

Helpdesk Research Report: Current Trends in Governance Support

Date: 18.03.2011

Query:

1. Provide an overview of the current trends among aid donors in their support for improved governance in partner countries. Include an outline of the key and emerging sub-sectors or areas of focus within their governance portfolios and a summary of the outcomes and results that donors are looking to achieve in their support for improved governance, their 'picture of success'.
2. Provide information (where available) of current and projected expenditure on governance support relative to other sectors, as well as relative expenditure – both current and projected – between the different governance sub-sectors or areas of focus.

Enquirer: AusAID

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1. Overview

This helpdesk research report identifies current trends in donor support for improved governance and provides information on levels of expenditure on governance. Its findings are based on information gleaned from donors' websites, studies by donors, academics and research organisations, and from comments from experts and donor staff. This report focuses on donors for whom governance constitutes a significant proportion of their overall aid budget (some important donors such as Japan provide a relatively small amount of support for governance).

Identifying donor trends in this field is complicated by a number of factors. First, governance programming includes a large number of interlinking sub-sectors and donors tend to work across a number of these. Second, governance work is often mainstreamed into sectoral programmes. Third, donors categorise sub-sectors in different ways. Fourth, hard data on donors' commitments to various sub-sectors is not widely available. These four factors have made it difficult to make direct comparison between donors' programmes, to identify broad trends and to rigorously assess which sub-sectors donors are most focused on.

Arguably, the most important shifts in the governance field over recent years have occurred at the conceptual level. New theoretical approaches have changed the way in which governance interventions are framed or understood. Donor support to governance has increasingly highlighted the need to tailor governance strategies to country contexts and to base interventions on an understanding of the political settlement (see sections below on DFID, UNDP, World Bank). Donors have increasingly sought to 'work with the grain' in 'a way that takes institutions and politics into account'.¹ A growing number of donors (although not all) stress the importance of local ownership and domestic drivers of change. (These donors include UNDP, the EC, the Netherlands and Germany). ADB has 'redefined the role of governance as [a] driver of change' (HR comments).

Broadly speaking, development agencies' approaches to governance have moved in two directions over the last ten years. First, donors such as USAID and, until very recently, the EC have reverted to political or governance conditionality (as seen in the Millennium Challenge Corporation (MCC)). Second, other donors (including some European bilateral donors and the World Bank) have recognised the limits of donor leverage. They have called for greater investments in understanding in-country political institutions and processes, 'with a view to avoiding errors in programme design and identifying opportunities for constructive interventions' (Booth 2011, S16).² These two approaches involve different 'pictures of success': the first approach focuses on meeting standardised governance outputs while the second (most enthusiastically embraced by DFID and the Dutch Ministry of Foreign Affairs) sees success as more incremental and more contextually-specific (Booth 2011).

Another emerging trend in donor approaches to governance has been a shift towards more sector-level support (i.e. mainstreaming governance work into sector-level strategies on areas such as health, education, energy and forestry) (HM, EM comments).³ Shifts in governance sub-sectors are therefore closely linked to other broad changes in donors' sectoral strategies. One incidental consequence of mainstreaming may be increased difficulty in tracking changes in donor approaches to governance and levels of expenditure (EM comments).

Emerging sub-sectors

It is possible to identify four areas of growing focus amongst donors (either in the sense that more donors are working on these issues or that key donors are becoming particularly focused on these issues):

- **Anti-corruption initiatives** (OECD, World Bank, EU/EC, ADB, Germany, Denmark, UK, UNDP, USAID, DFID)
- **Governance work relating to conflict, statebuilding and fragile-states** (EU/EC, AfDB, ADB, Germany, Canada, Denmark, Norway, UK, the Netherlands, UNDP, USAID)

¹ See Levy, B. (2010) 'Moving the governance agenda forward: a new blog on development' (available from <http://blogs.worldbank.org/governance/moving-the-governance-agenda-forward-a-new-blog-on-development>)

² Booth, D., (2011) 'Aid, Institutions and Governance: What Have We Learned?', Development Policy Review (S1): S5-S26 (available from <http://bit.ly/e1z4nF>).

³ The World Bank has a webpage dedicated to examples of governance at the sector level: <http://bit.ly/ielQQg>. This 2008 report from the EC also provides a good overview: 'Analysing and Addressing Governance in Sector Operations' (available from http://ec.europa.eu/europeaid/infopoint/publications/europeaid/documents/149a_en.pdf).

