

# **Final Report**

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

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## 1. Introduction

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This document presents an overview report on approaches to governance-related issues and links with poverty reduction objectives of development cooperation among a sample of European Union (EU) Member States and other donors. The report forms part of a study commissioned by the European Community Poverty Reduction Effectiveness Programme (EC-PREP) to contribute to the definition of a consistent and common EU approach to governance-related issues within the EC Directorate General Development (EC-DEV) initiative on Institutional Capacity Building. The Development Policy Coherence and Forward Studies unit within EC-DEV/B1 is coordinating this initiative.

The report is divided into four main sections:

- **Section 1:** provides contextual information including study objectives, core good governance areas covered, study methodology and analytical framework used.
- **Sections 2 & 3:** provide summary profiles of both Member State and other donor approaches to good governance.
- **Section 3:** offers an analysis of emerging themes and issues arising from the donor profiles in line with the study objectives.
- **Section 4:** presents the study's main conclusions and recommendations

There are two appendices as follows:

- **Appendix 1:** provides selected examples of Member State initiatives in the area of good governance.
- **Appendix 2:** includes the main sources used to prepare the various donor profiles and examples.

**Detailed profiles of Member State and other donor approaches are included in a separate Annex Report.**

### 1.1. Study Background

The European Commission and the Development Council agreed on the need to concentrate Community activities in a limited number of areas selected on the basis of their contribution towards reducing poverty and for which Community action provides added value. The Policy Statement adopted in November 2000 identifies six priority areas,<sup>1</sup> one of which is "Institutional capacity-building, particularly in the area of good governance and the rule of law." The statement says:

"Democratic institutions that work are a condition of sustainable development. Good governance, which includes the fight against corruption and the rule of law are decisive in strategies to reduce poverty."

At the Development Council in May 2002, the EC committed itself to deepen its work on governance. To this end, a working group with the Member States at expert level is being established with a view to defining a consistent and common EU approach to governance-

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1 Link between trade and development; regional integration and cooperation; macroeconomic policies and access to social services; transport; food security and sustainable development; institutional capacity-building, particularly in the area of good governance and the rule of law.

related issues in development cooperation. The study commissioned by EC-DEV is intended to contribute to this working group by:

- Presenting an overview of donors' (in particular Member States) approaches to the link between poverty reduction/the Millennium Development Goals and governance-related issues.
- Identifying the possibilities for coordination and complementarity between donors (in particular Member States) at both policy and operational levels.
- Helping to establish an EU common policy framework based on the links between democracy, good governance and development.

## 1.2. EC Context on Good Governance and Development

As indicated in the EC-DEV draft Issues Paper, the promotion of human rights and the consolidation of democratic principles, institutions and processes have become key objectives of the foreign and development policy of the EU.

Principles of good governance, as defined in key EC documents:

- **Background paper COM(98)146Final:** Para 14 states: "...good governance refers to the transparent and accountable management of all a country's resources for its equitable and sustainable economic and social development... Good governance therefore implies the existence of competent and effective institutions respecting democratic principles. The concept therefore extends the aims of democratisation into the sphere of resource management."
- **Cotonou Agreement (June 2000):** based on principles of good governance, human rights, democracy and the rule of law. Good Governance defined in Article 9 para 3: "In the context of a **political and institutional environment that upholds human rights, democratic principles and the rule of law**, good governance is the transparent and accountable management of human, natural, economic and financial resources for the purposes of equitable and sustainable development. It entails **clear decision-making procedures** at the level of public authorities, **transparent and accountable institutions, the primacy of law in the management and distribution of resources and capacity building** for elaborating and implementing measures aiming in particular at **preventing and combating corruption**."

Though definitions vary, the phrases in bold above form the main principles embodied in most definitions.

Several recent papers point to variations in definition, and the distinction to be made between governance and good governance.<sup>2</sup> It should be acknowledged that governance remains a particularly broad concept encompassing "many thematic areas of interventions and entry points that depends on country and regional differences such as language, culture, political sensitivities, etc."<sup>3</sup>

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2 See for example, *EC DG-Relex Non-Paper: Defining Governance and Good Governance*, 15 January 2003; draft issues paper annex 1; L. Paterson: *Governance and the European Community's Development Policy: A study for DFID*, October 2001.

3 See UNDP (2000), p. 2.

The related concept of democratic governance is a major focus of donor efforts to respond to the challenges outlined in the UN Millennium Declaration namely that governments "... will spare no effort to promote democracy and strengthen the rule of law, as well as respect for all internationally recognised human rights and fundamental freedoms, including the right to development." UNDP advocates the need for a common framework for democratic governance that integrates "all its various aspects and complimented with guidelines to identify relevant entry points in different circumstances and contexts, including countries in crisis and post crisis situation."<sup>4</sup>

There appear to be distinctions made between the principles of good governance and the way that these are translated into categories for development cooperation support, both between EC and Member States/other donors, and within the EC. For example, some Member States, such as France and Sweden, have tended to situate their governance-related initiatives within a democratic governance framework. Others such as Spain refer to governance more generally and tend to support a wider range of development cooperation projects under this heading.

The Cotonou Agreement Compendium of Cooperation Strategies provides guidance on objectives, policy orientations and operational guidelines in specific areas of cooperation. This spells out the EC approach to governance related issues mainly under the heading of Institutional Development and Capacity Building, within the framework of a section entitled "Thematic and Cross Cutting Issues" that also includes Gender, Environment and Conflict Prevention/Security. Institutional Development and Capacity Building includes four main areas:

- Promotion and strengthening of respect for human rights, democratic principles, rule of law, and transparent and accountable governance and administration
- Strengthening of the capacities of public institutions and public sector effectiveness; judicial reform; public sector reform; modernisation; decentralisation
- Restoration or enhancement of critical public sector capacity and institutions required for proper functioning of market-based societies
- Development of capacities of non-state actors and structures and mechanisms of information, dialogue and consultation between non-state actors and national authorities

### **1.3. Study Core Categories**

The EuropeAid Cooperation Office (EC AIDCO) chaired Thematic Working Group on Good Governance is contributing to the development of coherent approaches and a set of core principles, practices and policies with respect to good governance for application to the design and implementation of EC-funded programmes and projects in third countries. These core principles, practices and policies have been grouped by the AIDCO-chaired Working Group under six main clusters, which EC-DEV recommended as the core framework for categorising good governance initiatives in the sample review:

- Promotion and protection of human rights

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4 See UNDP (2000), p. 2.

- Support to democratisation, including support to electoral processes and electoral observation, the development of democratic institutions and public awareness of individual rights in a democratic regime
- Reinforcement of the rule of law and strengthening of the judiciary
- Enhancement of the role of non-state actors including civil society capacity building
- Public administration reform, particularly with regard to the management of public finances and civil service reform
- Decentralisation and local government reform/capacity building

Each of these clusters may involve important cross-cutting themes/principles of good governance that feature in Cotonou and subsequent development cooperation agreements:

- Capacity building
- Gender equality
- Environmental, social and economic sustainability
- Participation, consultation and partnership mechanisms
- Transparency and accountability
- Anti-corruption measures
- Conflict prevention

EC-DEV requested that the review should also include the extent to which good governance initiatives in the sample are concentrating on:

- More recent EC political priority themes such as migration, security and terrorism
- Specific situations/contexts such as the needs of post-conflict countries
- Public-private sector relations on issues such as international accounting standards/norms, contract enforcement, property rights and corporate governance.

#### 1.4. Study Methodology and Approach

Given the study's limited time frame (December 2002-June 2003) and budgetary constraints, the study team agreed at the outset with EC-DEV to adopt a desk-based approach with an initial focus on information readily available on relevant donor websites. Direct contact with Member State representatives was only envisaged following their acceptance of the invitation from EC-DEV to participate in the study as country experts and to attend the Expert Group meeting on 25 February 2003 in Brussels. This meeting was also seen as an opportunity to identify additional, relevant Member State documentation.

Given the study parameters outlined above and with the approval of EC-DEV, the study team selected a sample of member States and other donors to include the following:

- **Member States:** Belgium, Denmark, France, Germany, Netherlands, Spain, Sweden<sup>5</sup> and United Kingdom

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<sup>5</sup> Of the eight EU Member States selected for inclusion in the study, only Sweden did not send a representative to the Expert Group meeting. This meant that the study team did not receive any feedback from Sweden on the initial draft report. The first formal comment on the study team's summary and detailed profiles of Sweden's

- **Other donors:** African Development Bank, New Partnership for Africa's Development, Norway (Ministry of Foreign Affairs and Norwegian Agency for Development Cooperation), Switzerland (Swiss Agency for Development and Cooperation), UN Development Programme, UN Office of the High Commissioner for Human Rights, USA (United States Agency for International Development) and World Bank

The study has aimed to provide, for each Member State/donor included in the sample, a summary profile of the context for, approach to and main categories of support in the field of good governance, and how this relates to the priorities defined by the EC above, in order to identify areas of commonality/difference in relation to current EC priorities. The framework used for the review of MS/other donor approaches is outlined below, shown in Table 1 on the following page.

During and following the Expert Group meeting, Member State representatives were invited to comment on the working draft presented and to submit additional information and documentation. Up to June 2003, the study team continued to maintain regular email and/or phone communication with Member State representatives to obtain feedback on subsequent drafts. Member State representatives were also offered an opportunity to present an example of an initiative that is particularly illustrative of its approach to good governance in development cooperation. This could be either a specific country or regional project or programme, or an example of Member State leadership on donor coordination in this area. Belgium, France, Germany, the Netherlands and the United Kingdom provided examples and these are summarised in Appendix 1 of this report.

In practice, the amount and scope of information readily available has varied substantially between donors (particularly for non-EU donors<sup>6</sup>), most notably in relation to the level of detail about how interventions are developed, implemented and evaluated.

The information provided on MS/other donor approaches is based on available data collected by the study team, and therefore does not necessarily reflect the official position of the different governments and institutions included in the study.

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approach to good governance was not received from the Swedish Ministry for Foreign Affairs until 27 June 2004, after the deadline agreed for final feedback from Member State representatives.

<sup>6</sup> The review of other donor approaches is based exclusively on information available on organisational websites and in publicly available documentation.

**Table 1: Framework for Review Analysis**

**A. CONTEXT: WHAT FOR & WHY?**

- i. Development Policy context – key policy objectives and priorities (e.g., Germany: poverty reduction in the context of sustainable development; DFID: poverty reduction)
- ii. Conceptual stance on good governance:
  - a. How principles of good governance defined
  - b. How good governance perceived to contribute to development objectives
- iii. Raison d'être of approach/ key objectives for strategy
- iv. Particular policy focus/priorities, including any 'no go' areas

**B. CATEGORIES & ACTIVITIES: WHAT is being supported?**

- i. Key categories defined for development support in governance-related areas
- ii. Key development initiatives, and relative scale of support under each aspect of good governance
- iii. Geographic spread/focus
- iv. Donor specific features and priorities
- v. Degree of 'fit' with EC AIDCO categories and other EC priorities

**C. APPROACHES TO IMPLEMENTATION: HOW?**

- i. Approaches to diagnosis, priority setting (especially whether there is a systematic survey, key data sources etc)
- ii. Policy and decision-making processes – involvement of state & non-state actors in developing initiatives / programmes, and how
- iii. Programme implementation strategies; e.g. choice of partners, bilateral / multilateral focus
- iv. Approach to monitoring and evaluation

## 2. Summaries of Member State Approaches

This section of the report presents summary profiles of Member State approaches to good governance in their development cooperation programmes. These summaries are primarily based on more detailed individual Member State profiles, which are provided in a separate Annex Report.

### 2.1. Belgium

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

#### 2.1a. Context: What for and why?

<b>Development policy objectives &amp; priorities</b>	To enhance and sustain partner countries' capabilities for fighting against poverty and promoting human security
<b>How principles of good governance defined</b>	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
<b>Contribution of good governance to development objectives</b>	Political change through violence 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
<b>Raison d'être of approach</b>	Explicit linkage between governance programming, enhancement of structural stability, poverty reduction and human security
<b>Particular policy focus/priorities</b>	Rights-based approach; emphasis on political dimensions of poverty and linkages to meeting basic needs and promoting human rights and fundamental freedoms

#### 2.1b. Categories and Activities: What is being supported?

<b>Key categories for development support in governance areas</b>	Conflict prevention and peace-building, respect for and promotion of human rights and fundamental freedoms
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<p><b>Key development initiatives and relative scale of support</b></p>	<p>About 10% of Belgium’s direct bilateral aid is oriented towards Governance. Proportion of total spent in bilateral and multi-lateral governance projects: 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%)</p> <p>Plus two specific governance related budget lines, i) conflict prevention, peace-building, and human rights ii) financial support to local NGOs</p> <p>Plus governance programming via a number of multilateral agencies.</p> <p>Belgian ODA 2002: €1.13 billion Governance-related ODA: approximately €60 million</p>
<p><b>Geographic spread/focus</b></p>	<p>Bilateral cooperation to 24 partner countries and the SADC region</p> <p>In financial terms, traditionally more than two-thirds of the specific governance-related programmes and projects are located in the African Great Lakes Region.</p>
<p><b>Donor specific features and priorities</b></p>	<p>Bilateral cooperation: focus on public sector reform, including security sector reform, in support of partner countries’ peace-building, sustainable development and poverty reduction policies. Plus strong emphasis on promotion of structural stability and peace in partner countries via multilateral agencies and international/Belgian NGOs. Support for local NGOs working in human rights, conflict prevention and peace-building in seven partner countries, mostly in Sub-Saharan Africa.</p>
<p><b>Degree of ‘fit’ with EC AIDCO and EC priorities</b></p>	<p>Generally consistent with AIDCO. Strong emphasis on decentralisation and public sector reform as well as promotion of human rights, conflict prevention and peace-building. Key role for local non-state actors in some governance areas. Less emphasis on formal democratisation initiatives.</p>

### 2.1c. Approaches to Implementation: How?

<p><b>Diagnosis and priority setting</b></p>	<p>Mandates spread among several government departments/agencies so as to separate the programming, implementation and evaluation phases. Post of cooperation attaché with diplomatic status in partner countries, in charge of dialogue with the partner country, the donor community and the target groups; joint identification and monitoring of cooperation programmes and projects. The attaché has responsibility and sees to the implementation of policies as reflected in Country Strategy Papers and sectoral strategy paper.</p>
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<p><b>Policy and decision making processes</b></p>	<p>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; additional and complementary governance-specific funds and multilateral budget lines are administered by DGDC.</p>
<p><b>Programme implementation strategies</b></p>	<p>Bilateral assistance provided to 24 countries in Africa, Asia and Latin America.</p> <p>As well as bilateral assistance, development partnerships have been established with a number of multilateral 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).</p> <p>Quick reply and catalytic project financing in the field of conflict prevention, peace-building and human rights via specific conflict prevention/peace-building/human rights budget line (€15 million per year)</p>
<p><b>Approach to monitoring and evaluation</b></p>	<p>Evaluation Desk, attached to Ministry of Foreign Affairs, is responsible for (ex post) evaluation. Criteria, amongst others:</p> <ul style="list-style-type: none"> <li>• Context of structural stability and poverty reduction strategies</li> <li>• Complementarity of interventions and instruments</li> <li>• Strengthening of local ownership</li> <li>• Issues of development relevance and sustainability</li> <li>• Follow-up capacity</li> <li>• Process-oriented assessments</li> </ul> <p>In addition, a specific development policy and programme monitoring and audit unit has been established within the DGDC. Finally, governance programme monitoring partially occurs on the basis of annual reporting to federal Parliament on the human rights situation in Belgium’s partner countries in the developing world.</p>

## 2.2. Denmark

Royal Danish Ministry of Foreign Affairs – MFA

Danish International Development Assistance – Danida

### 2.2a. Context: What for and why?

<b>Development policy objectives and priorities</b>	Promotion of sustainable development through poverty-oriented economic growth. Key policy areas: poverty reduction, safeguarding the environment, equal participation of women and men in the development process, and democratisation and respect for human rights. New challenges include: globalisation; the impact of information technology; and preventing, settling and reducing armed conflicts.
<b>How principles of good governance defined</b>	Human rights; democratisation; political culture, electoral assistance; preventing corruption, popular participation and decentralisation. Denmark considers the private sector to be an important partner in promoting human rights
<b>Contribution of good governance to development objectives</b>	A stable democratic state with an informed civil society and a vibrant private sector fosters economic growth.
<b>Raison d'être of approach</b>	Promotion of good governance both as an integral element in development activities and through support for democratisation and human rights activities.
<b>Particular policy focus/priorities</b>	Respect for human rights; promotion of the rule of law; free media; political systems to accommodate ethnic, cultural and religious diversity; propagation of ethical values to counter corruption, abuse of power and organised crime; involvement of civil society, and development of private sector. Aid is reduced or discontinued to countries that do not adhere to principles of respect for human rights and democracy.

