese Government officials.¹⁰ India is active in some of the following sectors: education, health, telecommunications and agriculture.¹¹

Sri Lanka: Foreign assistance and aid flows take the form of technical cooperation, loans and development projects. Loan assistance is provided in the form of credit lines through the Export-Import Bank of India, with terms that are generally low interest and long-term.¹² The ministry of external affairs of India is mainly in charge of the aid allocation policies, however with the emergence of new modalities (i.e. credit lines), some of this role has been passed to India's ministry of commerce.¹³ A recently published summary of Indian development cooperation from the High Commission in Sri Lanka¹⁴ identifies four modalities of implementation: small development projects (administered by the Indian High Commission and ministry of commerce),¹⁵ small procurement projects (administered by the ministry of external affairs), supply of materials (administered by the ministry of external affairs and very closed to "tied aid"),¹⁶ and large projects (tendered projects administered by the ministry of external affairs).

Most projects are implemented by contracting companies, and the selection is a participatory process using open tenders, where the award goes to the lowest bidder.¹⁷ This process is

⁶ The Ministry of External Affairs in India, <http://meaindia.nic.in/mystart.php?id=100515587>.

⁷ "Ministry of External Affairs, New Delhi invites sealed quotations on two bid system (technical and financial) from Original Indian Manufacturers for supply of 25 buses to Liberia on CIF-Monrovia basis under Aid to Africa program. The suppliers have to establish a service centre for buses in Liberia at their own cost", Ministry of External Affairs of India, tender notice, <http://meaindia.nic.in/mystart.php?id=100515587>.

⁸ Interview: Thomas Nah, Liberia, March 2012.

⁹ Interview with an Indian official in Nepal, January 2012.

¹⁰ Embassy of India, 'Being Together Growing Together. Six Decades of Development Partnership' (Kathmandu: Embassy of India, 2008). Accessed on 11 October 2012. <http://www.indianembassy.org/np/india-nepal-relations/India-Nepal%20Economic%20Cooperation.pdf>.

¹¹ Embassy of India. 'Note on India's Economic Cooperation Programme in Nepal' (Kathmandu: Embassy of India, 2011). <http://www.indianembassy.org/np/india-nepal-relations.php>.

¹² Government of Sri Lanka, 'Global Partnership in Development,' (Colombo: Sri Lanka External Resources Department (ERD), 2011). <http://www.erd.gov.lk/files/EEEnglish%20Section%20-Edited.pdf>.

¹³ A document made publicly available by the Export-Import Bank of India describes the terms of credit in Indian credit lines. This document states that for middle-income countries, which now include Sri Lanka, the rate of interest is "Libor+0.5% p.a." and maturity is 8 years with the moratorium of 2 years. "Terms and Conditions and Procedure to be adopted in respect of Government of India Supported Exim Bank Lines of Credit," Government of India, Ministry of Finance, Department of Economic Affairs, 2010, <http://www.eximbankindia.com/goi-loc.pdf>.

¹⁴ "India-Sri Lanka Development Cooperation," High Commission of India in Sri Lanka, 2012

http://www.hcicolombo.org/download_file.php?action=download&mainfolder=images&filename=Presentation.ppsx

¹⁵ The official at the Indian High Commission interviewed in Colombo confirmed reliance on the open tender mechanism. Tender information is publicly available online on the website of the High Commission of India. "Tenders," High Commission of India, http://www.hcicolombo.org/index.php?option=com_tenders. Accessed on 12 October 2012.

¹⁶ Deshal de Mel and Anneka de Silva, "Policy Priorities for Foreign Aid Reform in Sri Lanka," in Saman Kelegama ed., 'Foreign Aid in South Asia.' A hard-copy of this manuscript was given to student researchers during an interview with Dr. Kelegama in Sri Lanka on 13 March 2012. Dr. Kelegama is the Executive Director of the Institute of Policy Studies in Colombo. More information on the book is at: http://www.island.lk/index.php?page_cat=article-details&page=article-details&code_title=60180.

¹⁷ Interview: Officials of the High Commission of India in Colombo, Sri Lanka, March 2012.

managed by the project implementation committee and is governed by documents articulated and countersigned at the planning stage, including the project budget, responsibilities and timeframes.

Q3. Does India have a policy/protocol on mutual accountability?

No Partially Yes

India's protocols on mutual accountability vary, and there is no formal policy informing mutual accountability priorities or practices in any of the three countries. However, as indicated in the case of Nepal, there is no need for such a formal policy as mutual accountability is guaranteed without formal requirements.¹⁸

Q4. How are mutual accountability protocols determined and upheld in recipient countries?

