

Annex Report

Member State and Other Donor Approaches to Good Governance in Development Cooperation

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A. Member State Profiles

A.1. Belgium

Ministry of Foreign Affairs, Directorate-General for Development Cooperation (DGDC)

A.1.1. Context

Belgian development policy is based on the principles of sustainable human development and partnership according to the criteria of the OECD's Development Aid Committee (DAC): relevance, effectiveness, efficiency, impact and sustainability. The fight against poverty is considered to be essential to sustainable development and human security. The political dimension of poverty is closely linked to the fulfilment of basic needs¹, and the respect for human rights and fundamental freedoms. The overall goal of Belgian development cooperation is to enhance and sustain partner countries' capabilities for promote human security including sustainable human development through the fight against poverty and promotion of human security.

In 1997-98, a Belgian Parliamentary Monitoring Committee carried out a critical evaluation of Belgian development cooperation policy and practice. Its work led to several recommendations and a Law (in May 1999) on reform of instruments, mechanisms and institutional structure of international development cooperation.

To guide the future direction of Belgian ODA policy, the DGDC in 2002 completed a series of five sectoral strategy notes (agriculture, education, health, basic infrastructure, and peace-building) and three thematic or cross-cutting strategy notes (environment, gender, and social economy).² These notes are being presented to the Belgian Parliament accompanied by recommendations from the commission on women and development (Commission Femme & Développement) and the federal council on sustainable development (Conseil Fédéral du Développement Durable).

The 1999 Law related to Belgian development cooperation (BDC) defines programming for good governance as practices that aim at improving institutional management, decision-making processes of public authorities and public management while promoting democracy, the rule of law as well as human rights and fundamental freedoms.

The 2002 strategy note on development and peace-building³ explicitly links governance programming, human security, structural stability and poverty reduction. Legitimate, credible and transparent state institutions, a pluralistic civil society, freedom of expression and sound relationships between state and civil society are among the key conditions for and pillars of a sustainable peace. Political change through violence will be less probable when fundamental individual and collective human rights are respected, the rule of law applies and citizens can truly participate in decision-making processes.

1 The World Bank in its *Comprehensive development framework* (CDF) puts the emphasis on an holistic approach to fighting poverty. The new definition of poverty adopted by the World Bank sees poverty as a multidimensional phenomenon, which combines the inability to satisfy elementary needs, the lack of control over resources, shortcomings as regards education and capacity, poor health, the absence of housing, malnutrition, difficult access to water and sanitary installations, vulnerability in the face of shocks, violence and criminality, the absence of political freedom and political participation.

2 DGDC (2003).

3 Ibid.

According to the above Law the prime objective of BDC is to promote human security including sustainable human development through the fight against poverty. The strengthening of democracy, the rule of law and the respect for human rights and fundamental freedoms in relation to social, ethnic, philosophical and gender equality are catalysing elements.

The overall policy focus of Belgian development cooperation is sustainable poverty reduction. Belgium fully subscribes to the Millennium Development Goals. The enhancement of good governance is considered of key importance in this regard. Emphasis is placed on the promotion of democratic processes and functioning, transparent public institutions in conflict and post conflict environments. Other governance-related issues such as participatory development, conflict prevention and peace-building are regarded as promotion areas in their own right, be it within the wider development agenda framework.

Total Belgian ODA for 2002 was €1.13 billion with approximately €60 million allocated to governance-related initiatives.

A.1.2. Good Governance Categories and Activities

The 1999 Law defines the sectors and the cross-cutting themes of cooperation. Bilateral cooperation is now focused on five sectors, one being the strengthening of society including conflict prevention and peace-building, respect for human rights and human dignity, and fundamental freedoms.⁴

The Law limits bilateral cooperation to 24 so-called partner countries and the SADC region which were selected on the basis of seven criteria:

- Level of poverty
- Relevance of past and present cooperation with the partner country
- Contribution of the partner country to its own social and economic development
- Respect for good governance principles
- Crisis situation in the partner country where Belgium can intervene and prevent further violent conflict
- Degree of regional integration of the partner country
- Existing policies intended to reduce discrimination

These activities can best be outlined in relation to the corresponding financial instruments. About 10% of Belgium's direct bilateral aid is oriented towards Governance. The Belgian Technical Cooperation (BTC)⁵ on behalf of the DGDC, manages about 25 programmes and projects in the fields of rule of law and justice, decentralisation, public sector reform and human rights. Examples include: support to the rule of law in Burundi, strengthening of judicial institutions in Rwanda, public sector reform in Vietnam and the Democratic Republic of Congo, decentralisation and support to local administration in Mali, and support to the ombudsman institution in Peru.

In terms of **number of programmes or projects**, Governance support is oriented towards (figures for 2002):

- Decentralisation and strengthening of local administration (35%)

4 The other four sectors are: basic health; education and training; agriculture and food security, and basic infrastructure.

5 BTC is an independent implementing agency managing Belgium's direct bilateral aid programmes and projects.

- Public sector reform (26%)
- Justice and rule of law (22%)
- Disarmament including support to local development institutions (9%)
- Human rights (4%)
- Other (4%)

In **financial terms**, the picture looks as follows:

- Decentralisation and strengthening of local administration (66%)
- Public sector reform (15%)
- Justice and rule of law (12%)
- Disarmament including support to local development institutions (1%)
- Human rights (3%)
- Other (3%)

In addition to contributions to bilateral and multilateral budget lines, two specific governance-related budget lines are in place.

The budget line “conflict prevention, peace-building, and human rights” has, since 1997, financed projects and programmes – mostly of conflict/governance units of multilateral agencies and of international and Belgian NGOs – that are to contribute to the promotion of peace in Belgian partner countries, especially in conflict-ridden and post-conflict countries. This is seen as part of a strategy focused on structural stability, a prerequisite for sustainable development and poverty reduction. In financial terms, traditionally more than two-thirds of the programmes and projects are located in the African Great Lakes Region.

In 2002, the following activities were financed by this €6 million budget line:

	Number of projects	Budget share
Conflict transformation	12 (35.3%)	26.0%
Fight against anti-personnel mines	6 (17.6%)	22.8%
Justice and rule of law	5 (14.7%)	21.2%
Human rights and democratisation	7 (20.6%)	18.3%
Children and armed conflict	3 (8.8%)	10.4%
Fight against spreading of small arms and light weapons	1 (3.0%)	1.3%

Since 2001 a second specific governance-related €5 million budget line has been in place, allowing the DGDC, through the Belgian embassies, to give financial support to local NGOs working in human rights, conflict prevention and peace-building in seven partner countries so far – all but one in Sub-Saharan Africa. Eventually, as an instrument of decentralised aid, this budget line might be expanded to cover all 24 partner countries.

Finally, within the DGDC, the Directorate for multilateral cooperation manages the partnerships with 22 international development organisations on behalf of the Belgian federal government. They are: European Community; development agencies within the United Nations system; three non-UN intergovernmental agencies; the World Bank and one regional development bank. International organisations are selected on the following criteria:

- The general objectives and activities pursued by the international organisation should be compatible with the priority sectors and themes of Belgian international cooperation

- The international organisation should have a planned approach which can be evaluated
- While the agenda of international development aid is determined by the organisation, a coordinated approach of all the donors is essential for optimal impact

In terms of governance programmes, development partnerships have been established with a number of organisations, including UNOHCHR (human rights), UNICEF (children's rights), UNIFEM (women's rights), UNDP (parliamentary strengthening and governance), ILO (labour rights), and International IDEA (democratisation).

It should be noted that partnership agreements concluded by the DGCD with humanitarian agencies also make reference to the enhancement of human security.

Bilateral Belgian development assistance is provided to 24 countries in Africa, Asia and Latin America, the highest proportion of assistance being disbursed to countries in Sub-Saharan Africa.

In terms of governance programming, the general trend is followed, i.e. greatest focus on partners in Sub-Saharan Africa. The political priority given to peace-building, post-conflict reconstruction and development in the Great Lakes Region will be reflected in a further gradual increase of development aid and governance programming for Burundi, Rwanda and the DRC.

In line with political and development priorities, historical relationships and country expertise, particular emphasis is put on enhancing human security and creating the conditions for structural stability in the countries of the Great Lakes Region. Belgian foreign policy and development programming are focused on forming sustainable partnerships “towards and in peace”, with intergovernmental, governmental and non-governmental actors. Functioning and transparent state institutions, the rule of law, a pluralistic civil society and the respect for human rights are key objectives within this strategy.

Belgium's priority areas related to poverty reduction in general and the promotion of democracy, human rights, conflict prevention and peace-building in particular, are in line with the EC's definitions of and programming for (good) governance.

A.1.3. Approaches to Implementation

As a result of the reforms carried out, the mandates of BDC are now spread among several actors so as to separate the planning, implementation and evaluation phases and in order to ensure better internal coordination and foreign policy coherence. The DGDC, as part of the Belgian Ministry of Foreign Affairs, is in charge of development programming and planning (country desks and/or peace-building desks). Governance-related personnel (i.e. DGDC and BTC staff): HQ – 6 (strategic definitions; programming, identification and evaluation); field – 10 (programme and project coordination and follow-up).

The Belgian presence in partner countries has changed following the reform. The post of cooperation attaché has been created; it is integrated into the embassies of Belgium and enjoys diplomatic status. The attaché is in charge of dialogue with the partner country, the donor community and the target cooperation groups, joint identification of cooperation projects and programmes and monitoring. The attaché, as go-between headquarters and the field, has a major strategic responsibility and sees to the implementation of policies as reflected in:

- Country strategy papers
- Belgian thematic strategy papers on development cooperation and peace-building

- Specific emphasis on institutional strengthening (e.g. judicial institutions, parliamentary capacity, decentralised institutions) and rule of law
- Information fielded by local governments and international agencies

The attaché, in dialogue with the partner country and the donor community, and on the basis of national poverty reduction strategies, gives feedback on future Belgian development programming.

The Belgian Technical Cooperation (BTC), an independent implementing agency, is responsible for the management of direct bilateral aid (government to government) on behalf of the Belgian State (DGCD, MFA). The relationship between the State and BTC is outlined in a management contract that defines, in particular, the roles in the project cycle. For each project a contract is signed between DGCD and BTC. BTC performs its mandate on the basis of the principles of national ownership and project execution by local partners.

The financing and follow-up of multilateral and Belgian non-governmental cooperation initiatives, as well as of humanitarian aid organisations, remain in the domain of the DGDC.

In broad terms Belgium negotiates outline agreements with these actors, determining the objectives of the actions and their methods of execution. These agreements focus on multi-year programmes. The partners are encouraged to seek synergy with the priority sectors and countries of governmental cooperation.

In addition to these structural partnership agreements, the DGCD can respond more directly to particular conflict and peace-building situations or governance-related issues using specific budget lines as outlined on p. 3 above.

An Evaluation Desk, attached to the Office of the Chairman of the Board of Directors of the Ministry of Foreign Affairs, is responsible for (ex-post) evaluation of Belgian official development assistance. The following criteria are used, amongst others:

- Context of structural stability and poverty reduction strategies
- Complementarity of interventions and instruments
- Strengthening of local ownership
- Issues of development relevance and sustainability
- Follow-up capacity
- Process-oriented assessments

In addition, a development policy and programme monitoring and audit unit has been established within the DGDC. Governance programme monitoring partially occurs on the basis of annual reporting to Parliament on the human rights situation in Belgium's partner countries in the developing world.

A.2. Denmark

Royal Danish Ministry of Foreign Affairs (MFA)

Danish International Development Assistance (Danida)

A.2.1. Context

The main objective of Danish development policy is the promotion of “sustainable development through poverty-oriented economic growth”. The key policy areas are: poverty

reduction, safeguarding the environment, equal participation of women and men in the development process, and democratisation and respect for human rights. New challenges cited include: globalisation; international cooperation and development; the impact of information technology; and armed conflicts – preventing, settling and reducing the consequences.

Denmark's contribution to development cooperation: 2002, DKK 13.9 billion (est.); 2003, DKK 12.9 billion (est.). These amounts represent 1.0%, and 0.9% of GNP respectively. The figures are budgeted amounts and not actual expenditure. A significant proportion of aid goes to environmental assistance. No statistics for good governance activities is available, since a substantial part is channelled through sector programme support.

According to Danish development policy, good governance is a cornerstone of poverty alleviation and sustainable development. In defining good governance, the concepts of relevance are: human rights; democratisation; political culture, electoral assistance, good governance, corruption, popular participation and decentralisation. The international debate on public and political pressure for improvement in areas of human rights, democratisation, etc. has increased steadily and concluded that as governing societal principles there are no alternatives. Denmark considers that its proactive approach has been possible because of flexible procedures and geographical reach. It also regards the private sector as being an important partner for promoting human rights.

The main objective of Danish ODA policy is that the partner country use the resources efficiently and ensure the ownership and sustainability of activities.

The key policy focus areas are: poverty education and good governance as defined above. There is also strong emphasis on business-sector development "A liberal and fair trade policy is at least as important as development assistance". Other important areas are the fight against terrorism; promotion of women in the development process; education, and population and health.

Ongoing dialogue between recipient countries and the donor community is stressed, e.g. regular consultation meetings initiated by the World Bank under its Comprehensive Development Framework and under the UN Development Assistance Framework.

A.2.2. Good Governance Categories and Activities

Denmark concentrates on support to 15 programme countries. The model used is sector support, with human rights and other governance-related areas considered both as target and cross-cutting issues, the latter including gender equality and the environment. In addition, transition support is given to a number of non-programme countries to encourage and further improvements in human rights, democratisation, good governance and popular participation. Such countries are considered to be in various stages of transformation.

International cooperation on good governance and the fight against corruption has been promoted and legitimised through the organisations of the UN system and international financial institutions – although the processes are complicated and progress is not always evident. In its capacity as an important contributor, Denmark's "active multilateralism action plan" aims to influence development goals, including good governance issues. Denmark is at the forefront in the promotion of more effective donor coordination. The positive experiences and results of its bilateral cooperation could be used as a model in the multilateral arena for improved dialogue between donors and partner countries.

To further democratisation and respect for human rights, Denmark:

- Promotes good governance both as an integral element in development activities and through independent support for democratisation and human rights activities
- Focuses on these areas in its political dialogue with developing countries and in negotiations in the international system
- Supports:
 - local and national political systems to accommodate ethnic, cultural and religious diversity
 - establishment of a well-functioning legal system, promotion of the rule of law and the combating of human rights violations
 - the establishment of institutions and the propagation of ethical values to counter corruption, abuse of power and organized crime, including cross-border crime
 - mechanisms for the systematic involvement of civil society and the establishment of a free press

In 2002 (and largely unchanged from previous years), the geographical distribution of **programme assistance and project support** was: Africa 62.3%; Asia 28.6%, and Latin America 9.1%. Also in 2002 the distribution of **environmental assistance** was 48.8% to Southern Africa and 51.2% to Southeast Asia. Recipients of environmental assistance are also expected to adhere to internationally recognised principles of respect for human rights and democracy and support is reduced or discontinued to countries that do not.

Donor specific features and priorities:

- Ensure critical investments in education and health
- Build up an infrastructure and support the development of a private sector as an engine for growth, including public-private dialogue for development of trade
- Increase emphasis on promoting the role of women in the development process
- Partner governments' will to take responsibility for their own development, of which an efficient poverty-oriented national strategy is an expression, must also apply in relation to respect for human rights and democracy

Denmark, together with its EU partners, will make demands regarding good governance and the willingness to increase respect for human rights and democracy in development cooperation. "A reform has been initiated of Community Assistance (by EU) that pulls in the direction of the priorities of Danish assistance policy. With its experience from regional cooperation and in the area of trade policy, the EU has much to contribute."⁶ Denmark's contribution to EU assistance is provided through its disbursement to the EU budget (DKK 500 million in 2002) and through participation in the Cotonou Agreement (DKK 310 million).

A.2.3. Approaches to Implementation

Good governance policy development is the responsibility of the MFA's policy and planning department. Implementation is the responsibility of the units normally dealing with ODA, i.e. geographical departments in Copenhagen and Danish representations (embassies) in

6 Review: Danish Development Policy, January 2002, p. 6

cooperation countries. Danish ODA is being decentralised resulting in an increasing amount of responsibility being transferred from headquarters to field level.

The MFA undertakes a number of regular training courses of personnel responsible for ODA. As part of the new “Danida Action Plan to Fight Corruption”, good governance training activities will receive greater emphasis.

Needs assessment is integral to the regular planning of Danish ODA. Detailed cooperation plans exist for all Danish programme countries and major multilateral development institutions.

Multilateral development assistance through international organisations and development banks forms a central element of Danish development policy. Assistance funds are granted to the organisations that show the will to focus and to increase their efficiency and adjustment of the contributions is made accordingly. UNDP, ILO, UNESCO and UNIDO are examples of organisations receiving reduced contributions. Increased allocations are made to WTO, Global Environmental Facility (GEF), and in 2002 a reserve of up to DKK 50 million was earmarked for reconstruction of Afghanistan. Contributions to the World Bank and to regional development banks (DKK 343 million) remained unchanged. The banks’ focus on poverty and support for the implementation of coherent strategies for poverty reduction are in line with Danish development policy and the desire for results.

A meaningful and nuanced bilateral dialogue demands considerable Danish competence and knowledge of local conditions. Evaluations show that the success of a project activity is enhanced in countries where there is a Danish diplomatic presence and that the opposite is true where none exists. A decentralised grant arrangement to local Danish representation (typically an embassy) can provide up to DKK 3 million per project to a maximum 10% of the country grant.

Danish, local and international NGOs are the main channels through which support is granted for human rights, democratisation, good government and popular participation. Combinations of Danish state-to-state and Danish NGO-to-NGO support are considered useful for creating synergies and considerable emphasis is placed on such collaborations. In recipient countries NGOs are sometimes the only viable way to connect to civil society for support in these areas. Local NGOs may, however, be formed around elitist personalities and be organisationally weak and support is sometimes considered ‘risk capital’.

Governance-related projects/programmes are monitored and evaluated like all other Danish ODA activities. Denmark has chosen to participate in the OECD/DAC GOVNET work on governance indicators rather than undertake national indicators. For country sector programmes, now second generation, previous results and experiences are taken into consideration.

An evaluation of Denmark’s overall contribution to poverty reduction was undertaken by the new centre-right government in January 2002. The tools used included WB criteria (PRSPs, linking support to results). This evaluation has resulted in the merging of various Danish NGOs and restructuring of support, reduction from 20 to 15 programme countries and readjustment of voluntary contributions to UN agencies according to their perceived impact.

A Human Rights Unit has been established in the Ministry of Foreign Affairs.

A.3. France

French Ministry of Foreign Affairs (MFA)/ General Directorate for International Cooperation and Development (GDICD)

Agence Française de Développement (Afd)

A.3.1. Context

The prime objective of French international development cooperation is sustainable human development, to be achieved through the fight against poverty, inequality and social exclusion. France's cooperation policy is based on the fundamental principles of the right of peoples to self-determination, respect for human rights and democratic principles, respect for the rule of law and cooperation among nations.

France has a long established relationship with many countries in the Southern hemisphere and the special solidarity between them has led France to define an ambitious cooperation policy. In 1990, at the La Baule Franco-African Summit, France announced its intention to link the level of its bilateral cooperation to the progress made by each country in the areas of democracy and human rights. This led to the establishment of multi-year financing projects focused on key sectors, namely justice, police and decentralisation.

The prime objective of French cooperation is sustainable human development. Within this context, French bilateral cooperation contributes to the objectives of development, strengthening of democracy, promoting the rule of law and other principles of democratic governance and respect for human rights and fundamental freedoms.

Recently published statistics (February 2003) show that in 2001, French ODA totalled €4.7 billion representing a contribution of 0.32% of GNP. It is estimated that the ODA budget will increase by 19% in 2002 to 0.36% of GNP. The annual budget for institutional development cooperation totalled €43 million in 2002, with €15 million renewable each year. At the end of 2002, there were 69 active institutional development FSP (Priority Mutual Aid Funds) projects with an accumulative value of €84.5 million. Key sectors included public administration reform (23%), urban development (21%), justice (19%), decentralisation (13%) and police (9%). Almost 80% of these FSP projects were based in Africa.

France considers the concept of good governance to encompass both the appropriate management of public affairs as well as a growing role for non-state actors. With the evolution of the general concept of governance from a focus on managerial concerns towards greater recognition of the role of institutions, the idea of democratic governance has emerged as a key aspect of French development policy.

Over the past decade French development policy has therefore broadened its initial focus on institutional cooperation to encompass more explicit attention to democratic governance. According to French policy, democratic governance is central to poverty reduction and sustainable development. Democratic governance means giving priority to human rights, democratisation, the judiciary, reform and devolution of central government as well as combating organised crime and corruption.

A.3.2. Good Governance Categories and Activities

Under the theme of democratic governance, French development cooperation focuses on:

- Promotion of the rule of law
- Support for devolution and local authorities

- Support to the judiciary
- Technical cooperation in law enforcement
- Combating organised crime and corruption
- Respect for human rights

While France maintains a global outlook on foreign relations policies, it focuses assistance on a priority basis to the 55 developing countries that make up the Priority Solidarity Zone.⁷ A geographical breakdown of France's bilateral aid reveals a heavy concentration on sub-Saharan Africa, the Priority Zone of Solidarity, due to the historical ties between France and Africa. There is nevertheless a growing diversification of the geographical distribution of French bilateral aid. The list of countries below is naturally subject to changes.⁸

Promoting the rule of law

Cooperation to promote the rule of law involves working with, and on, State and government institutions to reform the judiciary, law enforcement bodies, and government services, whether centralised or decentralised, so as to enhance their efficiency and make them accessible to users. This legal and political dimension of governance has become decisive in the allocation of international assistance.

Support for devolution and local authorities

The Municipal Development Programme (MDP) is the product of a partnership set up in 1991 by African officials and representatives of the international donor community, including France, to support devolution and capacity-building policies of African local authorities.