- **Demand-side governance work** such as efforts to boost popular participation in decision-making (OECD, World Bank, UNDP, Canada, Denmark, UNDP, UK)
- **Taxation** (OECD, UNDP, AfDB, UK, Norway)

Recent changes of government in the UK (DFID) and the Netherlands have led these donors to place a growing emphasis on **private-sector development**, with a subsequent re-orientation of governance policy to address governance issues relating to the private sector (AW comments). In line with a broader sectoral shift towards addressing the effects of **climate change**, several donors are developing governance-related programmes that specifically focus on these issues (for example, Norway, Denmark, UNDP, and the World Bank).

Another emerging sub-sector within the governance field, which is not well reflected in current donor literature on governance programming but which may prove to be influential in the future, is the use of **information and communications technology (ICTs)** in governance work. This field covers a broad range of activities designed to improve accountability, transparency and participation. Its main activities are summarised in section 2.4 of a recent GSDRC Helpdesk report on New ICTs for Development.⁴ Prominent donors in this area include, UNDP, UNESCO and the World Bank.⁵ Both the UNDP and DFID are currently engaged in strategic visioning exercises to explore new directions in governance programming (SL comments).

It should be noted that although there appears to be an emerging trend towards these sub-sectors, they are not new areas for all donors. ADB, for example, began its anti-corruption programme in 1998, while Norway has worked on taxation issues in the oil sector since 2005. A focus on the private sector has been a central policy plank of the development banks for many years. Several governance sub-sectors have received long-term support from a number of major donors. These include the following areas:

- **Civil Society** (World Bank, EU/EC, Germany, Denmark, UK, Sweden, USAID)
- **Judicial / legal system / Rule of Law** (EU/EC, ADB, Germany, Canada, Denmark, UK, UNDP, USAID)
- **Public Sector Management** (EU/EC, World Bank, AfDB, ADB, Germany, Norway, UNDP, USAID)
- **Elections / Political Reform** (OECD, UNDP, Germany, Norway, USAID)
- **Human Rights** (OECD, EU/EC, Germany, Canada, Denmark, Sweden, UNDP)

As the section below on levels of expenditure illustrates, the first three of these sub-sectors (civil society, judicial system / rule of law, public sector management) appear to have emerged between 2002 and 2007. Support for elections and human rights emerged slightly earlier and had begun to dip by 2007. It is possible that recent events in the Middle East and North Africa may prompt a revival in donor interest in support for parliaments and political parties (LW comments).

Intended outcomes and results ('picture of success')

The intended outcomes of donors' governance programmes vary in accordance with their sectoral focus and may also vary from country to country. For those donors that mainstream governance work, such as

⁴ GSDRC, 2010, 'New ICTs for Development', Helpdesk Research Report (Available from <http://www.gsdr.org/docs/open/HD691.pdf>).

⁵ See, for example, UNESCO, 2010, 'Education for All Global Monitoring Report: Reaching the Marginalised', <http://unesdoc.unesco.org/images/0018/001866/186606E.pdf> and Bowen, H, 2010, "Open Government: Open to Whom?", World Bank Blogs (<http://blogs.worldbank.org/publicsphere/node/5396>). A summary of UNDP's work in this area can be found here: http://www.undp.org/governance/focus_access_information.shtml

Norway, there is no clear 'governance picture of success' but rather a picture of success in the field of climate change, the oil sector etc. As mentioned above, the two broad camps of governance intervention outlined by Booth (2011) – conditionality vs. incrementalism – have different visions of success. A conditionality-based view tends to be 'deductive' (i.e. governance is not achieved if certain pre-ordained standards are not met) and 'universalistic' (these standards should apply across all contexts) (Chhotray and Hulme 2007).⁶

The trend towards incrementalism, or 'working with the grain', implies a more limited set of governance outcomes. Within this new paradigm, donors attempt to catalyse certain locally-driven reforms, complementing existing institutions and avoiding efforts to radically reform institutions. From this perspective, success is not about meeting centrally-determined standards or benchmarks based on western countries' experience. Instead, success is more about supporting locally-owned processes of governance reform, which are likely to vary considerably according to context. AfDB had a more technical 'picture of success' than most other donors; success for AfDB could be broadly defined as improved government capacity, particularly in the area of financial management.