Mutual accountability protocols are clearer for neighboring recipient countries than they are for countries outside India's periphery.

Liberia: There is no formal policy on mutual accountability, nor are there any identifiable protocols.

Nepal: There is a periodic review of strategies whenever it is necessary. As everything happens in a bilateral forum, mutual accountability is guaranteed without formal requirements and which happens more in practice.¹⁹ This includes Nepal's Aid Management Platform (AMP), which is a tool introduced by the government of Nepal to track committed and disbursed funds.

Sri Lanka: A frequently expressed opinion among public officials interviewed is that Indian and Sri Lankan collaboration is so deep and well established that the need for additional formality and protocols is simply not immediately apparent: "the arrangements are already there."²⁰

According to the Indian High Commission officials interviewed, the conception of each individual proposal comes from the Sri Lankan government counterpart "in 99% of the cases."²¹ Interviews with Sri Lankan government officials confirm that the planning of projects is heavily "demand-driven" and "agreement-based."²²

CATEGORY: AID POLICIES

Q5. Does India publish allocation policies and procedures for development cooperation?

No Partially Yes

India does not publish specifics regarding development cooperation allocation policies and procedures. However, the general principles and strategies for development cooperation are articulated by the Indian Government's Ministry of External Affairs in terms of geographic

¹⁸ Interview with an Indian official in Nepal, January 2012.

¹⁹ Interview with an Indian official in Nepal, January 2012.

²⁰ Interview: Velayuthan Sivagnanasothy, former director general, Department of Foreign Aid and Budget Monitoring of the Ministry of Plan Implementation of Sri Lanka; currently Secretary, Ministry of Traditional Industries and Small Enterprise Development; March 2012.

²¹ Ibid.

²² Interview: Velayuthan Sivagnanasothy, former director general, Department of Foreign Aid and Budget Monitoring of the Ministry of Plan Implementation of Sri Lanka; currently Secretary, Ministry of Traditional Industries and Small Enterprise Development; March 2012.

priorities, with its “neighbors first” and technical cooperation with “friendly countries”.²³ Publishing more detailed priority areas varies by recipient country (see questions 1 and 2).

Liberia: There is no detailed public information available on India's aid allocation policies and procedures.

Nepal: There is no structured approach to the allocation of development cooperation. Everything is flexible and can be adapted to the necessities and situation (fitting within the broader objectives of its cooperation; see questions 1 and 2).²⁴ India's foreign policy with Nepal is published;²⁵ however, this does not include information on allocation policies and procedures for development cooperation.

Sri Lanka: There are no formal policies that are published regarding cooperation allocation policies and procedures. It appears that such decisions are articulated through top-level negotiations, for example the India-Sri Lanka Joint Declaration, announced in June 2010, which articulates India's agenda towards the country.²⁶

Q6. Does India use participatory mechanisms to involve local/national stakeholders?²⁷

Liberia: No evidence of participatory mechanisms has been found – either for the government or non-state actors.

No Partially Yes

Nepal: According to an Indian official, India's work is based on Memoranda of Understanding (MOU) signed between the governments of India and Nepal. Based on this MOU, any request from Nepal – whether from government, local government, institutions or local NGOs - is considered by the government of India. Apart from the request mechanism, no formal measures to involve other stakeholders at other points of the project are in place.²⁸

No Partially Yes

Sri Lanka: National government is involved at the ministerial level in project.²⁹ Apart from the national government, there are no formal mechanisms to involve local/national non-state actors in the formulation of India's development cooperation policy.³⁰ However, there is evidence that project beneficiaries are consulted at some points in the process. Also information is made available for some projects in the local language. For example, one of India's flagship housing initiatives in the Northern district, Memorandums of Understandings (MOUs) are published online in both English and Tamil.³¹

No Partially Yes

²³ Outcome Budget FY 2011-12, Indian Ministry of External Affairs http://meaindia.nic.in/meaxpsite/budget/Budget_11-12_Eng.pdf.

²⁴ Interview with an Indian official in Nepal, January 2012.

²⁵ See: http://meaindia.nic.in/meaxpsite/budget/Budget_11-12_Eng.pdf. Accessed on 12 October 2012.

²⁶ See: http://transcurrents.com/tc/2010/06/india_sri_lanka_joint_declarat.html. Accessed on 11 October 2012.