## 2.2b. Categories and Activities: What is being supported?

<p><b>Key categories for development support in governance areas</b></p>	<p>Good governance both as integral element in development activities and through independent support for democratisation and human rights activities.</p> <p>Focuses on these areas in its political dialogue with developing countries and in negotiations in the international system.</p> <p>Local and national political systems to accommodate ethnic, cultural and religious diversity.</p> <p>Establishment of a well-functioning legal system, promotion of the rule of law and the combating of human rights violations.</p> <p>Establishment of institutions and the propagation of ethical values to counter corruption, abuse of power and organised crime, including cross-border crime.</p> <p>Mechanisms for the systematic involvement of civil society and the establishment of a free press.</p>
<p><b>Key development initiatives and relative scale of support</b></p>	<p>Denmark's total contribution (budgeted) to development cooperation including environmental assistance: in 2002, DKK 13.9 billion (1% of GNP). For 2003, DKK 12.9 billion (0.9% of GNP). No statistics for good governance activities is available, since a substantial part is channelled through sector programme support</p>
<p><b>Geographic spread/focus</b></p>	<p>Multilateral development assistance for poverty reduction activities through international organisations and regional development banks that demonstrate focus, efficiency and desire for results. Bilateral support to 15 programme countries through sector support; human rights and other governance issues considered both as target and cross-cutting issues. Also transition support to non-programme countries to further improvements in human rights, democratisation, and popular participation. Geographic spread in descending order: Africa, Asia, Latin America. Environmental assistance to Southern Africa and Southeast Asia.</p>
<p><b>Donor specific features and priorities</b></p>	<p>Main objective of Danish ODA policy is that partner countries use resources effectively and ensure ownership and sustainability of activities.</p>
<p><b>Degree of 'fit' with EC AIDCO and EC priorities</b></p>	<p>Generally consistent with most AIDCO categories. Support for general decentralisation and public administration initiatives through sector programme support. In addition specific anti-corruption support.</p>

## 2.2c. Approaches to Implementation: How?

<b>Diagnosis and priority setting</b>	Good governance policy development is the responsibility of the MFA's policy and planning department Undertaken based on experience from previous and ongoing projects.
<b>Policy and decision making processes</b>	Needs assessment is integral to the regular planning of Danish ODA and the responsibility of MFA's policy and planning department. Detailed cooperation plans exist for all Danish programme countries and major multilateral development institutions. Danish diplomatic representation in a partner country enhances chance of success in project implementation and Danish ODA is being decentralised resulting in increasing responsibility being transferred to field level.
<b>Programme implementation strategies</b>	Involvement of Danish, local and international NGOs for human rights and democratisation important. Combinations of state-to-state and NGO-to-NGO support useful for creating synergies.
<b>Approach to monitoring and evaluation</b>	Governance-related project and programmes are monitored and evaluated as all other Danish ODA activities. For country sector programmes, previous results and experiences are taken into consideration.

## 2.3. France

French Ministry of Foreign Affairs (MFA)

General Directorate for International Cooperation and Development (GDICD)

Agence Française de Développement (Afd)

### 2.3a. Context: What for and why?

<b>Development policy objectives and priorities</b>	Sustainable human development, achieved through the fight against poverty, inequality and social exclusion.
<b>How principles of good governance defined</b>	General concept of governance has evolved from 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 with priority given to human rights, democratisation, judiciary, reform and devolution of central government as well as combating organised crime and corruption. Good governance encompasses appropriate management of public affairs as well as a growing role for non-state actors.
<b>Contribution of good governance to development objectives</b>	Democratic governance central to poverty reduction and sustainable development.

<b>Raison d'être of approach</b>	France's cooperation policy is based 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.
<b>Particular policy focus/priorities</b>	Focus on strengthening of democracy, promoting the rule of law and other principles of democratic governance and respect for human rights and fundamental freedoms.

### 2.3b. Categories and Activities: What is being supported?

<b>Key categories for development support in governance areas</b>	<p>Promotion of rule of law                  Support for devolution and local authorities                  Support to judiciary                  Technical cooperation in law enforcement                  Combating organised crime and corruption                  Respect for human rights</p>
<b>Key development initiatives and relative scale of support</b>	<ul style="list-style-type: none"> <li>• <b>Support for devolution and local authorities:</b> Municipal Development Programme: facilitating national political dialogue, promoting partnerships between local authorities and other players in local development.</li> <li>• <b>Support to the judiciary:</b> setting up pilot legal extension centres (Mali) and providing training to future para-legals (Madagascar).</li> <li>• <b>Technical co-operation in law enforcement:</b> training to improve the professional skills of, for example, the police.</li> <li>• <b>Combating organised crime and corruption:</b> supporting the work of Centre for International Crime Prevention among others.</li> <li>• <b>Respect for human rights:</b> supporting creation of national advisory committees on human rights, developing pilot projects to inform citizens of their rights, supporting national or international NGOs, training national experts. Also carries out education programmes.</li> </ul> <p>In 2001, French ODA totalled €4.7 billion or 0.32% of GNP. Annual budget for institutional development cooperation totalled €43 million in 2002. At end of 2002, there were 69 active institutional development FSP (Priority Mutual Aid Funds) projects with accumulative value of €84.5 million. Key sectors included public administration reform (23%), urban development (21%), justice (19%), decentralisation (13%) and police (9%).</p>
<b>Geographic spread/focus</b>	55 Countries of 'Priority Zone', especially Sub-Saharan Africa.

<p><b>Donor specific features and priorities</b></p>	<p>Priorities for French development cooperation are combating poverty through promotion of democratic governance. Intention to link the level of its bilateral cooperation to the progress made by each country in the areas of democracy and human rights.</p> <p>France is a strong promoter of 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).</p>
<p><b>Degree of 'fit' with EC AIDCO and EC priorities</b></p>	<p>Generally consistent with AIDCO with strong focus on decentralisation, law enforcement, judicial reform and human rights. Growing emphasis on combating corruption and organised crime.</p>

### 2.3c. Approaches to Implementation: How?

<p><b>Diagnosis and priority setting</b></p>	<p>Activities determined by the international body and in line with French priorities. Generally conditional on the use of French technical expertise and the project concepts are generally developed in the partner country with the international organisation's country representatives. New policy paper suggests growing emphasis will be placed on programmes and cooperation methods that contribute to process of democratisation and establishment of rule of law. Growing emphasis on democratic governance expected to provide impetus for new methods of identifying partners and policy formulation.</p>
<p><b>Policy and decision making processes</b></p>	<p>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 and involved in training activities.</p>
<p><b>Programme implementation strategies</b></p>	<p>The French Development Agency (Agence française de développement – AfD) is a key agency for implementation and evaluation.</p> <p>France provides multilateral development assistance to UN organisations and agencies, and to international development banks as contributions to core funding or for specific projects.</p>
<p><b>Approach to monitoring and evaluation</b></p>	<p>One in six AfD funded projects is subject to evaluation by a unit of the Agency which is independent of the operational departments. Focus on democratic governance expected to provide impetus for new approaches to processes of measurement and evaluation.</p>

## 2.4. Germany

### Federal Ministry for Economic Cooperation and Development

(Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung, BMZ)

#### 2.4a. Context: What for and why?

<p><b>Development policy objectives and priorities</b></p>	<p>Development policy is component part of global structural and peace policy based on 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. Poverty alleviation is an overarching goal of development policy, incorporating all these dimensions.</p>
<p><b>How principles of good governance defined</b></p>	<p>Principles of good governance are expressed in five BMZ criteria (1991) :</p> <ul style="list-style-type: none"> <li>• Respect for human rights (including freedom from torture, freedom of religion, protection of minorities)</li> <li>• Popular participation in political decision making (freedom of association, holding democratic elections, freedom of the press)</li> <li>• Rule of law and certainty of the law (independence of the judiciary, same law for all, transparency and predictability of state action)</li> <li>• Market-friendly social economic order (protection of property rights, market pricing, competition principles, core labour standards, right to social security)</li> <li>• Development oriented state action (government policy oriented to ecologically and socially sustainable development, fight against corruption, efficiency of public administration etc, scope of military expenditure)</li> </ul>
<p><b>Contribution of good governance to development objectives</b></p>	<p>Good Governance contributes to all global development objectives. good governance is key factor in the inclusion of poor population groups and in poverty reduction in general. In addition, 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.</p>
<p><b>Raison d'être of approach</b></p>	<p>Conceptual approach to good governance is shaped by international debate, European values of freedom, democracy and human rights, and German experience and priorities. Five criteria outlined above are used in bilateral cooperation both as conditions (promotion criteria) for development support, and as areas for promotion initiatives. They also provide basis for multilateral dialogue and coordination.</p>

<p><b>Particular policy focus/priorities</b></p>	<p>Priority governance area is ‘Democracy, civil society and public administration’ encompassing human rights (in particular women and children), legal and administrative reform, decentralisation and municipal development. Informed by German legal and administrative experience and key value objectives underpinning all German development cooperation: openness – no fixed blueprints; partnership and ownership; participation and target group orientation; sustainability and self-help.</p>
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**2.4b. Categories and Activities: What is being supported?**

<p><b>Key categories for development support in governance areas</b></p>	<p>Core areas of support under the good governance heading are measures for state and administrative reform, with emphasis on measures to promote the rule of law, and capacity- and institution- building in the public sector. 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.</p>
<p><b>Key development initiatives and relative scale of support</b></p>	<ul style="list-style-type: none"> <li>• Decentralisation and municipal development</li> <li>• Legal and judicial reform</li> <li>• Public institution building</li> <li>• Fight against corruption</li> </ul> <p>Increase in international development aid is pledged from the current 0.27% of Gross national Income to 0.33% by 2006. The total aid budget in 2001 amounted to €5.51 billion.. In 2002 the commitments for “state and civil society” comprised around €40 million for PD/GG1 and €260 million for 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.</p>
<p><b>Geographic spread/focus</b></p>	<p>Overall bilateral cooperation combines regional focus on 70 cooperation countries with sectoral concentration on 10 development priority areas. ‘Democracy, civil society and public administration’ has been agreed as focus for cooperation with 31 countries, mainly in Africa and Latin America</p>
<p><b>Donor specific features and priorities</b></p>	<p>Five good governance criteria represent a wider and different conceptualisation of good governance based on desired outcomes rather than categories based on governance functions.</p>

<p><b>Degree of ‘fit’ with EC AIDCO and EC priorities</b></p>	<p>Priority governance area for bilateral support ‘Democracy, civil society and public administration’ cover 6 AIDCO clusters, focussing on institution and capacity building in public sector, with particular emphasis on decentralisation and municipal development and civil society capacity building/political participation. More recently increased emphasis being placed on anti-corruption.</p>
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#### 2.4c. Approaches to Implementation: How?

<p><b>Diagnosis and priority setting</b></p>	<p>Characterised by pluralist, decentralised structure in which various governmental and non-governmental organisations operate, each with own specific performance profiles and partner structures. Due to breadth of good governance issue, and its cross-cutting nature, it plays key role in work of most of those organisations. 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.</p>
<p><b>Policy and decision making processes</b></p>	<p>The Federal Ministry for Economic Cooperation and Development (BMZ) is responsible for development policy planning, bilateral coordination, multilateral relations and monitoring. Individual cooperation projects and programmes are implemented by independent (non profit) government owned corporations and agencies working on behalf of BMZ</p>
<p><b>Programme implementation strategies</b></p>	<p>In addition to bilateral processes outlined above, Germany supports good governance policies of WB, AfDB, AsDB, IDB and CDB through involvement in supervisory bodies and financial inputs. Germany contributes approximately 25% of EC development cooperation. Provides financial inputs to UNDP programmes for decentralisation and the fight against corruption, and promotes donor coordination through OECD/DAC (GOVNET)<sup>7</sup> and PRSP processes.</p>

<sup>7</sup> OECD/DAC work on ‘Good Governance, Capacity Development, Conflict and Peace’ is undertaken by the Network on Good Governance and Capacity Development (GOVNET) and the Network on Conflict, Peace and Development Cooperation (CPDC Net), respectively. GOVNET is an international forum that brings together practitioners from development co-operation agencies as well as experts from partner countries to share their experience, identify best practice and provide guidance to the DAC. Key areas of work include anti-corruption, public sector reform and guidance on principles for engagement with countries with severe governance problems.

<p><b>Approach to monitoring and evaluation</b></p>	<p>BMZ provides oversight, coordination and standard setting for M&amp;E by various agencies. BMZ concentrates on strategic forms of cross-project evaluation and strategic controlling with aim of further developing organisational, institutional and conceptual aspects of German system of development co-operation.</p> <p>Good governance evaluation work gives special attention to:</p> <ul style="list-style-type: none"> <li>• Thorough analysis of the political framework conditions (context)</li> <li>• Focus on possible impact rather than on project outputs</li> <li>• Participatory process, involving local knowledge and independent local experts</li> <li>• Activities and approaches of other donors as well as donor coordination</li> </ul>
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## 2.5. Netherlands

### Ministry of Foreign Affairs

#### 2.5a. Context: What for and why?

<p><b>Development policy objectives and priorities</b></p>	<p>Sustainable poverty reduction is the main policy objective and the MDGs provide a guideline for policy development. Aims to bring greater policy coherence and co-ordination to international development assistance.</p>
<p><b>How principles of good governance defined</b></p>	<p>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.”<sup>8</sup> Fighting and preventing corruption is considered to be a crucial factor in the good governance process. Also recognition of inter-relationship between good governance, human rights and peace-building</p>
<p><b>Contribution of good governance to development objectives</b></p>	<p>Good governance in its broad sense is considered to be a key to development. Respect for human rights, application of principles of rule of law and introduction of multi-party democracy can contribute to economic development linked to principle of equal distribution. Development cooperation is also about progress with individual rights and individual development. This is supported by promotion of pluralist democracy, of social and economic rights and equal opportunities.</p>

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

<p><b>Raison d'être of approach</b></p>	<p>Good governance as an indispensable part of poverty reduction and fighting corruption indispensable to the pursuit of good governance. Overall approach to development cooperation is based on three guiding principles: ownership, utilisation of domestic resources and poverty focus. Development cooperation budget increasingly being used as part of integrated foreign policy with meeting development targets and contributing to global peace and security seen as “mutually reinforcing activities.”</p>
<p><b>Particular policy focus/priorities and no go areas</b></p>	<p>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.”<sup>9</sup> The main objective of Dutch policy on human rights is to promote respect for and the observance of these rights, while overall policy objective for peace-building is to strengthen, reform and create institutional capacity and the instruments needed to achieve lasting peace.</p>

**2.5b. Categories and Activities: What is being supported?**

<p><b>Key categories for development support in governance areas</b></p>	<p>The Peacebuilding and Good Governance Division of the Human Rights and Peacebuilding Department of the Ministry of Foreign Affairs allocates tasks based on five good governance sub-themes:</p> <ul style="list-style-type: none"> <li>• Legislative</li> <li>• Executive</li> <li>• Judiciary</li> <li>• Civil Society and the Media</li> <li>• Anti-Corruption</li> </ul>
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9 See *Policy Plans for the Theme-based Cofinancing Programme*, [www.minbuza.nl](http://www.minbuza.nl)

