

REPORT

2nd Global Governance and Leadership Forum 2018

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**INTERNATIONAL INSTITUTE of
GOVERNANCE & LEADERSHIP**

LEADERSHIP IN THOUGHT AND ACTION



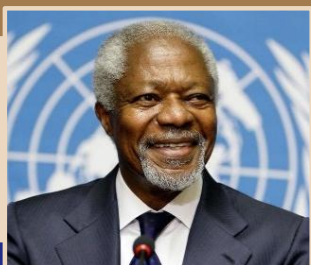
**Asian Centre for Corporate
Governance & Sustainability**

Australia China Hongkong India
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The context of 2nd Global Governance & Leadership Forum in Asia: Over the last three decades, a diverse group of leaders from private corporations, nongovernmental organizations (NGOs), and subnational (state, provincial, and urban) government leaders have developed and promoted a global agenda of collective action. From advancing human rights to combating climate change, these diverse group of leaders have become new governors in world politics. What is worrisome is, more recently, a second movement—a loose array of populist and nationalist groups and governments—have questioned the forward momentum of institutionalized global cooperation.

Brexit, followed by the Donald J. Trump administration's withdrawal from the Trans-Pacific Partnership and the Paris Agreement on climate change, as well as proposed cuts in U.S. contributions to the United Nations and development assistance, suggest a weakening—if not undermining—of the network of treaties, institutions, and relationships constructed over last several decades.

Considering the above context International Institute of Governance & Leadership, organized 2nd Global Governance & Leadership Forum in India on 10th September 2018 at Hotel Taj Mahal Palace, Colaba Mumbai. The theme of the Forum was appropriately chosen to be the 'Challenges in Global Governance - Collective Governance of the Planet'.



**Good Governance is perhaps the single most important
factor in eradicating poverty and promoting development**

Kofi Annan, Former Secretary General, UN



The socio economic context and the stage of development of each of the country may be different, yet there are few generic governance issues, which are commonly faced by every country. The **Worldwide Governance Indicators (WGI)** project, reports aggregate and individual governance indicators for over 200 countries and territories over the period 1996-2016, for six dimensions of governance:

- Voice and Accountability
- Political Stability and Absence of Violence
- Government Effectiveness
- Regulatory Quality
- Rule of Law
- Control of Corruption

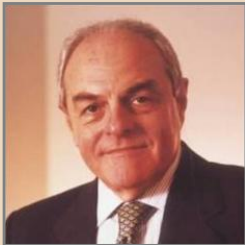
The Governments may be majority or minority governments, they may be single party governments or coalition governments, no one has all the answers. Therefore, it is the ‘Collective wisdom’ which can improve the Global Governance. It is the collaborative approach rather than the confrontationist approach, which will improve the Global Governance. It is the approach of cooperation and expanding the areas of common interest through multilateral institutions, which will improve the Global Governance. In order to effectively address these governance issues, Leadership is the most critical component, particularly the ‘Trinity of Leadership’.

Political Leadership | Corporate Leadership | Civil Society Leadership

Therefore, IIGL, very thoughtfully reached out to the following leaders from corporate world as well as from public governance area addressed the forum:



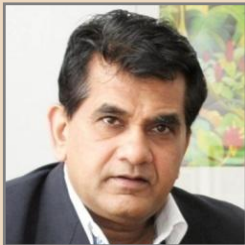
Joris Voorhoeve
Former Defence Minister of Netherlands & Member of the Global Board of IIGL, Netherlands



Judge Prof. Mervyn King
Chairman of Global Advisory Board of IIGL, Netherlands



Adi Godrej
Chairman, Godrej Group, India



Amitabh Kant
CEO, Niti Aayog, Govt. of India,



Prof. Mahendra Chouhan
Vice Chairman - Global Advisory Board, Asian Centre for Corporate Governance & Sustainability and Member of the Global Board of IIGL, Netherlands