²⁷ In the Nepal study, the question reads: Does (the development actor) use participatory mechanisms to involve local/national stakeholders in the formulation of its aid policy?

²⁸ Interview with Indian official. Kathmandu, Nepal. January 2012.

²⁹ “India-Sri Lanka Development Partnership,” High Commission of India, http://www.hcicolombo.org/index.php?option=com_pages&id=73.

³⁰ Ibid.

³¹ ‘Memorandum of Understanding between the Government of the Republic of India and the Government of the Democratic Socialist Republic of Sri Lanka for implementation of Indian grant assistance for 49,000 housing units in Northern, Eastern, Central and Uva Provinces of Sri Lanka,’ High Commission of Sri Lanka in India, 18 January 2012, in English. http://www.hcicolombo.org/images/cover_pdfs/english.pdf

Q6a. Do recipient governments use participatory mechanisms to involve local/national stakeholders?³²

Liberia: As part of its approach to development cooperation, the Liberian government uses its Poverty Reduction Strategy (PRS) as the document for channeling funding.³³ The PRS is compiled with systematic input from Liberia's 15 counties through incorporation of County Development Agendas and the views of local stakeholders. However, it could not be determined through the research whether India uses the PRS as the framework for its cooperation.³⁴

No Partially Yes

Nepal: Nepal's last official aid policy was completed in 2002.³⁵ Over the last five years, the country has started on process of revising it, which provides insights into how the government is using participatory mechanisms to shape decisions on development cooperation.³⁶ According to interviews with a Ministry of Finance official from Nepal,³⁷ drafts of this policy have been circulated and discussed among various stakeholders, including civil society organizations as well as media, research institutes, universities and NGOs. The engagement of NGOs and businesses is particularly seen as necessary because the government is not able to cover all areas and delivery points for the plan. In the consultation, local governments have also been included (parliament committees, political parties).

No Partially Yes

Sri Lanka: Line ministries and agencies are engaged in an on-going dialogue on how to align activities of development-cooperation partners and priorities of *Mahinda Chintana*, the national development strategy.³⁸ Regarding non-state actors, no consultation actively takes place, as the government does not proactively involve civil society or has the mechanisms established to do so. NGOs appear to be particularly excluded from the government's decision making, since the current public (and the government's) perception toward NGOs is not positive.³⁹ There is no *Right to Information* law in Sri Lanka, severely limiting data access for citizens and the media and their ability to have informed engagement.⁴⁰ There are indications, however, that non-state actors are involved inasmuch as they are project beneficiaries on particular projects.⁴¹

No Partially Yes

CATEGORY: BUDGETARY PLANNING

³² In the Nepal study, the question reads: "Within the institutional framework, which participatory mechanisms have been put in place to involve the parliament, local government and/or non-state stakeholders in the formulation of (the development actor's) aid policy?"

³³ Republic of Liberia, 'Liberia Poverty Reduction Strategy' (Monrovia: Republic of Liberia, April 2008).

<http://emansion.gov.lr/doc/Final%20PRS.pdf>; Also see: <http://www.imf.org/external/pubs/ft/scr/2012/cr1245.pdf>.

³⁴ "Two Ambassadors Hold Talks with Dr. Toe," Republic of Liberia, Ministry of Agriculture, press release http://www.moa.gov.lr/press.php?news_id=66.

³⁵ See: <http://www.mof.gov.np/files/foreignaid.pdf>.

³⁶ The latest publicly available version (2009) is at: <http://www.aideffectiveness.org/Country/Nepal/Nepal-Draft-National-Aid-Policy.html>.

³⁷ Interview with a Nepalese official, MOF, January 2012.

³⁸ For more information, see: <http://www.treasury.gov.lk/publications/mahindaChintanaVision-2010full-eng.pdf>. Also see: <http://www.mea.gov.lk/index.php/missions/diplomatic-missions-in-sri-lanka-264-mahinda-chinthana/3016-mahinda-chinthana>.

³⁹ Interviews with NGO representatives indicated that the sector is currently viewed in an overall negative light as many think tanks have voiced criticism of government policy. Interviews with: Imran Furkan, CEO, Sri Lanka Press Institute, Sri Lanka Paikiasothy Saravanamuttu, Executive Director, Center for Policy Alternatives, Sri Lanka.

⁴⁰ Interviews with: Imran Furkan, CEO, Sri Lanka Press Institute; Paikiasothy Saravanamuttu, Executive Director, Center for Policy Alternatives; Dinouk Colombage, Editor, the Sunday Leader newspaper, Sri Lanka, March 2012.