<p><b>Key development initiatives and relative scale of support</b></p>	<p><b>Anti-corruption:</b> assist with formulation of anti-corruption policy as a cross-cutting issue; help to implement the Utstein Action Plan<sup>10</sup>; provide practical input to PRSPs; support for audit institutions.</p> <p><b>Decentralisation:</b> assist in the formulation of policy; help to generate knowledge and develop a toolkit; and assist in implementation of decentralisation processes and support for local governance</p> <p><b>Democratisation:</b> national and international knowledge exchange and policy development; support for elections and election monitoring; support for democratisation processes</p> <p><b>Human Rights:</b> improve human rights protection; institution building on human rights</p> <p><b>Peace and security:</b> strengthen democratic structures, processes and institutions; democratic control of the security sector; disarmament, demobilisation and reintegration; strengthen role of the media; rehabilitation that prevents exclusion and promotes access to political decision-making</p> <p>Fixed ODA budget of 0.8% of gross national product (GNP), which in 2002 amounted to €4 billion. Indicative figures for governance-related ODA in 2002 included the following:</p> <ul style="list-style-type: none"> <li>• Central budget for Governance: €20 million (mostly in support of international NGOs)</li> <li>• Embassy budgets: general governance support €60 million</li> <li>• Decentralisation/local government: €13 million</li> <li>• Rule of law: €7 million.</li> </ul>
<p><b>Geographic spread/focus</b></p>	<p>23 priority core countries eligible for a wide range of long-term structural development cooperation with good governance identified as one of major screening criteria for country selection. Also provides bilateral assistance to 18 other ‘governance’ countries where there is a pressing need to strengthen governance systems and processes, and to promote human rights and peace-building.</p>
<p><b>Donor specific features and priorities</b></p>	<p>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.</p>
<p><b>Degree of ‘fit’ with EC AIDCO and EC priorities</b></p>	<p>The Netherlands development cooperation programmes cover all six of the AIDCO clusters. Anti-corruption appears to be a growing area of focus.</p>

<sup>10</sup> The Utstein Group was formed by the development ministers of Germany, Netherlands, Norway, and UK formed in July 1999 to develop a joint action plan for fighting corruption in developing countries. See: [www.u4.no](http://www.u4.no)

## 2.5c. Approaches to Implementation: How?

<p><b>Diagnosis and priority setting</b></p>	<p>Bilateral aid focused on core countries where good governance, human rights, and peace-building are key development priorities. When selecting priority partner countries, good governance not seen as an absolute norm but rather as an emergent process. Governance of partner country has to show signs of being or becoming more participatory, legitimate, efficient and transparent.</p>
<p><b>Policy and decision making processes</b></p>	<p>A separate Minister for Development Co-operation works within the Ministry of Foreign Affairs. In addition to the Peacebuilding and Good Governance Division, other departments 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 core and governance groups of countries. 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.</p>
<p><b>Programme implementation strategies</b></p>	<p>Promotes use of country-owned strategies particularly through PRSP framework. Part of effort to enhance donor coordination and emphasise importance of sector-wide approach. Linked to PRSP process, 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 criterion will also "be tightened up" with country-specific indicators identified to enable administrative trends to be more effectively monitored.<sup>11</sup> Also works closely with both NGOs and private sector in Netherlands and partner countries. At international level, works with World Bank and World Bank Institute to fight corruption. Contributes to the UN's global anti-corruption programme UNCICP and the Programme for Accountability and Transparency (PACT/UNDP). Also donor coordination via Utstein process.</p>
<p><b>Approach to monitoring and evaluation</b></p>	<p>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. Levels of legitimacy, transparency, participation and effectiveness are the main indicators used to assess the quality of governance.</p>

<sup>11</sup> See *Policy Agenda 2003*, p. 8, [www.minbuza.nl](http://www.minbuza.nl)

## 2.6. Spain

Ministry of Foreign Affairs, the State Secretariat for International Cooperation

Spanish Agency for International Cooperation (AECI)

### 2.6a. Context: What for and why?

<p><b>Development policy objectives and priorities</b></p>	<p>Reducing poverty and fostering sustainable, equitable and participatory development in Southern countries and integrating Southern economies into financial and economic globalisation. 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 MDGs, poverty reduction has become overarching goal across entire aid system. Plans for increased spending on poverty reduction, including basic social services such as health and education.</p>
<p><b>How principles of good governance defined</b></p>	<p>Good governance seen as the strengthening of democratic states through programmes and projects which:</p> <ul style="list-style-type: none"> <li>• Foster democracy</li> <li>• Promote human rights</li> <li>• Build civil society</li> <li>• Develop and strengthen institutions</li> <li>• Promote police and security reform</li> <li>• Reform the judiciary</li> <li>• Guarantee the rule of law</li> <li>• Modernise legislative institutions</li> <li>• Strengthen local governments</li> <li>• Improve the management and quality of public services</li> <li>• Protect the most vulnerable groups including indigenous populations</li> <li>• Build and strengthen democratic institutions and participatory mechanisms</li> </ul>
<p><b>Contribution of good governance to development objectives</b></p>	<p>Acknowledged that stable institutions and legal frameworks are essential for development. Spain's approach to good governance aims at the promotion of social and human development based on principles of participation, equality and sustainability.</p>
<p><b>Raison d'être of approach</b></p>	<p>Approach to good governance aims at promotion of social and human development based on principles of participation, equality and sustainability. Human rights considered to be closely linked to the promotion of democracy.</p>

<p><b>Particular policy focus/priorities</b></p>	<p>Two priority action areas: public order and security and strengthening public administration. Spain’s peaceful democratic transition and experience reaching political consensus on important political issues has made it an international reference for how to successfully address complex challenges posed by democratic reforms.</p>
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**2.6b. Categories and Activities: What is being supported?**

<p><b>Key categories for development support in governance areas</b></p>	<p>The top eight categories of support in governance are:</p> <ul style="list-style-type: none"> <li>• Public Order and Security Forces</li> <li>• Public Administration</li> <li>• Civil Society and NGOs</li> <li>• Human Rights</li> <li>• Indigenous Communities</li> <li>• Decentralisation</li> <li>• Drug Control</li> <li>• Unions and Worker Rights</li> </ul>
<p><b>Key development initiatives and relative scale of support</b></p>	<p>Key actions included in the public order and security sector are post-conflict peace-keeping missions and requests for security aid made by the recipient country. Strengthening public administration focuses on professionalisation of civil servants. 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. 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 co-operation grant aid.<sup>12</sup></p>
<p><b>Geographic spread/focus</b></p>	<p>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, large proportion of aid goes to this region. Latin America receives almost a third of governance expenditure while Central and Eastern Europe receives the highest share of governance aid at more than 40%. In the 2001-04 Master Plan, Sub-Saharan Africa identified as a priority intervention region due to high poverty level. In Asia, Spanish cooperation concentrated on Philippines, China and Vietnam, with only about 3.5% of governance aid targeted at Asia.</p>

<sup>12</sup> 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.

<b>Donor specific features and priorities</b>	Spanish cooperation in Latin America expected to concentrate on 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.
<b>Degree of 'fit' with EC AIDCO and EC priorities</b>	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.

## 2.6c. Approaches to Implementation: How?

<b>Diagnosis and priority setting</b>	<p>Priority regions in the 2001-04 Master Plan are selected according to the following criteria:</p> <ul style="list-style-type: none"> <li>• Level of poverty</li> <li>• Level of development</li> <li>• Conflict in the concerned countries</li> <li>• Regions where assistance is efficient</li> </ul> <p>The law for international development, approved unanimously by the two main political parties, sets as priority regions Latin America, Arab countries in the Mediterranean region and countries in other regions with historic and cultural links with Spain.</p> <p>Decisions on priorities are taken via a system of joint commission together with the recipient country, mainly in Latin America.</p>
<b>Policy and decision making processes</b>	Spain's development cooperation programme is based on Master Plan (2001-2004). Various actors at central, regional and local government levels within Spain are responsible for governance-related development cooperation. AECI is the main actor with Ministry of Interior, Ministry of Defence and Secretary of State for Security also playing key roles. Spanish regional and local authorities administer almost 25% of funding in the governance area.
<b>Programme implementation strategies</b>	<p>Regional cooperation, programmes for municipal development, and institutional strengthening for good governance are developed mainly in Latin America.</p> <p>Multilateral cooperation includes support for: ILO IPEC programme (child labour eradication in Latin America); ILO programme on Modernisation of Work Administration in Central America; and Inter-American Commission for Human Rights, among others.</p>
<b>Approach to monitoring and evaluation</b>	No information provided on Spain's approach to M&E in development cooperation generally or in governance areas specifically.

## 2.7. Sweden

Swedish Ministry for Foreign Affairs (MFA)

Swedish International Development Cooperation Agency (SIDA)

### 2.7a. Context: What for and why?

<p><b>Development policy objectives and priorities</b></p>	<p>Democracy and respect for human rights as essential for achievement of other objectives: economic growth, economic and social equality, economic and political independence, sustainable environmental management, and gender equality.</p> <p>“Our common responsibility – Sweden’s policy for global development” is a new Government bill (May 2003), which proposes 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.</p> <p>Recent Budget Bills outline Government’s intention to reinforce support for sustainable democratic development and respect for human rights through international development cooperation.</p>
<p><b>How principles of good governance defined</b></p>	<p>Goals within the operational area of democratic governance emphasise importance of central democratic institutions.</p> <p>Work 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). Good governance seen 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.</p>
<p><b>Contribution of good governance to development objectives</b></p>	<p>Citizen participation in democratic state fosters economic growth, reduced population growth and social well-being and cohesion.</p>
<p><b>Raison d’être of approach</b></p>	<p>Democratic governance seen as being key to poverty reduction; prevention of conflicts and/or their peaceful resolution; participation of all citizens in development; and fighting corruption.</p>
<p><b>Particular policy focus/priorities</b></p>	<p>Democratic development and respect for human rights. Sweden’s policies stress a multidimensional approach to poverty reduction and a rights-based perspective on development.</p>

## 2.7b. Categories and Activities: What is being supported

<p><b>Key categories for development support in governance areas</b></p>	<p>‘Our common responsibility – Sweden’s policy for global development’ (May 2003) proposes new goals for contributing to fair and sustainable global development focusing on poverty reduction and human rights.</p> <p>The specific categories in Sweden’s development cooperation related to democracy and human rights are as follows:</p> <ul style="list-style-type: none"> <li>• Respect for human rights: fundamental freedoms, security and an adequate standard of living</li> <li>• Active participation in political life of women and men on equal terms</li> <li>• Democratic culture of tolerance, respect, participation and transparency</li> <li>• Viable civil society with a strong social capital and diversity of democratic organisations</li> <li>• Free and independent media</li> <li>• Effective and viable democratic institutions and procedures (particularly elections and parliaments)</li> <li>• Rule of law</li> <li>• Public administration that serves democracy</li> <li>• Well-developed local democracy</li> </ul>
<p><b>Key development initiatives and relative scale of support</b></p>	<p>Multilateral support to programmes of international organisations; bilateral support for training and monitoring (human rights, law enforcement, drafting of laws, national and local governance education). ‘Twinning’, i.e. strengthening public organisations in partner countries through cooperation with Swedish sister organisations. Support for local NGOs for citizen education and understanding of legal rights and obligations. Global allocation for 2003 to International Development Cooperation is over SEK 16 billion. Scale of support for governance-related initiatives not available.</p>
<p><b>Geographic spread/focus</b></p>	<p>Bilateral support provided to about 100 countries worldwide, global and regional bodies and NGOs. Level of support in descending order: Africa, Asia, global development programmes, Eastern Europe, Latin America, NGOs.</p>
<p><b>Donor specific features and priorities</b></p>	<p>Sweden emphasises a multidimensional approach to poverty reduction and a rights-based perspective on development. Sweden aims to support growth which leads to a sustainable reduction of poverty in accordance with the MDG of halving poverty by 2015.</p>

<p><b>Degree of ‘fit’ with EC AIDCO and EC priorities</b></p>	<p>There is a strong correlation between the AIDCO categories and Sweden’s work on democratic governance and human rights. A general policy for decentralisation has yet to be drafted within Sida. The current emphasis is on strengthening local government capability rather than foster decentralisation (i.e. Twinning and Local Democracy and local Governance training).</p>
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### 2.7c. Approaches to Implementation: How?

<p><b>Diagnosis and priority setting</b></p>	<p>Research and discussion on principles and practices to orient support for maximum impact. Experience from previous and ongoing projects evaluated (including by SAREC, Sida’s department for research cooperation).</p>
<p><b>Policy and decision making processes</b></p>	<p>Swedish development 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.</p> <p>Sweden considers its main task to support growth that leads to sustainable reduction of poverty. Economic growth requires clear definition of the roles of the government and the market, well-developed institutions and a sound private sector.</p> <p>Environmental sustainability requirements are integrated in all Swedish development cooperation programmes.</p>
<p><b>Programme implementation strategies</b></p>	<p>Governments of partner countries have responsibility for reducing poverty and for sustainable development. Sweden supports efforts and capacity of partner countries. Where governments do not prioritise these goals, Sweden will provide support through non-state channels through local NGOs and the private sector.</p> <p>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. One-third of Sweden’s development cooperation is channelled via the MFA to a number of multinational organisations. Sweden also contributes to development activities administered by the European Commission.</p>

<p><b>Approach to monitoring and evaluation</b></p>	<p>Used as a tool for management and learning. Serves the purpose of accountability to the general public and elected representatives. Carried out by sector and regional departments of Sida and by the department for evaluation and internal audit (UTV). Evaluations are also carried out using interdisciplinary teams of external experts. All projects are assessed on the basis of their effect on the environment. To strengthen the learning aspect of evaluations, the ‘Management Response’ is used which involves an administrative response, an action plan and a follow-up system by the department concerned.</p>
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## 2.8. United Kingdom

### Department for International Development

#### 2.8a. Context: What for and why?

<p><b>Development policy objectives and priorities</b></p>	<p>Central focus is global poverty reduction, specifically commitment to UN MDG to halve the proportion of people living in extreme poverty by 2015, together with associated targets for basic health care, education and sustainability.</p>
<p><b>How principles of good governance defined</b></p>	<p>Good Governance described as governance which is representative and accountable to all its people; is effective in realising their rights and in resolving potential conflict; and which creates an environment in which the private sector and civil society can flourish. Key good governance principles include: Need to foster accountable government and the rule of law, to strengthen institutions, to create a favourable climate for local enterprise, to manage finances soundly, and to minimise the risk of conflict. Principles elaborated into 7 key capabilities<sup>13</sup> required for making governance work better for poor people, together with an elaboration of the range of measures implied.</p>

<sup>13</sup> The seven capabilities are: 1. Operate political systems which provide opportunities for all people, 2. Provide macroeconomic stability and to facilitate private sector investment and trade, 3. Implement pro-poor policy and to raise, allocate and account for public resources accordingly, 4. Guarantee equitable and universal provision of effective basic services, 5. Ensure personal safety and security in communities with access to justice for all, 6. Manage national security arrangements accountably and resolve differences between communities before they develop into violent conflicts, 7. Develop honest and accountable government that can combat corruption.

<p><b>Contribution of good governance to development objectives</b></p>	<p>Improving the quality of government seen as critical to the achievement of MDGs. 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 interconnectedness between governance related issues, and the importance of equity, social inclusion and empowerment for governance measures to contribute to poverty reduction.</p>
<p><b>Raison d'être of approach</b></p>	<p>Reformulation of good governance objectives as capabilities needed to deliver MDGs, emphasises cross-cutting and interconnected way specific aspects of governance may contribute to environment conducive to realisation of MDGs.</p>
<p><b>Particular policy focus/priorities</b></p>	<p>Brings a strong 'pro-poor' perspective to good governance. Key governance objective of state and institution building has been broadened to include political systems, human rights and anti-corruption measures. Overall focus of bilateral assistance in governance 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. Specific policy bilateral focus 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</p>

**2.8b. Categories and Activities: What is being supported?**

<p><b>Key categories for development support in governance areas</b></p>	<p>Governance team focuses on 4 areas:</p> <ul style="list-style-type: none"> <li>• Safety, security and access to justice</li> <li>• Role of state, private sector and civil society in service delivery</li> <li>• Management of the state's financial resources (with priority areas of revenue collection, public expenditure management and tackling corruption)</li> <li>• Political empowerment</li> </ul>
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<p><b>Key development Initiatives and relative scale of support<sup>14</sup></b></p>	<p>Main areas of activity where DFID has particular experience:</p> <ul style="list-style-type: none"> <li>• Elections and parliamentary government</li> <li>• Civil society capacity building</li> <li>• Privatisation and regulation</li> <li>• Public expenditure management</li> <li>• Sector-wide approaches and revenue administration</li> <li>• Civil service reform, contracting out and public service customer focus</li> <li>• Participatory poverty assessments, gender analysis and local institutional assessments</li> <li>• Community security and penal reform.</li> </ul> <p>Total UK development cooperation budget was £392million in 2001-02. Pledge to raise government expenditure on development assistance from 0.32% of GDP in 2001, to 0.39% in 2006. Indicative amounts for governance-related assistance not available.</p>
<p><b>Geographic spread/focus</b></p>	<p>76% of bilateral development assistance is concentrated on 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 transitional countries of Central and Eastern Europe. Also commitment to the Heavily Indebted Poor Countries debt relief initiative and untying of aid.</p>
<p><b>Donor specific features and priorities</b></p>	<p>Development of all 7 good governance capabilities regarded as necessary for governance to work for the benefit of poor people. On this basis key focus of policy is ‘joined up working’ with countries and development agencies on both bilateral and multilateral activities.</p>
<p><b>Degree of ‘fit’ with EC AIDCO and EC priorities</b></p>	<p>Each of 7 good governance capabilities may include elements of more than one/all of the 6 AIDCO clusters. For example:</p> <ul style="list-style-type: none"> <li>• Capability 1: Political systems in which all can influence government policy and practice may involve: human rights, democratisation, rule of law/judiciary, public administration reform, decentralisation, and civil society building.</li> </ul> <p>There is also emphasis in the 7 capabilities on equitable basic service provision and delivery, and on safety and security, issues which do not appear to be explicit in AIDCO categories.</p>

<sup>14</sup> Priority areas for development of good governance expertise include: 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; and mobilising the political will for reform; and failed and failing states.