The MDP works both as an institutional support and reference centre. The institutional support function is vital to the organisation of political dialogue and the effectiveness of technical and operational proposals and involves:

- Facilitating national political dialogue between central and local authorities, with a view to implementing devolution and local development
- Promoting partnerships between local authorities and other players in local development (businesses, associations, individuals active in research and the professions, and decentralized government services)
- Monitoring, on behalf of African local authorities, strategic developments in international agendas that may affect them
- Extending the scope of decentralized cooperation between African local authorities and their partners in other continents

Promoting local authorities

France is participating in a number of programmes launched by the United Nations and the World Bank with a view to promoting local authorities, participatory democracy, and good governance of townships:

7 The Priority Zone comprises ACP countries, Central and Eastern European countries in transition, and emerging countries of Asia and Latin America.

8 **Sub-Saharan Africa:** Angola, Benin, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo-Brazzaville, Ivory Coast, Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Liberia, Madagascar, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Seychelles, Sierra Leone, South Africa, Tanzania, Togo, Uganda, Zimbabwe. **Asia:** Cambodia, Vietnam, Laos. **Pacific:** Vanuatu. **Middle East:** Lebanon and Palestinian territories. **North Africa:** Morocco, Algeria, Tunisia. **Caribbean:** Cuba, Haiti, Dominican Republic, Surinam, St. Lucia, Dominica, St. Vincent & the Grenadines, Grenada, St. Kitts & Nevis, Antigua, Barbados.

- On the occasion of the Habitat 2 Conference held in Istanbul in 1996 the UN Centre for Human Settlements (UNCHS) stressed the significance of the devolution processes underway in a number of countries. France is participating in a number of joint UNCHS programmes to promote devolution in sub-Saharan Africa (Cameroon, Senegal, Togo, and Mali)
- The "Cities Alliance" programme, launched in December 1999 by the World Bank and the UNCHS under the patronage of Nelson Mandela aims to support local governance and poverty reduction in slums. France is contributing to this initiative, both financially and technically, by helping to set up a number of joint projects (Madagascar, Cameroon and Ethiopia)

Support to the judiciary

Reforms aim at ensuring the independence of justice through protection of judges' statutory position to guarantee impartial rulings; improving administrative management of law courts and simplifying procedures. Reforms also seek to improve access to justice for all through public information on citizens' rights, e.g. setting up pilot legal extension centres (Mali) and providing training to future para-legals (Madagascar).

Technical cooperation in law enforcement

Provision of training accounts for 71% of all law enforcement cooperation activities and is the focus of France's efforts in this field. Training activities aim to improve the professional skills of recipient country staff, including in combating (organized) crime, ensuring law and order (which involves guaranteeing the security of individuals and their property), combating drug trafficking, and trafficking in human beings under the guises of migration. The French national police force has been involved in technical cooperation since 1961, and its activities currently target all regions of the world. One project involved the setting up of a group of nomad 'gendarmes' in Mali. Cooperation activities are implemented by the Service de coopération technique internationale de police (SCTIP), supported by a network of 58 delegations, covering 91 countries, and placed under the authority of French Embassies abroad. In 2000, 1050 projects were undertaken.

Combating organised crime and corruption

France is convinced that the bilateral assistance provided to the judiciary and law enforcements services of developing countries must be supplemented by multilateral cooperation to combat trans-border crime and corruption. It participates in international fora, and particularly in the work being carried out by organisations within the UN system, on issues of global organised crime and corruption. Key meetings include:

- World Ministerial Conference on Transnational Organized Crime (Naples, 1994) which led to the adoption of a policy declaration and plan of action to fight organized crime
- UN Conference on the Prevention of Crime and the Treatment of Delinquents (Vienna, April 2000)
- Various meetings of expert groups of the Council of Europe and the OECD on organized crime and corruption
- Global Forum on the fight against corruption and protection of integrity (GF II), (The Hague, May 2001)

France is an active participant in all negotiations aiming to define international standards for criminal justice through recommendations, resolutions or more binding instruments. The Palermo Convention on Transnational Organized Crime and its three supplementary protocols

on trafficking in women and children, the illegal trafficking in and transporting of migrants by land, air and sea and the illicit manufacturing of and trafficking in firearms, their parts and components and ammunition, signed in December 2000, are the most recent examples of such work.

Convinced that these criminal law instruments must be implemented as soon as possible, France has been supporting the work of the Centre for International Crime Prevention (CICP), which encourages the ratification of such instruments by developing countries and countries in transition.

Respect for human rights

France considers that human rights concerns should underpin the work of all international organisations – and that economic growth and improvements in living conditions worldwide further respect for human rights. It participates in a number of multilateral programmes aiming to defend and promote human rights and make respect for human rights one of the basic preconditions for the granting of international assistance.⁹ Cooperation activities include:

- Supporting the creation and operation of national advisory committees on human rights
- Developing pilot projects to inform citizens of their rights through civil society networks
- Supporting national or international NGOs by providing training, documentation and equipment
- Training national experts in the use of modern information and communication technologies

These forms of cooperation have so far been particularly successful, as evidenced by partnerships developed both with international organisations such as the United Nations High Commissioner for Human Rights, the Agence Intergouvernementale de la Francophonie and the International Labour Office, as well as with French institutions such as the Commission nationale consultative des droits de l'homme (CNCDDH), the office of the Médiateur de la République, and a number of entities representing civil society.

France carries out many bilateral cooperation initiatives abroad to promote and defend human rights in areas including the rights of children, the rights of women, and the fight against slavery. France also organizes education programmes all over the world promoting international recognition and observance of human rights. More recently, the French government has argued for recognition by States of the international community's "duty of humanitarian assistance", which has since been applied on several occasions. Following the adoption in 1997 of the European Convention on Human Rights and Biomedicine, the French government was one of the countries behind an initiative leading to a protocol banning human cloning (Paris 1998).

Recent initiatives

Recent activities by the General Directorate for International Cooperation and Development (GDICD) in the field of governance include the following:

- In March 2002, GDICD organised a debate on governance involving major multilateral donors (World Bank, UNDP, OECD). GDICD presented its work on governance which was reviewed in working groups. Civil society was represented in the consultation process through the High Council for

⁹ See, for instance, Article 9 of the ACP-EU Cotonou Partnership Agreement, signed 23 June 2000.

International Cooperation, the academic community, and African regional organisations (Municipal Development Programme, African Public Administrations Observatories).

- Since then, further initiatives have been launched, inspired by research work on democracy, human rights and rule of law (Bamako Declaration, November 2000) by the International Francophone Organisation (the Francophone University Agency and the International Francophone Agency).
- The working group on Governance in the South, directed by the African Public Administrations Observatories, organised a regional meeting in July 2002 in Cotonou. Numerous contributions made by officials responsible for governance policies in countries of the South were debated.
- GDICD commissioned a study from QIM Consultants on governance entitled “Comparative strategies and operational choices”. The report which was completed in June 2002, retraces the concept and evolution of Governance, compares the strategies of the various donors, and examines implementation and effects of governance policies in two countries (Uganda and Burkina Faso). The report also contains a number of recommendations.
- A seminar in Paris (August 2002) for technical assistants in the fields of justice, security, public finance and administrative management examined the conditions and modalities of implementation of governance programmes in the field.
- In September 2002, The High Council of International Cooperation working group on human rights, governance and international cooperation submitted a report and recommendations on these themes to the Ministry of Foreign Affairs.
- An evaluation was finalised in October 2002 that reviews French ODA over the past 10 years. This evaluation is furthering the reflection on current governance issues.

Based on these contributions, French development cooperation is currently preparing a position paper which will consider the following main points:

- Choose to join the European framework in relation to the Cotonou Agreement
- Involvement in democratic governance; this means that the emphasis is placed on programmes and cooperation methods which contribute to the process of democratisation and the establishment of rule of law
- Governance as an instrument for improvement of aid efficiency should be considered within the wider and more operational framework of strengthening local capacity (governance is a tool for democracy and not only for aid allocation)
- Coherence and success of governance programmes depend on the role played by the State
- Cooperation modalities and the involvement of local authorities are equally important for progress on governance

The following recommendations were included in the recent policy guidance document for French cooperation – ‘For democratic governance’ (Pour une gouvernance démocratique):

- Creation of a ‘governance’ structure

- Strengthening of personnel qualifications
- Building upon experiences and their conceptualisation
- Implementation of focal points of competence
- Improved understanding of the socio-cultural environment
- Strengthening of statistical capacities
- Identification and establishment of cross-cutting programmes
- Strengthening of local democracy
- Development of bi-multilateral relations
- Encourage research networks and dialogue

For information on the priorities currently being considered by France, see p. 13.

The priorities of French development cooperation in combating poverty through promoting democratic governance are in accord with those of the EC.

France is a strong promoter of the EU's political reform of development aid currently in progress, i.e. to focus on a limited number of activities chosen according to their effectiveness in poverty reduction.¹⁰

A.3.3. Approaches to Implementation

When the Ministry for Cooperation and the Ministry for Foreign Affairs merged in 1999, a sub-department for institutional cooperation (DCT/I) was created with three focal points:

- Law and public liberty
- Local and urban development
- Public administration reform

France provides **multilateral** development assistance to UN organisations and agencies, and to international development banks as contributions to core funding or for specific projects.

The latter are defined as short, medium or long term activities determined by the international body and in line with French priorities. Such activities are generally conditional on the use of French technical expertise and the project concepts are, whenever possible, developed in the partner country with the international organisation's country representatives.

Many actors are involved in decisions on **bilateral** ODA: government ministries or departments in charge of justice and security, public works, transportation and housing, as well as the Ministry of Civil Service Affairs and State Reform. Specialised bodies and academic institutions under the above-mentioned ministries are also consulted, including the Ecole Nationale de la Magistrature (ENM), and the Ecole nationale d'Administration Pénitentiaire (ENAP), the Service de Coopération Technique Internationale de Police (SCTIP), the Ecole Nationale d'Administration (ENA), the Institut International d'Administration publique (IIAP), and the Instituts Régionaux d'Administration (IRA). These institutions are all involved in training activities.

The voices of civil society/non-governmental organisations (NGOs), such as the Fédération Internationale des Droits de l'Homme (FIDH), Avocats sans frontières (ASF), as well as trade unions, help to strengthen the social dialogue.

¹⁰ The six priority sectors established for EC programming: trade and development; regional integration and cooperation; support for poverty focused macroeconomic policy development; transport; food security and sustainable rural development; and institutional capacity building, good governance and the rule of law.

The French Development Agency (Agence française de développement – AfD) is a key agency both for implementation and evaluation of French development assistance and for public-private sector initiatives.

AfD provides financial support to job-creating projects and focuses its activities on the poorest countries. It is currently involved in 41 of the 48 countries classified as very low income by the UN. Its goal is to increase per capita income by encouraging development projects, supporting trade associations and participating in the restructuring of financial systems. AfD involves local members of civil society, such as local authorities, businesses and NGOs.

AfD is supporting the Financial Action Group (GAFI–OECD) in its efforts to counteract the laundering of capital. The Agency is an active participant in the CAD discussions on good governance and its practical applications.

The Agency has introduced a series of anti-corruption measures in its internal procedures aimed at preventing and sanctioning any payments towards the budget line “special commercial fees” in all expressions of interest issued by the Agency.

The Agency also works towards strengthening the competency of its partners concerning tendering procedures; the partners are responsible for issuing offers to tender and the selection of contractors while AfD exercises a “right of objection” (“avis de non-objection”) during the process.

AfD administers and manages some financial aid on behalf of the Ministry of Economic Affairs, Finance and Industry and the Ministry of Foreign Affairs and also provides the secretariat for the French Global Environment Facility.

The AfD funds about 130 projects per year. One in six is subjected to evaluation by a unit of the Agency which is independent of the operational departments.

A.4. Germany

Federal Ministry for Economic Cooperation and Development (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung, BMZ)

A.4.1. Context

German development policy is a component part of a global structural and peace policy based on the guiding principle of global sustainable development with target dimensions of social justice, economic efficiency and ecological soundness and the political dimension of promoting democracy, the rule of law and peaceful conflict resolution. In this context poverty alleviation is an overarching goal of development policy, incorporating all these dimensions, as embodied in the Program of Action 2015 which outlines the German government’s contribution towards halving extreme poverty by 2015 (in accordance with UN Millennium Development Goals). Development policy has received increased political impetus since the September 11 terrorist attacks, and an increase in international development aid is pledged from the current 0.27% of gross national income to 0.33% by 2006. “There is only one long-term strategy with the promise of success against crisis, terror and violence: the fight against poverty, injustice and isolation.”¹¹

The total aid budget in 2001 amounted to €5.51 billion. In 2002 the commitments for the “state and civil society” comprised around €540 million. for PD/GG1 and €260 million for

11 Wiczorek-Zeul in a policy statement to the German Bundestag, 15 March 2002.

PD/GG2. These commitments are complemented by the approximately €200 million in 2002 provided to finance governance-related development cooperation initiatives of the German political foundations in developing countries and of the Christian churches.

Good governance, which operates on the basis of respect for human rights and the fundamental principles of democracy and the rule of law and which guarantees the political participation of civil society, has as key elements the inclusion of poor population groups and poverty reduction in general.

The conceptual approach to good governance is shaped by international debate, European values of freedom, democracy and human rights, and German experience and priorities. It is defined as concerning “the decision-making processes and structures within the public sector, the ‘rules of play’ through which the state pre-structures the scope for development by civil society and the private sector, as well as the relationship between government and the governed.”¹²

Based on 1995 OECD (DAC) guidelines,¹³ good governance is regarded as part of a comprehensive agenda embracing participatory development, democratisation and human rights. Principles of good governance are expressed in five criteria:

- Respect for human rights (including freedom from torture, freedom of religion, protection of minorities)
- Popular participation in political decision making (freedom of association, holding democratic elections, freedom of the press)
- Rule of law and certainty of the law (independence of the judiciary, same law for all, transparency and predictability of state action)
- Market-friendly social economic order (protection of property rights, market pricing, competition principles)
- Development-oriented state action (government policy oriented to ecologically and socially sustainable development, fight against corruption, efficiency of public administration, etc., and scope of military expenditure¹⁴)

Good governance is perceived to contribute to all global development objectives: “Democratically legitimated states with capable public structures are better able both to articulate the interests of their population in the context of global governance and to implement international agreements at national level.”¹⁵

These five criteria are used in bilateral cooperation both as conditions (promotion criteria) for development support, and as areas for promotion initiatives (see A4.2 below). They are also the basis for multilateral dialogue and coordination.

In addition to the five criteria, BMZ’s approach to good governance is informed by German legal and administrative experience (notably in the field of decentralisation and transition to unification), and key value objectives underpinning all development cooperation: openness – no ‘fixed blueprints’; partnership and ownership; participation and target group orientation; sustainability and self help.

Within this context, core areas for bilateral cooperation/promotion under the good governance heading are measures for state and administrative reform with emphasis on measures to

12 BMZ (2002) Position Paper: *Good Governance in Development Cooperation*, p. 6

13 *Participatory Development and Good Governance*, OECD Development Cooperation Guidelines Series 1995.

14 BMZ (2002) op cit, p. 7.

15 BMZ (2002), op cit, p. 6

promote the rule of law, and capacity- and institution- building in the public sector. Emphasis is also placed on the promotion of democracy, e.g. support for election processes, independence of media, political education. These areas of promotion are normally carried out through German political foundations. Governance-related issues such as democracy promotion, human rights, women's rights, participatory development cooperation, crisis prevention and peace-building are regarded as promotion areas in their own right, as well as cross cutting with the promotion of good governance and poverty reduction strategies.

A.4.2. Good Governance Categories and Activities

Expenditure for the whole governance sector – including democracy and human rights – amounts to around €200 million per annum. In addition €150 million p.a. is provided to finance the work of German political foundations in cooperation countries focused on political participation and civil society capacity building.

Governance related development cooperation is supported under the key priority area 'Democracy, Civil Society and Public Administration' which encompasses human rights (in particular of women and children), legal and administrative reform, decentralisation and municipal development. Individual programme elements will be integrated into cross-project approaches, e.g. orientation towards national poverty reduction strategy, and networking with other donors.

Good governance is supported through policy dialogue, advice to partner countries in drawing up strategies for modernising the state and society, and via suitable projects.

Decentralisation and municipal development

This is the area of greatest demand for German experience. Based on a definition of decentralisation¹⁶ as the delegation of tasks, responsibilities, resources and political decision making, and on principles of subsidiarity, this area includes support for legal and institutional aspects, for civil society capacity building and political participation, and for municipal administrative reform.

Core areas of activity include:

- Establishing legal and administrative frameworks
- Institutional capacity building
- Redistribution of tasks between public and private sector and civil society
- Organising citizen participation.

Trans-sectorally, decentralisation is an integral aspect of democratisation and administrative reform and forms an important framework for municipal and urban development e.g. infrastructure, health, environment.

Legal and judicial reform

Development assistance is founded on the principles of the rule of law (following continental European legal traditions), and of the state based on social justice, i.e. acting to create material conditions for equality of opportunity (e.g., labour laws, social insurance legislation)¹⁷. Core areas of promotion include:

- Implementation of HR convention

16 See BMZ (2002) *Decentralisation and Strengthening Local Self-Government in German Development Cooperation*.

17 See BMZ (2002) *Legal and Judicial Reform in German Development Cooperation*.

- Gender equality and protection of minorities
- Legislation for the social market economy
- Criminal procedures and penal systems
- Other public law concerned with advancing democratic rights, e.g. media, electoral, political party law

Legal and judicial reforms also form part of other sectoral promotion areas, including: crisis and conflict management; the fight against corruption; decentralisation and municipal development (notably areas such as taxation and finance, employment, environmental protection and land reform).

Administrative reform

This area centres on public institution building to promote efficient service provision, transparency and citizen orientation, financial management reform, and supervisory, monitoring mechanisms. Administrative reform and modernising government are regarded as two sides of the same coin; administrative cooperation strategy addresses not only the executive, but also the judiciary, the legislature and civil society. It overlaps with, and contributes to all these areas as well as being an area of direct promotion.¹⁸

Administrative development assistance is founded on the precepts of pro-development and pro-active government geared to citizens' needs and concerns, and principles of ownership (will to reform), subsidiarity, gender equality and civil society involvement. Core areas of direct activity include:

- Civil service reform including human resource management, efficient service delivery, gender equality, monitoring and evaluation systems
- Reform of public finance administration including budgeting, fiscal and customs administration
- Reform of administrative organisation including structural, organisational and procedural reform
- Strengthening participation mechanisms for civil society including local measures to facilitate popular participation in the development, implementation and evaluation of administrative reforms

Administrative reform also features in other sectoral promotion areas such as health, education and the environment as well as under other governance categories.

Fight against corruption

This is a new area with increased importance because of the effects of corruption on anti-poverty strategy. Corruption is defined as "...the behaviour of persons entrusted with public or private responsibilities who neglect their duties to achieve unjustified benefits"¹⁹.

Combating corruption is approached at three levels:

- Political level via political dialogue including the inclusion of anti-corruption clauses in financial cooperation agreements, and improving internal prevention of corruption

18 See BMZ (2002) *Administrative Reform in German Development Cooperation*.

19 See BMZ (2002) *Combating Corruption in German Development Cooperation*.

- Bilateral level utilising the competences of long term bilateral cooperation, including preventive approaches such as institutional, financial management and audit reform
- Multilateral level through financial and conceptual cooperation in the Utstein Group, UN, World Bank, IMF, OECD, EU, etc.

Combating corruption is an increasingly important focus for promotion both within the key area “democracy, civil society and public administration”, and as a cross-cutting issue in formulating country concepts and key strategies.

Within the framework of OECD, the International Convention on Combating Bribery of Foreign public officials (1999) has been transposed into national law, making this form of corruption subject to prosecution. Illegal bribes paid at home or abroad are no longer tax-deductible as business expenses, and the terms of Hermes federal export credit guarantees have also been adapted to the new legal provisions.

Germany also supports the Berlin based international NGO Transparency International dedicated to the worldwide fight against corruption. TI compiles the Corruption Perception Index and as from fall 2001 will issue an annual Global Corruption Report that will be co-financed by the German government.

Overall bilateral cooperation combines a regional focus on 70 cooperation countries with a sectoral concentration on 10 development priority areas. The priority area of “democracy, civil society and public administration” has been agreed as the focus for cooperation with 32 countries, mainly in Africa (13 countries) and Latin America (9 countries).

In the spheres of European cooperation and multilateral dialogue, Germany has worked to gain increased focus on good governance. It supports good governance policies of WB, AfDB, AsDB, IDB and CDB through involvement in supervisory bodies and financial inputs. Germany contributes to EC development cooperation with a financial share of approximately 25% of EC activities (such as the EIDHR initiative). It makes financial inputs to UNDP programmes for decentralisation and the fight against corruption, is becoming a member of International IDEA (Institute for Democracy and Electoral Assistance), and promotes donor coordination through OECD/DAC (GOVNET), and PRSP processes linked to the antipoverity Program of Action 2015.

Germany’s priority governance area ‘Democracy, Civil Society and Public Administration’ and its four main categories for support between them cover the six AIDCO clusters, focussing on institution and capacity building in the public sector, with particular emphasis on decentralisation and municipal development and civil society capacity building/political participation (via political foundations). More recently increased emphasis has been placed on anti-corruption measures. At the same time, the five good governance criteria framing Germany’s approach represent a somewhat wider and different conceptualisation of good governance based on desired outcomes rather than categories based on governance functions.

A.4.3. Approaches to Implementation

German development cooperation is characterised by a pluralist, decentralised structure in which various governmental and non-governmental organisations operate, each with their own specific performance profiles and partner structures. Due to the breadth of the issue, and its cross-cutting significance, good governance plays a major role in the work of most of those organisations.

The Federal Ministry for Economic Cooperation and Development (BMZ) is responsible for development policy planning, bilateral coordination, multilateral relations and monitoring. Its work includes:

- Contributing to the design of the global framework
- Developing bilateral and multilateral support strategies, and supporting partner countries' development programmes and projects
- Supporting development cooperation programmes of nongovernmental organisations
- Aid evaluation and monitoring of the use of funds

Individual cooperation projects and programmes are implemented by independent (non profit) government-owned corporations and agencies working on behalf of BMZ. Key agencies active in governance promotion are as follows:

- Deutsche Gesellschaft für Technische Zusammenarbeit (**GTZ**) is commissioned by BMZ to implement most of the official Technical Cooperation in the good governance sector.
- **InWEnt** (Capacity Building International, Germany) and the German Development Service (**DED**), also help promote good governance. InWEnt's service offering includes dialogue and training measures. DED seconds development workers.
- Official Financial Cooperation (FC) implemented by the Kreditanstalt für Wiederaufbau (**KfW**) includes approaches for the promotion of good governance, primarily indirectly through projects of urban and municipal development, and social investment fund programmes.