⁴¹ "Managing for Development Results," Integrated National Development Information System (INDIS), Department of Project Management and Monitoring, Ministry of Finance and Planning of the government of Sri Lanka, <http://www.pmm.gov.lk/index.jsp?sid=1&id=107&pid=2>.

Q7. How much total development cooperation was effectively disbursed in calendar year 2011 for the recipient countries?⁴²

The total level of India's foreign assistance can be determined for Nepal and Sri Lanka. There is no information available for Liberia.

Information on India's aid flows to Nepal and Sri Lanka can be determined from two sources: 1.) the annual budgetary allocation for aid and loans to foreign countries given under the technical cooperation framework and 2.) reporting by the recipient countries of cooperation provided. The figures from India are reported by the ministry of external affairs (MEA). However, the MEA figures do not always correspond with the numbers reported by recipient countries.

Liberia: There are no figures listed by the country about India's assistance.

Nepal: According to Nepal, India disbursed US\$ 50 million in FY 2010-11.⁴³ India is the sixth largest provider of development cooperation to the country, after the World Bank, Asian Development Bank, UN, UK and Japan.⁴⁴ However India's MEA estimates that the funding provided to Nepal over the same period was US\$ 28 million.⁴⁵ Nepal's AMP contains detailed information on the actual amount disbursed although this information is not publicly available.

Sri Lanka: Figures from the budget report of the Indian Ministry of External Affairs reports the amount of funds for technical assistance to Sri Lanka described as "aid and loan" for 2010-2011 was about US\$ 17.3 million.⁴⁶

These figures differ what is reported locally. According to public documentation from the High Commission of India in Sri Lanka, "projects implemented under grant assistance" amounted to US\$ 20.9 million in 2010 and US\$ 52.8 million in 2011.⁴⁷ The government of Sri Lanka also maintains figures but these are not disaggregated by year and type of cooperation (i.e. loans, grants, etc.). For 2010/2011, they calculate that India's total commitment was US\$ 716.3 million, consisting entirely of loans and since 2005, the total amount of grants has been US\$ 32.2 million.⁴⁸

Q8. Does India publish forward planning budget or documents for the institutions they fund in the recipient countries for the next three years?⁴⁹

No Partially Yes

Liberia: No forward planning budget document could be identified through interviews or found on the internet.

Nepal: India does not do forward planning for its cooperation in the country beyond estimates for the coming year and no public documentation could be found.⁵⁰ According to Indian officials in Nepal, it is therefore not possible to publish the budget.⁵¹

⁴² In the Nepal study, the question reads: "How much total aid was effectively disbursed in calendar year 2011? Which percentage was tied/untied?"

⁴³ Ministry of Finance. Government of Nepal. 'Development Cooperation Report. Fiscal Year 2010-11' (Kathmandu: Government of Nepal, 2011). <http://www.mof.gov.np/files/DCR.pdf>.

⁴⁴ Ibid.

⁴⁵ Government of India, Ministry of External Affairs, http://meaindia.nic.in/meaxpsite/budget/Budget_11-12_Eng.pdf.

⁴⁶ "Aid and Loan to Countries" is broadly defined as the budget of the External Affairs Ministry that is "invested into technical assistance programs." 'Outcome Budget 2011-2012,' Government of India, Ministry of External Affairs, http://meaindia.nic.in/meaxpsite/budget/Budget_11-12_Eng.pdf.

⁴⁷ Exact amount in LKR is 2,635.62 million LKR in 2010 and 6,667.31 million LKR in 2011. 'Projects Implemented under Grant Assistance since 2005,' High Commission of India in Sri Lanka, http://www.hcicolombo.org/images/cover_pdfs/COMPLETED_PROJECTS.pdf.

⁴⁸ Government of Sri Lanka, 'Performance Report 2010' (Colombo: External Resources Department (ERD), 2011). p. 11.

⁴⁹ For this question in Nepal, the phrasing was "Does India publish the total development budget for the next three years, as submitted to parliament?"

Sri Lanka: No detailed and unified three-year planning budget document for Sri Lanka could be identified.⁵² Information available online relates to costs for ongoing projects (without specific dates).⁵³

CATEGORY: MONITORING & EVALUATION

Q9. Does India monitor and evaluate the implementation of operations? ⁵⁴

Liberia: No public information could be found to confirm or refute whether India has a uniform monitoring and evaluation system.