## 2.8c. Approaches to Implementation: How?

<p><b>Diagnosis and priority setting</b></p>	<p>7 good governance capabilities are elaborated into diagnostic framework to guide assessment of individual country situations and development assistance priorities. Detailed policy and guidance papers offer guidance on key capabilities. Targeted support at regional and local level to countries where it will have the biggest impact. Focussing on low-income countries and particularly with strong and effective commitment to poverty reduction. Country based and participatory approach to diagnosis and strategy development working with other development organisations and through governments, and to channel funds through mainstream budgets (rather than as separate aid projects).</p>
<p><b>Policy and decision making processes</b></p>	<p>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. CAPs developed in partnership with governments and other donors with 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 Agreement.</p>
<p><b>Programme implementation strategies</b></p>	<p>In addition to bilateral arrangements, the UK works with a variety of multilateral institutions including World Bank, UN agencies and EC. Institutional Strategy Papers prepared for main development institutions with which DFID works, normally every three years, setting out in partnership with institution concerned key objectives for collaborative working. Around half of the UK's development funds (£1.3 billion p.a.) channelled through multilateral agencies; a quarter going to EC programmes.</p> <p>Key highlights of the UK's implementation strategy:</p> <ul style="list-style-type: none"> <li>• Prioritise poverty reduction amongst G8 countries and the EU, the development of the PRSP approach, and the untying of aid.</li> <li>• Promote the anti-poverty effectiveness of international bodies such as UN, WTO, World Bank.</li> <li>• Shift in governance priorities from efficiency to a broader political state building focus and conceptualisation in terms of 7 interconnected capabilities.</li> <li>• Less emphasis on projects and programmes under specific headings, more on country-focussed diagnosis of priorities, strategy development and collaborative approaches to assistance.</li> <li>• Multilateral focus and strategic priorities of work: emphasising interconnectedness of governance aspects and collaborative working</li> </ul>

<p><b>Approach to monitoring and evaluation</b></p>	<p>Currently no standard approach or set of indicators used for monitoring governance activities, apart from indicators set out in the DFID Public Service agreement. Focus on progress and the 'direction of travel' based on the specific country situation, and use and develop country's own systems of monitoring and evaluation rather than impose externally constructed indicators. DFID is seeking improved methods of country assessment, and reviewing frameworks provided by other donors. Considering use of surveys conducted among private sector companies, and public opinion surveys conducted as part of participatory poverty assessments. Aiming to find more collaborative approach for making assessment. Generally a need for improved monitoring systems and approaches to assessing performance in governance field.</p>
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### 3. Summaries of Other Donor Approaches

This section of the report presents summary profiles of approaches to good governance by the eight other donors selected for inclusion in the study. These summaries are based on more detailed individual donor profiles, which are provided in a separate Annex Report.

This review of other donor approaches to good governance in development cooperation is by no means exhaustive. Many other bilateral and multilateral development organisations are also working actively in the field of good governance such as the Asian Development Bank, Canadian International Development Agency (CIDA), and the Inter-American Development Bank (IADB), among others. Future studies in this area would benefit from an exploration of these and other donor approaches.

#### 3.1. African Development Bank

##### 3.1a. Context: What for and why?

<b>Development policy objectives and priorities</b>	Accelerating economic growth, promoting human resource development and reducing poverty. Priority focus on agriculture and sustainable rural development, with greater emphasis on water supply in vulnerable rural and peri-urban areas, and to human capital through primary education and basic health services.
<b>How principles of good governance defined</b>	<i>A process</i> referring to the manner in which power is exercised in the management of the affairs of a nation, and its relations with other nations. <sup>15</sup>
<b>Contribution of good governance to development objectives</b>	Accelerating economic growth and reducing poverty in the continent. Encompasses support for NEPAD principles of democracy, economic liberalisation, good governance, growth with equity, respect for sovereignties and a culture of peace.
<b>Raison d'être of approach</b>	Mainstream governance into the Bank's operations, in a manner consistent with its Charter.
<b>Particular policy focus/priorities</b>	Historical focus on activities and programmes that seek to improve governance, generally as components of larger structural adjustment or sector adjustment operations. Now recognises need to promote good governance more proactively and directly as a key cross-cutting theme.

##### 3.1b. Categories and Activities: What is being supported?

<b>Key categories for development support in governance areas</b>	Accountability, transparency, combating corruption, stakeholder participation, enabling legal and judicial framework.
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<sup>15</sup> See African Development Bank (2000), p. 3.

<p><b>Key development initiatives and relative scale of support</b></p>	<p><b>Accountability:</b> public sector management; public enterprise management and reform; public finance management; corporate governance; civil service reform;</p> <p><b>Transparency:</b> information disclosure; public expenditure reviews; capacity in public policy analysis and dissemination;</p> <p><b>Combating Corruption:</b> support for research by national and regional centres; prevention and control of corruption in Bank-financed Operations; sensitisation and provision of assistance.</p> <p><b>Stakeholder Participation:</b> project participation; consultation/participation in preparation of Country Strategy Papers (CSPs); cooperation with civil society; decentralisation; public-private sector interface</p> <p><b>Legal and Judicial Reform:</b> law reform; judicial reform; legal framework for private sector development.</p>
<p><b>Geographic spread/focus</b></p>	<p>African Regional Member Countries (RMCs)</p>
<p><b>Donor specific features and priorities</b></p>	<p>Combating corruption is considered pivotal for the promotion of good governance.</p> <p>An emphasis upon stakeholder participation is aimed at promoting gender equality and for disadvantaged communities.</p>
<p><b>Degree of ‘fit’ with EC AIDCO and EC priorities</b></p>	<p>Strong emphasis on public and private sector accountability, transparency and anti-corruption. Also emphasis on role of non-state actors and legal judicial reform. Generally good fit with AIDCO, however no explicit mention of human rights and democracy as good governance priorities.</p>

### 3.1c. Approaches to Implementation: How?

<p><b>Diagnosis and priority setting</b></p>	<p>Identifies, designs and implements governance programmes and projects by promotion to RMCs through policy dialogue, and in the context of Economic and Sector Work (ESW) and preparation of Country Strategy Papers (CSPs). Also engaged in advocacy through senior level seminars, conferences and workshops.</p>
<p><b>Policy and decision making processes</b></p>	<p>On non-lending activities emphasises collaboration with civil society organisations and other development partners. Collaborates with the Bretton Woods Institutions and other institutions (Organisation for African Unity, Economic Commission for Africa, World Bank, IMF, OECD/DAC, UNDP).</p>
<p><b>Programme implementation strategies</b></p>	<p>Multi-lateral at national, regional and continent-wide level.</p>
<p><b>Approach to monitoring and evaluation</b></p>	<p>Regionally relevant benchmarks, codes of conduct and indicators of good governance, to assist RMC governance activities developed.</p>

## 3.2. New Partnership for Africa’s Development

### 3.2a. Context: What for and why?

<b>Development policy objectives and priorities</b>	African ownership of sustainable development through commitment to democracy, rule of law and good governance.
<b>How principles of good governance defined</b>	Governance issues divided into “democracy and good political governance” and “economic and corporate governance”. Good governance specifically linked to political governance: political pluralism, allowing for the existence of several political parties and workers’ unions, and fair, open and democratic elections periodically organised to enable people to choose their leaders freely.
<b>Contribution of good governance to development objectives</b>	Democracy and good political governance as key to promotion of economic stability and development.
<b>Raison d’être of approach</b>	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.
<b>Particular policy focus/priorities</b>	Commitment by African leaders to principles underpinning dynamism and prosperity of African peoples, namely democracy, economic liberalisation, good governance, growth with equity, respect for sovereignties and a culture of peace.

### 3.2b. Categories and Activities: What is being supported?

<b>Key categories for development support in governance areas</b>	Institutional reform in administrative and civil service reform; strengthened parliamentary oversight; participatory decision making; effective combating of corruption and embezzlement; judicial reform.
<b>Key development initiatives and relative scale of support</b>	Specifically, agreed to: <ul style="list-style-type: none"> <li>• Adopt clear codes, standards and indicators of good governance at the national, sub-regional and continental levels;</li> <li>• Accountable, efficient and effective civil service</li> <li>• Ensure effective functioning of parliaments and other accountability institutions in countries, including parliamentary committees and anti-corruption bodies</li> <li>• Ensure independence of the judicial system that will be able to prevent abuse of power and corruption.</li> </ul> Trust fund is to be established for NEPAD implementation; funding available for initiative unclear. G8 states have declared willingness to assist NEPAD.
<b>Geographic spread/focus</b>	Africa. Only includes countries that subscribe to NEPAD process.

<b>Donor specific features and priorities</b>	Parallel initiatives of “democracy and good political governance” and “economic and corporate governance”. Notes Africa’s collective responsibility for its own sustainable development. Distinct emphasis upon promoting respect for human rights as matter of urgency and importance.
<b>Degree of ‘fit’ with EC AIDCO and EC priorities</b>	Together with initiative on economic and corporate governance (including transparency in financial management), NEPAD’s good governance work has good fit with AIDCO categories.

### 3.2c. Approaches to Implementation: How?

<b>Diagnosis and priority setting</b>	Identification of recommendations on appropriate diagnostic and assessment tools, identification of institutional weaknesses. Search for resources and expertise for addressing weaknesses. Acknowledgement of prior decisions of Organisation of African Unity/African Union as a guide.
<b>Policy and decision making processes</b>	Run by Heads of State Implementation Committee. Commissioned United Nations Economic Commission for Africa to develop Economic and Corporate Guidelines.
<b>Programme implementation strategies</b>	Institutionalisation of commitment through leadership of NEPAD and states giving support to each other. Implementation linked closely to African Peer Review Mechanism. G8 states declared willingness to assist NEPAD.
<b>Approach to monitoring and evaluation</b>	Heads of State Forum serves as mechanism to monitor and assess progress made by countries in meeting good governance commitments. Also provides platform to share experience. African ownership of assessment processes, through African Peer Review Mechanism (APRM). Countries wishing to join and benefit from NEPAD have to agree to an external peer review every three years.

### 3.3. Norway

Norwegian Ministry of Foreign Affairs – NMFA

Norwegian Agency for Development Cooperation – NORAD

#### 3.3a. Context: What for and why?

<p><b>Development policy objectives and priorities</b></p>	<p>Lasting improvements in the economic, social and political conditions, special emphasis on poorest. UN Millennium Development Goals provides direction for strategy. Key priorities include:</p> <ul style="list-style-type: none"> <li>• Social Development</li> <li>• Economic Development</li> <li>• Peace, Democracy and Human Rights</li> <li>• Environment and natural resources management</li> <li>• Women and Gender Equality</li> <li>• Good Governance and Anti-Corruption (given special priority)</li> </ul>
<p><b>How principles of good governance defined</b></p>	<p>Democratic and accountable governance with strong emphasis on the fight against corruption.</p>
<p><b>Contribution of good governance to development objectives</b></p>	<p>Necessary precondition for socio-economic development and poverty eradication. Countries with democratic regimes and good governance make better use of development assistance than "poor performers".</p>
<p><b>Raison d'être of approach</b></p>	<p>Sound financial management and a sustained commitment to build competence and capacity considered to be essential for promoting good governance and reducing poverty.</p>
<p><b>Particular policy focus/priorities</b></p>	<p>Anti-corruption, peace, democracy and human rights.</p>

#### 3.3b. Categories and Activities: What is being supported?

<p><b>Key categories for development support in governance areas</b></p>	<p><b>Preconditions for good governance:</b> education, institutional development, systematic efforts to eradicate petty corruption and “greed corruption”, and a democratic framework and observance of basic rights.</p> <p><b>Government reforms:</b> financial administration, right to property</p> <p><b>Watchdog functions:</b> supervision and control by government bodies such as the Auditor General and national assembly, NGOs, governing parties and opposition, media and civil society.</p>
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<p><b>Key development initiatives and relative scale of support</b></p>	<p>Much of 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, strong civil society, transparency and accountability in public administration, and human rights. Information Communications Technology (ICT) is seen as a tool to help boost transparency and accountability. 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. Governance-specific figures not available.</p>
<p><b>Geographic spread/focus</b></p>	<p>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 in different parts of the world are direct recipients of Norwegian development assistance.</p>
<p><b>Donor specific features and priorities</b></p>	<p>Cooperation with Norwegian partner countries and with other donors of crucial importance. Key player in donor coordination related to anti-corruption. (Utstein group, a Norway-initiated alliance with UK, the Netherlands and Germany, and later Sweden)</p>
<p><b>Degree of ‘fit’ with EC AIDCO and EC priorities</b></p>	<p>Generally strong correspondence with AIDCO categories. Very strong emphasis on anti-corruption. Apparently limited attention to decentralisation.</p>

### 3.3c. Approaches to Implementation: How?

<p><b>Diagnosis and priority setting</b></p>	<p>Programme cycle emphasises a systematic approach to dialogue with partner country.</p>
<p><b>Policy and decision making processes</b></p>	<p>Minister of International Development politically and technically responsible. Administration of aid divided between NMFA and NORAD. NORAD collaborates with official institutions, NGOs, and the Norwegian private sector. Norwegian embassies play role in administration of assistance.</p>
<p><b>Programme implementation strategies</b></p>	<p>Bilateral aid - NORAD and multilateral and humanitarian assistance - NMFA. Programme cycles through a steps from mandate for dialogue, preparation of programme document, appraisal report, appropriation document to signing of an agreement, and procurement preparations. Suppliers from anywhere in the world can bid for contracts.</p>

<p><b>Approach to monitoring and evaluation</b></p>	<p>Reviews of projects usually carried out, generally halfway through the agreement period and again upon completion. Continuously seeks to improve systems for information management. In addition to the lessons learned through Norway’s experiences, external evaluations, research reports and the experiences of other donors seen to be important resources for information management. Another key theme of the Norwegian approach is co-operation with home-based professional environments.</p>
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### 3.4. Switzerland: Swiss Agency for Development and Cooperation

Federal Department of Foreign Affairs

Swiss Agency for Development and Corporation (SDC)

#### 3.4a. Context: What for and why?

<p><b>Development policy objectives and priorities</b></p>	<p>Reduction of world poverty. Swiss development policy is based on: awareness of growing inequalities between world’s different regions, and acknowledgement of Switzerland's responsibility, as a rich country, to be involved in reducing these inequalities.</p>
<p><b>How principles of good governance defined</b></p>	<p>Good governance based on interaction between the state, the private sector and civil society; and enables participatory, equitable and gender-balanced, transparent, efficient and accountable management of public affairs. Considered to be relevant at global, regional, national and local levels.</p>
<p><b>Contribution of good governance to development objectives</b></p>	<p>Bad governance creates vicious circle from imbalance of powers to exclusion, which in turn reduces capacity of marginalised people and their social and economic organisations to accede to resources. The following issues represent key entry points to break vicious circle: political system, public services, justice, information, and economic markets.</p>
<p><b>Raison d’être of approach</b></p>	<p>Reform and ‘rebuild states’ through 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 actors to enhance co-operation and improve accountability of the state.</p>
<p><b>Particular policy focus/priorities</b></p>	<p>Challenge of international governance and better integration of women in all democratic and decision making processes.</p>