In addition to the governmental implementing organisations mentioned, non-governmental German development cooperation institutions also operate in the good governance sector. The work of the political foundations (*Friedrich Ebert Foundation **FES**, Konrad Adenauer Foundation **KAS**, Heinrich Böll Foundation **HBS**, Friedrich Naumann Foundation **FNS**, Hanns Seidel Foundation **HSS** and Rosa Luxemburg Foundation **RLS**) is of particular importance. Alongside the political foundations, the two major Christian churches are also active in the good governance sector, chiefly through the *Church Development Service (**EED**)* and the *German Central Catholic Agency for Development Aid (**KZE**)*.*

The approaches and typical project partners of the political foundations, churches and other non-governmental organisations differ from those of governmental technical cooperation. Whereas governmental technical cooperation works predominantly, though not exclusively, with governmental institutions, the foundations' partners are typically in the non-governmental sector. In countries whose governments (still) display little willingness to improve political frameworks, and with which there is therefore no governmental cooperation of any significance ("poor performing countries"), political foundations, churches and other non-governmental institutions can strengthen elements within those countries that are already reform-oriented, and thus support a "bottom up" policy for good governance.

BMZ has a total of around 570 staff (including part-timers); presently 90% at Bonn HQ, and 10% in Berlin – divisions focused on supporting political tasks (parliament, cabinet, press, policy planning). Within BMZ, seven staff work exclusively in the area of governance (this does not include staff for conflict prevention/management). Within **GTZ** headquarters, about 60 people work in the area of good governance (again, excluding conflict prevention). Due to the decentralised structure, however, most GTZ personnel are located abroad (around 160 GTZ staff members).

All organisations operate their own training programmes. There is, however, very little training specifically on governance issues.

For bilateral support, the governance situation in each cooperation country is assessed in relation to the five good governance criteria, especially the current trend of reform efforts.

This assessment influences the scope and structure of cooperation and determines the agenda for development-policy dialogue with the countries concerned. The criteria also form an integral element of the German government's position in multilateral development committees and the EU, and in donor coordination and harmonisation. For the assessment, a mix of information sources are used (reports by the German Embassies, international data sources and others).

Priorities are set according to the needs and demands of the cooperation countries themselves, the general goals of German development cooperation and international development goals, particularly the MDGs.

Development cooperation in Germany has by tradition always had a broad and comprehensive system of evaluation. The institutional structures for managing evaluation are generally located in the different individual implementation agencies (for Technical Cooperation and Financial Cooperation see below).

The BMZ role within the overall monitoring and evaluation (M&E) system is technically one of oversight, coordination and standard setting for the various agencies. Within BMZ, evaluation, management control and audit have been woven into a “Quality Enhancement and Improvement” cluster, which provides the leadership in the M&E area. The main task of the BMZ evaluation function is to scrutinise the efficiency, results and impact of German development cooperation. Besides this main task, there is also the purpose of using the findings to facilitate management decisions, to strengthen institutional learning and to contribute towards quality assurance and the legitimisation of development policy vis-à-vis the general public and Parliament.

BMZ itself concentrates on strategic forms of cross-project evaluation and strategic controlling with the aim of further developing organisational, institutional and conceptual aspects of the German system of development cooperation. The main instruments for this are thematic, sectoral and instrument evaluations (e.g. ongoing evaluation “The promotion of democracy and good governance in Angola, Ethiopia, Guatemala and Cambodia – opportunities and constraints”). Beyond that, in exceptional cases the BMZ also carries out evaluations of individual projects which have particular political significance or serve as models, or for control purposes.

In principle, the BMZ project/programme evaluations are based on an evaluation matrix which includes the analysis and assessment of project/programme aims, planning, implementation and developmental effectiveness. Developmental effectiveness includes the assessment of:

1. The achievement of project/programme results
2. The cost/benefit ratio and profitability
3. The economic, social, socio-cultural, institutional, poverty and ecological impacts
4. Sustainability
5. Significance
6. Relevance

In the area of good governance, evaluations give special attention to:

- Thorough analysis of the political framework conditions (context)
- Focus on possible impact rather than on project outputs
- Participatory process, involving local knowledge and independent local experts
- Activities and approaches of other donors as well as donor coordination

The system of monitoring and evaluation in governance related projects/programmes of **Financial Cooperation (FC)** is based on the logical framework approach and comprises a risk analysis of the projects and the portfolio. The regular progress reviews focus not only on the physical progress of the project but also on how the framework conditions of the project develop and whether the preconditions for sustainable operation are given. In FC all projects are subject to a final evaluation (ex-post evaluation) of their developmental effectiveness approximately 3 to 5 years after conclusion. For a few select projects, KfW also carries out reviews of a project's long-term effectiveness between 10 and 15 years after completion. The final evaluation report sent to the German federal government follows a predetermined outline and is a comparison between the goals aspired to during initial project appraisal what was actually achieved at the time of the final evaluation. In the framework of final evaluations KfW systematically examines how lessons learnt can be applied to concept design and implementation of similar projects. This also includes experience with cooperation with other donors and experience that is useful for the further development of sectoral, regional or thematic concepts for promotion.

In the framework of **Technical Cooperation (TC)** an Internal Evaluation Unit was established in 2000 to serve a dual purpose: a) to improve the results orientation of the whole organisation and b) to conduct evaluations under the direction of the BMZ. A new, result-oriented commissioning framework between GTZ and BMZ, introduced in 2002 ("*AURA – entwicklungspolitischer Auftragsrahmen*"), focuses on "outputs" and "outcomes" of Projects and Programs of Technical Cooperation also reflected in a new reporting system for the monitoring of project progress and impact. As the new commissioning framework between BMZ and GTZ has been introduced recently a period of transition can be expected.

Quantitative and/or qualitative indicators used for governance-related projects and programmes are distinguished according to purpose:

- Indicators for inputs (e.g. project budget, expert-months)
- Indicators for outputs (e.g. number of people of local governance trained, laws of decentralisation passed, infrastructure built)
- Indicators of outcomes (e.g. change of budget transfer to local governments, improvement of services of local governments)

A.5. Netherlands

Ministry of Foreign Affairs (MFA)

A.5.1. Context

Dutch development cooperation is at the forefront of efforts to bring greater policy coherence and coordination to international development assistance. The Netherlands' overall approach to development cooperation is based on three guiding principles: ownership, utilisation of domestic resources and poverty focus.

Sustainable poverty reduction²⁰ is the main policy objective and the Millennium Development Goals provide a guideline for policy development. A separate Minister for Development Cooperation works at the Ministry of Foreign Affairs (MFA) with responsibility for a fixed budget of 0.8% of gross national product (GNP).²¹ In 2002, this amounted to some €4 billion. OECD Development Assistance Committee statistics show that the Netherlands was the second most generous bilateral donor among its members in 2001.

Indicative figures for governance-related ODA in 2002 included the following:

- Central budget for Governance: €20 million (mostly in support of international NGOs)
- Embassy budgets: general governance support €60 million.
- Decentralisation/local government: €13 million.
- Rule of law: €7 million.

In the 2003 MFA budget, five key policy objectives²² are identified:

- International order
- Peace, security and stability
- European integration
- Sustainable poverty reduction
- Bilateral relations

Spending plans for 2003 indicate that sustainable poverty reduction will continue to account for most of the spending in the MFA budget and that the bulk of planned ODA expenditure falls under this heading. However, all of the other policy objectives ostensibly include governance-related spending albeit not exclusively (or primarily) in a development cooperation context.

Dutch development cooperation is also used to promote human rights with aid aimed at encouraging and supporting compliance with human rights agreements and democratisation in partner countries. The Dutch see a direct link between human rights and development cooperation:

“On the one hand, respect for human rights, application of the principles of the rule of law and introduction of a multi-party democracy can contribute to economic development that also honours the principle of equal distribution. On the other, development cooperation is not simply geared to economic progress, but also to progress in terms of individual rights and individual development. The promotion of a pluralist democracy, of social and economic rights and a society in which everyone has equal opportunities can help to achieve this.”²³

Funding for human rights activities is drawn from both the ODA and non-ODA components of the MFA budget.

There is also recognition in Dutch development policy of the link between stability in developing countries and domestic stability. The development cooperation budget will be

20 In some places described as “structural poverty reduction”. See for example, *Working Together, Getting Results*, p. 2, www.minbuza.nl

21 This means that there is an automatic expanding level of ODA in times of economic growth.

22 The five key policy objectives are sub-divided into 15 policy articles. Article 2 covers ‘Peace, security and conflict management’, Article 4 covers ‘Good governance, human rights and peacebuilding’, whereas Articles 6-12 covers a range of poverty reduction initiatives (including bilateral, multilateral, civil society and private sector cooperation programmes).

23 *Human Rights & Democracy*, www.minbuza.nl

increasingly used as part of an integrated foreign policy with meeting development targets and contributing to global peace and security seen as “mutually reinforcing activities.” Promoting free trade and eliminating barriers to developing country access to European markets are also considered to be part of an integrated Dutch foreign policy.

The Dutch approach to good governance takes account of related internationally accepted policy guidelines. Good governance in its broad sense is considered to be a key to development. The essence of good governance is that “government reacts to the needs and wishes of society.”²⁴

The focus of Dutch policy on promoting good governance is on “the transparent, legitimate, effective and participatory exercise of power and use of resources by the government.”²⁵ Fighting and preventing corruption is considered to be a crucial factor in the good governance process. Corruption is defined as “a generic term, covering bribery, misappropriation, fraud, extortion, smuggling, and cronyism”²⁶ all of which involve public officials using their positions for personal profit.

There is also recognition of the inter-relationship between good governance, human rights and peace-building, which provides the basis for bilateral aid with 18 countries (see below).

Dutch policy on good governance seeks “to strengthen, reform and develop institutional capacity and the instruments needed to develop good governance in the service of society.”²⁷

The main objective of Dutch policy on human rights is to promote respect for and the observance of these rights, while the overall policy objective for peace-building is to strengthen, reform and create institutional capacity and the instruments needed to achieve lasting peace.

Funding is allocated through three channels:

- Multilateral: International organisations such as the World Bank and the United Nations
- Bilateral: Long-term cooperation with governments in developing countries
- NGOs: Civil-society organisations such as the Netherlands Organisation for International Development Cooperation and AIDS organisations

As part of a “positive but critical approach”, the Minister for Development Cooperation has decided that Dutch development policy should focus on the following five elements:

- Integration of development policy with other foreign policy elements
- Development of regional policy approaches
- Focus on Africa in particular regions such as the Great Lakes, the Horn of Africa and southern Africa (SADC region)
- Expansion of the role of civil society and business
- Commitment to policy coherence in areas such as trade and agricultural policy and the environment, arms, migration and food safety

24 *Decentralisation and Local Governance From the Perspective of Policy Reduction*, www.minbuza.nl

25 *Good Governance – The key to development*, www.minbuza.nl

26 Fact Sheet: *Dutch development cooperation and the fight against poverty*, www.minbuza.nl

27 See *Policy Plans for the Theme-based Cofinancing Programme*, www.minbuza.nl

The types of activities that qualify for funding are determined by the Social and Institutional Development Department (DSI) and the Human Rights and Peacebuilding Department (DMV) at the Ministry of Foreign Affairs.

A.5.2. Good Governance Categories and Activities

The Peacbuilding and Good Governance Division is situated within the Human Rights and Peacebuilding Department of the Ministry of Foreign Affairs. In this division, tasks are based on five good governance sub-themes:

- Legislative
- Executive
- Judiciary
- Civil Society and the Media
- Anti-Corruption

Levels of legitimacy, transparency, participation and effectiveness are the main indicators for the quality of governance.

The following represent examples of activities supported in the area of good governance:

- Anti-corruption activities that qualify for funding should do one or more of the following:
 - assist in the formulation of anti-corruption policy as a cross-cutting issue
 - help to implement the Utstein Action Plan²⁸
 - seek to provide practical input to Poverty Reduction Strategy Papers (PRSPs).
- Eligible decentralisation activities should do one or more of the following:
 - assist in the formulation of policy for this sub-theme
 - help to generate knowledge and develop a toolkit
 - assist in the implementation of decentralisation processes and support for local governance
- Democratisation initiatives include the following:
 - national and international knowledge exchange and policy development
 - support for elections and election monitoring
 - support for democratisation processes
- Improving human rights protection:
 - provision of legal, medical or psychological aid to victims
 - investigating human rights violations
 - documenting human rights violations
 - fighting impunity
 - information on human rights
 - education on human rights
 - training in the application of human rights standards
 - support for independent media
- Institution building on human rights:
 - maintaining and strengthening the institutional capacity of governments

²⁸ The Utstein Group was formed by the development ministers of Germany, Netherlands, Norway, and UK in July 1999 to develop a joint action plan for fighting corruption in developing countries. See: www.u4.no

- maintaining and strengthening the institutional capacity of NGOs
- advocacy of human rights.
- Peace and security initiatives encompass the following:
 - strengthening democratic structures, processes and institutions capable of promoting reconciliation
 - democratic control of the security sector
 - disarmament, demobilisation and reintegration
 - strengthening the role of the media
 - clearance of landmines and unexploded explosives in countries that have signed, ratified and implemented the Ottawa Convention²⁹
 - rehabilitation that prevents exclusion and promotes access to political decision-making and work towards adequate transparent and representative governance³⁰

In June 1999, the Lower House of Parliament agreed to give priority to 20 countries for Dutch development aid,³¹ making them eligible for a wide range of long-term structural development cooperation. Good governance was identified as one of the major screening criteria for country selection. The key features of good governance in this case included: “integrity, anti-corruption, transparency, control of public finances, participation, division of powers in a system of checks and balances (‘trias politica’), rule of law, democratization and respect for human rights.”³² Other criteria included good socio-economic policy, military expenses in proportion to the national budget, quality of national development programmes and the country’s geo-political role in relation to peace and stability. In parallel with other donor countries and multilateral organisations, Dutch policy has broadened its earlier governance focus on economic processes and administrative efficiency to encompass greater concern for issues of democracy, justice, and participation, encapsulated in four sub-headings: participatory governance; legitimate governance; efficient and effective governance; and transparent governance.

In practice, the Netherlands maintains a long-term structural bilateral partnership with the recipient ‘good governance’ country based on a sector-wide approach. This means that greater attention is given to long-term cooperation aimed at the institutional environment of and within a whole sector. In addition, the Netherlands provides bilateral assistance to other countries where there is a pressing need to strengthen governance systems and processes, and to promote human rights and peace-building.³³

When selecting priority partner countries, the Netherlands does not consider good governance to be an absolute norm but rather as an emergent process. To become a partner country, its

29 Priority is given to countries with which the Netherlands has bilateral relations and to those with which it is collaborating on human rights, peace-building and good governance.

30 Grants are mainly awarded to civil society organisations such as trade unions, churches, women’s organisations and human rights groups.

31 Later increased to 23. In April 2003, the list included: Bangladesh, Benin, Bolivia, Burkina Faso, Egypt, Eritrea, Ethiopia, Ghana, India, Indonesia, Macedonia, Mali, Mozambique, Nicaragua, Rwanda, South Africa, Sri Lanka, Surinam, Tanzania, Uganda, Vietnam, Yemen, and Zambia.

32 Ministry of Foreign Affairs (2003), p. 3.

33 This latter group of so-called transitional countries do not qualify for long-term multi-sectoral assistance, and have a post-conflict status or a previous history of close ties with the Netherlands. As of April 2003, this group included: Albania, Armenia, Bosnia, Cambodia, China, Colombia, El Salvador, Georgia, Guatemala, Guinea-Bissau, Honduras, Kenya, Moldova, Namibia, Nepal, Pakistan, Palestinian Territories and Zimbabwe.

“governance has to show signs of being or becoming more participatory, legitimate, efficient and transparent.”³⁴

In addition to poverty reduction and market integration, promoting stability and security (i.e., conflict prevention and containment) is a key element of the Netherlands policy on Africa.

Gender is another major theme-based programme, however gender is also included under peace/security within the specific context of reconstruction. The involvement of women in reconstruction processes is emphasised.

The Netherlands provides bilateral aid to countries where good governance, human rights, and peace-building are key development priorities. The Netherlands considers good governance to be “an indispensable part of poverty reduction”, and fighting corruption to be “indispensable to the pursuit of good governance.” Policy priorities include assistance to audit institutions, local and national governments, and the free media in order to “expose corrupt practices and call offenders to account.”

In the 2003 MFA budget, there is an increase in funding for good governance, human rights and peace-building primarily to fund the Netherlands’ contribution to the disarmament, demobilisation and reintegration (DDR) programme in the Great Lakes Region in Africa.

In relations with Sub-Saharan Africa, the Dutch takes its lead from the New Partnership for Africa’s Development (NEPAD).

Under bilateral development cooperation, the budget for country-specific sectoral cooperation was reduced in 2002 and 2003. This reduction in thematic cooperation is part of a process of incorporating these themes into country programmes or of transferring them to NGOs and multilateral organisations.

The 2003 budget also includes higher spending on the Private Sector Programme mainly due to the Netherlands’ contribution to the Emerging Africa Infrastructure Fund, which seeks to help the African private sector develop. Development cooperation also includes initiatives to encourage socially responsible business practices.

The Netherlands development cooperation programmes cover all six of the good governance clusters identified by the EC.

In relation to the new EC priority themes of illegal migration management, fight against terrorism and security issues in general, there is recognition in Dutch development policy of the link between security issues in developing countries and domestic security. For example, the Netherlands is a partner in the ‘Enduring Freedom’ military operation in Afghanistan and is supporting the Afghan Interim Authority and the transitional Afghan government through multilateral channels. Asylum and migration is included in the MFA budget under policy article 14, although this is primarily for spending on the reception of asylum seekers.

A.5.3. Approaches to Implementation

The Peacebuilding and Good Governance Division has a staff complement of 10. In other departments, various staff members deal with governance-related matters such as institutional development, private sector development and public finance management. At the field level, responsibility lies mainly with embassy staff in the core and the governance groups of countries. There is no technical assistance of substance provided. Staff training and development is mostly in the form of seminars on specific subjects, both in the Netherlands and in developing countries.

34 Ministry of Foreign Affairs (2003), p. 3.

Each embassy concerned formulates a country-specific policy framework for its governance programme, for which general guidelines exist. These frameworks include problem analysis, government policy, civil society, interventions of third donors and added value of Dutch support.

Monitoring and evaluation are done through annual reports, which form part of the annual plans, and updates of the policy frameworks. The Dutch consider the issue of indicators to be complex with the main focus being on the direction of trends at the country level.

Dutch development cooperation derives much of its strength from the active participation and support of civil society and the Dutch political process.

The OECD DAC strategic principles and the International Development Goals (IDGs) and indicators have heavily influenced the Netherlands vision and approach to development cooperation. In 2000-01, the IDGs and indicators were integrated into official reporting to the Dutch Parliament. There is also a strong correlation with the OECD DAC guidelines in key sector and theme areas, including those in poverty, governance, conflict, environment, gender, the private sector and evaluation.

The Netherlands promotes the use of country-owned strategies particularly through the Poverty Reduction Strategy Paper (PRSP) framework. This is part of the Netherlands' effort to enhance donor coordination and to emphasise the importance of a sector-wide approach. Linked to the PRSP process, the Netherlands' 2003 Policy Agenda suggests greater investment in "analysing and supporting institutional frameworks" and in strengthening "the capacity of the various authorities and other players." Good governance criteria will also "be tightened up" with country-specific indicators identified to enable administrative trends to be more effectively monitored.³⁵

The Netherlands' development cooperation programme works closely with both NGOs and the private sector in the Netherlands and in partner countries. Ten percent of overall ODA is traditionally allocated to the 'Four Pillars+1' group of NGOs: Novib, Hivos, Cordaid, ICCO and Foster Parents Plan, to fund programmes in support of civil society in developing countries. In order to improve the business and investment climate in partner countries, the Netherlands works in close consultation with local and Dutch businesses.

At international level, the Netherlands works with the World Bank and the World Bank Institute to fight corruption and promote integrity. In April 2000, the Netherlands and the World Bank Institute held an anti-corruption conference. Its objective was to find out how donors might best fight corruption. The Netherlands contributes to the UN's global anti-corruption programme UNCICP and the Programme for Accountability and Transparency (PACT/UNDP). It also provides financial support for Transparency International and contributions to INTOSAI training programmes (for audit institutions in Africa) and programmes for Latin American journalists.

In March 2001 the Minister of Development Cooperation invited the five cofinancing organisations (HIVOS, ICCO, NOVIB, Cordaid and Foster Parents Plan) and the non-governmental organisations SNV, MSF Holland, the Dutch Red Cross, DRA, PSO, World Vision and Transparency International to share their experiences with fighting corruption and discuss ways of cooperating.

Other examples of donor coordination on good governance include the previously-mentioned Utstein process, as well as more generally via organisations such as EC, OECD/DAC, IFI and UN.

35 See *Policy Agenda 2003*, p. 8, www.minbuza.nl

A.6. Spain

Ministry of Foreign Affairs, the State Secretariat for International Cooperation Spanish Agency for International Cooperation (AECI)

A.6.1. Context

Spain's development policy aims at reducing poverty and fostering sustainable, equitable and participatory development in Southern countries (from Asia to Latin America), and at integrating Southern economies into financial and economic globalisation. It is acknowledged that stable institutions and legal frameworks are essential to this economic development.

The overall development policy focus is on poverty reduction, gender equality and the environment. As part of Spain's efforts to align its development cooperation with the Millennium Development Goals, poverty reduction has become an overarching goal across the entire aid system and there are plans for increased spending on poverty reduction, including basic social services such as health and education.

In 2001, total Spanish ODA expenditure was €1.9 billion or 0.30% GDP. Governance related projects totalled almost €70 million or 5.06% of total ODA and 6.63% of Spanish bilateral cooperation grant aid.³⁶ In 2002, Spain announced a commitment at the European Council meeting in Barcelona to reach 0.33% ODA/GDP ratio by 2006.