No Partially Yes

Nepal: According to an Indian representative, monitoring takes place on a regular basis. This occurs when 25%, 50%, and 75% of the project is completed. After approval of the project plan, the implementing agency receives 25% of the total budget so that it can start the project. Once this money is spent, India visits the project, talks to representatives of the implementing agency, as well as civil society, local government and potentially other parties. If everybody involved on Nepalese and Indian side is satisfied, the implementing agency receives the next 25% of the budget. The same procedure is repeated after 50% and 75% of project is completed. Monitoring takes the form of personal visits to the project site. Photos are an important component of the monitoring because they enable comparison and detailed progress report. If something is not going well it needs to be corrected before the next 25% of the budget are disbursed.⁵⁵ However, the quality and quantity of this monitoring cannot be assessed via desk research.⁵⁶

No Partially Yes

Sri Lanka: Indian Officials interviewed stated that the Indian High Commissioner himself monitors projects on an ongoing basis.⁵⁷ However, no public information on this process or its outcomes could be found to verify this. From the side of Sri Lanka, there exists the Evaluation Information System (EIS), a web-based central evaluation database established by the Department of Foreign Aid and Budget Monitoring, an agency of the Ministry of Finance and Planning of Sri Lanka.⁵⁸ However, it is not immediately apparent how functional the system is at present, and there is no publicly available information on the evaluation of Indian projects in EIS.

No Partially Yes

⁵⁰ Sources consulted: Ministry of Finance. Government of Nepal.(March 2012). 'Development Cooperation Report. Fiscal Year 2010-11'; Interview with a representative of the Nepali Ministry of Finance on 19 January 2012; Embassy of India, Kathmandu. Economic Cooperation Wing: <http://www.indianembassy.org.np/economic-cooperation.php>. Accessed on 12 October 2012; Ministry of External Affairs, Government of India. <http://www.mea.gov.in/mystart.php?id=50044504>. Accessed on 12 October 2012.

⁵¹ Interview with an Indian official in Nepal, January 2012.

⁵² Interview: official of the High Commission of India in Colombo, Sri Lanka, March 2012.

⁵³ 'List of Ongoing Projects,' High Commission of India in Sri Lanka.

http://www.hcicolombo.org/images/cover_pdfs/ONGOING_PROJECTS.pdf. Accessed on 12 October 2012. Also see: 'Development Cooperation,' http://www.hcicolombo.org/index.php?option=com_pages&id=135. Accessed on 12 October 2012.

⁵⁴ In the questionnaire for Nepal, this read: "Does India monitor the implementation of operations?"

⁵⁵ Interview with an Indian official in Nepal, January 2012.

⁵⁶ Embassy of Nepal, New Delhi, website, <http://www.nepalembassy.in/ecorele.htm>. Accessed on 12 October 2012;

Ministry of External Affairs, Government of Nepal, website, <http://www.mea.gov.in/mystart.php?id=50044504>. Accessed on 12 October 2012; Embassy of India, Kathmandu, website, <http://www.indianembassy.org.np/economic-cooperation.php>. Accessed on 12 October 2012.

⁵⁷ Interview: officials of the High Commission of India in Colombo, 15 March 2012.

⁵⁸ The Evaluation Information System (EIS), Department of Foreign Aid and Budget Monitoring (an agency of the Ministry of Finance and Planning of Sri Lanka, <http://pms.fabm.gov.lk/EIS/UI/Home.aspx>).

Q10. Does India publish the evaluations of its aid programs in recipient countries? ⁵⁹

No

Partially

Yes

No evaluations are publicly available for any of the three countries.

Q11. How are disagreements dealt with between India and recipient countries?

India does not have uniform protocols for dealing with disagreements, especially since the recipient countries studied have very different strategic relevance and historic relations with India. Sri Lankan government officials often indicate that a common and effective way to resolve disagreements is to pass the issues onto higher-level officials.⁶⁰ Interviewees in Nepal and Sri Lanka generally referenced friendly historic relations in stating that disagreements rarely arise (however, this could not be substantiated during the research).

⁵⁹ In the Nepal study, the question reads: "Does (the development actor) publish its annual audit of its aid programs in Nepal?"

⁶⁰ Interview: Velayuthan Sivagnanasothy, former director general, Department of Foreign Aid and Budget Monitoring of the Ministry of Plan Implementation of Sri Lanka; currently Secretary, Ministry of Traditional Industries and Small Enterprise Development; March 2012.