#### 3.4b. Categories and Activities: What is being supported?

<p><b>Key categories for development support in governance areas</b></p>	<p>Political, legal and economic governance</p>
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<p><b>Key development initiatives and relative scale of support</b></p>	<p><b>Political governance:</b> the division of roles between the state and civil society, democratisation, elections, decentralization, the media, and participatory development.</p> <p><b>Legal governance:</b> rule of law, constitution and legal reforms, human rights, access to justice, customary law, and safeguarding of minority rights.</p> <p><b>Economic governance:</b> public expenditures, fiscal policy, monetary policy, accountability, fighting against corruption, debt relief, tariffs and duties.</p> <p>Approximately 800 bilateral development projects currently in operation supported financially in 2002 by a budget of CHF 400 million. No governance-specific data available.</p>
<p><b>Geographic spread/focus</b></p>	<p>17 priority countries and four special programmes in Africa, Asia and Latin America</p>
<p><b>Donor specific features and priorities</b></p>	<p>Strong emphasis on peace-building and prevention of conflict at international, regional and national levels.</p>
<p><b>Degree of ‘fit’ with EC AIDCO and EC priorities</b></p>	<p>Switzerland’s good governance priorities are fully consistent with the AIDCO categories. Added emphasis on peace-keeping and conflict prevention via the SDC FAST Early Warning System.</p>

### 3.4c. Approaches to Implementation: How?

<p><b>Diagnosis and priority setting</b></p>	<p>SDC supports those countries where government and civil society, at their own initiative, make specific efforts to further their development. Where political will exists, but certain preconditions missing, SDC supports establishment and strengthening of institutional capacities of governments and civil society to enable countries to enhance own efforts.</p> <p>Where preconditions for partnership with government or civil society are absent, a Swiss government edict may suspend or break off existing relations or not establish relations. Operates early warning system for analysis of tensions and political crisis.</p>
<p><b>Policy and decision making processes</b></p>	<p>Apply criteria of effectiveness, credibility and plurality In addition to government authorities, partners include civilian actors (associations, NGOs, private sector, grass roots groups, etc.). Depending on availability of necessary expertise, implementation is in hands of SDC or Swiss and international organisations, local aid groups, authorised companies and consultants.</p>
<p><b>Programme implementation strategies</b></p>	<p>Multilateral and bilateral as well as direct action. Where cooperating this is built on transparent and reciprocal performance agreements and the period is set down and subject to a deadline.</p>

<b>Approach to monitoring and evaluation</b>	Effectiveness of the cooperation work monitored by both sides.
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### 3.5. United Nations Development Programme

#### 3.5a. Context: What for and why?

<b>Development policy objectives and priorities</b>	Development in context of Millennium Development Goals. Key priorities: governance, poverty reduction, energy and environment, crisis prevention and recovery, HIV/AIDS, and IT for Development (including integration of human rights in all programmes)
<b>How principles of good governance defined</b>	Framed as ‘democratic governance’, which is considered to be the exercise of economic, political and administrative authority to manage a country’s affairs at all levels. Comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences
<b>Contribution of good governance to development objectives</b>	Social, political and administrative aspects of governance improve overall policy environment for implementation of economic reforms and sustainable human development. Interdependence of roles of the legislature, the judiciary, the media, the private sector and civil society for progress towards sustainable human development.
<b>Raison d’être of approach</b>	To develop institutions and processes that are more responsive to the needs of ordinary citizens, including the poor. MDGs cannot be achieved without integrating human rights.
<b>Particular policy focus/priorities</b>	Advocates for protection of human rights and empowerment of women. Mainstreaming human rights in all its development priorities.

#### 3.5b. Categories and Activities: What is being supported?

<b>Key categories for development support in governance areas</b>	Legislatures; electoral systems and processes; access to justice and human rights; access to information; decentralization and local governance; public administration and civil service reform.
<b>Key development initiatives and relative scale of support</b>	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.
<b>Geographic spread/focus</b>	90 country offices around the world

<b>Donor specific features and priorities</b>	Cross cutting themes address: civil society & participation; conflict; governance & gender; and capacity building. Considerable emphasis upon accountability, transparency and anti-corruption.
<b>Degree of ‘fit’ with EC AIDCO and EC priorities</b>	Very strong correspondence with AIDCO categories. Participation of civil society not identified as core governance-related initiative rather as cross-cutting theme.

### 3.5c. Approaches to Implementation: How?

<b>Diagnosis and priority setting</b>	Long-term systemic changes and the human dimensions of development. 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, services are dynamic and will change over time.
<b>Policy and decision making processes</b>	UNDP supports collaboration among civil society organisations, government and donors. UNDP actively seeks to achieve commitments that are central to UNDP's mission, particularly gender equality in all activities and provision of country-level aid coordination services.
<b>Programme implementation strategies</b>	UNDP provides various services to governments and to United Nations teams in the area of democratic governance. 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.  UNDP stresses need both to maintain a systems perspective and strategic management of capacity development and to support the redesign of policy-planning-budgeting processes. “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.” <sup>16</sup>
<b>Approach to monitoring and evaluation</b>	UNDP website provides limited specific information about the development and use of governance-related indicators, and associated M&E approaches in governance.

16 CAPWP (2002), p. 38.

### 3.6. UN Office of the High Commissioner for Human Rights

#### 3.6a. Context: What for and why?

<b>Development policy objectives and priorities</b>	Promotion and protection of human rights and fundamental freedom.
<b>How principles of good governance defined</b>	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.
<b>Contribution of good governance to development objectives</b>	Interdependence between democracy and human rights. Linkage between national and international governance.
<b>Raison d'être of approach</b>	Ability of institutions of governance to guarantee effectively the right to health, adequate housing, sufficient food, quality education, fair justice and personal security.
<b>Particular policy focus/priorities</b>	Rights based approach to development.

#### 3.6b. Categories and Activities: What is being supported?

<b>Key categories for development support in governance areas</b>	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
<b>Key development initiatives and relative scale of support</b>	Expert advisory services, training courses, workshops and seminars, fellowships, grants, provision of information and documentation, and assessment of domestic human rights needs.
<b>Geographic spread/focus</b>	Field presence in each of the five UNOHCHR geographic regions: Africa; Arab Region; Asia and the Pacific; Europe, Central Asia and the Caucasus; Latin America and the Caribbean.
<b>Donor specific features and priorities</b>	National human rights institutions; administration of justice; armed forces; treaty reporting. Training packages for peacekeepers, judges and lawyers, prison officials, primary and secondary schoolteachers, journalists, and national and local NGOs.

<p><b>Degree of ‘fit’ with EC AIDCO and EC priorities</b></p>	<p>As a human rights agency, UNOHCHR concentrates on the promotion and protection of human rights as well as support for democratisation and reinforcement of the rule of law. Capacity building for relevant non-state actors is seen as part of this process.</p>
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### 3.6c. Approaches to Implementation: How?

<p><b>Diagnosis and priority setting</b></p>	<p>Based upon domestic implementation of international human rights standards, such as Commission on Human Rights Resolution 2001/72 and other legal obligations of international co-operation.</p>
<p><b>Policy and decision making processes</b></p>	<p>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 technical cooperation programme and consistency in the application of existing technical cooperation practices and procedures.</p>
<p><b>Programme implementation strategies</b></p>	<p>Close co-operation with UNDP. Also technical co-operation projects with other UN agencies. Also steps to collaborate with non-UN agencies, such as African Union, Inter-American Institute of Human Rights, Organisation for Security and Co-operation in Europe, Andean Commission of Jurists. States are being requested to provide practical examples of activities that have been effective in promoting good governance, including through development cooperation</p>
<p><b>Approach to monitoring and evaluation</b></p>	<p>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).</p>

## 3.7. USA: United States Agency for International Development

### 3.7a. Context: What for and why?

<p><b>Development policy objectives and priorities</b></p>	<p>Long-term and equitable economic growth, advance U.S. foreign policy objectives and establish sustainable democracies.</p>
<p><b>How principles of good governance defined</b></p>	<p>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.</p>

<b>Contribution of good governance to development objectives</b>	Strategic long-term domestic and foreign policy objectives best served by enlarging the community of democratic nations.
<b>Raison d'être of approach</b>	Establishing democratic institutions, free and open markets, an informed and educated populace, a vibrant civil society, and a relationship between state and society that encourages pluralism, participation, and peaceful conflict resolution -- all of these contribute to the goal of establishing sustainable democracies.
<b>Particular policy focus/priorities</b>	Works with what are called young democracies. Anti-corruption is a strong theme.

### 3.7b. Categories and Activities: What is being supported?

<b>Key categories for development support in governance areas</b>	Rule of law; elections & political processes; civil society; governance.
<b>Key development initiatives and relative scale of support</b>	<p><b>Rule of Law:</b> Improving outdated or otherwise inadequate legal frameworks and codifying human rights, strengthening justice-sector institutions, increasing citizens' access to justice</p> <p><b>Governance:</b> legislative strengthening, decentralization and democratic local governance, anti-corruption, civil-military relations, and improving policy implementation.</p> <p><b>Elections &amp; political processes:</b> – transferring skills and new values, pre-election and post-election assistance, strengthening electoral commissions, political parties, civic groups, and newly elected government bodies in order to promote long-term institutional development. Regional Initiatives and Information Sharing.</p> <p><b>Civil society:</b> General support for CSOs whose advocacy efforts give voice to citizens and expand their influence on the political process</p> <p>Approximately 8% of USA ODA went to government and civil society initiatives in 1999.<sup>17</sup></p>
<b>Geographic spread/focus</b>	Africa; Asia and the Near East; Europe and Eurasia; Latin America and the Caribbean.
<b>Donor specific features and priorities</b>	Suggests that solely technocratic solutions to problems are now highly suspect. Specific focus category of civil society in the role of free and independent labour unions. Also an increasing emphasis on the fight against corruption.
<b>Degree of 'fit' with EC AIDCO and EC priorities</b>	Good overall fit with AIDCO categories.

<sup>17</sup> USAID (2003).

### 3.7c. Approaches to Implementation: How?

<b>Diagnosis and priority setting</b>	Center for Democracy and Governance is to provide technical and intellectual leadership to USAID’s decentralised mission-based structure, through the development of tools and methodologies needed to support democratic development.
<b>Policy and decision making processes</b>	Collaboration with other US organisations and government agencies. Multilateral – dialogue with donor organisations, e.g. World Bank, UNDP, Regional development banks.
<b>Programme implementation strategies</b>	Four step, strategic assessment framework developed for helping practitioners in missions and other units to define country-appropriate strategies.
<b>Approach to monitoring and evaluation</b>	<ul style="list-style-type: none"> <li>• Integral and detailed performance monitoring. 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.</li> <li>• Guidance is offered by the Center for Democracy and Governance<sup>18</sup> in the form of a handbook on the selection of suitable indicators, both quantitative and qualitative, through an iterative process.</li> <li>• Strategic objective teams are expected to draw up a performance monitoring plan for each program specifying indicators to be tracked, and the sources, methods and schedule of data collection.</li> </ul>

## 3.8. World Bank

### 3.8a. Context: What for and why?

<b>Development policy objectives and priorities</b>	Eliminate poverty, reduce inequity and improve opportunity for people in low- and middle-income countries.
<b>How principles of good governance defined</b>	<p>Governance is defined as the traditions and institutions by which authority in a country is exercised for the common good.</p> <p>Good governance means that public institutions function transparently, accountably and responsively to citizens.</p>

<sup>18</sup> See USAID, August 1998.

<p><b>Contribution of good governance to development objectives</b></p>	<p>Good governance and transparency are considered to be important elements of sustained economic growth, which is key to reducing poverty and the vulnerability of the poor. Good corporate governance is also an important factor in ensuring a more transparent, fair and just society. Deleterious effects of poor governance on growth: harms standard of living and the distribution of income among citizens, reduces income per capita, literacy, and increasing infant mortality, distorts public expenditure and increases poverty by reducing efficiency of public investment.</p>
<p><b>Raison d'être of approach</b></p>	<p>Good governance contributes to ability to meet objective in Millennium Declaration to create an environment conducive to development and elimination of poverty.</p>
<p><b>Particular policy focus/priorities</b></p>	<p>Controlling corruption. Includes good governance at international level and on transparency in the financial, monetary and trading systems.</p>

### 3.8b. Categories and Activities: What is being supported?

<p><b>Key categories for development support in governance areas</b></p>	<p>Governance and public sector reform; Anti-corruption; Building justice systems; International trade; Equal rights and opportunities for women and men.</p>
<p><b>Key development initiatives and relative scale of support</b></p>	<p><b>World Bank Public Sector Governance Programme:</b></p> <ul style="list-style-type: none"> <li>• Anti-corruption</li> <li>• Administrative and civil service reform</li> <li>• Decentralization</li> <li>• E-Government</li> <li>• Legal institutions of the market economy</li> <li>• Public expenditure</li> <li>• Tax policy and administration</li> </ul> <p><b>World Bank Institute:</b></p> <ul style="list-style-type: none"> <li>• Training courses, including: controlling corruption; corporate governance and strategy; investigative journalism and press freedom.</li> <li>• Governance and anti-corruption diagnostic surveys</li> <li>• Public awareness raising and support to coalition building</li> <li>• Strengthening parliamentary oversight</li> <li>• Judicial reform</li> <li>• New frontiers in corporate and national governance.</li> </ul>

<p><b>Geographic spread/focus</b></p>	<p>Governance group of the World Bank Institute (WBI) facilitates in nearly 30 client countries – principally in Sub-Saharan Africa, Latin America, Eastern and Central Europe and, more recently, Asia.</p> <p>More generally, World Bank Group providing ‘Assistance to Low-Income Countries Under Stress’. LICUS Initiative making improved effectiveness of external assistance to countries with very weak policies and institutions top governance priority for WBG.</p>
<p><b>Donor specific features and priorities</b></p>	<p>Equal rights and opportunities for women and men; international trade; governance and public sector reform (including combating corruption). WBI has introduced 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.</p>
<p><b>Degree of ‘fit’ with EC AIDCO and EC priorities</b></p>	<p>Generally consistent with most AIDCO categories, but appears to place more emphasis on formal government processes. Human rights not covered explicitly within governance programmes.</p>

### 3.8c. Approaches to Implementation: How?

<p><b>Diagnosis and priority setting</b></p>	<p>Reforms promoted through:</p> <ul style="list-style-type: none"> <li>• Implementing rigorous empirical diagnostics and analysis.</li> <li>• Bringing about collective action, through participation and broad based bottom-up coalitions.</li> <li>• Building partnerships within countries, the World Bank Group, and other international or regional institutions.</li> <li>• Moving beyond conventional training to knowledge dissemination, policy advice based on the latest research and operational findings, and participatory and consensus-building activities.</li> <li>• Scaling up the impact of activities, utilizing new tools for knowledge dissemination, innovating, and taking managed risks</li> </ul>
<p><b>Policy and decision making processes</b></p>	<p>Works with donor partners to enhance impact of programmes and develop a cohesive approach to governance and anti-corruption. Nearly 250 governments, organisations, foundations, and companies help fund and deliver WBI programmes and courses in 149 countries.</p>

<p><b>Programme implementation strategies</b></p>	<p>Partners provide financial support, help develop training, create networks.</p> <p>Partnerships are developed based on thematic and regional priorities; consultations between the World Bank Group and bilateral donors is followed by discussions on expected inputs and outputs.</p> <p>Established formal Working Group on Anti-corruption, Governance and Capacity Building with the 4 major regional development banks.</p> <p>Facilitation, dialogue and partnership with civil society organisations.</p>
<p><b>Approach to monitoring and evaluation</b></p>	<p>The Country Assistance Strategy (CAS) is the central vehicle for Board review of the Bank Group’s assistance strategy for borrowers.</p> <p>Mid-term evaluation of Anti-corruption Initiatives conducted by University of Utrecht. The Bank also conducts numerous evaluations and gathers a wide variety of data<sup>19</sup> mostly collected by national governments.</p> <p>Participant at meeting where multilateral and bilateral development and financial institutions and partner countries discussed simplifying and harmonising development assistance monitoring &amp; reporting requirements.</p>

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

## 4. Analysis of Member State / Other Donor Approaches

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Research on governance-related policy development, implementation and coordination suggests that the relationship between policy and action needs to be seen as an interactive, negotiative process that takes place over time, “between those seeking to put policy into effect and those upon whom action depends.”<sup>20</sup> This process is characterised by multiple linkages between state and non-state actors with a variety of interests, priorities and value systems. In this context, much of governance-related policy is not seen as something that is a static ‘fix’, but “more as a series of intentions around which bargaining takes place and which may be modified” over time.<sup>21</sup> The key aspect of governance where this does not apply is international human rights standards embodied in the UN Universal Declaration of Human Rights, the International Covenants on Civil and Political Rights and Economic, Cultural and Social Rights respectively, and the core labour standards of the International Labour Organisation.