Dimensions of Governance



M.K.Chouhan delivering theme speech at 2nd Global Governance Leadership Forum. Others seen (L-R) Adi Godrej-Chairman Godrej Group, Mervyn King – Chairman, International Institute of Governance & Leadership, Amitabh Kant – CEO Niti Aayog Govt. of India, Joris Voorhoeve – Former defense Minister, Netherlands

Prof. Mahendra Chouhan in his theme speech set the tone by giving the background of the last Global Governance & Leadership Forum (GGLF), which took place in Amsterdam. The discussion in Amsterdam revolved around the theme ‘RETHINKING’ Rethinking Corporate Governance, Rethinking Public Governance, Rethinking Leadership & Rethinking Sustainable Development. ‘Challenges in Global Governance - Collective Governance of the Planet’, was the most logical sequel, as a theme for 2nd GGLF.

After defining the term Governance, Prof. Chouhan shared his concern over the weakening—if not undermining the network of treaties, institutions, and relationships constructed over last several decades. The following three are the major reasons for this weakening, he alluded;

- Brexit, followed by
- Donald J. Trump administration’s withdrawal from the Trans-Pacific Partnership and the Paris Agreement on climate change,
- Proposed cuts in U.S. contributions to the United Nations and development assistance.

Prof. Chouhan, making a strong business case of SDGs, further emphasized that there is a need to closely monitor the Intended Nationally Determined Contributions (INDCs) by each country and chase 17 SDGs, 169 targets with continued focus!

Prof. Chouhan also shared that the central platform for international follow-up and review of SDGs is the High-Level Political Forum (HLPF), which has started meeting annually since 2016 under the auspices of the UN Economic and Social Council (ECOSOC). In the HLPF, UN member countries are expected to present their Voluntary National Review (VNR) on implementation of SDGs. The VNRs thus serve as a basis for international review of progress of SDGs.

The 2017 HLPF was held from 10th -19th July at the United Nations, New York. It focused on the theme: ‘Eradicating poverty and promoting prosperity in a changing world’ and on the SDGs 1 (No Poverty); 2 (Zero Hunger);

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3 (Good Health and Well-Being); 5 (Gender Equality); 9 (Industry, Innovation and Infrastructure), 14 (Life Below Water) and 17 (Partnerships for the Goals).

Prof. complimented Mr. Kant for the role of, NITI Aayog in tracking and presenting the 1st Voluntary National Review on implementation of SDGs in the country to the 2017 HLPF on 19th July 2017.

He made an appeal to the other speakers to throw more light / comment on the above concerns, as well as on the six dimensions of governance.

Joris Voorhoeve, being an expert on Peace, as he was co-chair of global partnership for the prevention of armed conflict, which is a 'UN Peace Keeping' initiative, shared his thoughts on the 'Role of Peace in advancing achievement of SDGs'. Elaborating the essence of 'Sustainable Development Goals No.16 - Peace, Justice and Strong Institutions', Mr.Voorhoeve highlighted that peace is very important to make progress, in implementing the SDGs. Peace, goes along with requirements of justice and strong institutions, he said. Peace without justice means suppression. Strong institutions are necessary to implement human rights, which, without strong institutions, remain rights on paper and not in reality, he added.



Joris Voorhoeve - Former defense Minister, Netherlands delivering keynote address.

Others seen (L-R) Adi Godrej-Chairman Godrej Group, Mervyn King – Chairman, International Institute of Governance & Leadership, Netherlands, Amitabh Kant – CEO Niti Aayog Govt. of India, M.K.Chouhan – Member of the Global Board, International Institute of Governance & Leadership Netherlands

Emphasizing the importance of good Governance, Mr. Voorhoeve said, Good Governance makes sure there is no violence in the State and that the conflict which will always exist between people, but they can be settled peacefully. Therefore, maintaining peace is not just the task of UN Security Council, it is also the prime task of national Governments, he added. He further highlighted that the crux of good governance is peaceful conflict settlement, legal order and strong institutions for the legal order.

He also emphasized the importance of economic benefits of Peace and said that if we look, not just from a humanitarian, but an economic point of view, at the cost of violence,

**Political Stability &
Absence of Violence**

it is gigantic. Those countries, which in the last 70 years, were in peace, have had 3 times higher economic growth than countries which went through war.