Levels of expenditure

Support from OECD countries for 'good governance' programming stands at over \$10 billion per year and aid conditionality linked to improvements in public sector governance is increasing (Centre for the Future State 2010, 4).⁷ As Figure One suggests, between 2002 and 2007 there has been a growing commitment to governance support in four key areas: **economic and development policy / planning, civil society strengthening, legal and judicial development and public sector financial management.**

Expenditure on support elections, human rights, women's equality organisations and institutions and to support the free flow of information has remained relatively stable. Few donors publish data about their expenditure at a sub-sector level, making it difficult to provide any up-to-date assessments of the relative levels of donor spending on these sub-sectors. No data on projected expenditure were found.

⁶ Chhotray, V and D. Hulme, 2007, 'Contrasting visions for aid and governance in the 21st century: the White House Millennium Challenge Account and DFID's Drivers of Change' (<http://economics.ouls.ox.ac.uk/14023/1/gprg-wps-062.pdf>)

⁷ 'Societies, States and Citizens: A Policymaker's Guide to the Research' (Available from <http://www2.ids.ac.uk/futurestate/pdfs/Future%20State%20DRC%20Policy%20Briefing%20SSC10.pdf>).

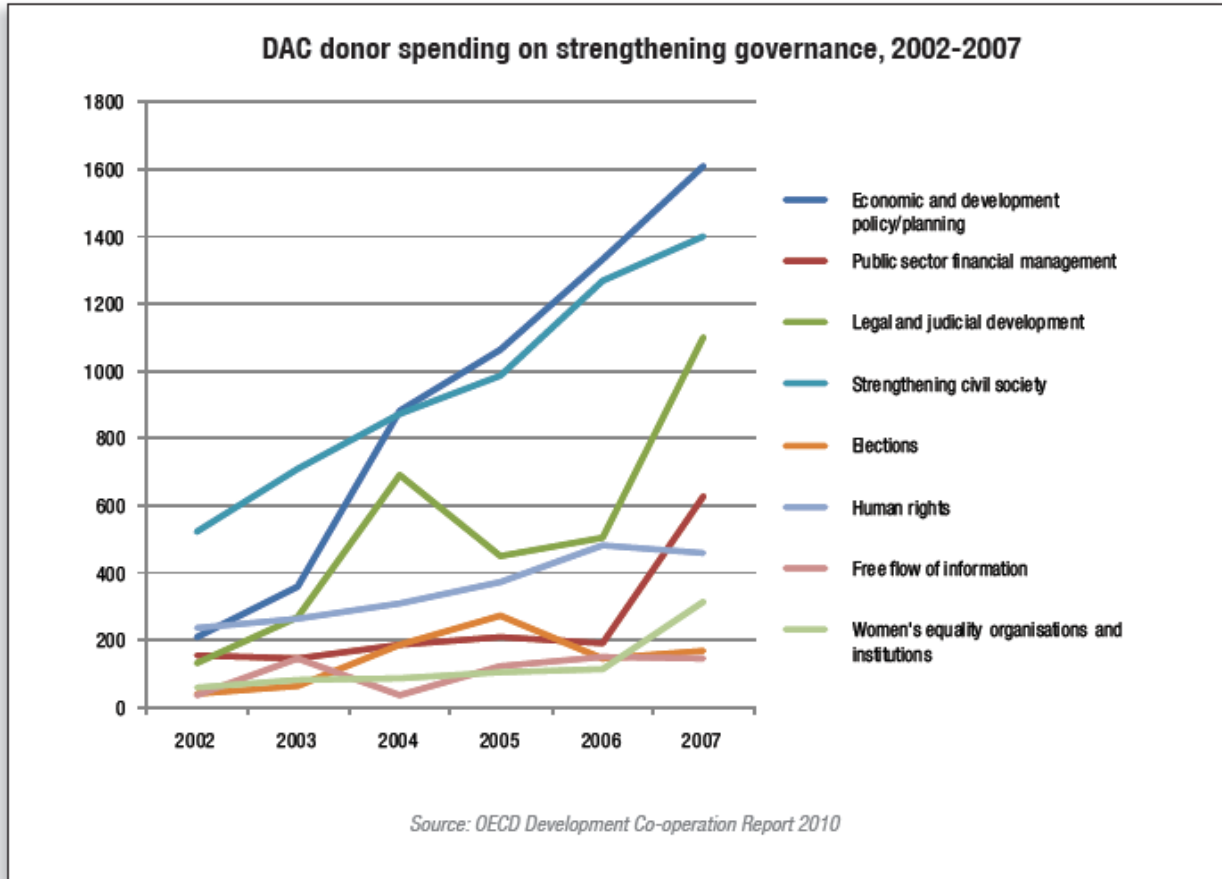


Figure One (Source: OECD, 2010, 'Development Cooperation Report 2010 - Available from <http://www.oecd.org/dataoecd/41/31/44449684.pdf>)