In 2001, ODA expenditure on governance-related projects totalled almost €70 million or 7.26% of ODA or almost 11% of Spain's bilateral cooperation grant aid.³⁷

In Spanish development cooperation, good governance appears to be understood as the strengthening of democratic states through programmes and projects which:

- Foster democracy
- Promote human rights
- Build civil society
- Develop and strengthen institutions
- Promote police and security reform
- Reform the judiciary
- Guarantee the rule of law
- Modernise legislative institutions
- Strengthen local governments
- Improve the management and quality of public services
- Protect the most vulnerable groups including indigenous populations
- Build and strengthen democratic institutions and participatory mechanisms

The following are regarded as separate but related issues:

- Integration of women in development
- Development of infrastructure and the private sector

³⁶ In 2001, Spain cancelled a debt relief with Nicaragua. Without taking this into account, Spanish ODA in 2001 would be almost €1.5 billion or 0.23% GDP. Governance related projects would represent 7.26% of total ODA and 10.98% of Spanish bilateral co-operation grant aid.

³⁷ These totals include any project that contributes to the improvement of governance in poor countries and may cover a broader range of sectors when compared to the OECD/DAC codes.

- Development of productive bases and promotion of the private sector through economic policy and institutional reforms
- Conflict prevention
- Migration flows

Spain's approach to good governance aims at the promotion of social and human development based on principles of participation, equality and sustainability. Human rights are considered to be closely linked to the promotion of democracy. Spain's peaceful democratic transition and its experience reaching political consensus on important political issues has made it an international reference for how to successfully address the complex challenges posed by democratic reforms.

The Spanish development cooperation programme is based on a Master Plan (2001-2004). Good governance is identified as one of the priority sectors. The Ministry of Foreign Affairs has approved a strategy for the promotion of democracy and rule of law. The Master Plan includes provision for growing emphasis on governance-related cooperation. There is also an indication that Spain's contributions to international organisations will include greater attention to good governance concerns.

A.6.2. Good Governance Categories and Activities

There are two priority action areas within governance: public order and security (training security forces to maintain public order) and strengthening public administration. Two kinds of actions are included in the public order and security sector: post-conflict peace-keeping missions and requests for security aid made by the recipient country. Project support covers training of security forces to maintain public order, support for police academies, United Nations support units, land mine removal specialists and peace treaty supervision.

Secondary action areas include supporting decentralisation; raising awareness of and respect for human rights; developing effective legal and judicial mechanisms; fighting the spread of drugs; building civil society; and assistance to indigenous communities.

Other governance projects attempt to strengthen the establishment of business organisations, the capacity to administer financial resources and conduct elections, and the development of viable political parties and a free press.

The table below summarises the 2001 Spanish ODA expenditure in governance-related areas:

GOVERNANCE SECTOR	% of Total Governance Expenditure (2001)
Public Order and Security Forces	43.92
Public Administration	10.51
Civil Society and NGOs	8.47
Human Rights	7.30
Indigenous Communities	6.98
Decentralisation	5.55
Drug Control	4.61
Unions and Worker Rights	4.18
Legal and Judicial Development	3.18
Business Organisations	2.15
Financial Administration	2.14
Media	0.97
Elections and Political Parties	0.04
Total	100

In 2000, more than half of Spanish aid went to lower middle-income countries and 40% was directed towards low-income countries. Given Spain's strong linguistic, historical and cultural ties with Latin America, it is not surprising that a large proportion of Spanish aid goes to Latin America. These historical links and Spain's own recent experience of building a democratic state place it in a good position to share its experiences with Latin America. In view of these factors, the OECD Development Assistance Committee (DAC) recommended in 2002 that Spain take a lead role among donors in discussions on good governance in Latin America, such as judicial reform, decentralisation, tax administration and police force training.

Priority regions in the 2001-2004 Master Plan are selected according to the following criteria:

- Level of poverty
- Level of development
- Conflict in the concerned countries
- Regions where assistance is efficient

The law for international development, approved unanimously by the two main political parties (PSOE and PP), sets as priority regions Latin America, Arab countries in the Mediterranean region and countries in other regions with historic and cultural links with Spain.

In governance-related areas, special attention is given to Latin America with the region receiving 28.86% of all governance expenditure. In Latin America, special emphasis was placed on the strengthening human rights and indigenous communities (37 projects), improving public administration and decentralisation (34 projects), supporting civil society (17 projects) and the development of legal and judicial mechanisms (14 projects).

Central and Eastern Europe receives the highest share of governance aid at 41.87%, however these resources are concentrated in a smaller number of projects compared to other geographic areas. Two governance-related priorities for Central and Eastern Europe are the peace process (public order and security) in the Balkan region and fostering the process of democratisation (improving public administration), with the majority of aid going to Bosnia-Herzegovina.

North Africa is the closest region to Spain with strong political, economical and socio-cultural collaboration. Spain is particularly concerned with North Africa, as there is a high level of migration coming from this region. There are also concerns about potential instability in the Mediterranean region due to ongoing conflict in the Middle East.

Sub-Saharan Africa is a priority intervention region due to the high level of poverty, the highest in the world and the slow path of economic development (particularly Central Africa and Southern Africa).

Africa receives 8.7% of total governance assistance, with governance projects in North and Sub-Saharan Africa mainly focused on public order and security, and policy planning. Only 3.47% of governance expenditure is allocated to Asia with support concentrated on the Philippines, China and Vietnam mainly for economic and social development and institution building in particular in public administration.

There is a generally strong correlation between Spain's support for good governance and most the EC-AIDCO clusters. There is however very little support given to elections and political parties with only two small projects funded in 2001.

A.6.3. Approaches to Implementation

Various actors at central, regional and local government levels within Spain administer governance-related development cooperation. AECI is the largest single contributor, however various other central government ministries/departments also have responsibility. For example, the Ministry of the Interior plays a key role in the international fight against drug trafficking and in support for public order and security. The Ministry of Defence and the Secretary of State for Security are also actively involved in cooperation programmes in the latter sector. The Ministry of Interior's National Institute of Public Administration supports projects aimed at the professional development of civil servants, mainly in Latin America.

Spanish regional and local authorities administer almost 25% of funding in the governance area. For example, Spain's regional governments such as Catalonia and Galicia are particularly active in projects aimed at strengthening civil society and NGOs. Most support for indigenous communities comes from Spanish local and regional authorities.

In response to the OECD/DAC recommendations noted above, Spanish cooperation in Latin America is expected to concentrate on the process of donor coordination and to obtain an adequate coherence between projects and Spanish actors, whilst maintaining a continuous dialogue with NGOs, with officials from Decentralisation Coordination and other Ministries.

In the spheres of European cooperation and multilateral dialogue, Spain is participating in good governance initiatives. Spain supports good governance policies of the following multilateral aid agencies:

- European Union (Phare, MEDA, FED)
- European Council
- World Trade Organisation (WTO)
- OECD
- United Nations (UN), including UNDP
- International Labour Organisation (ILO)
- Inter-American Commission for Human Rights (ICHR)
- Funds for the Indigenous Population of Latin America
- African Union Organisation (AUO)

- Organisation for Security and Cooperation in Europe (OSCE)

Some contributions are also made to international financial institutions:

- World Bank
- IMF
- Inter-American Development Bank

The following represent various examples of multilateral projects and programmes in the field of good governance where AECI support is provided:

- Participation to the IPEC programme (Child labour eradication in Latin America) with the ILO - this programme supports actions to reduce and eliminate child labour, through appropriate labour law and by raising awareness on child labour problems in Latin America. Spain is the third main donor in this field after the US and Germany. This programme is active in 17 Latin American countries.
- Contribution to the ILO programme on Modernisation of Work Administration in Central America which is aimed at modernising and promoting the participation of social partners and multiparty dialogues.
- Support to the ILO programme on strengthening trade unions for Social Tripartite Dialogue and socio-economic development of Latin America.
- Support to the Inter-American Commission for Human Rights (ICHR) for divulging and promoting human rights (use of documentation, publication and maintenance of the website).
- Financial contribution to the Funds for the Indigenous Population of Latin America.
- Collaboration with the African Union.
- Contribution to the UNDP project in the Philippines for reinsertion of veterans from the National Liberal Fronts and their families
- AECI has signed the cooperation agreement with the Organisation for Security and Cooperation in Europe (OSCE) – supporting the organisation in its Democracy and Defence of Human Rights activities.
- Financial support to the European Council for the mission of the election supervision in Kosovo.

Instruments used in Latin America

Spain has developed other forms of cooperation such as regional cooperation (aid for equipment), programmes for municipal development, and institutional strengthening for good governance. These types of instruments are to be found at the regional level. Decisions on priorities are taken via a system of joint commission together with the recipient country. These instruments are mainly used in Latin America.

The contribution of Spain to specific projects related to support for indigenous populations – particularly in relation to the defence and respect for human rights – is quite strong in Latin America. These projects aim at:

- Improving access to justice for indigenous men and women through juridical state organisations and conflict resolution mechanisms
- Developing communication capacity of indigenous peoples organisations to exercise their rights

- Contributing to changes in attitudes of civil society in regards to cultural diversity and the rights of indigenous populations
- Promoting representation of indigenous population organisations in local and national government as well as in national legislatures in their respective countries

A.7. Sweden

Swedish Ministry for Foreign Affairs (MFA)

Swedish International Development Cooperation Agency (SIDA)

A.7.1. Context

In March 1998, the Swedish government presented a white paper to Parliament on Democracy and Human Rights in development cooperation.³⁸ **Democratic development** – to help bring about the conditions that give people greater influence over development at local, regional and national levels – represents a central objective of Sweden’s foreign policy and is essential for the achievement of Sweden’s other five objectives:

- **Economic growth:** To contribute to the increased production of goods and services
- **Economic and social equality:** To help reduce differences between rich and poor and to enable recipient countries to meet the basic needs of all their people
- **Economic and political independence:** To enable the countries to make their own decisions about their economy and other matters and to create the conditions necessary for national self-determination
- **Environmental quality:** To contribute to the sustainable use of natural resources and protection of the environment
- **Equality:** To promote equality between women and men

Sweden’s policies stress a multidimensional concept to poverty reduction and a rights-based perspective on development. and aim to support the type of growth which leads to a sustainable reduction of poverty in accordance with the Millennium Development Goal of halving poverty by 2015. Above all this can be achieved by the creation of more job opportunities and by making it possible for people to earn a living, not least small farmers and the self-employed. Combined with a more equitable distribution of wealth and land, an expansion of elementary schooling, and investments in labour-intensive exports, this will lead to a situation in which more people can benefit from growth. In the long term this will reduce poverty as well as population growth.

It is important to note that the objectives of economic growth and economic and political independence of partner countries are handled by Swedish development cooperation as cross-cutting issues both in trade policy and development policy, as exemplified by its anti-corruption policy and policy on corporate governance.

On 23 May 2003, the Government presented to Parliament its bill ‘Our common responsibility – Sweden’s policy for global development.’ The bill, to be debated in autumn 2003, proposes

38 Sweden Ministry for Foreign Affairs (2000).

new goals for contributing to fair and sustainable global development. Trade, agricultural, security, migration, environmental and economic policies are to promote global development with a poverty and human rights perspective permeating the entire policy.³⁹

The Swedish Government's budget bill for 2003 (submitted to Parliament in October 2002) represents a further step towards the achievement of the development assistance target of 1% of GNI. In 2003, the MFA budget will amount to 0.81% of GNI, rising to 0.86% in 2004. Of the total budget of more than SEK 23 billion, over SEK16 billion is budgeted for the policy area International Development Cooperation including administrative support to SIDA as the implementing government agency.⁴⁰

A.7.2. Good Governance Categories and Activities

A broad definition of the concept of democracy is used in Swedish development cooperation, namely institutions and procedures, human rights, and a democratic culture, all of which must be in harmony for genuine democracy to be achieved.

Ongoing discussions among state and implementing agencies of Swedish development cooperation strive to define 'democratic governance' and 'good governance'. The goals within the operational area of democratic governance emphasise central democratic institutions, e.g. a democratic constitution, a parliament, general elections, participation and an active civil society, as well as human rights. These are outlined in several government publications.⁴¹

Work is in progress to define good governance with basic principles that include an efficient and predictable public sector incorporating participation and the rule of law, (i.e. with the characteristics of democratic governance). The Swedish government defines good governance as a good system of government encompassing the state's way of exercising its political, economic and administrative powers; with a democratic constitution, a government and a parliament with controlling functions, a central bank, national and local authorities, an independent judiciary, independent mass media and an active civil society.⁴²

Goals for democracy and human rights in development cooperation.

In summary, Sweden's current development cooperation policy aims at contributing to:

- Respect for human rights: fundamental freedoms, security and an adequate standard of living
- Active participation in political life of women and men on equal terms
- A democratic culture of tolerance, respect, participation and transparency
- A viable civil society with a strong social capital and a diversity of democratic organisations
- Free and independent media
- Effective and viable democratic institutions and procedures, including in particular elections and parliaments
- The rule of law
- A public administration that serves democracy
- Well-developed local democracy.

39 Sweden Ministry for Foreign Affairs (2003).

40 Sweden Ministry for Foreign Affairs (2002).

41 See for instance: Democracy and Human Rights in Sweden's Development Cooperation, 1997; Human Rights in Swedish Foreign Policy, 1997; SIDA's Programme on Action for Peace. DESA, cited in SIDA (2003).

42 SIDA (2003) *Good Governance* .

Swedish aid for promoting human rights and democracy is handled by SIDA's department for democracy and social development (DESA). Multilateral support is jointly administered by MFA and SIDA.

One-third of Sweden's development cooperation is channelled via the MFA to a number of multinational organisations, mainly UN agencies, regional development banks, World Bank Group and EU. Support is provided in the form of core contributions for regular operations and support for special interventions.

Sweden is working with approximately one hundred countries in Africa, Asia, Central and Eastern Europe and Latin America as well as on a regional basis. Level of support in descending order: Africa, Asia, global development programmes, Eastern Europe, Latin America, NGOs. It assesses progress on poverty reduction using "The Millennium Goal within or beyond reach?"

SIDA works in partner countries in cooperation with their governments or in cooperation with civil society. When cooperating with countries' governments, support may be given for the drafting of laws and the training of judges, lawyers and prosecutors. Support for monitoring mechanisms and ombudsmanships may also be provided. Support for civil society often involves support for the documentation of infringements, legal assistance and making citizens aware of their rights and obligations.

Countries to which SIDA has provided extensive human rights assistance include Nicaragua (the legal system), El Salvador (training of police officers) and South Africa (the Truth and Reconciliation Commission which investigated crimes committed during the years of apartheid).

Sweden works at the international level with a view to promoting democracy and human rights within the UN or other international bodies, or for the development and reinforcement of a particular issue. This support is often provided in cooperation with Swedish and international organisations. These organisations have prepared their own mandates, and support from MFA/SIDA often helps make it possible for them to continue to operate, exert pressure and implement their aid work. The existence of these organisations is deemed to be an objective in itself. The work of the non-governmental organisations with documentation and information, for example, is crucial to the work of the UN on the promotion of human rights.

Twinning - Cooperation between organisations in the public sector. Twinning is one of the main methods used by SIDA's Division for Democratic Governance for channelling Swedish support in fields such as auditing, statistics and tax collection. In recent years the method has also been used in other areas, for example in programmes of police cooperation.

Twinning is a method that was first tested at the beginning of the 1980s. The underlying idea is to contribute to strengthening public sector organisations in the partner countries by creating a form of cooperation with their sister organisations in Sweden. The organisations have comparable mandates and similar responsibilities in society. The staff members have the same type of qualifications, experience and working duties and regard each other colleagues with a common professional culture.

In 2002, SIDA planned to sponsor some 65 training programmes in Sweden financed by its International Training allocations. One example is 'Local Democracy and Local Governance training' with subjects including democracy, municipal services, political processes, gender, environment, human rights and training of trainers. The course addressed civil servants and politicians at all levels from African countries.

European Union

Through its membership in the EU, Sweden contributes to the extensive development activities administered by the European Commission. Sweden's membership fee of more than SEK 1,3 billion per year helps support EU programmes of development cooperation. Approximately half of the EU's support is allocated to 77 countries in Africa, the Caribbean, and the Pacific area (the ACP countries).

On research cooperation, a report adopted by SIDA states: "The EU has the potential to become a very major provider of research funds to the developing world. That potential remains unrealized so far. What is lacking is a policy decision by the powers that be to convert that potential into actuality. Efforts are currently underway in the Commission to launch an initiative to provide research issues with a clearer role with general development assistance. A central feature the initiative will be that in future negotiations with recipient countries the Commission will stress that support for promoting indigenous research capacity is one of EU's priorities."⁴³

A.7.3. Approaches to Implementation

Ongoing programmes are evaluated and considerable research and discussion takes place on principles and practices and ways to orient support for maximum impact both concerning ongoing and new project activities. SAREC is SIDA's department for research cooperation.

The so-called project grants are one of the foundations of the cooperation with Swedish NGOs. Funds allocated for support through Swedish popular movements and non-governmental organisations amount to SEK 940 million for the fiscal year 2003 and are provided to about 300 Swedish organisations working in some 100 countries.

SIDA uses evaluations as a tool for management and learning. Providing information about the results of Swedish development cooperation to the general public and its elected representatives, evaluation also serves the purpose of accountability. The Department for Evaluation and Internal Audit (UTV) carries out evaluations of development assistance through SIDA. The sector and regional departments also undertake evaluations. While the operative departments commission evaluations within their respective areas of responsibility, UTV takes a broader view, focusing on thematic and strategic evaluations of wider relevance. Evaluations are most often carried out using interdisciplinary teams of external experts. All projects are assessed based on their effect on the environment.

For the purpose of strengthening the learning aspect of evaluations, a routine within SIDA is the so-called Management Response, which involves an administrative response, an action plan and a follow-up system of actions taken. The department concerned may propose how to implement recommendations of the evaluation and how lessons learned from the evaluation are best used.

It is difficult to gauge the results and effects of human rights aid. Sweden is supporting processes, which can take a very long time to come to fruition. SIDA is able to prove how many organisations have received support, how many individuals have been helped to get an education, how many laws have been drafted with the help of SIDA and others, and so on. But it is very difficult to prove whether this has resulted in greater respect for human rights. It is also difficult to show the extent to which Swedish support has been crucial to improvements of the human rights situations in individual countries.

43 SIDA (2000) pp. 26-27.

A.8. United Kingdom

Department for International Development (DFID)

A.8.1. Context

Since 1997 the central focus of UK development policy has been **global poverty reduction**, specifically a commitment to the UN Millennium Development Goal (MDG) to halve the proportion of people living in extreme poverty by 2015, together with associated targets for basic health care, education and sustainability. This focus is now established by law under the International Development Act 2002 and is reflected in the description of DFID as “the UK government department responsible for promoting development and the reduction of poverty”.⁴⁴ This orientation is associated with an increased political impetus for development cooperation, reflected in a commitment to raise government expenditure on development assistance from 0.32% of Gross National Income in 2001, to 0.39% in 2006, commitment to the Heavily Indebted Poor Countries (HIPC) debt relief initiative, and the untying of aid (from purchase of exports) since April 2001.

Though no specific governance targets have been set, support for improving the quality of government is seen as critical to the achievement of Millennium Development Goals (MDGs). “The targets are unlikely to be met by countries which: cannot resolve conflict or provide safety and security for their citizens; cannot ensure the efficient provision of essential services for all; or which ignore corruption.”⁴⁵

Governance is broadly defined as “how the institutions, rules and systems of the state – the executive, legislature, judiciary and military – operate at central and local level and how the state relates to individual citizens, civil society and the private sector”⁴⁶. Good Governance is governance which:

- Is representative and accountable to all its people
- Is effective in realising their rights and in resolving potential conflict
- Creates an environment in which the private sector and civil society can flourish

(Governance Department website introduction)

The UK approach to good governance has been influenced by the OECD strategy document *Shaping the 21st Century: the Contribution of Development Cooperation* which explicitly recognised the importance of effective governance for the achievement of MDGs, and emphasised the need to foster accountable government and the rule of law, strengthen institutions, create a favourable climate for local enterprise, manage finances soundly, and minimise the risk of conflict.

Taking a specifically ‘pro-poor’ perspective, these principles have been elaborated into **seven key capabilities** required for making governance work better for poor people, together with an elaboration of the range of measures implied:

1. Operate political systems which provide opportunities for all people, including the poor and disadvantaged, to organise and influence state policy and practice (including support for democratisation, freedom of expression

44 See DFID (2001) *Making Government Work for Poor People*, p. 3.

45 Ibid, p. 11.

46 Ibid, p. 11 footnote.

and association, inclusive and fair electoral systems, politically active civil society).

2. Provide macroeconomic stability and facilitate private sector investment and trade (combination of democratisation and economic liberalisation, macroeconomic policy and financial institution capacity, environmental sustainability).
3. Implement pro-poor policy and raise, allocate and account for public resources accordingly (policy making, analytical and monitoring capacity, transparent and accountable financial management systems emphasising fiscal discipline, strategic prioritisation and transparent revenue collection, procurement and resource allocation).
4. Guarantee the equitable and universal provision of effective basic services (client-focused service development, balancing state, private and NGO service suppliers, user involvement, service-oriented civil service reform).
5. Ensure personal safety and security in communities with access to justice for all (crime prevention, community policing, professional police service; fair legal framework and accessible courts, equitable customary justice systems, penal reform).
6. Manage national security arrangements accountably and resolve differences between communities before they develop into violent conflicts (war-to-peace transitions, legal and constitutional frameworks, civil oversight, public awareness/engagement, strategic planning, human resource and financial management capacity).
7. Develop honest and accountable government that can combat corruption (transparent and accountable state institutions, adequate public sector pay, media and civil society voice, action against international corruption in business and trade).

These capabilities are further elaborated into a diagnostic framework to guide the assessment of individual country situations and development assistance priorities (see below).

In the past, development assistance in the field of governance was focused on government efficiency (through civil service and revenue reform, policing, local government and public enterprise privatisation). The reformulation of objectives as the capabilities needed to deliver MDGs emphasises the cross-cutting and interconnected way in which specific aspects of governance may contribute to an environment conducive to the realisation of MDGs. The key governance objective of state and institution building has therefore been broadened to include political systems, human rights and anti-corruption measures.

