

**REVIEW OF IMT-GT'S BUSINESS PROCESSES:
A CONCEPT NOTE (DRAFT)**

Rationale

1. The 15th SOM/MM marks the 15th year of IMT-GT. During this period, IMT-GT has formalized into an organization with a well-established structure of Leaders' Summits, SOM/MM, Working Groups, and JBC. It is an organization with a Vision statement, a Road Map, and now a permanent secretariat (CIMT), that utilizes public and private sector resources to provide services and outputs that are presumably useful to its stakeholders.

2. In a world of changing local, regional and global environment, all organizations have to constantly focus on retaining their relevance by adapting to changes. IMT-GT should not be an exception to this rule of organizational vitality. The 15th SOM/MM provides a useful milestone for IMT-GT to reaffirm and draw strength from its roots that are still strong and, to discard roots that have failed to withstand the test of time. This should be an integral part of the mid-term review of the Road Map in 2009. A related and parallel exercise in this context is the review of IMT-GT's business processes, including its organizational structures, and incentives and accountability mechanisms.

3. This is not a hypothetical exercise. Even the best of organizations undertake such renewal exercises to ensure their continued relevance. It is expected that the Review of Business Processes (RBP) will lead to identification not only of new business processes for IMT-GT but also areas that will require institutional strengthening and capacity building. Both of these are longer-term initiatives, and ADB will facilitate support for them both over the long haul.

4. The IMT-GT structure is at present patterned largely after the public sector-oriented ASEAN set-up, with its multi-tiered and hierarchical formation of Summit, Ministerial, Senior Officials and Working Group meetings. Doubts have been raised as to whether this model is suitable to a private-sector led program such as the IMT-GT. The public-private sector interface --- which is critical within the context of the IMT-GT framework --- remains weak. It needs to have greater depth and clarity and a much-needed results-orientation. The energy and dynamism of private sector thus remains incompletely utilized in IMT-GT.

5. The current IMT-GT structure also accentuates a central ministry-driven program as reflected in the composition of the working groups, with local governments inadequately mainstreamed into the decision-making process both at the program and project level.

6. Within the ministries, the sense of ownership is highly uneven. The level of working group activities and outputs in fact reflect this; two out of six working groups have not met until early September this year, and one has met only the day before the SOM; some working groups lack continuity, with high rates of turnover in people representing specific ministries at meetings; a system of ministry focal points has also not

been established. Most important, moving beyond project ideas to implementation is difficult.

Scope

7. The RBP will be comprehensive in its coverage, and its detailed Terms of References will be decided in consultations with Senior Officials. A few important aspects that need to be addressed by the Review are highlighted here:

- Revisiting the IMT-GT conceptual framework (the economic rationale for growth areas) should be the starting point of the Review. The fundamental question to ask should be: what organizational arrangement works best for growth areas where state/local entities and the private sector are the key players; rather than starting with the question of how to improve the existing system. The latter may lead to recommendations for incremental changes rather than holistic ones. The Review should be able to recommend bold and drastic changes in structure and mechanisms for so long as the efficiency gains are clear.
- IMT-GT must be viewed in relation to other regional groupings such as ASEAN, GMS, etc. and to identify where program and project initiatives duplicate or complement each other; where initiatives are complementary, the appropriate approach to be taken under the IMT-GT framework should be specified.
- The Review should look at how best to engage federal/central and state/local entities, the division of labor between them, and the scope or latitude for state/local public sector entities to engage in IMT-GT activities on their own. The division of labor among central ministries also needs to be defined, in particular, with respect to the role of the national focal point and sector focal points, both in relation to counterparts in other countries, as well as in relation to counterparts at the state/local levels.
- Reviewing the role of the public and private sector entities, and the interface mechanisms between them, is equally important. Is the JBC effective within the IMT-GT context? What alternative mechanisms could work equally well, if not better? More importantly, what mechanisms will provide incentives for the private sector --- the prime movers and key stakeholders --- to actively take part in the program?
- What should be the basic working unit for the program? Permanent sector working groups as they presently exist? Or project-oriented (ad hoc) task forces? Where should these working units be located (i.e. at the national or local levels)?
- What would be the role of the CIMT? In addressing this question, the Review should be able to situate the role of the CIMT in relation to the present set-up and its potential new role given the changes proposed under a new set of business processes.

- Finally, the review should be able to address the issue of commitment to resources (financial and well as human) that would be required to ensure meaningful participation in the program.

A Suggested Approach

8. The Review should be guided by a candid and realistic self-assessment of the unique advantages that IMT-GT cooperation offers; what can and cannot be done; what is useful and what is not; and what resources (financial and human) can participating governments realistically commit to make them realize, individually and collectively, the potential benefits that IMT-GT cooperation can offer.

9. The Review should be conducted principally as a self-assessment process, implying it has to be driven primarily by the IMT-GT stakeholders themselves. The Review process needs to be carefully planned along the lines of soliciting and building from the ideas of IMT-GT stakeholders, in contrast to the traditional approach where a team of experts come up with prescribed solutions for concurrence by the governments. The Review process will be highly participatory and will seek to build consensus closer to the stakeholders “on the ground” rather than at the top level of the public and private sector bureaucracy. It is hoped that this approach will generate the sense of ownership and motivation required for the IMT-GT to forge ahead towards set goals.

10. Three eminent persons to be nominated each by Indonesia, Malaysia, Thailand and assisted by national consultants will facilitate the Review process with ADB support. They will design, manage and organize consultation meetings among stakeholders at various levels of IMT-GT operations, both at the national and regional levels. They will have the important task of guiding the brainstorming sessions, and trying to forge a consensus. They will then put together the consensus generated from a broad-based consultation process into a coherent and systematic business process for IMT-GT.