It was possible to identify the overall levels of spending on governance for most of the main donors and to compare these levels with commitments in other areas. According to OECD data from 2009, DAC donors allocated a total of \$13.1 billion to the 'government and civil society'⁸ sector, which constituted around 12% of total aid.⁹ Around 78% of this fell under the 'general' category, while 22% was allocated to 'conflict, peace and security'. Some donors committed a much larger proportion of 'government and civil society' spending to 'conflict, peace and security'. The Netherlands, for instance, committed 58% while the UK and Norway committed 36%. Based on OECD figures, the main donors committed an average of 15% of their ODA spending to governance-related programmes. The total amounts and proportion of aid spent by each of these main donors is summarised in Figures Two and Three:

⁸ This sector is the closest approximation to governance programming in the OECD-DAC data.

⁹ http://stats.oecd.org/Index.aspx?DatasetCode=ODA_SECTOR

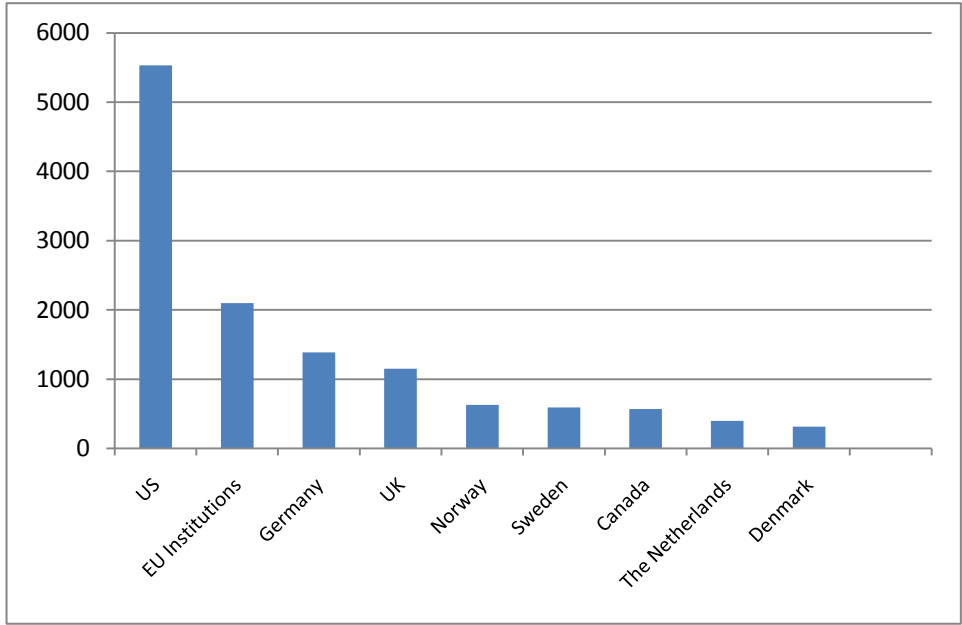


Figure Two: Total spending on 'government and civil society' (\$ millions) (source: OECD)

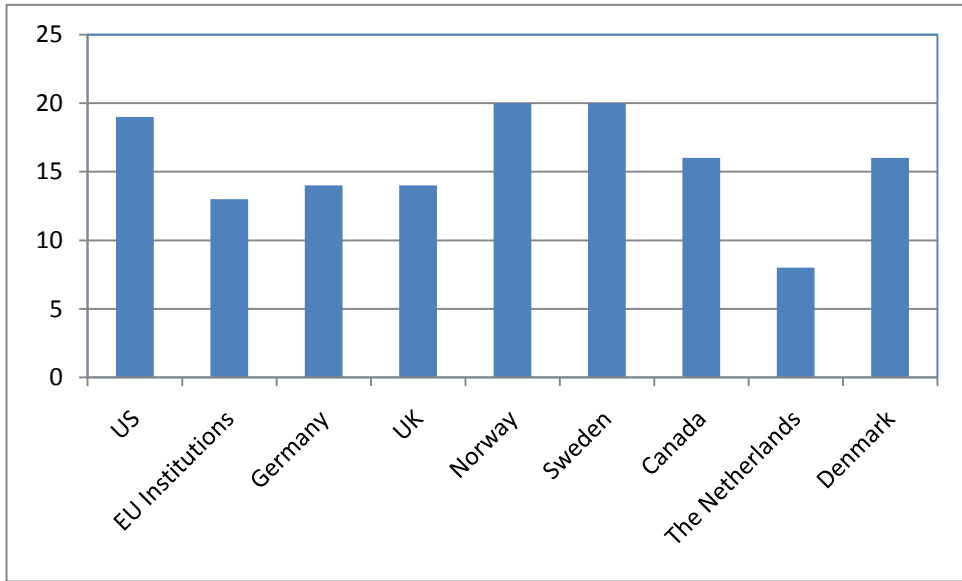


Figure Three: Percentage of ODA spent on 'government and civil society' (\$ millions) (source: OECD)