The overarching focus on global poverty reduction and associated MDGs also involves a reorientation of development assistance objectives (including governance) towards a more client-oriented and holistic approach. The approach builds on lessons learned from past experience to emphasise:

- Strategic and sector-wide approaches recognising interconnectedness between elements (rather than a project focus)
- Consultation and partnership between countries and development agencies in strategy development
- Country ownership and financial management of development strategies

The development of all seven capabilities is regarded as necessary for governance to work for the benefit of poor people. On this basis a key focus of UK policy is ‘joined-up working’ with countries and development agencies, both in its bilateral assistance and multilateral activities.

Overall the focus of bilateral development assistance in the governance field is to work with governments and civil society in poorer developing and transitional countries to “deepen democracy so as to empower poor people, and to combat corruption and promote honest and accountable government”⁴⁷. The specific policy focus of bilateral assistance is determined by individual country needs and UK competences; in general DFID will not necessarily seek to take a lead where other agencies have greater competence (e.g. World Bank, IMF on macroeconomic stability, Commonwealth Secretariat on cabinet government and alternation of power through elections, the Westminster Foundation of Democracy and similar foundations on party-political development).

A.8.2. Good Governance Categories and Activities

The seven capabilities represent the overall scope and categorisation of governance related development cooperation. Policy responsibility for governance related issues, reflecting the cross cutting nature of the seven capabilities, is spread between three main departments of DFID: Governance Department, Social Development Department and Conflict and Humanitarian Affairs Department.

Currently, the Governance Department is focussing attention on four areas requiring further policy development and research (see activities below):

- Safety, security and access to justice – which equates with capability 5
- The role of the state, private sector and civil society in service delivery – capability 4
- Management of the state’s financial resources (with priority areas of revenue collection, public expenditure management and tackling corruption) – part of capabilities 3 and 7
- Political empowerment – capability 1

The Social Development Department shares responsibility for Human Rights.

The Conflict and Humanitarian Affairs Department is responsible for institution and capacity building aspects of national security arrangements and conflict prevention measures (equating with capability 6), together with the Ministry of Defence and Foreign and Commonwealth Office⁴⁸.

The overall approach to development support is to work through consultation and dialogue to develop individual country strategies, and to mobilise appropriate expertise and resources for implementation from both UK and abroad. All seven capabilities form the agenda for potential support, but the specific focus of governance support in an individual partner country depends on that country’s circumstances: what is needed; the possibilities and opportunities for change; and what other donors are already doing.

The main areas of activity where DFID has particular experience and access to expertise include:

- Elections and parliamentary government

47 Ibid, p.31.

48 See DFID (2002) *Understanding and Supporting Security Sector Reform*.

- Civil society capacity building
- Privatisation and regulation
- Public expenditure management
- Sector-wide approaches and revenue administration
- Civil service reform, contracting out and public service customer focus
- Participatory poverty assessments, gender analysis and local institutional assessments
- Community security and penal reform.

The reorientation of development assistance in support of MDGs has widened the scope of governance-related issues to be addressed. DFID has identified the following priority areas for the development of expertise:

- Deepening democracy to promote the participation of poor people in government
- Developing regulatory systems to assure quality of private sector providers of service and to encourage competition
- Promoting accessible, non-discriminatory justice
- Reforming security sectors and creating inclusive political structures as part of conflict prevention efforts
- Restricting money laundering globally
- Mobilising the political will for reform
- Failed and failing states.

The total UK development cooperation budget was £392 million in 2001/2, equally divided between bilateral and multilateral assistance. With a primary focus on poverty reduction, 76% of bilateral development assistance is concentrated on the poorest countries in Asia and Sub-Saharan Africa. The UK also contributes to poverty elimination and sustainable development in middle-income countries in Latin America and the Caribbean, and in the transitional countries of Central and Eastern Europe.

The bilateral budget of around £1.65 million in 2001/2 was divided geographically as follows:

- Africa (mainly Sub-Saharan): 46.0%
- Asia and Pacific: 25.3%
- Europe: 8.0%
- Caribbean, Central and Latin America: 7.0%

The UK works with a variety of multilateral institutions including World Bank, UN agencies and the EC. Institutional Strategy Papers (ISPs) are prepared for the main development institutions with which DFID works, normally every three years, setting out in partnership with the institution concerned key objectives for collaborative working.

Around half of the UK's development funds (£1.3 billion p.a.) are channelled through multilateral agencies, a quarter going to EC programmes.

The main thrust of UK's multilateral effort is:

- Prioritise poverty reduction, e.g. amongst G8 countries and the EU, the development of the PRSP approach, and the untying of aid

- Promote the anti-poverty effectiveness of international bodies such as UN, WTO, World Bank

More systematic, coherent and collaborative processes are regarded as a key priority in relation to governance objectives – specifically the seven capabilities required for achieving MDGs. The following areas of work have been identified:

- Develop new collaborative mechanisms (between development agencies, governments and their civil and political societies) for defining government agendas, e.g. the WB Comprehensive Development Framework, DAC's 21st Century Strategy, UN Development Assistance Framework approaches.
- Help to define the policy framework within which the World Bank and IMF operate. The Poverty Reduction Strategies initially related to HIPC's provide a context.
- Work with the UN to relate more effectively its state building assistance with the rest of the international development community.
- Enhance EC state-building programmes through improved strategy and access to experts.
- Support new forms of international action to attack corruption and money laundering.
- Finance research to enhance knowledge and techniques, and disseminate through jointly produced best-practice guides.

Anti-poverty focus and strategic approach to 'anti-poor' governance. Both bi- and multilateral assistance is now focused around an anti-poverty agenda involving:

- Shift in governance priorities from efficiency to a broader political state building focus and conceptualisation in terms of seven interconnected capabilities
- Less emphasis on projects and programmes under specific headings, more on country-focused diagnosis of priorities, strategy development and collaborative approaches to assistance

Multilateral focus and strategic priorities of work: emphasising interconnectedness of governance aspects and collaborative working

The pro-poor focus of UK development policy has led to a significant shift in conceptualising governance-related issues away from traditional categories such as democratisation, institution and capacity building, to a categorisation based on desired outcomes which seeks to emphasise the interconnectedness between governance related issues, and the importance of equity, social inclusion and empowerment for governance measures to contribute to poverty reduction. Each of the seven capabilities identified may include elements of more than one/all of the six AIDCO clusters. For example:

- Capability 1: Political systems in which all can influence government policy and practice may involve: HR, democratisation, rule of law/judiciary, public administration reform and decentralisation, and civil society building
- Capability 7: Honesty, transparency, and accountability, seen by the EC as cross-cutting issues, are grouped together as a specific capability

There is also emphasis in the seven capabilities on equitable basic service provision and delivery, and on safety and security, issues which do not feature in the AIDCO list.

Particular attention is being focused on public expenditure management together with anti-corruption measures under capability 3.

A.8.3. Approaches to Implementation

DFID has a total staff of around 2,500, half of whom work abroad. There are currently 64 Governance Advisers, 14 working on governance policy in DFID's London headquarters and 50 working on country programmes (of whom nine are based in London and the rest in the field). The main functions of Governance Advisers are to:

- Work collaboratively with officials in partner governments, members of civil society and other experts and colleagues to develop locally-owned development outcomes.
- Identify design and appraise the governance components of DFID efforts in a variety of sectors including health, education, engineering and natural resources.
- Develop governance strategies and objectives for country programmes and to contribute to the development of DFID's country programme strategies. This is likely to include work on poverty reduction strategies, sectoral and budgetary approaches.
- Contribute to DFID's management processes, possibly including acting as project managers, and contributing to the drafting of project memoranda including concept notes and other DFID documents.
- Monitor development activities, including the work of consultants and, in some cases, managing longer-term contract employees.
- Contribute to DFID's identification and assessment of local and UK consultants and other sources of expertise, and to provide professional advice on the terms of reference and selection of consultants.
- Collaborate in developing DFID's understanding of governance through activities of the network of Governance Advisers, and to support the dissemination of good practice in governance to colleagues, project partners and other organisations.

Each Adviser is provided on entry with a structured programme so that they understand DFID and their role as a Governance Adviser. This usually includes work shadowing an experienced adviser. New Advisers undertake two training events: an Induction Course introducing DFID's governance agenda, policies and practices, and seminars in governance which aim to provide a coherent introduction to the major issues that make up the current international governance agenda. There is also an annual retreat for Governance Advisers which focuses on practical approaches to implementation and lesson learning. Each Adviser has a personal development plan that sets out how they plan to develop their knowledge and expertise.

The UK approach is to target support at regional and local level to countries where it will have the biggest impact. This means focusing on low-income countries and particularly those with a strong and effective commitment to poverty reduction, or finding other ways to help poor people where this commitment does not exist.

Central to the UK approach is a country-based and participatory approach to diagnosis and strategy development. The aim is to work with other development organisations and through governments and to channel funds through mainstream budgets (rather than as separate aid projects).

Decisions for support at country level are taken on the basis of a **Country Assistance Plan**, usually in support of a PRSP, or other poverty reduction strategy.

As a key planning tool, Country Assistance Plans are developed in partnership with governments and other donors and there is a requirement for each Plan to report annually on progress against national poverty indicators and against the related targets set out in DFID's Public Service Agreement⁴⁹. Plans include a section on how DFID manages the risks involved in, and the assumptions behind engagement, and require country teams to assess a country's potential for political, social and economic change.

The seven pro-poor governance capabilities detailed earlier have been elaborated into a Governance Diagnostic Framework to aid country teams in their assessments, and more detailed policy and guidance papers are provided around key capabilities.⁵⁰

The move away from funding projects towards broader sectoral programmes means that DFID does not distinguish between monitoring governance or other programmes. In DFID the term 'monitoring' covers the examination of a task during implementation, at the input, activity and output levels, while 'review' denotes a study of the implementation process and immediate result. Activity to Output is monitored every three or six months, with an annual Output to Purpose review. Strategic reviews at Output to Purpose level are undertaken at the midpoint in a programme and at the completion of the programme to assess impact.

Evaluation does assess the implementation process but is distinguished from other monitoring activities by its primary emphasis on the impact of any given exercise. Appraisal, monitoring and review are all aimed at ensuring that programmes attain the impacts intended by the donor(s) and the partner country. Evaluation provides a judgement on whether or not these impacts have in fact been achieved.

There is currently no standard approach or set of indicators used for monitoring governance activities, apart from indicators set out in the DFID Public Service agreement. The aim is to look at progress and the 'direction of travel' based on the specific country situation, and to use and develop the country's own systems of monitoring and evaluation rather than impose externally constructed indicators.

DFID does use an **Achievement Rating** scoring framework to rate the likelihood of achieving outputs and in turn fulfilling the activity's purpose, with the following rankings:

- 1 Likely to be completely achieved
- 2 Likely to be largely achieved
- 3 Likely to be partially achieved
- 4 Only likely to be achieved to a limited extent
- 5 Unlikely to be realised
- × Too early to judge the extent of achievement

49 DFID Public Service Agreement 2003-2006, Final, 16 July 2002,1020.

50 See, for example, DFID (2002) *Understanding and Supporting Security Sector Reform*.

This is linked to a **Risk Category** whereby activities are categorised into three levels of risk:

- H High risk
- M Medium risk
- L Low risk

DFID is currently seeking improved methods of country assessment and is reviewing frameworks provided by other donors. It is also considering the use of surveys conducted among private sector companies and the kinds of public opinion surveys conducted as part of participatory poverty assessments. The aim is to find a more collaborative approach for making assessments. They also indicate the need for improved monitoring systems and approaches to assessing performance in the governance field.

B. Other Donor Profiles

B.1. African Development Bank

B.1.1. Context

The mandate of the African Development Bank (the Bank) is to contribute to the economic development and social progress of Regional Member Countries (RMCs). Its development priorities for RMCs are: accelerating economic growth, promoting human resource development and reducing poverty. The Bank's Strategic Plan for 2003-07 identifies a priority focus on agriculture and sustainable rural development, with greater emphasis on water supply in vulnerable rural and peri-urban areas, and on human capital through primary education and basic health services. The linked objectives of growth and poverty reduction are supported through lending operations, provision of technical assistance, policy dialogue and exchange of best practices. The Bank also aims to address cross-sectoral issues, including gender mainstreaming, population, regional cooperation and economic integration, participation, good governance and environmental management.

The development of the Bank's policy on good governance reflects consensus among African governments that good governance is essential for development.⁵¹ For some time the Bank has been supporting activities and programmes that seek to improve governance, generally as components of larger structural adjustment or sector adjustment operations. The need to tackle governance related issues in a more proactive and direct manner has been given impetus by five main factors:

- Development failures of the 1980s and mixed record of structural adjustment reforms
- Failure of command economies and emerging consensus on the relative efficiency of neo-liberal development strategies
- Rise of pro-democracy movements, and demand for good governance and responsive governments
- Problems of widespread corruption
- Increasing globalisation and its imperative for sound domestic policy and economic management

The main objective of the Bank's good governance policy is "to mainstream governance into the Bank's operations, in a manner consistent with its Charter with a view to accelerating economic growth and reducing poverty in the continent."⁵²

Reflecting the context of increasing globalisation, governance has been defined as: "a process referring to the manner in which power is exercised in the management of the affairs of a nation, and its relations with other nations."⁵³

51 The policy reflects the views of RMCs, civil society groups and other partners participating in the Bank's workshop on good governance, March 1999, and Board members' comments from a seminar in May 1999.

52 See African Development Bank (2000), p. 1.

53 Ibid, p. 3.

B.1.2. Good Governance Categories and Activities

Good governance builds on three factors – also necessary for sustained development: effective states; mobilized civil societies; and efficient private sectors. The scope of good governance is defined to include:

- Accountability – political, public, financial and corporate
- Transparency – access to information, public scrutiny, participation and contestation
- Combating corruption – misappropriation of public assets or office for private gain
- Stakeholder participation – empowerment of citizens and civil society, legal/regulatory framework and economic environment for generating demands and monitoring government action
- Enabling legal and judicial framework – promoting the rule of law, respect for human rights and private capital flows

These are also the main headings under which governance support is provided. Key activities include:

- Accountability:
 - public sector management – mechanisms to enhance and guarantee the quality of public services, expenditure control, sanctions against corruption, and monitoring and evaluation for effectiveness and performance
 - public enterprise management and reform – institutional reform; transparent modes of privatisation and outsourcing; development and enforcement of rules of corporate governance
 - public finance management – modernising of government accounting procedures, enhancing budget discipline, training of accountants and auditors, strengthening codes of ethics and disciplinary procedures
 - corporate governance – improving rules and standards applied among shareholders, directors and management
 - civil service reform – strengthening capacity, fostering meritocracy, reforming systems and wage structures, developing codes of ethics and professionalism
- Transparency:
 - information disclosure – reducing legal and systemic factors promoting official secrecy; promoting freedom of information and public access to information legislation, and media training/capacity building
 - public expenditure reviews (PERs) – local capacity building for effective public expenditure reviews (special attention to levels of military expenditure, and social sector programmes), and for specialised economic and financial oversight
 - capacity in public policy analysis and dissemination – initiating (or collaborating in) policy “forums” in RMCs on key national economic and social policies; support for regional/national research institutes to undertake independent data collection and analysis, policy monitoring and evaluation and results dissemination

- **Combating Corruption** - this is considered pivotal for the promotion of good governance, and is taken into account in country performance assessment and allocation of concessional African Development Fund (ADF) resources:
 - support for research by national and regional centres – to review causes and repercussions among RMCs
 - prevention and control of corruption in Bank-financed operations – establishment of the independent Procurement Review Committee and sanctions; strengthened monitoring; multilateral promotion of transparency in procurement
 - sensitisation and provision of assistance – organising regional dialogue and strategy development; promoting modernisation and harmonisation of national public procurement systems
- **Stakeholder Participation** – aimed at promoting equality, especially in gender terms and for disadvantaged communities, and ensuring sustainability through ownership:
 - project participation – expanding participation by beneficiaries and affected groups in policy and project design, implementation and evaluation (especially women and women’s groups) consultation/participation in preparation of Country Strategy Papers (CSPs)
 - cooperation with civil society – collaboration/partnerships with NGOs, CBOs (community-based organisations) and CSOs (civil society organisations); capacity building to improve credibility, capabilities and management
 - decentralisation – support for involvement of local government in service provision and management; capacity building for local resource mobilisation and investment planning; co-ownership and co-responsibility with CBOs for service provision
 - public-private sector interface – promotion of public/private dialogue; private sector capacity; protection for disadvantaged groups, via attention to corporate governance, and promotion of ILO Core Labour Standards (including freedom of association and collective bargaining, elimination of forced labour, abolition of child labour and elimination of discrimination in employment)
- **Legal and Judicial Reform:**
 - law reform – promoting modernisation, and human rights, especially of women, minorities and other disadvantaged groups
 - judicial reform – promoting independent, honest, equitable, accessible and enforced justice systems
 - legal framework for private sector development – supporting legislation to prohibit arbitrary property expropriation, institute property rights for communal lands, eliminate monopolies and controls

B.1.3. Approaches to Implementation

The following activities and interventions are pursued both multilaterally and bilaterally through policy dialogue, economic and sector work, advocacy, lending and non-lending activities.

- **Economic and Sector Work:** The Bank promotes the importance of good governance for sustained development to its RMCs through policy dialogue, and in the context of Economic and Sector Work (ESW) and preparation of Country Strategy Papers (CSPs). These processes are used to jointly identify, design and implement governance programmes and projects.
- **Advocacy:** The Bank organises and participates in senior level seminars, conferences and workshops. While the Bank may find it difficult to tackle political aspects of good governance directly, these issues are explicitly taken into account in assessing country performance and resource allocation through the new Country Performance Assessment (CPA). This assessment includes issues such as: political stability, anti-corruption policies and practices, property rights and rule-based governance, and accountability and transparency of the public service.
- **Lending Activities:** As well as support for governance improvement as part of structural or sector adjustment operations, governance issues are now being tackled in a more proactive, direct and integrated manner. Key areas targeted for improving governance in RMCs are: civil service restructuring, legal and judicial reform, financial management capacity and participatory approaches. Bank activities aim to enhance the effectiveness of public administration and development management, promote capacity building for policy analysis, oversight and audit, civil society organisation, and decentralisation in RMCs.
- **Non-Lending Activities:** The emphasis is on expanding cooperation and collaboration with civil society organisations and other development partners through supporting their advocacy role, and on the provision of technical assistance in support of legal and administrative reform, financial management capacity, and privatisation initiatives of RMCs.

Multilaterally the Bank is working for harmonisation and programme coordination with partner institutions at national, regional and continent-wide level through coordination mechanisms such as Donor Round Tables and Country Consultative Meetings. The Bank is also collaborating with the Bretton Woods Institutions and other specialist institutions (such as the African Union, Economic Commission for Africa, World Bank, IMF, OECD/DAC, UNDP) to develop regionally relevant benchmarks, codes of conduct and indicators of good governance, to assist RMC governance activities.

B.2. New Partnership for Africa's Development

B.2.1. Context

The New Partnership for Africa's Development (NEPAD) is an initiative founded by African states that emphasises Africa's collective responsibility for its own sustainable development, on the basis of a clear commitment to democracy, rule of law and good governance. NEPAD brings together the OMEGA Plan and the Millennium Partnership for African Recovery Programme (MAP). Its central aim is to address poverty in the continent through sustainable development, building on conflict prevention, sound economic government and accountable political democracy. NEPAD is run by a Heads of State Implementation Committee (HSIC) comprising three representatives from each of the five regions of the Organisation for African

Unity (now African Union); the five African presidents who originated the initiative form a Steering Committee.

Under NEPAD, African leaders recognise key conditions for the achievement of sustainable development as: peace, security, democracy, good governance, respect for human rights, and sound economic management. There is commitment to a range of initiatives in support of these conditions:

- Peace and Security
- Democracy and Political Governance
- Economic and Corporate Governance
- A range of sectoral development priorities, including infrastructure, human resources, agricultural performance, environmental health and safety, protection of indigenous cultures, science and technology, the capital flows and market access initiative

B.2.2. Good Governance Categories and Activities

The **Democracy and Political Governance Initiative** aims to strengthen the political and administrative framework of participating countries on principles of democracy, transparency, accountability, integrity, respect for human rights, and promotion of the rule of law. NEPAD specifically recognises that promotion of democracy and good governance is an essential component of economic stability and development, and visa versa. Five key governance-related areas have been identified for institutional reform:

- Administrative and civil service reform
- Strengthened parliamentary oversight
- Participatory decision making
- Effective combating of corruption and embezzlement
- Judicial reform

Under these categories there has been specific agreement to:

- Adopt clear codes, standards and indicators of good governance at the national, sub-regional and continental levels
- Accountable, efficient and effective civil service
- Ensure the effective functioning of parliaments and other accountability institutions in countries, including parliamentary committees and anti-corruption bodies
- Ensure the independence of the judicial system that will be able to prevent abuse of power and corruption⁵⁴

Specific and separate emphasis upon promoting respect for human rights as matter of urgency and importance given the recent history of the continent. This covers the development of vibrant civil society organisations, at the national, sub-regional and regional levels, strengthening cooperation with the UN High Commission for Human Rights and ensuring responsible free expression, inclusive of the freedom of the press.

54 NEPAD (undated) *The New Partnership for Africa's Development Declaration On Democracy, Political, Economic And Corporate Governance*, www.nepad.org

In order to finance the NEPAD initiative, a trust fund is to be established that would allow ready funding for the activities such as the Democracy and Political Governance initiative. The level of funding available for this initiative still remains unclear.

B.2.3. Approaches to Implementation

Overall, the initiative will work from the identification of recommendations on appropriate diagnostic and assessment tools and the identification of institutional weaknesses. Subsequently there will be a search for resources and expertise that can enable these weaknesses to be addressed. The implementation process will acknowledge the prior decisions of the former OAU in guiding the work on this initiative.