Governance-related policy and action therefore depends upon processes and people with diverse value systems. Policy may prescribe what appear to be the ‘right’ governance structures and systems, however action depends on how people interpret and put them into practice. Rather than viewing governance only as a means of administrative control and compliance, there is value in adopting a pluralistic approach that enables governance processes to be viewed from both bottom-up and top-down perspectives.

The growing importance of non-state actors in governance-related policy development and implementation means that decisions and actions taken outside formal government processes have the potential to pre-empt, influence or alter official policy. At the same time, governments through their parliaments and legislatures continue to set many of the socio-economic and environmental policy parameters (through laws and regulations), albeit increasingly in partnership with non-state actors. True democracy implies active citizen participation. The widespread engagement of all stakeholders at all levels provides the basis for good governance at local, national, regional and global levels.

Within the governance research context outlined above, this section of the report provides an analysis of emerging themes and issues arising from the various donor profiles. In line with the study objectives, the primary focus of the analysis is on Member State approaches with some reference to the experience of other donors where appropriate. EC-DEV is interested in the extent to which donors are beginning to integrate poverty reduction, the Millennium Development Goals (MDGs) and governance-related issues in their development policy and strategic priorities. Related concerns of EC-DEV include:

- Potential for coordination and complementarity between donors (in particular Member States) on good governance at both policy and operational levels
- Scope for establishing a common EU policy framework based on the links between democracy, good governance and development

This section of the report therefore seeks to address these and other related concerns.

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20 Barrett, S. and Fudge, C. (1981) *Policy and Action: Essays on the implementation of public policy*, London: Methuen.

21 Ibid.

## 4.1. Development Policy Context and Strategic Priorities

Understanding the development policy context and strategic priorities of Member States provides an important starting point for considering how they approach governance-related issues.

All eight of the Member States highlight the importance of poverty reduction as a key component of development policy. Most also make specific reference to the MDGs. Among the other donors surveyed, the African Development Bank sees the mainstreaming of governance in its operations as a means of accelerating both economic growth and poverty reduction. UNDP considers good governance as a way to enable the poorest populations to have a direct influence on political decision-making. The World Bank's Comprehensive Development Framework emphasises the interdependence of various dimensions of development encompassing social, structural, human, governance, environmental, economic and financial issues.

In all of the Member States surveyed, environmental, economic and social sustainable development is also given prominence as a key aspect of development policy, for example:

- **Belgium & France:** Sustainable human development
- **Denmark & UK:** Sustainable development
- **Germany:** Global sustainable development
- **Netherlands:** Sustainable poverty reduction
- **Spain:** Sustainable, equitable and participatory development
- **Sweden:** sustainable democratic development

There are however significant differences in the way in which the specific focus of development policy is framed or defined. In some cases, the primary development objective appears to be poverty reduction itself (e.g., Netherlands, Sweden and UK) whereas in others sustainable development seems to be the overarching goal with poverty-oriented economic growth (Denmark) or poverty reduction (France) as one of key means of achieving sustainability. Sweden brings a poverty and human rights perspective to its efforts to promote global development. In the case of Germany, the global structural and peace policy – linked to sustainable development as a guiding principle – is seen as a means of attaining the goal of poverty alleviation. Belgium also refers to the connection between human security and the fight against poverty, and emphasises linkages between the political dimension of poverty and respect for human rights and fundamental freedoms. Among the other donors, Switzerland's development policy makes world poverty reduction its primary goal. The USA identifies building sustainable democracies as one of its main development goals.

Although the focus of the study is on good governance within a development policy context, in some Member States governance-related development cooperation seems to have strong links to national foreign policy more generally. In the Netherlands, for example, sustainable poverty reduction is identified as one of the five key policy objectives of Dutch foreign policy in addition to governance-related themes such as international order, and peace, security and stability. The Dutch commitment to policy coherence means that a broader range of policy interventions related to governance is supported and coordinated via both ODA and non-ODA channels. Similarly, German development policy is an important component of its global structural and peace policy framework. Another example of this linkage can be found in Denmark where conflict prevention and resolution are identified as new challenges for development cooperation.

## 4.2. Concepts and Categories of Good Governance

This section of the analysis focuses exclusively on how Member States have conceptualised and categorised good governance. Three levels of analysis are provided to assist EC-DEV in assessing the scope for donor coordination and complementarity:

- The match between Member State good governance concepts and categories and the six main clusters defined by the AIDCO-chaired Thematic Working Group on Good Governance noted in 1.3 above
- The extent to which Member States cover various cross-cutting themes and principles related to good governance<sup>22</sup> that feature in Cotonou and various EC official policy papers
- The extent to which Member State good governance initiatives are taking on board emerging EC political priorities<sup>23</sup>

Member State support for good governance generally covers the spectrum of the six main clusters defined by AIDCO. However, some of the AIDCO clusters do not appear to be explicitly included in good governance programmes as defined by certain Member States (e.g., human rights; role of non-state actors).

Table 2:  
Member State Categories compared to AIDCO Clusters

								
HUMAN RIGHTS	G	G	G	G	G	GO	O	G
DEMOCRATISATION	G	G	G	G	G	G	G	G
LAW / JUDICIARY	G	G	G	G	G	G	G	G
NSAs / CIVIL SOCIETY		G	G	G		G	G	G
PUBLIC ADMIN & FINANCE	G	G		G	G	G	G	G
DECENTRALISATION	G	G		G	G		G	G

KEY: G - Included under Member State governance categorisation O - Other Member State development cooperation area

Table 2 presents a summary of the alignment between Member State good governance categories and the AIDCO clusters.<sup>24</sup> The abbreviation 'G' is used in Table 2 only where there is a direct correspondence between Member State and AIDCO good governance categories. The abbreviation 'O' is used to indicate where the AIDCO category is described by the Member State as a distinct area of development cooperation and therefore not included under its good governance umbrella.

Member State categorisation of good governance in relation to each of the six EC AIDCO thematic clusters is summarised below:

- **Human rights:** is identified as a key component of support for good governance by Belgium, Denmark, Germany, France, Spain and Sweden. However, in the case of the Netherlands is identified as a separate but related area of development cooperation. In the UK, the human rights area is shared between the Governance and Social Development Departments within DFID and is coordinated with the Foreign and Commonwealth Office.
- **Democratisation and political participation:** All eight of the Member States surveyed consider the promotion of democratic political processes to

<sup>22</sup> Gender equality; Environmental, social and economic sustainability; Participation, consultation and partnership mechanisms; Transparency and accountability; and Anti-corruption measures

<sup>23</sup> Migration, security and terrorism; the needs of post-conflict countries; and public-private sector relations.

<sup>24</sup> The country abbreviations used in Table 2 are the 'ISO 3166' two-letter country codes: BE: Belgium, DE: Germany, DK: Denmark, ES: Spain, FR: France, GB: United Kingdom, NL: Netherlands, and SE: Sweden.

be a key aspect of good governance. However, only Denmark, Netherlands, Sweden and UK seem to identify this as a top priority in their governance cooperation programmes. Member State development cooperation in this area encompasses both policy development initiatives (Netherlands) and small projects in support of elections and political parties (Spain).

- **Rule of law and judicial reform:** All Member States include reinforcement of the rule of law and strengthening of the judiciary (sometimes including police and security reform) under the good governance umbrella. The UK includes this cluster under its Capability 5: “ensure personal safety and security in communities with access to justice for all.” Justice and the rule of law are among the top governance spending priorities for Belgium, France, Germany, and Netherlands.
- **Civil society building:** Most Member State donors mention strengthening the role of non-state actors such as business and NGOs as key areas of development cooperation. Denmark, Germany, Netherlands, Spain, Sweden and the UK place it explicitly within their good governance programmes. In the case of the UK, the role of the private sector and civil society focuses on public service delivery.
- **Public administration and finance:** Belgium, France, Germany, Netherlands, Spain, Sweden and the UK all give priority in their governance programmes to a broad agenda of civil service capacity building and reform, encompassing enhanced public financial management and service delivery. The development of public services, access to basic services, and related equity and quality issues are seen as a separate governance category by Spain, Germany and UK. Denmark seems to concentrate their good governance efforts in this area on anti-corruption issues rather than more general aspects of public sector reform.
- **Decentralisation:** Six of the eight donors surveyed identify decentralisation and local governance (including municipal development) as a good governance priority (Belgium, France, Germany, Netherlands, Spain and Sweden). In the case of the federal state Germany, decentralisation and municipal development is the area of good governance where demand for German experience is greatest. Sweden is currently emphasising the strengthening of local government capability rather than fostering decentralisation.

Table 3 highlights various other Member State themes that are prominent in their current support for good governance:

Table 3: Other Member State Governance Themes	BE	DE	DK	ES	FR	GB	NL	SE
PUBLIC SERVICES		X		X		X		
PUB-PRIV RELATIONS		X	X	X		X		
FREE PRESS		X	X					
ORGANISED CRIME			X		X	X		
ANTI-CORRUPTION		X	X		X	X	X	
MINORITIES				X				

A second level of analysis considers the extent to which Member States are addressing various cross-cutting themes and principles related to good governance that feature in Cotonou and subsequent development cooperation agreements as well as various EC official policy papers:

- **Gender:** The growing prominence of gender issues in development is recognised by all Member States surveyed. In both the formulation and implementation of development policy, there may be significant differences in impact for men compared to women. Belgium, Germany, Spain and Sweden identify the role of women in development as a priority for equality, social justice and democratisation. The Netherlands considers women's participation as a key to reconstruction and rehabilitation programmes. The UK sees gender issues as part of its poverty focus, while Denmark and most other Member States see gender as a cross-cutting issue.
- **Environmental, social and economic sustainability:** As noted in 2.2.1 above, all eight Member States include sustainable development as overarching goal of development cooperation, but only one seems to make specific reference to sustainability in relation to governance. Germany identifies “ecologically and socially sustainable development” as part of “development-oriented state action” one of its five good governance principles.
- **Participation and partnership:** In addition to formal political participation issues (part of the AIDCO democratisation cluster), good governance also implies wider processes of public participation, consultation and partnership.<sup>25</sup> Five of the Member States make specific reference to broader issues of participation and partnership in their governance programmes (Denmark, Germany, Spain, Sweden and UK). The Netherlands identifies participation as being one of the main indicators of the quality of governance. Belgium appears to see participation and partnership as separate programme areas for development cooperation.
- **Transparency and accountability:** Questions related to the openness and accessibility of public and private sector institutions are rising up the international political agenda. Only Denmark and UK explicitly include these issues as part of good governance development assistance albeit primarily in relation to anti-corruption and public administration reform programmes respectively (see below). The Netherlands identifies transparency as being one of the main indicators of the quality of governance.
- **Anti-corruption:** These issues have become more of a priority for Member States, and five countries had a specific category included under governance as an essential part of institutional reform (Denmark, France, Germany, Netherlands and UK). Denmark and France identify the fight against organised crime as a related area of concern, whereas the UK specifically mentions money laundering.

A third area of analysis considers the extent to which Member State good governance initiatives are taking on board the following emerging EC political concerns.<sup>26</sup>

- **Migration:** There was limited evidence of Member State support for migration initiatives within their good governance programmes. France

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25 It is not always clear in the literature that political participation under the democratisation heading includes public participation in its wider sense.

26 The findings here are limited by the lack of data obtained.

addresses related issues such as the illegal trafficking of women and children, and the illegal trafficking and transport of migrants as part of its efforts to combat organised crime and corruption. Sweden's new policy for global development identifies migration policy as being integral to the promotion of global development, but does not appear to place it under the good governance heading. Spain identifies migration<sup>27</sup> as a separate area for development cooperation; whereas the Netherlands includes support for migration and asylum in its foreign affairs budget. Dutch development cooperation includes a specific commitment to policy coherence in the area of migration. In most Member States, migration and development appears to be a separate area of development cooperation.

- **Conflict prevention, security, and anti-terrorism:** Conflict prevention and peace-building are increasingly seen by most Member States as preconditions for good governance and poverty reduction. However, these issues are not necessarily identified as governance-specific areas of intervention. Six of the Member States surveyed provide support for conflict prevention, peace and post-conflict initiatives (Belgium, Germany, Netherlands, Spain, Sweden and UK). In the case of Germany, Netherlands (and more recently Sweden), security is seen as an overarching aim of an integrated foreign and development policy. Spain's top governance priority in spending terms is public order and security. The UK also considers security to be a key aspect of good governance. Specific data on the fight against terrorism within the context of good governance and development cooperation was not available.
- **Public-private sector relations:** This area does not appear to feature strongly in development or governance policy except in Germany, Spain and the UK. Only Germany and UK refer explicitly to building a market friendly governance environment, and only UK has identified roles for State, private sector and civil society in service delivery as priority area for governance. In Denmark and Netherlands there is evidence of increasing role for private sector in development but generally not within a governance context except for some initiatives related to business and human rights. There was a lack of data available on related issues such as corporate governance, accounting standards, contract enforcement, etc., making it difficult to determine whether or how these issues may be included under governance agendas (except for anti-corruption initiatives which encompass related issues). The Netherlands and UK both mention support for socially responsible business practices as part of their development cooperation programmes.

### 4.3. Conceptual Distinctions

One of the key conceptual distinctions between Member State approaches that emerges from the above is that some view good governance as primarily a legal and political concept (i.e., human rights, rule of law, democratisation and formal political participation, etc.) and others see it focused more on capacity and quality building (including public sector service issues, private sector roles, anti-corruption, role of non-state actors, etc.). Belgium and France focus on the former whereas Germany and UK tend to focus on the latter. In the case of Spain,

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27 In a related vein, Spain also supports protection for "the most vulnerable groups including indigenous populations." Spain's support for indigenous communities is part of its governance programme.

governance appears to be more of a cross-cutting issue covering various themes and interventions (e.g., public order, fostering democracy; strengthening civil society; management and quality of public services; judicial reform, etc.). Overall the way Member States conceptualise governance is shifting from an initial donor focus on economic processes and administrative efficiency towards greater concern for issues of democracy, justice, and participation. Other donors also reflect this experience with, for example, Norway emphasising both corruption and democracy, and UNDP promoting democratic governance underpinned by principles of participation, accountability and empowerment. UNOHCHR, not surprisingly, advocates a rights-based approach to good governance.

Perhaps an even more fundamental question concerns the way in which good governance has been conceptualised by both AIDCO and most Member States (except Germany and the UK). The six AIDCO clusters largely divide good governance into its constituent functions to facilitate the delivery of services in support of human rights, democratisation, rule of law, etc. In the case of Germany and the UK, however, there appears to be a growing emphasis on good governance outcomes rather than mere service delivery. The UK has redefined its categorisation of good governance as seven capabilities required for pro-poor governance. These capabilities combine the AIDCO clusters differently so that each cluster becomes a cross-cutting governance issue. Similarly, Germany has developed five good governance criteria that also embrace the AIDCO categories differently.

Table 4 below sets out in parallel the UK capabilities and German criteria, and fits the AIDCO clusters to these to show how the AIDCO clusters become cross-cutting issues. The re-conceptualising of good governance by Germany and the UK in terms of desired outcomes, rather than as headings for aid programmes appears to be associated with moves towards a more poverty-focused, strategic, country/sector-wide, and participatory approach to bilateral development cooperation.