Mr. Voorhoeve also shared his concerns over the 'Costs of Violence'. Quoting from the recently released Global Peace Index report, he said that;

- The global economic impact of violence in 2017 was equivalent to 12.4 % of global GDP, or US\$ 1,988 per person.
- The economic impact of (civil) war has increased by 16 % since 2012, corresponding with the start of the Syrian war and rising violence in the aftermath of the Arab Spring.
- In the last 70 years, per capita GDP growth has been three times higher in highly peaceful countries.
- Over the last decade, countries with the largest improvements in peace recorded seven times higher per capita GDP growth than those that deteriorated the most.

He said that it is a major responsibility of business leaders to remind their Governments that it is important to remain non-violent and peaceful because more peaceful countries with strong legal institutions for peaceful conflict settlement are the best environment for business so

Giving equal importance to civil society leaders he said that we need stronger civic societies which advocate peaceful conflict resolutions and settlement in time and preventive action.

Finally, reiterating the vision of International Institute of Governance & Leadership (IIGL), Mr. Voorhoeve said that Good governance is all about leadership and all three kinds of leaders via; Political, Business & Civil Society leaders work together the Peace, Justice and Strong Institutions will be established faster.

Prof. Judge Mervyn King: They say information / data is the new currency and therefore protecting information & data, in fast digitizing world is critical. The cyber security in today's governance structure is as important as any other dimensions of governance. The cyber attacks can be as dangerous as terrorist attacks! Who better than Prof. Judge Mervyn King could have done justice to such a complex subject!

Cyber Security & Protection of Personal Information' (POPI), is an issue which affects many governments around the world, and hence it is a Public Governance issue. Interestingly, Judge King touched upon this issue in his famous King Report IV on Corporate Governance. He said that King IV separates technology from information. Because of the importance of separating the protection of personal information and the access to personal information, he observed that cyber breach is a much greater risk today than disaster recovery, and emphasized the importance of information security in a world of cybercrime. Judge King further said "Hackers exploit an ecosystem built around a model of open collaboration and trust" and the estimated 100000 daily breaches on listed companies worldwide underline the magnitude of this problem.

Prof. Judge King emphasized the need for the cyber security to be given attention at the board level. He recommended following ten questions every board should ask.

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Mervyn King – Chairman, International Institute of Governance & Leadership, Netherlands, delivering keynote address at 2nd Global Governance Leadership Forum.

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1. Is our cyber security programme aligned with our business strategy?
2. Do we have the capabilities to identify and advise on strategic threats and adversaries targeting us?
3. Can we explain our cyber security strategy to our stakeholders? Our investors? Our regulators? Our ecosystem partners?
4. Do we know what information is most valuable to the business?
5. Do we know what our adversaries are after/what they would target?
6. Do we have an insider threat programme? Is it inter-departmental?
7. Are we actively involved in relevant public-private partnerships?
8. How was our last major event identified; in-house or government identified?
9. Who leads our incident and crisis management programme? Is our programme cross-functional/ inter-departmental?
10. How often are we briefed on our cyber initiatives? Do we understand the cyber risks associated with certain business decisions and related activities?

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Mr. Adi Godrej - Chairman Godrej Group, spoke about the importance of Corporate Governance in bringing about the long-term growth of the companies. He shared how Godrej group has embedded ethical business behavior and concern for society and environment, in the culture of Godrej group. He was also presented 'Lifetime Achievement Award for Ethical Leadership & Corporate Governance' earlier in the day during 5th Asia Business Responsibility Summit organized by Asian Centre for Corporate Governance & Sustainability.



Adi Godrej - Chairman Godrej Group speaking at 2nd Global Governance Leadership Forum.