The implementation committee of NEPAD also commissioned UNECA to develop Guidelines for Enhancing Good Economic and Corporate Governance in Africa. These guidelines provide a framework of policies, processes, codes and standards, and an APRM as the diagnostic tool for assessing progress towards compliance with codes and standards, and were approved by the committee in March 2002.

The work on democracy and good political governance will be institutionalised by the commitment of leadership of NEPAD. African states are expected to give support to each other in their learning towards good governance.

NEPAD leaders have also recognised the importance of monitoring and reviewing development progress, and of taking ownership of assessment processes. The second meeting of the NEPAD Heads of States and Government Implementation Committee (held in Abuja in March 2002) endorsed the establishment of an African Peer Review Mechanism (APRM) to enhance African ownership of its development agenda via a system of self-assessment, to be conducted by an independent, credible African institution, with technical competence, and separate from political structures and processes.⁵⁵ Countries wishing to join and benefit from NEPAD have to agree to an external peer review every three years, which will assess how far they are fulfilling their development commitments. APRM is still in the design stage, but is intended to be an inclusive, consultative process, based on agreed areas of review and supporting indicators and criteria. As a first step, a six-member committee has been chosen, which include Graca Machel of Mozambique (and now South Africa), Adebayo Adedeji of Nigeria, former head of the United Nations Economic Commission, Chris Staals, former head of the South African Reserve Bank, Marie-Angelique Savane of Senegal, Dorothy Njeuma of Cameroon and Bethuel Kiplagaat of Kenya.

Countries under review will submit a report, which will be weighed against evidence from other sources, such as UN Economic Commission for Africa (UNECA) and an independent country mission of eminent Africans selected by NEPAD heads of state. Reports from this peer assessment will be made public.

For monitoring and assessing progress under the APRM, a draft protocol containing twelve Democracy and Governance obligations and required actions to meet them is currently under discussion. NEPAD's monitoring of its Democracy and Governance Initiative will also be supported by outputs from the UNECA's Governance Project, which will include:

- A major report on the state of governance in Africa (to be published annually)
- Individual country reports

55 NEPAD (undated) *The New Partnership For Africa's Development – The African Peer Review Mechanism*, www.nepad.org

- Issues reports to feed into the Fourth African Development Forum on Governance to be held in 2003

NEPAD has been criticised⁵⁶ for a lack of consultation in its establishment, for too much orientation to G8/donor agendas, including the neo-liberal economic framework that retains structural adjustment programmes, and for its lack of attention to women's rights and environmental sustainability. At the same time NEPAD has received endorsement from G8 countries; under the Action Plan adopted in Kananaskis, Canada in June 2002, G8 states declared willingness to assist NEPAD, especially those countries which commit to democracy, rule of law, separation of powers, HR and economic renewal.

B.3. Norway

Norwegian Ministry of Foreign Affairs (NMFA)

Norwegian Agency for Development Cooperation (NORAD)

B.3.1. Context

The overarching goal of Norwegian development cooperation is to contribute towards lasting improvements in the economic, social and political conditions under which people live in developing countries, with special emphasis on assistance which benefits the poorest sector of the community. The UN Millennium Development Goals provide the direction for Norway's anti-poverty strategy. Partners in cooperation and beneficiaries of development cooperation are the central government and local authorities, civil society, and the business sector. These are responsible for the administration of Norwegian development funds and thus responsible for development in their own country.

Norway's current areas of priority for development cooperation are:

- Social development
- Economic development
- Peace, democracy and human rights
- Environment and natural resource management
- Women and gender equality
- Good governance and anti-corruption (given special priority)

For 2003, the Ministry of Foreign Affairs has submitted a proposed budget for ODA to Parliament of NKK 14.4 billion. This represents a 6.3% increase over the 2002 budget and 0.93% of expected GNP. The Norwegian government's goal is to increase ODA to 1% of GNP before 2005.

Priority programme countries for Norway's development cooperation include five in Africa (Malawi, Mozambique, Tanzania, Uganda and Zambia) and two in Asia (Bangladesh and Nepal). Sixteen other countries are direct recipients of Norwegian development assistance as follows: Africa (7), Asia (4), Latin America (2), South East Europe (2) and the Middle East (Palestinian areas).

⁵⁶ Southern African Catholic Bishops Conference statement on NEPAD, 1 March 2002; and Declaration on Africa's development challenge, Accra, 26 April 2002.

In a June 2001 speech, the Norwegian Minister of International Development outlined Norway's commitment to good governance in its approach to development cooperation:

“We have learned about the need for democratic and accountable governance. Countries with democratic regimes and good governance have made far better use of development assistance than so-called "poor performers". Not surprisingly, good governance is at the heart of international development. Good governance at the national and at the global level. Thus, good governance is essential if we are to reach the internationally agreed goal of halving poverty by 2015.”⁵⁷

Norway considers the importance of good governance to be well documented. Sound financial management and a sustained commitment to build competence and capacity are considered to be essential for promoting good governance and reducing poverty. Norway is trying to address good governance in its development cooperation with an anti-corruption strategy and a democracy initiative.⁵⁸

B.3.2. Good Governance Categories and Activities

Norway's good governance and anti-corruption initiative includes three key dimensions:

- **Efforts to evaluate and improve the basic preconditions for good governance:** such as education, institutional development, systematic efforts to eradicate petty corruption and “greed corruption”, and a democratic framework and observance of basic rights.
- **Government reforms.** This includes initiatives to improve financial administration by the ministries of finance, the central banks and other government bodies. It includes reforms to improve the competence of government officials and increase their salaries. And it includes reforms to secure a constitutional state in which the rights and liberties of the inhabitants, independence of the courts, etc., are guaranteed, and in which government institutions are answerable under the law for their actions. It must also include allowing the vast majority of people from the developing world to gain formal title to their assets. Presently, some 80% of them are deprived of their right to property.
- **Watchdog functions.** This includes initiatives to improve supervision and control by government bodies such as the Auditor General and the national assembly, non-governmental institutions, governing parties and the opposition, and the media and civil society.

Much of this work is related directly or indirectly to democratization – supporting elections, helping to build legislatures and judiciaries, and promoting the independence of the press, anti-corruption efforts, a strong civil society, transparency and accountability in public administration, and human rights, are a few examples. Information and communications technology (ICT) is seen as a tool to help boost transparency and accountability.

Cooperation with Norwegian partner countries and with other donors, whether they are countries or organisations, is of crucial importance in this work. In 1999, the Utstein group, an alliance or coalition was formed with the UK, the Netherlands and Germany, and later also

⁵⁷ *Development cooperation, good governance and quality control*, speech by Minister of International Development Anne Kristin Sydnes, Intosai Development Initiative. International Symposium, in Oslo, 7 June 2001.

⁵⁸ Good governance – a necessary precondition for socio-economic development and poverty eradication, speech by Norway's State Secretary, in Trondheim, 13 November 2002.

with Sweden. The Utstein group is committed to making aid more effective and poverty oriented. Promoting good governance is at the top of its agenda. A joint (Utstein) anti-corruption resource centre has been established at the CMI in Bergen.

NORAD considers corruption to be a major social problem in the partner countries. Combating the problem is on the agenda of the authorities in the majority of the partner countries, but the degree of enthusiasm and engagement varies widely. NORAD will assist countries in developing total anti-corruption strategies and will cooperate with a variety of participants in the partner countries in combating corruption, among these the press, civil social groups and the business sector. Another important activity will be to reduce the opportunity for corruption in the partner countries' public authorities. Simultaneously, support to the investigative and judicial systems should be intensified in order that both the risks and consequences of engaging in corrupt activities are increased.

The Government has given NORAD a central role in the international war on corruption. As a first step, it prepared 'NORAD's Good Governance and Anti-Corruption Action Plan 2000-2001' which takes up three main factors in the war on corruption:

- Norwegian aid to good governmental practices and the fight against corruption in the partner-countries will be intensified
- Expertise in aid-administrating bodies on how corruption in Norwegian projects can be prevented is to be further developed and improved
- Mechanisms will be established for the exchange of information and experiences with regard to the means and methods that are most effective in the fight against corruption

Norway's approach to fighting corruption is based on two principles:

- **Coordination:** Strategies and approaches to fighting corruption need to be coordinated at the international level, and the donor community needs to share experience and information. At the national level, in the partner countries, Norway sees an urgent need for coordination between donors, governments and other key stakeholders. Within Norway, the Minister of International Development coordinates the efforts of all development actors, the Ministry of Foreign Affairs, NORAD, NGOs and the private sector.
- **Selectivity and concentration:** Anti-corruption efforts should be concentrated on areas where results are more likely to be achieved. Norway's experience suggests that political commitment at the top is essential, and its support for specific anti-corruption activities is, in principle, concentrated on countries where the government has demonstrated a strong commitment. Efforts are also concentrated on the partner countries where Norway is a large bilateral donor.

B.3.3. Approaches to Implementation

The Minister of International Development is politically and technically responsible for Norwegian development cooperation. Administration of official Norwegian aid is divided between NMFA and NORAD, a directorate of NMFA. The latter is responsible for bilateral and long-term aid, while NMFA manages the multilateral contributions, i.e. aid channelled through international organisations (UN agencies, World Bank, International Monetary Fund) as well as emergency/humanitarian aid.

NORAD collaborates with official institutions, NGOs, and the Norwegian private sector. The Norwegian embassies play an important role in the administration of development assistance. NORAD is increasingly taking part in sector programmes based on a coherent strategy for the development of an entire sector, whereby several donors provide financing and technical assistance under the leadership of the authorities of the partner country concerned. Cooperation with other donors and simplification of procedures for recipient countries are important aims for providing financing through joint financing agreements (basket funding).

NORAD administers long-term government-to-government development cooperation with close to 20 countries in Africa, Asia and Central America; in addition it channels a substantial portion of development funds through Norwegian partners in 80 other developing countries in Africa, Asia, South and Central America, and Europe.

A basic premise for receiving Norwegian support is that the proposed programme or project must be planned and implemented by the recipient.

Norway, as a non-EU member state, interacts with the EU/EC on issues pertaining to the status of EEA/EFTA in view of the planned enlargement of the EU.

From 1 January 2002, all Norwegian bilateral development assistance has been fully untied, which allows suppliers from anywhere in the world to bid for contracts funded by Norwegian development assistance.

NORAD's programme cycle can be summarised as follows:⁵⁹

- A MANDATE FOR DIALOGUE document must be devised for new programmes/projects and new phases. This is the initial document prepared by NORAD/the Norwegian Embassy based upon a request from the partner. (The document is confidential).
- The PROGRAMME DOCUMENT is the partner's description of the programme which is being considered for support. The preparation of this document is the responsibility of the partner. (This document is official.)
- The purpose of the APPRAISAL REPORT is to examine the programme documentation with a view to recommending or refusing funding. For ongoing programmes/ projects, including entering into new phases, the AGREED MINUTES FROM THE ANNUAL MEETING may take the place of the Appraisal Report. NORAD/the Norwegian Embassy in the partner country has the responsibility for the appraisal phase. (The report is usually an official document, but under certain circumstances it could be confidential).
- The APPROPRIATION DOCUMENT forms the basis for the final decision regarding appropriation of funds. NORAD/the Norwegian Embassy is responsible for preparing the Appropriation Document. (The document is official when approved).
- The AGREEMENT between Norway and the partner country defines the responsibilities and obligations of both the partner country and NORAD, provides the basis for follow-up, monitoring and reporting and provides the basis for sanctions if obligations are not met. NORAD/the Norwegian Embassy prepares the draft agreement.
- PROCUREMENT preparations normally commence as soon as the Agreement has been signed. Responsibility for preparation of the tender

59 NORAD's Development Cooperation Manual.

documents, the procurement process and contract negotiations rest with the partner country. At the request of the partner country NORAD may provide financial and/or technical assistance during the process. Procurement will be made in accordance with the partner country's procurement guidelines.

Reviews of projects are usually carried out, generally halfway through the agreement period and again upon completion. NORAD continuously seeks to improve systems for information management. In addition to the lessons learned through NORAD's own experiences, external evaluations, research reports and the experiences of other donors are important resources in its information management.

NORAD cooperates with home-based professional environments in respect of evaluations and follow-up of development work in individual partner countries. Professional and technical communities in Norwegian partner countries also assist as advisers and development partners.

In relation to the size of its development cooperation budget, Norway devotes more resources to evaluation than any other Nordic country. Evaluation efforts have also expanded to cover general foreign policy as well. Each year, the Ministry of Foreign Affairs publishes 10 to 14 evaluation reports, most of which deal with development cooperation.

B.4. Switzerland

Federal Department of Foreign Affairs / Swiss Agency for Development and Cooperation (SDC)

The Swiss Agency for Development and Cooperation (SDC) is Switzerland's international cooperation agency within the Federal Department of Foreign Affairs (the Swiss Foreign Ministry). Together with other federal offices, SDC is responsible for overall coordination of development activities and cooperation with Eastern Europe, as well as humanitarian aid.

B.4.1. Context

As an expression of Swiss solidarity and concern, and for the purpose of achieving a better balance within the international community, Switzerland's development policy makes the reduction of world poverty its absolute priority.

Swiss development policy is based on: a) an awareness of the growing inequalities between different regions of the world, and b) an acknowledgement of Switzerland's responsibility, as a rich country, to be involved in reducing these inequalities.

Although the 2002 SDC budget was 5.1% higher than the previous year, totalling CHF 1.2 billion, the target of spending 0.4% of gross domestic product (GDP) on official development assistance is still far from being achieved. The Federal Council has repeatedly reaffirmed its intention to raise ODA to 0.4% of GDP by the year 2010 by increasing the budget by about 7% per year.

Good governance is considered to be a key issue in any poverty reduction strategy. The links between governance and poverty lies within the vicious circle created by bad governance that leads from imbalance of powers to exclusion, which in turn reduces the capacity of marginalised people and their social and economic organisations to access resources. SDC's Governance Division identifies the following issues as entry points to break this vicious circle: political system, public services, justice, information, and economic markets.

At the beginning of the new millennium there is a general consensus regarding the importance of good governance for sustainable development. Governance focuses on the interaction between the state, the private sector and civil society and should enable participatory, equitable and gender-balanced, transparent, efficient and accountable management of public affairs. Governance situations can be considered and analysed at the global, regional, national as well as the local level.

“International governance” is becoming a major challenge in the context of globalisation: an increasing number of developing states are confronted with the double dynamic of internal decentralisation (localisation) and international integration into a global and deregulated market economy. This situation leads to unavoidable political, social and economical tensions and threatens the fragile legitimacy of many states. Moreover, an increasing number of challenges have to be regulated at a global level: trade regulations, creation of an International Criminal Court, international financial systems, global public goods etc., with a need for a reinforced role of multilateral organisations.

Switzerland’s key objectives are to help reform or sometimes even "rebuild" states with a focus on the following three key areas:

- Creation of more effective and legitimate legal, administrative, financial and policy-making institutions
- Promotion of social justice and human rights
- Optimisation of power sharing between central and local governments, as well as between the state, private sector and representatives of the civil society in order to enhance their cooperation and improve the accountability of the state

Better integration of women in all democratic and decision-making processes is seen as being crucial.

B.4.2. Good Governance Categories and Activities

SDC supports those countries where government and civil society, at their own initiative, make specific efforts to further their development. In countries where the political will exists, but which are unable to fulfil certain preconditions, the SDC provides support for the establishment and strengthening of institutional capacities of government and civil society so that these countries can enhance their own efforts. Examples are:

- **Political governance:** the division of roles between the state and civil society, democratisation, elections, decentralisation, the media, and participatory development
- **Legal governance:** rule of law, constitutional and legal reforms, human rights, access to justice, customary law, and safeguarding of minority rights
- **Economic governance:** public expenditures, fiscal policy, monetary policy, accountability, fighting against corruption, debt relief, tariffs and duties

In countries where the preconditions for cooperation based on partnership with the government or civil society are absent, a Swiss government edict may suspend or break off existing relations or not establish relations.

FAST – the SDC’s Early Warning System

FAST – the German acronym for Early Analysis of Tensions and Fact-finding – is an early-warning system that the Swiss Peace Foundation ‘swisspeace’ has developed at the request of

the SDC and which is applied provisionally to 22 countries. Its purpose is to identify impending armed conflict and political crisis situations so that coherent political strategies may be formulated to prevent or limit destructive effects of violent conflict or to identify opportunities for peace-building. For each country, FAST provides periodic early analyses of tensions and the results of fact-finding investigations which trace the development of tensions in a particular country over the past few months. All FAST analyses are available at www.swisspeace.org free of charge. FAST has aroused considerable interest in international organisations such as the OECD/DAC.

B.4.3. Approaches to Implementation

SDC employs a staff of 500 people to carry out its activities in Switzerland and abroad. The agency undertakes direct actions, supports the programmes of multilateral organisations, and helps to finance programmes run by Swiss and international aid organisations.

For cooperation with partner organisations inside and outside Switzerland the following criteria apply: effectiveness, credibility and plurality. Partnerships are entered into with governmental, non-governmental and multilateral organisations. SDC partners also include European Centre for Development Policy Management (ECDPM), the International Institute for Democracy and Electoral Assistance (IDEA), the South Centre, the World Bank and IMF as well as regional development banks.

Bilateral development cooperation concentrates on 17 priority countries and four special programmes in Africa, Asia and Latin America. Approximately 800 projects are currently in operation supported financially in 2002 by a budget of CHF 400 million. Bilateral development cooperation activities are also planned and implemented together with local partners within the scope of country programmes lasting several years. In addition to government authorities, such partners generally also include civilian actors (associations, non-governmental organisations, the private sector, grass roots groups, etc.). Depending on the availability of the necessary expertise, implementation is either in the hands of the SDC itself or Swiss and international organisations, local aid groups, authorised companies and consultants.

Where the SDC awards contracts, it adheres to the principle of transparency and agreements with partners follow the following principles:

- Cooperation builds on transparent and reciprocal performance agreements
- Cooperation period is set down and subject to a deadline
- Both sides monitor the effectiveness of the cooperation work

B.5. United Nations Development Programme

B.5.1. Context

As the main body responsible for coordinating the United Nation's development cooperation programmes, UNDP manages \$2.3 billion in financial resources per annum⁶⁰ making it the largest provider of development grant assistance in the UN system.

UNDP defines good governance as "the exercise of economic, political and administrative authority to manage a country's affairs at all levels – it comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal

60 United Nations (2000), p. 38.

rights, meet their obligations and mediate their differences”⁶¹. The essence of good governance is that, among other things, it is participatory, transparent, accountable, effective, equitable, and promotes the rule of law.

For UNDP, good governance “depends on public participation to ensure that political, social and economic priorities are based on broad societal consensus and that the poorest and most vulnerable populations can directly influence political decision-making, particularly with respect to the allocation of development resources.”⁶² The involvement of all actors – the state (including all political and public sector institutions), the private sector and civil society – is also considered to be essential for good governance. UNDP’s strategic focus on governance “has led to a new appreciation of the interdependent roles of the legislature, the judiciary, the media, the private sector and civil society in the development of governance capacity and for progress towards sustainable human development.”⁶³

More recently, UNDP has begun to describe its work in this area as ‘democratic governance’. UNDP describes the democratic governance challenge as being to develop institutions and processes that are more responsive to the needs of ordinary citizens, including the poor. UNDP emphasises the importance of building partnerships and donor coordination to promote participation, accountability and effectiveness at all levels. UNDP’s work in democratic governance is backed up by its network of over 166 offices and its global partnerships with democratic governance institutions.

UNDP’s current support for democratic governance in development cooperation builds upon the Millennium Summit, where the world’s leaders resolved to “spare no effort to promote democracy and strengthen the rule of law, as well as respect for all internationally recognized human rights and fundamental freedoms, including the right to development.” UNDP also recognises that the Millennium Development Goals cannot be achieved without integrating human rights with sustainable human development. UNDP aims to mainstream human rights in all of its development priorities: governance, poverty reduction, energy and environment, crisis prevention and recovery, HIV/AIDS, and IT for Development.

UNDP’s current work in this area can also be linked to the 1997 UN General Assembly Resolution A/RES/51/59, which provides the basis for UNDP’s mandate in assisting developing countries to fight corruption. A discussion paper ‘Corruption and Good Governance’ was published in July 1997, which was followed in July 1998 by the corporate position paper, ‘Fighting Corruption to Improve Governance’ which guides the organisation’s work in this field. UNDP adopts a holistic approach with corruption deemed to be a problem of poor governance.

B.5.2. Good Governance Categories and Activities

UNDP’s core services to support democratic governance focus on:

- Policy advice and technical support
- Capacity development of institutions and individuals
- Advocacy, communications, and public information
- Promoting and brokering dialogue
- Knowledge networking and sharing of good practices

61 UNDP (undated). Policy Paper on Good Governance.

62 CAPWP (2002), p. 31.

63 Ibid., p. 38.

UNDP summarises its work in democratic governance under six main headings:

Legislatures: UNDP works to ensure fair and inclusive democratic participation by strengthening legislatures' three key functions: oversight, representation and lawmaking. Activities include:

- Supporting participatory and broad-based constitutional reviews and reforms
- Strengthening the capacity of political parties and civil society organisations
- Empowering women through initiatives that help them reach positions of political leadership and gain access to legislative deliberations
- Promotion of sustainable human development in legislative deliberations
- Strengthening the internal organisation of legislatures
- Training of parliamentary members and staff

Electoral Systems and Processes: While the majority of assistance to date has focused on elections as events, UNDP support is now increasingly focused on effective management of electoral systems. Support includes:

- Independent and permanent electoral management bodies with assistance for legal reform; institutional restructuring; professional development programmes; greater public information and outreach capacity; and resource management.
- Inclusive, fair and low-cost elections through assistance for election planning, monitoring and budgeting.
- Civic and voter education programmes to expand democratic participation, particularly for women and other under-represented segments of society. This includes awareness-raising activities to highlight the rights and responsibilities of citizens inherent within a democratic society.