<b>Table 4: Good Governance Capabilities / Criteria vs. Categories</b>			
	<b>UK</b>	<b>GERMANY</b>	<b>AIDCO</b>
1	Political systems provide opportunities for all (incl. poor) to influence state policy and practice	Respect for Human Rights Participatory popular decision making	Human Rights & Democratisation (participation & gender)
2	Macroeconomic stability to facilitate private sector investment & trade	Market friendly social order	Public admin reform / financial management
3	Implement pro poor policy & account for public resources accordingly	Development oriented state action (sustainability, anti-corruption, efficiency, military exp)	Public admin reform / financial management
4	Guarantee equitable and universal provision of basic services		HR, Law / Judiciary, Decentralisation / LG, NSAs, Civil Society
5	Ensure personal safety, security & acces to justice for all	Rule and certainty of law	HR Law / Judiciary, Democratisation
6	Manage national security accountably, prevent conflict	Overarching development goal	Democratisation, HR, Law, Judiciary, Public admin reform / Financial management
7	Develop honest and accountable government that can combat corruption.	Development oriented state action	Public admin reform / Financial management

The experience of some of the other donors surveyed echoes the Germany and UK emphasis on governance capabilities, capacities and outcomes. Norway seeks to evaluate and strengthen the basic preconditions for good governance. The World Bank highlights the processes by which those in authority are selected and government capacity to manage resources and implement policies effectively. UNDP emphasises the importance of bringing a systems perspective to governance where policy processes are redesigned to become multi-sectoral and participatory based on dialogue between the different parts of the system.

The implication arising from the above discussion may be that current approaches to categorising good governance may need to be reconsidered. If the EC and Member States see good governance as a precondition for poverty reduction, then a key question is: *What good governance outcomes are needed to ensure that poverty is reduced in partner countries?* There may be value in moving towards greater emphasis on desired governance outcomes that focus on poverty reduction via social, economic and political inclusion and participation.

The general consensus emerging from the Member States Governance Experts Meeting of 25 February 2003 was that a combination of both specific governance sector support and governance as a cross-cutting development issue was necessary. Some Member States indicated a preference for the cross-cutting approach, particularly in areas of human rights promotion and civil society strengthening. However, it was observed that the cross-cutting approach is more difficult for donors to implement and monitor. Sectoral multi-donor approaches were seen to be more appropriate in areas such as decentralisation and justice reform. The growing emphasis on good governance outcomes by Germany and UK was

highlighted as part of global efforts to develop of appropriate governance indicators via participatory consultation processes at country level.

#### 4.4. Approaches to Implementation

The summaries of Member State and other donor approaches outlined in sections 2 & 3 above reveal a range of policy choices in terms of human resource capacity, geographic spread, conditionality, choices of partners, methods used, bilateral vs. multilateral forms of cooperation, etc. Given the variability of information available on donor websites and provided by Member States, the following represents a limited analysis of Member State and other donor approaches to implementation.

The governance-related human resource capacity of Member State donor agencies varies widely. DFID employs 64 Governance Advisers, with 14 working on governance policy at headquarters and 50 working on country programmes mostly field based. DFID Governance Advisers benefit from substantial ongoing training and development programmes. In Germany, BMZ has seven people working exclusively on governance whereas GTZ employs about 60 governance-related personnel.<sup>28</sup> In contrast, the Netherlands MFA and Belgium's DGDC and BTC have considerably smaller staff teams working exclusively on governance matters.

The selection of partner countries for good governance development cooperation appears to be based on various criteria. Not surprisingly all of the donors surveyed are working in Sub-Saharan Africa. Given that all Member States emphasise the importance of poverty reduction in their development cooperation programmes, poverty level appears to be a key factor in the overall selection of partner countries. Spain has a major focus on Africa based on poverty level which represents one of four criteria for setting regional priorities, the others being: level of development; conflict level; and the efficient use of aid.

In some cases, cultural and historical links provide another basis for partner country selection (e.g., Belgium-Great Lakes region; France-Francophone countries; Spain-Latin America; UK-Commonwealth countries). Given that European integration is a foreign policy priority for most Member States, there is also evidence of considerable support for countries in transition in Central and Eastern Europe. For example, the largest percentage of Spain's ODA governance spending in 2001 (42%) went to this region.

More generally there appears to be increased emphasis by Member States and other donors on good governance as a condition for development cooperation. For example, Denmark identifies adherence to international principles of human rights and democracy as a precondition for assistance. In a related vein, the Netherlands has identified 23 priority countries based on both poverty level and the presence of good governance and sound macroeconomic and social policies. The Dutch bilateral aid programme also works with another 18 countries where good governance, human rights and peace-building are considered to be major development priorities. Belgium identifies respect for good governance principles by the partner country and crisis situations as two of seven criteria for bilateral cooperation. The five German good governance criteria are used as major conditions (among other considerations) for selecting partner countries. Germany has agreed upon a governance focus for 30 countries (out of the total of 70 cooperation countries) mainly in Africa and Latin America. This growing emphasis

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<sup>28</sup> Both of these figures do not include staff working on conflict prevention/management. Most GTZ personnel are field based, although specific figures on those working on governance were unavailable. There appears to be limited governance-specific training within both BMZ and GTZ.

on governance-related aid conditionality could provide impetus for the development of EC/MS common or coordinated selection criteria for partner countries.

There are notable differences in the selection of donor partners and modalities for governance-related bilateral aid. However, there appears to be a general shift towards more country-wide bilateral cooperation programmes related to governance. Some of the donors work primarily with governments, for example DFID channels funds through mainstream budgets as opposed to separate aid projects. Sweden is using innovative methods such as public sector agency twinning in its work with national and local government agencies. Germany's development cooperation is characterised by a pluralist, decentralised structure with various government agencies and NGOs having their own partnership arrangements. German governmental technical cooperation works primarily with partner government institutions. German NGOs (including political foundations and church-based organisations) typically collaborate with local reform-oriented NGOs, particularly in "poor-performing countries" where bottom-up processes of good governance are needed.

Member States such as Denmark, Netherlands and Sweden tend to collaborate more actively with NGOs and other civil society organisations. Most of Belgium's governance support has been channelled through Belgian and international NGOs and the conflict/governance units of multilateral agencies (see below). The growing prominence of the private sector as a development partner was noted by Denmark, the Netherlands and Spain.

At the multilateral level, there seems to be increasing effort by Member States and other donors to interact with international organisations on governance-related matters. Various Member State and other donors make specific reference to cooperation with the World Bank's PRSPs and Regional Strategy Papers (RSPs), OECD/DAC, and the need for enhanced donor coordination at both national and regional levels. 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 African Development Bank works on harmonisation and programme coordination through coordination mechanisms such as Donor Round Tables and Country Consultative Meetings. The Assistance to Low-Income Countries Under Stress (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 World Bank Group. LICUS coordination is underway within OECD/DAC and the World Bank has reached an agreement with UNDP for joint piloting of the LICUS approach in some countries. Coordination is also envisaged with the IMF, the regional development banks, and the EU given its special knowledge of particular LICUS.

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 the International Development Targets and subsequent Millennium Development Goals. As part of a more general donor shift from project-based approaches, the UK through DFID promotes multi-donor strategies; the Netherlands encourages a sectoral approach; and Denmark identifies multilateral development assistance as a central element of development policy. Most donors include specific support for various multilateral agencies such as ILO, UNOHCHR and UNDP.

The poverty focus of all Member States appears to offer a common basis for a joint governance assessment framework (e.g., as part of PRSP/RSP processes). More generally, Member State cooperation with multilateral agencies presents an opportunity to develop enhanced assessment criteria for selecting partner countries, and monitoring and evaluating development cooperation programmes (see below).

## 4.5. Monitoring, Evaluation and Indicators

There is evidence of growing attention by Member States and other donors to the need for governance indicators. Indicators are seen as useful instruments for supporting policy making, monitoring progress and evaluating specific interventions, however developing appropriate processes to identify and agree upon governance-related indicators remains challenging.

Germany's work on evaluation in the area of good governance pays particular attention to: comprehensive analysis of the political context; greater emphasis on possible impact as opposed to project outputs; locally-grounded participatory processes; and the activities and approaches of other donors as well as donor coordination. The use of quantitative and qualitative indicators for governance-related projects and programmes are distinguished according to purpose:

- **Inputs**  
(e.g., project budget, expert-months)
- **Outputs**  
(e.g., number of people of local governance trained, laws of decentralisation passed, infrastructure built)
- **Outcomes**  
(e.g., change of budget transfer to local governments, improvement of services of local governments)

In the case of the UK, there is currently no standard approach or set of indicators used for monitoring governance activities. 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. However, DFID has developed an Achievement Rating scoring framework linked to a Risk Category matrix to identify levels of risk for each activity undertaken, to appraise the likelihood of achieving outputs and in turn fulfilling the activity's purpose.

In Belgium, governance-related monitoring and evaluation is conducted within the context of overall development programme monitoring, auditing and evaluation processes. Governance programme monitoring also occurs as part of the annual reporting to Parliament on the human rights situation in partner developing countries.

The Netherlands undertakes governance-related monitoring and evaluation 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 to date being on the general direction of trends at country level. General guidelines are available for the development of a country-specific governance policy framework, including problem analysis, government policy, civil society, interventions of third donors and added value of Dutch support.

Among the other donors surveyed, USAID has strategic objective teams draw up a performance-monitoring plan for each governance programme specifying indicators to be tracked, and the sources, methods and schedule of data collection. The strategic objective teams draw upon the data collected for ongoing programme management choices such as which activities to continue, stop or modify.

The New Partnership for Africa's Development (NEPAD) emphasises the importance of monitoring and reviewing development progress, and of taking ownership of assessment processes. The African Peer Review Mechanism seeks to enhance African ownership of its development agenda with NEPAD countries agreeing to an external peer review every three years.

The general consensus emerging from the Member States Governance Experts Meeting of 25 February 2003 was that governance indicators are largely subjective and qualitative. Therefore both the process of identifying indicators and the selection of participants for country-level dialogue were deemed to be more important than the indicators themselves. The meeting also revealed that indicators are mainly used to encourage debate rather than to provide a basis for allocations of development assistance to partner countries.

## 5. Study Conclusions and Recommendations

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This study has demonstrated that good governance is increasingly gaining recognition as both a precondition and foundation for the MDGs and sustainable development. Governance-related issues such as equality of opportunity, democratic processes, the fight against corruption, peace-building and conflict prevention all enhance opportunities for political and economic participation by disadvantaged people. Strengthening democratic systems also helps to create conditions for greater equity and participation by the poorest in the wider development process.

From the European Union and its Member States to the World Bank and UNDP good governance has emerged in recent years as a notable donor criterion for selecting partner developing countries. Many donors now see good governance as a precondition for successful poverty reduction and as a development goal in its own right. The key conditions for effective dialogue and cooperation between the European Union and partner developing countries encompass institutional capacity-building and good governance in partner countries, as a means of helping to ensure that development resources are managed transparently and responsibly. These parameters guide the distribution of EU development aid “in order to allocate it to where it has the greatest chance of reducing poverty efficiently and sustainably.”<sup>29</sup>

Before presenting the study’s main conclusions and recommendations, there is a need to revisit the objectives and anticipated outputs. The study was expected to:

- Present an overview of donor (in particular Member State) approaches to the link between poverty reduction, the Millennium Development Goals and governance-related issues
- Identify the possibilities for coordination and complementarity between donors (in particular Member States) at both policy and operational levels
- Contribute to establishing an EU common policy framework based on the links between democracy, good governance and development

Key outputs envisaged at the outset included the following:

- Recommendations on the priorities where the EC should concentrate its action in the field of governance
- Identification of best practice examples
- Analysis of the possibilities and recommendations on the modalities for joint working (MS/EC/other donors) on governance
- Tools aimed to assess donor co-ordination mechanisms, the coherence and the viability of the donors-financed interventions, as well as the potential impact of the reforms envisaged on both poverty reduction and conflict prevention/resolution
- Recommendations aimed at facilitating the Country Strategy Paper (CSP) review process on governance

As noted in section 1 of this report, the research team faced various constraints in carrying out the study. Given the short timeframe of the study (December 2002-June 2003) and budgetary limitations, the study was mainly desk based relying on donor website information and supporting documents where available. Efforts to obtain additional information from Member State representatives – particularly related to good governance assessment tools, operational guidelines and indicators – met with variable success. There was also no communication with

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<sup>29</sup> *The European Community's Development Policy - Statement by the Council and the Commission*, [http://europa.eu.int/comm/development/lex/en/council20001110\\_en.htm](http://europa.eu.int/comm/development/lex/en/council20001110_en.htm)

other donors. Given these limitations, not all of the study's anticipated outputs have been fully realised.

## 5.1. Donor Consistency

The overview and analysis of donor approaches suggests that there is more agreement than disagreement on the overall scope and conceptualisation of good governance. There is a common core of consensus on key governance elements which are largely consistent with the six AIDCO clusters.

There is also broad agreement on approaches to agreeing governance priorities with partner countries with the following trends noted:

- More participatory, inclusive and negotiated approaches
- Sector-wide, integrated and country wide approach to governance strategies and programmes rather than disconnected projects
- Country ownership of the development process

Differences in the selection of priority countries appear to be more a function of the domestic political agendas of Member States and/or historical, economic and cultural links with particular partner regions and countries.

Examples of some of the main differences between Member State approaches emerging from the study include:

- Degree of emphasis placed on particular issues such as human rights, decentralisation, public administration/finance, etc
- Level of support for relatively new governance areas such as anti-corruption or public-private sector relations (including corporate governance and corporate responsibility)
- Extent to which emerging EU political priorities such as anti-terrorism, security, migration and post-conflict are part of donor approaches to governance and/or development cooperation more generally
- Position on questions such as aid conditionality and criteria for priority setting with some donors imposing specific performance criteria for aid and others adopting a 'continuous improvement' model with emphasis on attitudes and progress

The degree of overall consistency between Member State approaches to good governance nonetheless appears to provide a good basis for encouraging enhanced donor coordination (see below).

## 5.2. Donor Coordination and Complementarity

There is a general trend towards more donor coordination in governance-related areas, but not via top down processes. The emphasis among Member States and other donors is on working from the country outwards (e.g., Partnership for Governance Reform in Indonesia outlined in Appendix 1). This typically involves establishing needs and possibilities for financial or technical assistance, and looking for appropriate resources and expertise in the wider donor

community. However, the cost of coordination seems to be an issue for both recipient countries and donors.

Despite the growing interest in and impetus for donor coordination in this area, there also appear to be ongoing problems of Member States and other donors knowing 'who is doing what' in good governance. This becomes increasingly important with the move towards more integrated programming and strategic country-wide approaches to development cooperation.

Greater clarity and consistency on good governance concepts, definitions and categories should not be seen as a pre-condition for enhanced donor coordination and complementarity. At the EC Governance Experts Meeting of 25 February 2003, Member States welcomed the EC's initiative in this area. The meeting concluded that this provides a good basis for coordination and complementarity amongst the EC, Member States and other donors. However, a 'top-down' EC approach to harmonisation via subscription to common good governance categories would be neither necessary nor appropriate. Attempting to rationalise 'who does what where' could present challenges given the politics and history of existing Member State bilateral relationships. Nonetheless, the EC and Member States should at least seek to ensure that there is mutual information sharing and operational complementarity in the field.

The EC Communication on Governance in EU Development Policy should offer a common basis for exploring the scope for enhanced donor coordination on good governance, particularly among Member States.

Member States welcome the leadership role of the EC in political dialogue with partner countries and via CSP processes. These EC contributions help to build shared donor understandings of the country context, governance priorities and needs. EC country assessment and CSP processes offer opportunities for greater cooperation with Member State and other donors. In order to avoid unnecessary duplication in this area, there would be value in improving the sharing and pooling of data. The EC could become an effective good governance 'clearing house' or broker for donors centred on CSP processes.

The following principles would need to underpin EC efforts to engage Member States and other donors in such a clearing-house initiative.