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Mr. Amitabh Kant - CEO of Niti Aayog, the most well known think tank of Government of India, delivered his keynote. Instead of commenting point wise on all the six dimensions of Governance shared by Mr. Chouhan, Mr. Kant rolled in Government Effectiveness, Regulatory Quality and Control of Corruption and responded by saying that; over the years, we've made India a very complex, very difficult and complicated place to do business in. And we've made this complex and difficult because year after year, we've been adding rules, regulations, procedures, paperwork. We have made things complex not only in the central Government, but also in States, Municipalities, everywhere, we've been adding rules, regulations, procedures and paperwork. All this puts a huge burden of enforcement on both, the private sector, and for the Government to ensure that the enforcement is met and therefore it leads to corruption.

Commenting on **governance reforms** Mr. Kant said that one of the key things that has happened in the last four years is; Government has focused on making things easy and simple. How do you make India a nation of easiness and simplicity? How do you ensure that India becomes an easy and simple nation to create wealth? is a key challenge he said. All these six dimensions of Governance Mr. Chouhan has raised, are issues about making things simple!

Mr. Kant highlighted a few key things the current Government in India has done to improve the governance; i) it has dismantled a number of rules, regulations, procedures and acts. It has dismantled 1200 laws which this country has never seen before. ii) The Government has massively pushed for digitization, in a very big way. Expressing his views on issues of transparency, integrity, accountability, honesty and corruption,

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he said that these are functions of human intervention and if you are able to do away with human intervention through digitization then, that will bring a great degree of transparency and accountability he said. And ultimately that will improve the governance of this great nation.

Sharing how the current government in India has used technology in bringing transparency and fighting the menace of corruption by middlemen, Mr. Kant said today, almost 484 govt. schemes, have been linked up to direct benefit transfer (DBT). That means, that government does not have to send money from Govt. of India to State Govt. to the Collector and from there to the Patwari or the Block Development officer, in village. The money flows straight into the bank account of the beneficiary. A student wins a scholarship, straight it goes directly into the account of the poor student. As a result, the country has saved 90,000 Cr, cutting across all Govt. middlemen and officers and this is what technological quantum leap frogging is all about.

Further citing the example of Public Finance Management System (PFMS), Mr. Kant said it is poised to develop as one of the biggest Financial Management Systems of the world, which is critical for bringing about a transformational accountability and transparency in the Government Financial Management Systems and promoting overall Good Governance.



Amitabh Kant – CEO Niti Aayog Govt. of India delivering keynote address at 2nd Global Governance Leadership Forum.

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Prof. Mahendra Chouhan said that there is a strong correlation between Corporate Governance & Public Governance, CG & PG are like two faces of the same coin and are so inextricably intertwined that its difficult to improve one, without the other.

Prof. Chouhan complimenting Mr. Amitabh Kant said that some thing similar has been written by Mr. Kant in his article, he quoted 'It is also imperative to allow civil servants and government officials to be placed in the private sector for periods of three to five years at a time. While the UPSC produces outstanding individuals, to make these individuals truly

well rounded, they should have the option to gain experience and specializations through private-sector placements. Cross-mobility will provide the ultimate synergy. Just as an individual who chose to be an academic, a scientist, an economist, or an entrepreneur for example, and didn't take the UPSC exam now wants to join the government of India, they should be allowed to be inducted laterally in the private sector.'



High powered audience at 2nd Global Governance Leadership Forum

Talking about Government Effectiveness, one of the important dimensions of governance, Mr. Kant cited the example of strong resolve of govt. in bringing GST (Goods & Services Tax). A critical governance initiative, like GST is formalizing Indian economy, across the country. Sharing the fruits of GST he said, it has brought 47 lakh formal jobs, in one year of GST, while during 70 years of independence, India, had only 67 lakh formal jobs. This is what.

He talked about two more governance initiatives like RERA & Insolvency Code. RERA (Real Estate Regulation Act) brings in transparency in real estate sector which was in famous for opacity in its dealings. RERA ensures that citizens have to shell out money only when the housing is complete. The insolvency code ensures that if businessmen don't repay their loans to banks, they lose their businesses, and depositors money is recovered, NPAs are under control. Mr. Kant said these are very radical, major reforms towards better governance, transparency and towards ensuring that India becomes corruption free.

Mr. Kant concluded by saying that India is fairing well in almost all the six dimensions mentioned by Mr. Chouhan.