Access to Justice and Human Rights:

- **Promoting democracy through justice sector reform:** The goal of UNDP's justice sector reform programmes is improved access to timely and effective justice for all: especially the poor, women and other disadvantaged groups. UNDP works to improve access to justice by:
 - Incorporating NGOs into justice sector reform programmes
 - Simplifying and streamlining legal systems
 - Strengthening national public defence systems and improving legal aid for the poor
 - Providing legal information for judges, lawyers, prosecutors and public defenders
 - Increasing the availability of legal information to the public
 - Promoting alternative dispute resolution techniques and reforming informal mechanisms
 - Strengthening the active participation of civil society in justice sector reform
 - Promoting international human rights instruments
 - Integrating human rights with development programming
 - Reducing institutional and cultural barriers

- **Integrating human rights in all development activities:** UNDP adopts a rights-based approach to development. Its work in the area of human rights includes the following key features:
 - Support to the development of national human rights action plans
 - Application of the rights-based approach to programming
 - Assistance for human rights initiatives involving civic education, awareness-raising campaigns, strengthening or creation of ombudsman offices and extension of human rights institutions to the sub-national level

Access to Information: UNDP recognises the vital roles in development played by interests groups and the free exchange of ideas, opinions and information. Access to information and the right to freedom of expression are central elements in ensuring the voice and participation necessary for the development of a democratic, civil society. UNDP's activities in this area:

- Improve the enabling legal and regulatory environment for freedom and pluralism in public information
- Develop broad-based information sector strategies
- Strengthen the professional standards, independence, and economic viability of media and information institutions
- Train media personnel
- Contribute to public policy debates through support for the National Human Development Reports (NHDRs)

Decentralisation and Local Governance:

- **Decentralisation:** UNDP considers some of the key modalities to effective decentralisation to be: the full participation of the entire population, especially the poor, women, youth and ethnic minorities as well as the active partnerships of the various actors – national and local government, non-governmental organisations (NGOs), community-based organisations (CBOs), private firms and donors. UNDP provides technical and financial support for decentralisation processes in 90 developing countries.
- **Local Governance:** UNDP conceptualises local governance as comprising “a set of institutions, mechanisms and processes through which citizens and their groups can articulate their interests and needs, mediate their differences and exercise their rights and obligations at the local level.”⁶⁴ This includes strengthening grass roots democracy and empowering citizens, communities and organisations such as CBOs and NGOs to enable them to participate as equal partners in local governance and local development processes. UNDP is supporting strengthening of local governance through global, regional and country programmes.

Public Administration and Civil Service Reform: UNDP considers public sector management to be more than just modernising state institutions. Equally, it is about building dynamic partnerships with civil society and the private sector in order to improve the quality of service delivery, enhance social responsibilities and ensure broad participation in decision-making. Within this context there is increased emphasis on civil service performance and on “the need for an effective and efficient public management that is transparent and

64 See: <http://www.undp.org/governance/local.htm>

accountable.” UNDP presents itself as a “neutral and experienced partner” in public administration and civil service management reform. UNDP also assumes a leadership position in coordinating external assistance in this field with 90 UNDP Country Offices supporting work in this area. Specific activities include:

- Promoting a professional, merit-based and neutral civil service
- Functional reviews in public administrative reform
- Strengthening transparency and accountability within the civil service
- Training of civil servants
- Promoting the use of ICT

UNDP also places considerable emphasis on issues of accountability, transparency, and anti-corruption as a priority area of programme support. For example, the UNDP Programme for Accountability and Transparency has facilitated the development of the initiative Country Assessment in Accountability and Transparency (CONTACT). CONTACT is a set of generic guidelines designed to assist governments in conducting self-assessment of their financial management and anti-corruption systems. Developed jointly with various UN agencies and the World Bank, CONTACT has received financial support from the governments of Denmark, the Netherlands and Germany through UNDP. UNDP describes CONTACT as “a dynamic and continuously evolving instrument that will need constant update through feedback based on best practices and pilot testing.” As a generic diagnostic tool, CONTACT represents a key UNDP contribution “to the international donor community’s effort to apply uniform assessment methods in evaluating a country’s financial management and integrity architecture.”⁶⁵

UNDP also addresses the following cross-cutting themes within the context of its support for governance:

- Civil Society & Participation
- Governance & Conflict
- Gender and Governance⁶⁶
- Capacity Development

B.5.3. Approaches to Implementation

UNDP provides a range of services to governments and to United Nations teams in the area of democratic governance. These focus on global advocacy and analysis to generate knowledge, alliance building and promotion of enabling frameworks on key issues, policy advice and support for national capacity building, and knowledge networking and sharing of good practices. UNDP’s advisory and support services reflect existing and anticipated demand from developing countries. In response to evolving needs, these services are dynamic and will change over time.

65 See: http://www.undp.org/governance/contact_cdrom.htm

66 See for example, *Making Governance Gender-Responsive*, a UNDP-supported training programme for officials and managers in public administration who have had limited exposure to gender and development issues. The course focuses on increasing and developing the public sector managerial awareness of gender bias within government systems with the ultimate aim of enabling them to formulate specific action agenda that will contribute to making governance systems more gender-responsive. The training programme is an initiative of the UNDP Regional Governance Programme for Asia, the Asia Pacific Gender Equality Network and the Center for Asia Pacific Women in Politics (CAPWP 2002).

UNDP actively seeks to achieve corporate commitments that are central to UNDP's mission, particularly gender equality in all activities and the provision of country-level aid coordination services.

UNDP also supports collaboration among civil society organisations, government and donors in several ways. This is seen to raise the legitimacy of development activities through popular engagement in policy formulation; improving programme effectiveness by incorporating local information and experience; promoting transparency and accountability; and enhancing the enabling environment for civil society activity by building trust through broader government-civil society contacts.

Governance-specific interventions typically include support for the identification, formulation and initial implementation of governance reforms; consultative and participatory processes in relation to them; systems review; and the redefinition of the missions and objectives of government ministries and departments. Seed money and technical assistance may also be provided for the initial implementation of governance reforms.

UNDP's emphasis on long-term systemic changes and the human dimensions of development, coupled with its impartiality, underscore its unique contributions in promoting good governance and public accountability and transparency. Key features of the UNDP approach to governance can be summarised as follows:

- Recognising “the need both to maintain a systems perspective and strategic management of capacity development and to support the redesign of policy-planning-budgeting processes to become multi-sectoral and participatory, with policies at different levels nested coherently within larger policy frameworks emerging from dialogue between the levels.”
- Appreciating that “the concept and goal of ‘empowerment’ is now seen as going beyond ensuring countervailing power to redesigning processes in which public, private and civil society agencies become partners.”
- Valuing the “participation and ownership by all participants in the [governance] change process.”
- Emphasising “new ways of providing expertise” such as “the use of process consultation as a key modality for technical assistance” and “assisting” by “being present with, coaching, facilitating — and the avoidance of supplanting or prescribing.”⁶⁷

The UNDP website provides limited specific information about the development and use of governance-related indicators. In the ‘Access to Information’ sector, UNDP identifies the following outcomes and impacts of its work in this area:

- A measurable increase in the number of countries enacting open, pluralistic media legislation and a decrease in the incidence of governments curbing press freedoms
- A measurable increase in the quality of journalistic coverage, specifically in terms of independence, professional standards, ethics, as well as coverage of women, disadvantaged groups, and regions
- Measurable increases in the number and professional qualifications of woman in the media

67 CAPWP (2002), p. 38.

- Greater number of NHDRs produced and a greater number of countries in which the NHDRs make a measurable policy impact

B.6. UN Office of the High Commissioner for Human Rights

B.6.1. Context

The concern of the United Nations with the promotion and protection of human rights and fundamental freedoms stems directly from the realisation by the international community that recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world. States Members of the United Nations have consequently pledged to promote universal respect for and observance of human rights and fundamental freedoms.

As mandated by the UN General Assembly, the Office of the High Commissioner for Human Rights (UNOHCHR, the Office) is the UN's system-wide focal point for human rights, democracy and the rule of law. Since 1997 UNOHCHR has also been charged with facilitating the mainstreaming of human rights in UN development programming.

UNOHCHR has a substantial field presence in key countries in its five designated regions:

- **Africa** (Angola, Burundi, Cameroun, Central African Republic, DRC, Eritrea, Ethiopia, Guinea-Bissau, Liberia, Sierra Leone, South Africa and Sudan)
- **Arab Region** (Lebanon and Palestinian Territories)
- **Asia and the Pacific** (Afghanistan, Cambodia, Mongolia, Nepal, Solomon Islands, Thailand and Timor-Leste)
- **Europe, Central Asia and the Caucasus** (Azerbaijan, Bosnia and Herzegovina, Georgia-Abkhazia, Macedonia, Serbia and Montenegro⁶⁸, and Tajikistan)
- **Latin America and the Caribbean** (Colombia, Chile, El Salvador, Guatemala, and Mexico)

The links between human rights and development are illustrated by the normative and operational guidance that human rights instruments, and the mechanisms established by the United Nations to monitor their implementation, provide on the right to development, rights-based approaches to development, poverty eradication, human rights mainstreaming, good governance and globalization.

Conceptual stance on good governance

Governance is the process whereby public institutions conduct public affairs, manage public resources and guarantee the realization of human rights. Good governance accomplishes this in a manner essentially free of abuse and corruption, and with due regard for the rule of law. The true test of "good" governance is the degree to which it delivers on the promise of human rights: civil, cultural, economic, political and social rights. The key question is: are the institutions of governance effectively guaranteeing the right to health, adequate housing, sufficient food, quality education, fair justice and personal security?

⁶⁸ Including Kosovo.

The concept of good governance has been clarified by the work of the Commission on Human Rights. In its Resolution 2000/64 the Commission identified the key attributes of good governance as: transparency, responsibility, accountability, participation, and responsiveness (to the needs of the people).

This Resolution expressly linked good governance to an enabling environment conducive to the enjoyment of human rights and “prompting growth and sustainable human development.” In underscoring the importance of development cooperation for securing good governance in countries in need of external support, the resolution recognized the value of partnership approaches to development cooperation and the inappropriateness of prescriptive approaches.

By linking good governance to sustainable human development, emphasising principles such as accountability, participation and the enjoyment of human rights, and rejecting prescriptive approaches to development assistance, the resolution stands as an implicit endorsement of the rights-based approach to development.

UNOHCHR advocates a rights-based approach to development as a conceptual framework for the process of human development that is normatively based on international human rights standards and operationally directed to promoting and protecting human rights. Essentially, a rights-based approach integrates the norms, standards and principles of the international human rights system into the plans, policies and processes of development. The norms and standards are those contained in the wealth of international treaties and declarations. The principles include those of participation, accountability, non-discrimination, attention to vulnerability, empowerment and express linkage to international human rights instruments. Each of these is crucial to effective and rights-based governance for development.

In his Millennium Report, ‘We the Peoples’, the Secretary-General emphasized that better governance means greater participation, coupled with accountability. Therefore, the international public domain – including the United Nations – must be opened up further to the participation of the many actors whose contributions are essential to managing the path of globalization.

In the Millennium Declaration⁶⁹, adopted by consensus, the States Members of the United Nations resolved to create an environment – at the national and global levels alike – that is conducive to development and the elimination of poverty. They stated that meeting this objective depends, inter alia, on good governance within each country. It also depends on good governance at the international level and on transparency in the financial, monetary and trading systems.

The Commission on Human Rights called on the UNOHCHR to organise an expert seminar⁷⁰ to examine the interdependence between democracy and human rights and to report on its conclusions to the Commission’s 59th Session. The seminar was held 25-26 November 2002 in Geneva, and is included for discussion during the 59th Session.⁷¹ A related item to be discussed is “practical approaches and activities that have been effective in strengthening good governance practices for the promotion of human rights” (E/CN.4/2003/102).

B.6.2. Good Governance Categories and Activities

The Office devotes resources and energy to assisting interested governments in establishing or strengthening independent national institutions designed to promote and protect human rights.

69 For an overview of the UN Millennium Development Goals, see <http://www.undp.org/mdg/>

70 Resolution 2001/41 on *Continuing dialogue on measures to promote and consolidate democracy*

71 Document E/CN.4/2003/1 Add.1 *Annotations to the Provisional Agenda, Commission on Human Rights*, 59th Session, 17 March – 25 April 2003

The policy measures are democracy and participation, equity, environmental protection and management, human rights, the rule of law, public administration and service delivery, transparency and accountability, security, peace-building and conflict management, informed citizenry, and electronic governance (e-governance). The core elements and areas of programmatic collaboration draw on human rights concepts such as participation, accountability, non-discrimination, and empowerment.

There is a wealth of United Nations human rights standards of direct relevance and applicability to questions of good governance including: The International Covenant on Civil and Political Rights; the International Covenant on Economic, Social and Cultural Rights; and the Declaration on the Right to Development.

At the national level, the Declaration on the Right to Development implies transparent, responsible, accountable, participatory and responsive governance, which is respectful of the rule of law and the protection of human rights. States are expected to undertake, at the national level, all necessary measures for the realization of the right to development and to ensure, *inter alia*, equality of opportunity for all in their access to basic resources, education, health services, food, housing, employment, and a fair distribution of income.

Effective measures are to be undertaken to ensure that women have an active role in the development process, and appropriate economic and social reforms are to be carried out with a view to eradicating all social injustices. In sum, the Declaration requires States to take steps to ensure the full exercise and progressive enhancement of the right to development, including the formulation, adoption and implementation of policy, legislative and other measures at the national and international levels.

In a globalising world, national and international governance are inextricably linked. International institutions of governance will be in a better position to respond to the needs of the developing world once national institutions meet the test of good governance. Similarly, national institutions will be able to respond more effectively to the will of the people where there are international institutions based on principles of good governance. At the international level, transparency, equity, fairness and international cooperation are equally necessary.

International human rights standards also entail responsibilities for good governance at the international level. Examples include Commission on Human Rights Resolution 2001/72, which is to be read together with the legal obligations of international cooperation contained in⁷²:

- Charter of the United Nations (arts. 1(3), 55, 56)
- International Covenant on Civil and Political Rights (art. 1(2))
- International Covenant on Economic, Social and Cultural Rights (art. 1(2))
- Convention on the Rights of the Child (art. 4)
- Universal Declaration of Human Rights
- Declaration on the Right to Development
- Vienna Declaration

Regular meetings take place between UNOHCHR and the EU on numerous issues relating to the application of UN Conventions and other instruments. There is no mention of other specific collaboration between the two bodies, i.e. EU is not cited as a “non-UN partner”.

72 A full list of Human Rights Instruments is available on <http://www.unhchr.ch/html/intlinst.htm>

B.6.3. Approaches to Implementation

Since 1955 the UN Programme of Technical Cooperation in the Field of Human Rights (TCP), administered by UNOHCHR, has provided rights-based assistance to developing countries seeking to strengthen institutions of governance. It has focused on the domestic implementation of international human rights standards since its inception. There has been a persistently strong trend of programme growth (61 projects in 2000 compared with 2 activities in 1984).

Technical cooperation activities are seen by the United Nations as a complement to, but never a substitute for, the monitoring and investigating activities of the human rights programme. Components of TCP focus on the incorporation of international human rights standards in national laws and policies; on the building or strengthening of national institutions capable of promoting and protecting human rights and democracy under the rule of law; on the formulation of national plans of action for the promotion and protection of human rights; on human rights education and training; and on promoting a human rights culture. Such assistance takes the form of expert advisory services, training courses, workshops and seminars, fellowships, grants, provision of information and documentation, and assessment of domestic human rights needs. Substantive areas on which such assistance is focused include:

- National human rights institutions
- Administration of justice, including law enforcement officials; constitutional and legislative reform; national parliaments; and electoral assistance
- Armed forces
- Treaty reporting

Work is ongoing on training packages for peacekeepers, judges and lawyers, prison officials, primary and secondary schoolteachers, journalists, and national and local NGOs. UNOHCHR works in close cooperation with relevant experts and organisations in the development of these materials.

Strengthening civil society is one of the aims of the TCP. Accordingly, projects may include assistance to non-governmental organisations in the context of its country activities, by including them in seminars and training courses and supporting appropriate projects they have developed. NGOs are increasingly also involved in the implementation of technical cooperation programmes. This empowers civil society and increases the effectiveness of activities.

The TCP is funded from the regular budget of the United Nations and from the United Nations Voluntary Fund for Technical Cooperation in the Field of Human Rights. The Voluntary Fund became operational in 1988. In addition to financing from these two sources, specific projects are sometimes funded by partners of the UNOHCHR in the United Nations system. Since. As part of a new fund-raising strategy, the Office has developed a global Annual Appeal, beginning in the year 2000, which provides a detailed overview of planned activities and which it is hoped will encourage more predictable and timely funding and permit longer-term planning of activities.

Programme development, implementation, support and follow-up are carried out by the Activities and Programme Branch of the UNOHCHR. A coordinator of technical cooperation activities, in cooperation with the geographic desk officers, ensures the maintenance of a programmatic framework for the TCP and consistency in the application of existing technical cooperation practices and procedures.

Close cooperation is particularly significant with United Nations Development Programme (UNDP). One example is the joint programme for Human Rights Strengthening, HURIST, supporting the implementation of UNDP's policy on human rights in development programming. Another joint initiative is the ACT (Assisting Communities Together). It focuses on a "bottom-up approach" by emphasizing the role that civil society plays in the promotion and protection of human rights. The project supports institutions, non-governmental organisations and individuals undertaking human rights promotion initiatives by providing micro-grants of up to US\$ 5,000.

UNOHCHR continues to implement technical cooperation projects at the national, regional and global levels in close cooperation with the United Nations Children's Fund (UNICEF), the United Nations Educational, Scientific and Cultural Organisation (UNESCO), the United Nations Population Fund (UNFPA), the United Nations Development Fund for Women (UNIFEM), the Division for the Advancement of Women of the Secretariat, the Department of Peacekeeping Operations, the United Nations Staff College and the Office of the United Nations High Commissioner for Refugees (UNHCR).

The TCP has also taken steps to collaborate with non-United Nations partners such as the African Union, the African Commission on Human Rights and Peoples' Rights, the Organisation for Security and Cooperation in Europe (OSCE), the Organisation of American States (OAS), the Inter-American Institute of Human Rights (IHR), the United Nations Latin American Institute for Crime Prevention and the Treatment of Offenders (ILANUD), and the Andean Commission of Jurists. Other partners are the International Monetary Fund (IMF) and the World Bank.

States are being requested to provide practical examples of activities that have been effective in promoting good governance, including through development cooperation. Their input is to be included in a compilation of indicative ideas and practices. The process began in 2000.

Enhanced collaboration with other United Nations actors in the implementation of technical cooperation activities allows for maximizing their impact and more efficient use of resources. UNOHCHR is undertaking an Office-wide evaluation to determine how to enhance its operational support to UN Country Teams that are integrating human rights into their Common Country Analysis (CCA) and the United Nations Development Assistance Framework (UNDAF). This assessment will lead to a longer-term programme to identify and meet the needs of UN Country Teams in undertaking rights-based development programmes.

B.7. United States Agency for International Development

B.7.1. Context

A key development goal of the US Government is to encourage democracy in developing nations, on the basis of the ideals of liberty, personal and civic freedom, and the government of, for, and by the people (founding values of the USA). The work of United States Agency for International Development (USAID, the Agency) is suggested to "support(s) long-term and equitable economic growth, advance(s) US foreign policy objectives and establish(es) sustainable democracies".⁷³ This context is encapsulated by the following statement:

73 See http://www.usaid.gov/about_usaid/

“We will continue to promote and advocate democracy because we know that democracy is a parent to peace, and that the American Constitution remains the most revolutionary and inspiring source of change in the world.”⁷⁴

Promoting democracy serves US national interests, and a key objective of US foreign policy is **to expand the global community of democracies**. Democratic governments are seen as more likely to observe international law and experience long-term stability, leading to sustained development, economic growth and international trade.

Building sustainable democracy has been identified as one of USAID’s development goals, and in 1994 the Center for Democracy and Governance was established within USAID as the focal point for democracy and governance programming.

Democracy and governance programming has become an integral component of USAID’s support for sustainable development. The Agency believes that democratic institutions are key to a well-functioning government, and that there are direct links among democratic institutions, good governance and sustainable development.⁷⁵ A lot of work is focused upon young democracies.

Good governance is seen as the “ability of government to maintain social peace, guarantee law and order, promote or create conditions necessary for economic growth, and ensure a minimum level of social security.”⁷⁶

USAID’s sustainable development agenda includes:

- Economic growth
- Population, health, nutrition
- Environmental protection
- Crisis and disaster prevention
- Human capacity development

Development in all these areas is inextricably linked to democratisation and good governance. 70% of USAID field missions have defined strategic objectives related to democracy and good governance, where good governance is defined as the ability of government to maintain social peace, guarantee law and order, promote or create conditions necessary for economic growth, and ensure a minimum level of social security.

B.7.2. Good Governance Categories and Activities

Democracy and good governance activities are grouped under four categories: **rule of law; elections and political processes; civil society; governance**. These categories are not discrete, and many activities are cross cutting or involve more than one category.

Rule of Law: Respect for the rule of law and a well-developed, transparent and accountable justice system are the underpinnings of a democratic society. Three main areas of work are supported under this head:

- Improving outdated or otherwise inadequate legal frameworks and codifying human rights
- Strengthening justice-sector institutions

74 US Senate, US Secretary of State Designate Madeleine Albright speaking to the Committee on Foreign Relations, 105th Congress, 1st session, January 8th 1997.