- Commitment to principles of good governance in their own activities, particularly related to issues of organisational accountability to all relevant stakeholders (particularly Member States, other donors and country/regional partners) through open and transparent processes of policy and programme development, implementation and dissemination
- Development of systematic approaches to stakeholder engagement and organisational development by maintaining an open learning approach in these and other relevant processes
- Active participation and engagement in relevant governance-related academic and practitioner conferences and policy fora at the national, regional and global levels
- Demonstrated relevance and authority as an advocate of good governance in development cooperation, based on innovative examples of good EC practice at policy and operational levels

In order to be effective, any EC clearing house approach would need to be a bottom-up, field based process with the active leadership of EC Delegations. Such an approach would be consistent with the general trend by donors towards the development of country-wide or sector-wide governance strategies.

In a related vein, there also is a need for an ongoing coordination process linked to the EC CSP review process that monitors donor activity in this area and helps identify areas for potential collaboration. This may be a role for the EC Member States Governance Experts Group, however OECD/DAC GOVNET may already fulfil this role. Close consultation with current EC/MS Expert Group members and GOVNET participants would be needed to ascertain the relevance and added value of this or any other new EC donor coordination initiatives related to good governance.

Given the ongoing challenge within the EC of integrating policy-making and programme implementation/evaluation, the Expert Group could also provide a bridging forum that makes appropriate links. Ultimately this could enable programme assessment and evaluation to become more of a cyclical process with each informing the other.

### **5.3. Monitoring, Evaluation and Indicators**

Member States and other donors generally recognise the need to develop enhanced assessment, monitoring and evaluation tools and processes (including indicators) for their governance programmes. Considerable joint donor work on governance indicators is currently underway via OECD/DAC's GOVNET. Most Member States have yet to develop a standard approach or set of indicators for monitoring and evaluating governance programmes. The overall sense emerging from the study is that ongoing information sharing and collaboration is needed in this area.

More generally related to the question of monitoring, evaluation and indicators, the following trends were noted:

- Inappropriateness of imposed external approaches to developing governance criteria for donor priority setting and governance indicators for monitoring and evaluation
- Importance of inclusive stakeholder engagement processes at country-level for dialogue about criteria and indicators
- Emergence of participative processes, such as the NEPAD peer review mechanism, as part of a movement towards greater regional ownership and responsibility for their own development processes and progress
- Unresolved questions about the nature and role of indicators: whose indicators, and indicating what: success/failure vs. gradual improvement

In addition to the ongoing work of OECD/DAC GOVNET, the EC Member States Governance Experts Group appears to offer an appropriate focus for continuing EC efforts to strengthen governance-related monitoring and evaluation tools at field level and to support EC efforts to develop operational guidelines for EC Delegations on participatory processes for the development of governance assessment criteria, indicators and priorities for EC support.

### **5.4. Good Governance as Emergent Process**

At the international level, there is growing consensus between bilateral donors, multilateral agencies and other regional and international organisations that good governance has become an essential ingredient of development cooperation. Good governance, human rights, democracy, and the rule of law are all integral to development cooperation programmes that aim to reduce and eventually eradicate poverty. If poverty is influenced by the interplay of

economic, political, social and psychological factors, then poor people need systems and processes of governance that respond to their needs holistically. Furthermore, the widespread participation of all stakeholders at all levels provides a strong basis for good governance at local, national, regional and global levels.

One of the key questions arising from the study is whether good governance should be seen as an absolute norm or an emergent process. The study suggests that donor support for good governance in development cooperation requires both an attentive and nurturing touch. Donors should reward countries distinguished by their good governance and sound macroeconomic and social policies. At the same time, targeted bilateral aid is also needed in countries where good governance, promoting human rights and peace-building require urgent attention. In both cases, good governance needs to be seen as an emergent process that is essential for poverty eradication and sustainable development and not something that can be uniformly prescribed.

## **6. Appendix 1: Examples of Member State and Other Donor Initiatives**

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Following the EC Member States Governance Experts Meeting held in Brussels on 25 February 2003, Member State representatives were invited to present an example of an initiative that is particularly illustrative of its approach to good governance in development cooperation. This could be either a specific country or regional project or programme, or an example of Member State leadership on donor coordination in this area. Only five of the eight Member States surveyed offered examples: Belgium, Germany, France, the Netherlands and the United Kingdom. Summaries are provided below.

### **6.1. Belgium: Judicial reform in Rwanda**

Restoration of rule of law by means of a system of justice which is accessible, well-functioning and conciliatory has been a priority for Belgian international cooperation since the 1994 genocide.

Restoring the rule of law is Rwanda's greatest challenge today due to the exceptional character of its post-genocide situation which has resulted in a judicial backlog accumulated over more than seven years with more than 110.000 prisoners waiting to stand trial and as many victims and civil entities awaiting recognition with a view to healing the society.

Belgian support to the judicial sector is provided through several budget lines with a view to complementarity and involvement of all the actors: the Ministry for Justice, the Supreme Court, civil society, international organisations, and international and local NGOs.

Despite the considerable foreign aid provided for reconstruction of judicial mechanisms, it has proved impossible to conduct the genocide process by the usual legal means. This has seriously destabilised Rwanda's society: neither victims and their families, nor the accused receive any response to their appeal for justice. Faced with the danger of the emergence of a climate of general impunity, the Rwandan government has decided to conduct the trials of this exceptionally high number of prisoners through special tribunals called "gacaca".

These gacaca, or traditional popular tribunals, have been greatly modernised and equipped for the handling of genocide cases. This operation poses enormous challenges and logistical, political, economic and social risks. Risks that included not only violation of the right to a fair trial and numerous management problems but also the danger that it might exacerbate the rift between individuals and population groups and hamper rebuilding of the society.

Before deciding to support the gacaca, Belgium commissioned a working group, composed of Belgian and international experts, to study the risks and advantages of this process.

Belgium, as the first bilateral donor to support the concept of gacaca, is, together with the EC, playing a key role in the coordination of funding gacaca to ensure the coherence of activities and information sharing among the funding partners, the government of Rwanda and civil society organisations.

## 6.2. Germany: Democracy, civil society and public administration in Rwanda

Democracy, Civil Society and Public Administration has been agreed upon as a priority area of cooperation for Germany in more than 30 partner countries. As part of the process of establishing the priority area, it has also been agreed that various individual projects – for example projects for legal and judicial reform and measures for democratic decentralisation – will be grouped to form comprehensive programme approaches.

Rwanda is a good example for showing the contribution that such a programme made up of various democratisation and governance projects can make in a post-conflict situation: German development cooperation is promoting the rebuilding of the judicial system after the 1994 genocide. The projects that make up this programme are:

- **Setting up a Central Database** to give the public prosecutor's office the tools needed to prosecute criminal cases more efficiently and thus lay the foundation for improved protection of human rights.
- **Political Education** to help further reconciliation and democracy. The population of Rwanda currently has few possibilities for playing an active role in the public life of civil society. A basic handbook for political education, reconciliation and democratisation will therefore be used to help to inform people about making use of the initiatives for reconciliation and democratisation.
- **Supporting the National Commission for Reconciliation**, in which, inter alia, back-up is being provided for a country-wide consultation process and dialogue with 'eminent persons' who have specific experience of reconciliation work.
- **Support for the National Election Commission** can be seen as a contribution towards the promotion of democracy in Rwanda. Its goal is to provide the Commission with advice, logistical support and training for some election officials in preparation for parliamentary and presidential elections which are to take place in 2003.
- **Decentralisation.** In the Province of Kibungo, officials are receiving help in providing improved services to the local population. The prime objective is to improve the functioning of the structures and the organisational work of the officials and the quality of the services provided at the local level as well as financial management and planning at decentralised levels.

Under its development cooperation with Rwanda, Germany's last commitment, in 2001, for this priority area of assistance "Democracy, Civil Society and Public Administration" was €1 million. A new commitment is due to be made for 2003.

## 6.3. France: Support for decentralisation of government services in Africa

Decentralisation of government services has been gaining ground in many sub-Saharan countries following reforms already carried out or under consideration. Although this is a recent trend, some lessons can be drawn from an institutional perspective:

- Decentralised power is normally vested at municipal level but territorial and functional definitions vary.

- Tangible decentralisation is not adequately reflected in local administration procedures and in the relationship between the State and municipalities.
- While there is the expectation that decentralisation promotes democracy and development at the local level, the means to achieve this still have to be found.

In addition to the diverse methods used to move towards decentralisation, at least two problems are common to all the countries of West and Central Africa:

- The continent is experiencing a serious crisis of confidence between the populations and the public authorities of central government. Decentralised public services may suffer the same fate if local authorities are unable to provide efficient service to their constituencies.
- Nearly all these countries have diminished resources due to a drop in export earnings and structural adjustment programmes, meaning that the process of decentralisation is carried out on a weak financial base.

### **Partnership for Municipal Development**

To respond to these challenges, the World Bank and French, British, Italian and Dutch development cooperation in 1991 created a Programme for Municipal Development (PMD). Two regional centres were established, one in Cotonou for West and Central Africa, the other in Harare for East and South Africa.

These donors financed the centres during the first half of the decade to support local emergent powers, facilitate national associations of mayors, and provide technical support at state and municipal levels.

French support was only provided for the Cotonou PMD through two technical experts and credit to remunerate African executives and to finance PMD programmes.

Strong differences developed in the mid 1990s concerning management of the PMD. The associations of mayors became members of the PMD and wished to participate in the decision making of their institution. A committee was created to facilitate joint management with the donors.

In 1998 a first 'day of the African municipality' was celebrated in Abidjan. The event, a success from a political and media perspective, was followed by a second celebration in 2000 in Windhoek with the participation of almost all of Africa's associations of mayors. The quality of the debates established the credibility of the African municipal movement from the donors' perspective - who participated in greater numbers than at the Abidjan meeting.

The PMD is an evolving institution. It is now known as the Partnership for Municipal Development and offers advice and support to locally elected officials through their national associations as well as to national political decision makers. PMD also gives technical support to the African regional and municipal council which has obtained consultative status with the African Union.

The PMD today employs about a dozen African high-level executives and manages a network of more than 100 consultants and experts (academics, political decision makers and technical specialists).

### **French support for PMD**

The Ministry of Foreign Affairs provides technical support and finances some of the programmes of PMD. Two technical assistants are posted in Cotonou: one specialises in

urbanisation and assists the PMD coordinator in management of the organisation; and the other is a finance specialist handling local financial and fiscal questions.

Financing of the programmes: an annual credit of €300,000 is granted to PMD to cover the coordinator's salary and running costs. Programme support (through an "FSP") of €2 million is being finalised, primarily for local economic development and management of urban services.

Other PMD donor partners, in order of importance, include Canada (support level similar to France), the EU, WB, GTZ, DFID and VNG.

It should be noted that the French regions of Alsace and Ile de France have concluded separate agreements with PMD for participation in some activities. While the financial support is not very significant, this constitutes a particular gesture of partnership and decentralised cooperation with Africa.

#### 6.4. Netherlands: Governance reform in Indonesia

The Netherlands is a major donor to the 'Partnership for Governance Reform in Indonesia', a multi-donor collaboration initiated in 1999 by UNDP, the World Bank and the Asian Development Bank (ADB) to coordinate "support of the international community in initiating a long-term process to improve governance in Indonesia in a durable way" based on the principle that Indonesian ownership is the key to change. This is based on "an emerging global consensus that governance practices are hard to change by enforcing conditionalities from outside."<sup>30</sup>

Formally launched in October 2000, the Governance Partnership brings together the Indonesian Government, Legislature, Judiciary, Civil Society, the Corporate Sector and the International Community. In addition to the three founding multilateral institutions (UNDP, World Bank and ADB), various bilateral donors are also actively involved in the initiative, namely the Netherlands, the UK and Denmark. The main purpose of the Governance Partnership is a sustained commitment of the Indonesian Government and its multilateral and bilateral partners to improve governance, which is seen as vital to Indonesia's social, economic and political progress.

The multilateral and donor country partners are supporting the Governance Partnership as an alternative to usual bilateral funding linked to conditionality. The international partners are anticipating that this will facilitate the more effective and efficient use of the combined funds. It is also expected that "complex questions of a political nature can be dealt with more comprehensively, by bringing different capacities and opinions from stakeholders inside and outside the country together, but always clearly grounded in respect for the sovereignty of the Indonesian side."<sup>31</sup>

There are two main operational aspects of the Governance Partnership:

- **Partnership Facility:** fosters policy dialogue and analysis on governance issues, through actively engaging stakeholders and facilitating surveys, workshops, media, the use of the Internet, etc. The Facility also helps foster competence in governance reform, and acts as a central clearinghouse for information on governance reform in Indonesia, in particular reform that is supported by the international community.

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30 See: <http://www.partnership.or.id/about.asp>

31 *Ibid.*

- **Partnership Governance Trust Fund:** Disburses funds directly to Indonesian agencies active in the national governance reform effort.

Both of these core components of the Governance Partnership are financed separately through donor contributions. At the end of 2001, the Facility had received contributions in excess of US\$3.6 million whereas the Fund had received more than US\$14.6 million out of the original commitment of US\$26 million. The Netherlands had provided \$10 million of the \$14.6 million allocated up to the end of 2001. Other major donors were UNDP and the UK with Denmark contributing a smaller sum. The World Bank and ADB had not yet disbursed their commitments as of the end of 2001.

The Governance Partnership Office coordinates international support for Governance Reform in Indonesia with national ownership. The Partnership Office comprises of both the Partnership Facility and the Partnership Governance Trust Fund.

The partners have entrusted UNDP with the management of donor contributions for the Governance Trust Fund. UNDP disburses funds directly to Indonesian agencies. Trust Fund expenditures are subject to independent audits that are regularly reported to donors, the Governance Partnership's Governing Board and the public.

Projects can be submitted to the Governance Partnership by Government ministries and agencies, civil society organisations, the private sector, and donor agencies and partners for consideration.

The partners have identified the following sector priorities:

- Anti Corruption Efforts
- Decentralization & Regional Autonomy
- Legal & Judicial Reform
- Police/Security Reform
- Electoral Reform
- Civil Service Reform
- Legislative & Parliamentary Reform
- Civil Society and Media Strengthening
- Corporate Governance
- Governance Assessment

As of October 2002, the top four sectors based on monetary value of projects were: Decentralization, Legal/Judicial Reform, Civil Society Strengthening and Parliamentary Reform. The Governance Partnership has supported over 109 projects since it was established up to the end of 2002.

## **6.5. United Kingdom: Promoting harmonisation in public financial management**

The UK Department for International Development (DFID) is working with Member States and other donors on several initiatives aimed at harmonising public financial management in overseas development aid and increase the reliance on partner government systems.

One such programme, Public Expenditure and Financial Accountability (PEFA), is a US\$5 million, 3-year multi-institution initiative financed by DFID, World Bank (WB), European

Commission (EC), International Monetary Fund (IMF), Strategic Partnership with Africa (SPA-PSA), Swiss State Secretariat for Economic Affairs (SECO) and the French Government, among others.

The Secretariat, based at the World Bank in Washington, DC, was established in December 2001. Steering Committee members include: WB (PRMPS, OPCFM and OPCPR), IMF, EC, DFID and SPA.

Many donors are looking for a new approach to assist client countries to improve their public expenditure, procurement and financial accountability systems to increase the focus on results, especially poverty-reduction.

Existing approaches have resulted in heavy transaction costs on recipients, considerable diagnostic overlap, uncoordinated donor activities, and a low impact of reforms in many countries.

PEFA activities aim to: 1) strengthen existing diagnostic instruments and reduce duplication through a fundamental review of their scope and application; 2) support the development of benchmarks and performance measures; 3) support initiatives in countries where integrated approaches are being applied, and 4) disseminate information on good practices and lessons learned.

Specifically, PEFA activities have four goals:

- Reduce transaction costs of assessments for countries
- Enhance donor cooperation and coordination
- Better meet the fiduciary and developmental objectives of client countries and development agencies
- Improve impact of reforms

Three objectives:

- Develop a country-focused, strategic, collaborative and integrated approach to assessing and reforming countries' public expenditure management systems
- Pilot activities in 10-20 countries over a three year period
- Identify PE performance indicators and benchmarks to address developmental and fiduciary objectives

Under the PEFA programme, technical support has so far been provided for Zambia, Vietnam, Tanzania, and Andhra Pradesh. Financial support has been agreed for several other countries, primarily in Africa, and more are under consideration.

The obstacles PEFA must address in order to succeed include: different donor agendas and approaches; entrenched bureaucracies, and disincentives to change.

## 7. Appendix 2: Key Sources

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