75 USAID (1998), p. 5.

76 See http://www.usaid.gov/our_work/democracy_and_governance/technical_areas/governance/

- Increasing citizens' access to justice

Elections and political processes: Elections are seen as a primary tool to force political opening and expand political participation, and increasingly as a device to resolve conflict, e.g. following civil war. USAID support covers seven elements seen as essential to fair electoral and political processes:

- Impartial electoral frameworks
- Credible electoral administration
- Effective oversight of electoral processes
- Informed and active citizenries
- Representative and competitive multiparty systems
- Inclusion of women and other disadvantaged groups
- Effective transfer of political power

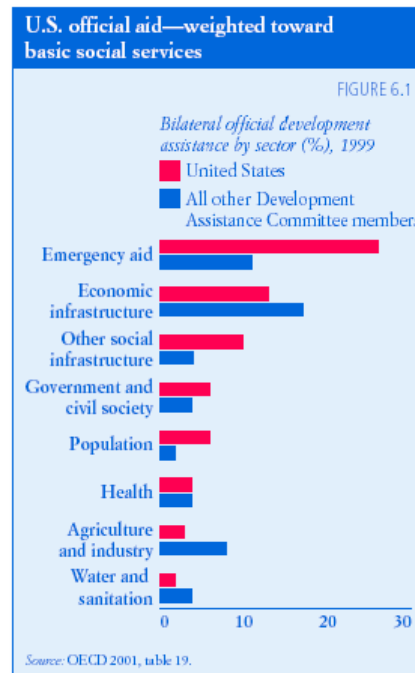
Civil Society: Support strategy focuses on strengthening organised elements of society pressing for reform, and seeking to initiate and consolidate the transition to democratic governance. Particular significance is placed on the role of free and independent labour unions. Five key areas are supported:

- Legal frameworks to protect and promote civil society
- Citizen participation in the policy process and oversight of public institutions
- Institutional and financial viability of civil society organisations
- Free flow of information
- Strengthened democratic political culture

Governance: This area is concerned with the political dimensions of the public management process; democratic principles such as transparency, pluralism, citizen involvement in decision-making and accountability, with increasing emphasis on the fight against corruption. Governance work is organised into five areas:

- Democratic decentralisation
- Strengthening legislative functioning
- Governmental integrity, including support for civil society groups to demand reform as well as for government anti-corruption strategies
- Policy implementation
- Civil-military relations

The following graph shows that in 1999, United States ODA for government and civil society initiatives was approximately 8% of the total development assistance spent.



Source: USAID website⁷⁷

B.7.3. Approaches to Implementation

In the governance field, USAID (via the Center for Democracy and Governance) works closely with other US government agencies and bilateral and multilateral partners in its programming decisions. Government agencies promoting democratic initiatives include the US Department of State (DOS), the US Information Agency (USIA), the Department of Justice (DOJ), and the Department of Defense (DOD). As well as government agencies, several quasi- or non-governmental implementing organisations work to promote democracy in developing countries, for example the National Endowment for Democracy (NED), a non-profit institution funded directly by Congress which supports grass roots organisations and activities concerned with strengthening representative political parties, free-market economy, independent trade unions, and a free press. USAID collaborates with and supports key organisations supported by NED, such as the National Democratic Institute for International Affairs (NDI), the International Republican Institute (IRI), and the American Center for International Labor Solidarity (the Solidarity Center). USAID also supports democratisation through grants to the Asia Foundation (TAF), the International Foundation for Election Systems (IFES) the International Law Institute (IDLI) and Transparency International (TI).

Multilaterally, the Center for Democracy and Governance conducts ongoing dialogue with a wide range of other donor organisations, e.g. World Bank, UNDP, Regional development banks and other governments. The Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD/DAC) offers an important forum for donor coordination and consensus building on principles relating to democracy, human rights, good governance, public participation and excess military expenditure.

The role of the Center for Democracy and Governance is to provide technical and intellectual leadership to USAID’s decentralised mission-based structure, through the development of tools

77 USAID (2003).

and methodologies needed to support democratic development. USAID Missions and other operating units are responsible for developing and submitting to USAID/Washington strategic plans for the use of programme funds over which the units have responsibility and authority.

A **strategic assessment framework** has been developed for helping Missions and other units to define country-appropriate democracy and governance strategies. This framework guides a political analysis of the country, leads to programme choices, and incorporates what researchers and practitioners have learned from comparative experience. The strategic assessment framework is divided into four steps to assist practitioners as they carry out each country-specific assessment:

1. An analysis of the kind of ‘political game’⁷⁸ that characterises the country and of the problems relating to the transition to or consolidation of democracy. This step characterises the country and its politics, locates them on a globally comparable scale of regime types (much like the Freedom House rankings), and identifies and prioritises problems for democracy. This initial political assessment covers five main elements:
 - **Consensus** – is there a basic consensus on the ‘rules of the political game’?
 - **Rule of Law** – is politics, life, liberty and property bound by a rule of law?
 - **Competition** – is there a system of checks and balances in government? Is there competition in the form of elections, ideas, free media and civil society?
 - **Inclusion** – are parts of the population excluded from meaningful political, social or economic participation?
 - **Good governance** – how do social institutions actually work in both public and private sectors?
2. A more specific analysis of actors, interests, alliances, resources and strategies leading to an understanding of how the political game is actually being played in the country. This step identifies the forces and resources for and against democratic reform.
3. An analysis of the institutional arenas in which the game is being played, whose characteristics define the incentives that channel the behaviour of actors, whose character is to be changed by democratic reform, and in which investments are to be made. Four main arenas are distinguished:
 - **Legal** – includes the constitutional and substantive legal framework, and the implementation of law through the judiciary;
 - **Competitive** – including electoral systems, central-local government checks and balances, civil society pluralism, independence of media, freedom of association;
 - **Governance** – including :authority and discretion to use power; transparency; accountability; capacity and effectiveness; and responsiveness to public interest;
 - **Civil Society** – capacity, pluralism etc.
4. The interests and resources of donors, including USAID. The ‘optimal’ strategy identified through undertaking steps 1 to 3 is tempered by

78 See USAID (2000) p. 1.

consideration of donor constraints including: donor interests and current programmes; bureaucratic resources, needs and constraints; expected results and impacts; tolerance of failure; other donor activity; comparative donor strengths and weaknesses; recipient constraints.

As of Spring 2000, this framework has been used to guide the development of assistance programmes in a dozen countries on every continent (Asia, Africa, Latin America and the Caribbean, and Eastern Europe).

Performance monitoring is regarded as an integral part of program management and learning from experience, and required under the provisions of the *Government Performance and Results Act 1994*, aimed at improving the effectiveness and public accountability of all Federal programmes. Performance information from each operating unit is combined with broader trend information within the Agency's goal areas to report results annually to the Office of Management and Budget, Congress and the public. Following strategic assessment and programme choices, missions establish a hierarchy of objectives and associated indicators against which results will be assessed:

- **Strategic objectives** represent the most ambitious results (intended measurable changes) in a particular programme area that a USAID operational unit, along with its partners, can materially affect and for which it is willing to be held responsible.
- **Intermediate results** are those which must occur in order to achieve a strategic objective.

Guidance is offered by the Center for Democracy and Governance⁷⁹ in the form of a handbook on the selection of suitable indicators, both quantitative and qualitative, through an iterative process involving selecting potential indicators relevant to each level of results, exploring potential data sources for candidate indicators, and then refining and determining indicators to ensure to ensure that they are:

- Appropriate and useful for programme management
- Direct, cost effective and based on valid, reliable and disaggregated data
- Sensitive to the size of the problem and to change
- Operational and objective, i.e. data collectors understand what is needed, how to collect them and open to common interpretation

The handbook provides tables of possible candidate indicators for each of the democracy and governance activity categories, but stresses that these are an indicative guide for mission managers and not exhaustive.

Strategic objective teams are expected to draw up a **performance monitoring plan** for each programme specifying indicators to be tracked, and the sources, methods and schedule of data collection. Data collected are used by strategic objective teams for ongoing programme management choices (e.g. which activities to continue, stop or modify), and for the production by each operating unit of a **results review and resources request (R4)**, a document which is reviewed internally and submitted to USAID Washington on an annual basis for judgement of progress and budgeting purposes.

79 See USAID (1998).

B.8. World Bank

B.8.1. Context

The World Bank Group (WBG) is one of the world's largest sources of development assistance. In fiscal year 2002, the institution provided more than US\$19.5 billion in loans to its client countries. It works in over 100 developing economies with the primary focus of helping the poorest people and the poorest countries. The WBG has approximately 8,000 employees in its headquarters in Washington, DC and over 2,000 in more than 100 country offices.

The Group consists of five closely associated institutions: International Bank for Reconstruction and Development (IBRD); the International Development Association (IDA); the International Finance Corporation (IFC); the Multilateral Investment Guarantee Agency (MIGA); and the International Centre for Settlement of Investment Disputes (ICSID). These institutions are all owned by 184 member countries that carry ultimate decision-making power. Each institution plays a distinct role in the mission to fight poverty and improve living standards for people in the developing world. The term 'World Bank Group' encompasses all five institutions. The term 'World Bank' refers specifically to two of the five, IBRD and IDA.

The WBG's stated objectives are to eliminate poverty, reduce inequity and improve opportunity for people in low- and middle-income countries. The holistic definition of poverty adopted by the Bank sees poverty as a multidimensional phenomenon which combines the inability to satisfy elementary needs, the lack of control over resources, shortcomings as regards education and capacity, poor health, the absence of housing, malnutrition, difficult access to water and sanitary installations, vulnerability in the face of shocks, violence and criminality, the absence of political freedom and political participation.

A Comprehensive Development Framework (CDF)⁸⁰ was drawn up in 1999 which promotes poverty reduction strategies that are country-driven, results-oriented, comprehensive, partnership-based, and framed within a long-term perspective. The CDF emphasises the interdependence of all the elements of development – social, structural, human, governance, environmental, economic and financial. It is operationalised through Poverty Reduction Strategy Papers (PRSPs) in low-income countries and has as an overarching goal the achievement of the Millennium Development Goals.⁸¹

Governance is defined as the traditions and institutions by which authority in a country is exercised for the common good. This includes (i) the process by which those in authority are selected, monitored and replaced, (ii) the capacity of the government to effectively manage its resources and implement sound policies, and (iii) the respect of citizens and the state for the institutions that govern economic and social interactions among them.

In the Millennium Declaration, adopted by consensus, the States Members of the United Nations resolved to create an environment – at the national and global levels alike – that is conducive to development and the elimination of poverty. They stated that meeting this objective depends, inter alia, on good governance within each country. It also depends on good governance at the international level and on transparency in the financial, monetary and trading systems.

The Governance group of the World Bank Institute (WBI) facilitates action-oriented and participatory programmes to promote good governance and curb corruption in nearly 30 client countries – principally in Sub-Saharan Africa, Latin America, Central and Eastern Europe and,

80 <http://web.worldbank.org/wbsite/external/projects/strategies/cdf>

81 For an overview of the UN Millennium Development Goals see <http://www.undp/mdg/>

more recently, Asia. WBI works in collaboration with World Bank operations and often in partnership with international organizations.

Under the overall theme of poverty reduction and sustainable development, the following are cited as key issues:

- **Governance and public sector reform:** Good governance and strong institutions are central themes of WB support for poverty reduction to improve quality and accessibility of services; help ensure that budget allocation and policy-making take place in a transparent, non-corrupt environment to give citizens greater voice, increase accountability of government, and improve public performance.
- **International trade :** Trade reform plays a critical role in spurring growth and in reducing poverty. The Bank supports reforms through analytical work, etc. From 1994 to 1999, trade-related activities amounted to 26% of total Bank lending. (*Annual Report 2000*)
- **Equal rights and opportunities for women and men:** The Bank aims to reduce gender disparities and enhance women's participation in the economic development of their countries by integrating gender considerations in its country assistance programmes. Greater women's rights and more equal participation in public life by women and men are associated with cleaner business and government and better governance. (*Engendering Development*)

B.8.2. Good Governance Categories and Activities

The World Bank's Public Sector Governance Programme comprises the following focal areas::

- Anti-corruption
- Administrative and civil service reform
- Decentralization
- E-Government
- Legal institutions of the market economy
- Public expenditure
- Tax policy and administration

The World Bank Institute was created to help share the World Bank's expertise and that of its member countries with policy-makers and decision-makers throughout the developing world. As the learning arm of the World Bank, WBI designs and delivers courses and seminars aimed at reducing poverty and promoting economic opportunity and growth.

WBI is currently working on the following major activities:

- Training courses, including: controlling corruption; corporate governance and strategy; investigative journalism and the promotion of press freedom
- Governance and anti-corruption diagnostic surveys
- Public awareness raising and support to coalition building
- Strengthening parliamentary oversight
- Judicial reform programme
- New frontiers in corporate and national governance

WBI has also developed a 'Youth and Good Governance' initiative to stimulate a dialogue on governance issues among youth by emphasizing the role they can play in demanding accountability from government.

More generally the Bank's governance strategy is to go beyond public sector dysfunction to assist countries in integrating institutional, regulatory and economic reforms through:

- Implementing rigorous empirical diagnostics and analysis
- Bringing about collective action, through participation and broad based bottom-up coalitions
- Building partnerships within countries, the WBG, and other international or regional institutions
- Moving beyond conventional training to knowledge dissemination, policy advice based on the latest research and operational findings, and participatory and consensus-building activities
- Scaling up the impact of activities, utilizing new tools for knowledge dissemination, innovating, and taking managed risks

The Bank has identified corruption as the single greatest obstacle to economic and social development. It undermines development by distorting the rule of law and weakening the institutional foundation on which economic growth depends. The harmful effects of corruption are especially severe on the poor, who are hardest hit by economic decline, are most reliant on the provision of public services, and are least capable of paying the extra costs associated with bribery, fraud, and the misappropriation of economic privileges.

Corruption sabotages policies and programmes that aim to reduce poverty, so attacking corruption is critical to the achievement of the Bank's overarching mission of poverty reduction. The Bank believes that an effective anti-corruption strategy builds on five key elements:

- Increasing political accountability
- Strengthening civil society participation
- Creating a competitive private sector
- Institutional restraints on power
- Improving public sector management

Since 1996, the Bank has supported more than 600 anti-corruption programmes and governance initiatives developed by its member countries.

In November 2001, World Bank President James Wolfensohn set up a task force to review WBG's assistance to poor-performing countries. The task force examined the reasons for lack of success of the Bank's (as well as other donors') assistance programmes. A summary of findings of the task force was issued and discussed by the Board in March and July 2002. This led to the establishment of a new initiative called 'Assistance to Low-Income Countries Under Stress' (LICUS). The LICUS Initiative has helped make the improved effectiveness of external assistance to countries with very weak policies and institutions a top governance priority for the WBG.

B.8.3. Approaches to Implementation

The WB is a demand driven organization and its response to a request from a client country depends on the fulfilment of a number of pre-conditions:

- Strong commitment from the top leaders in the country to a transparent, open, and participatory reform process
- Formation of a ‘steering committee’ (including the top leadership as well as representatives from civil society and the private sector), which is charged with designing a strategy and an action programme, as well as monitoring their implementation through ‘task forces’ or ‘technical committees’
- Undertaking of empirical diagnostic work to ensure that there is a good understanding of the fundamental governance and anti-corruption problems; including a triangulated survey of households, public officials and business enterprises and a rigorous analysis of the data gathered to suggest programmes that will begin to address the governance problems in the country
- Discouraging ‘one-off’ activities, emphasizing long-term commitment to an integrated programme that addresses both anti-corruption as well as an overall governance programme

The WBI is increasingly working with donor partners as a way to enhance the impact of its programmes and to develop a cohesive approach to governance and anti-corruption. Nearly 250 governments, organizations, foundations, and companies help fund and deliver WBI programmes and courses in 149 countries around the world. Some partners provide financial support; others help develop training or create networks linking researchers, academics, policymakers, and World Bank development specialists.

The partnerships are developed based on mutual priorities defined in terms of themes and regions; annual or biannual consultations take place between the World Bank Group and bilateral donors, followed by in-depth discussions on the expected inputs and outputs on each side. Donors are increasingly involved in governance/anti-corruption programmes, from their design through their implementation and sometimes evaluation stage, and they increasingly participate in the delivery of the activities. Such partnerships include:

- Anti-corruption courses
 - Netherlands (Ministry of Foreign Affairs)
 - Singapore (Ministry of Foreign Affairs)
- Investigative journalism
 - Canada (Canadian International Development Agency)
 - Netherlands (Ministry of Foreign Affairs)
 - Norway (Ministry of Foreign Affairs)
- Diagnostic tools
 - Denmark (General Danish Development Assistance Fund, under the Ministry of Foreign Affairs)
 - Norway (Ministry of Foreign Affairs)
 - United Kingdom (Department for International Development)
 - Canada (Canadian International Development Agency)
- Judiciary reform
 - U.S. Agency for International Development
- Parliamentary programmes
 - Canada (Canadian International Development Agency)
- Corporate ethics

- Italy (Ministry of Foreign Affairs)
- Japan (Ministry of Finance)
- Poverty and sectoral
 - Japan (Ministry of Finance)
- Finance and governance
 - France (Ministry of Foreign Affairs)
 - Japan (Ministry of Finance)
- Regulatory reform
 - Denmark (General Danish Development Assistance Fund, under the Ministry of Foreign Affairs)

Along with four major regional development banks (the Asian Development Bank, the African Development Bank, the European Bank for Reconstruction and Development, and the Inter-American Development Bank), the WB has established a formal Working Group on Anti-corruption, Governance and Capacity Building.

In financial terms, the European Commission (\$336 million) has become the most important collaborator with and contributor to the World Bank Group's trust funds. The EU/World Bank Trust Fund for Capacity-Building in Governance with focus on Public Expenditure Management is an example of collaboration. Another is the HIPC Trust Fund – managed by the World Bank – an instrument which allows donors to contribute financing to help cover the costs of debt relief provided to eligible Heavily Indebted Poor Countries by multilateral creditors under the HIPC Initiative.

A number of other initiatives for joint collaboration are under discussion. The European Commission welcomes and supports the PRSP process and over time expects that the PRSPs will become the central focus of EC country strategies and guiding principle for allocation of aid resources.

Collaboration with civil society organisations

The World Bank interacts with thousands of Civil Society Organizations (CSOs) such as community-based organizations, indigenous peoples organizations, NGOs, labour unions, faith-based groups, and foundations in countries throughout the world. The World Bank engages CSOs on three levels:

- **Facilitates** improved relations between civil society and governments by providing resources, training, technical support, and often playing a convening role; best exemplified by the Poverty Reduction Strategy Papers (PRSPs)
- **Dialogues and consults** with CSOs on policies and programmes, by listening to their perspectives and inviting comments, ranging from consultations on global policies such as social safeguards and adjustment lending, to local consultations on Bank-financed projects
- **Partners** with CSOs through funding their poverty reduction efforts, contracting technical assistance and training services, or joining together to manage common programmes. Engaging civil society groups in projects and policy dialogue improves development outcomes in several ways:
 - **promoting public consensus** and local ownership for reforms, national poverty reduction, and development strategies by building common ground for understanding and encouraging public-private cooperation

- **giving voice to stakeholders**, particularly poor and marginalized populations, and help ensure that their views are factored into policy and programme decisions
- **strengthening and leveraging impact** of development programmes by providing local knowledge, targeting assistance, and generating social capital at the community level
- **bringing innovative ideas and solutions** as well as participatory approaches to solve local problems
- **providing professional expertise** and increasing capacity for effective service delivery, especially in environments with weak public sector capacity or in post-conflict contexts
- **promoting public sector transparency and accountability** of development activities, as well as contributing to the enabling environment for good governance

PRSP and CDF

An increasing number of developing countries are preparing poverty reduction strategy papers (PRSPs), and even if it is too early to state that these strategies are working, there is at least a growing willingness among donors and partner countries to allow poverty reduction strategies to provide the basis for their cooperation.⁸²

The CDF (see Context above) is an approach to drawing up PRSPs prepared by national authorities in collaboration with WB and IMF staff in all low income countries receiving support from IDA and ESAF (Enhanced Structural Adjustment Facility). The Bank argues that strategies should be country-driven, be developed transparently with broad participation of elected institutions, and have a clear link with the agreed international development goals.

Country Assistance Strategy (CAS)

The Country Assistance Strategy (CAS) is the central vehicle for Board review of the Bank Group's assistance strategy for IDA and IBRD borrowers. The CAS document (a) describes the Bank Group's strategy based on an assessment of priorities in the country, and (b) indicates the level and composition of assistance to be provided based on the strategy and the country's portfolio performance. The CAS is prepared with the government in a participatory way; its key elements are discussed with the government prior to Board consideration. However, it is not a negotiated document. Any differences between the country's own agenda and the strategy advocated by the Bank are highlighted in the CAS document.

LICUS cooperation and coordination

The LICUS Initiative is being developed and implemented in partnership with other agencies. In some cases, other donors are more actively engaged in LICUS than the Bank. This may be due to better donor knowledge of country conditions as well as stronger capacity for on the ground collaboration with civil society. The Bank's comparative advantage is its intellectual and analytical capabilities. LICUS coordination is underway within OECD/DAC and the Bank has reached an agreement with UNDP for joint piloting of the LICUS approach in a few countries. Coordination is also envisaged with the IMF and the regional development banks. The Bank considers the European Union to be well placed as a potential Bank collaborator given its special knowledge of particular LICUS. The Bank's administrative budget for LICUS is expected to increase as part of a strategy to improve knowledge activities for low-income

82 PRSPs are available on www.worldbank.org

countries. There is also recognition of the need to strengthen the Bank's staff resources, institutional support and incentives for LICUS work.

Governance indicators

The WB conducts numerous evaluations and gathers a wide variety of data⁸³ (e.g., gender, governance) mostly collected by national governments. The database on governance indicators⁸⁴ covers 175 countries. In this database, the six dimensions of governance for which measures for 1998 and 2001 have been constructed are: i) Voice and Accountability; ii) Political Stability; iii) Government Effectiveness; iv) Regulatory Quality; v) Rule of Law; and vi) Control of Corruption.

Anti-corruption evaluation

In 1998 a mid-term evaluation of WBI's anti-corruption initiatives was conducted by the University of Utrecht. This evaluation examined both the programme logic and implementation of activities; it noted, among other things, that the programme logic was sound, that the surveys were important instruments, the workshops well designed and organized and that the new approaches were positively received by government, parliament and civil society. It made 10 recommendations, most of which have been or are being implemented. The University of Utrecht is currently conducting a four-year research study on WBI's anti-corruption programme and is providing continual feedback and further recommendations for improvements.

Harmonisation of donor monitoring and reporting requirements

The donor community is concerned with the growing evidence that the totality and wide variety of donor requirements and processes for preparing, delivering and monitoring development assistance are generating unproductive transaction costs and exhausting the limited capacity of partner countries. At a recent meeting in Rome, Italy, of heads of multilateral and bilateral development institutions, representatives of the WB and IMF, other multilateral financial institutions and partner countries, a number of measures were discussed to simplify and harmonise development assistance monitoring and reporting requirements for partner countries.⁸⁵

83 <http://www.worldbank.org/data/databytopic/databytopic.html>

84 <http://www.worldbank.org/wbi/governance/govdata2001.htm>

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