Governance is also a very significant focus area for several donors whose spending is not assessed by the OECD. In 2009 UNDP committed 37% of its total spending to 'democratic governance' (of which 74% focused on 'responsive institutions', 17% on 'inclusive participation' and 9% on 'international principles'). The World Bank spends 22% of total funding on 'law, justice and public administration', making this its most significant sector.

2. Multilateral Donors

World Bank

Much of the World Bank's work on governance focuses on developing governance indicators. In 2007, the Bank adopted a new Governance and Anti-Corruption Strategy, which endorsed the use of 'disaggregated and actionable governance indicators'. These new indicators are clearer about 'the steps governments can take to improve their scores on an indicator, i.e. if the government successfully undertakes reforms in certain areas, relevant indicator(s) will respond in a favourable direction'.¹⁰

One key area of focus has been anti-corruption, particularly in fragile and conflict-affected states. This work builds on five key elements:

- Increasing Political Accountability
- Strengthening Civil Society Participation
- Creating a Competitive Private Sector
- Institutional Restraints on Power
- Improving Public Sector Management¹¹

The Governance and Anti-Corruption (GAC) Implementation Plan, drawn up in 2007, sought to mainstream governance and anti-corruption activities into country plans. The plan was based on the principle that 'activities must be catered to individual country circumstances, and that engagement in even the most poorly governed countries seeks to not "make the poor pay twice'. A two year progress report, published in 2009, presented the following future goals:

'Locking in a culture of informed risk-taking among Bank staff, highlighting the positive development impact of GAC interventions, and laying out a road-map for sustainable GAC mainstreaming will be three priorities of GAC implementation in year three'.¹²

A recent blog by Brian Levy, Public Sector Governance Adviser at the World Bank, published in October 2010 provides insight into the Bank's emerging thinking on governance.¹³ The post argued that 'GAC work not only has highlighted the central role of institutions, it also has enhanced our appreciation of the relevance of politics in shaping and constraining ways forward. And when politics is brought into the equation, the implications of the insight that institutions matter become considerably more complex'. The post advocated 'working with the grain' 'in a way that takes institutions and politics into account', and argues that this 'calls for different approaches to engagement – and different ways of identifying which approaches make sense across different country contexts'. These include the following key approaches:

- A 'feasible policy reform' entry point – where the aim is to identify options for the specific development initiative under consideration that do not confront directly the interests of powerful incumbent stakeholders that have incentives to sustain the status quo. Though such options generally fall short of some notional optimum, they can both achieve gains in the short-term, and potentially build momentum for more far-reaching reforms down the road.
- A 'small-g' governance entry point – focused efforts to foster participation in and oversight of the provision of public services by stakeholders with strong, unambiguous incentives to achieve good results. There is often space to pursue approaches along these lines in otherwise constrained environments because they provide opportunities for leaders to pressure mid-level government officials to be more effective, or to build islands of effectiveness from the bottom up.
- Orchestrating stakeholders for policy reform – with a focus on upstream rather than downstream processes. In contrast to approaches that work around incumbent stakeholders, the aim here is to

¹⁰ <http://bit.ly/gllFL9>

¹¹ <http://go.worldbank.org/K6AEEPROC0>

¹² <http://bit.ly/falkSZ>

¹³ Levy, B. (2010) 'Moving the governance agenda forward: a new blog on development' (available from <http://blogs.worldbank.org/governance/moving-the-governance-agenda-forward-a-new-blog-on-development>).

crowd potential 'winners' and other advocates of change into the dialogue on reform options, thereby building momentum for far-reaching initiatives.

- At the most ambitious end of the spectrum are 'big-G' governance reforms to strengthen national-level institutions (elected legislatures, the judiciary, centralised auditing authorities, ombudsmen, a free and vigorous media, and the like) that hold government to account. In settings with weak institutions where leaders enjoy large discretion, their incentives to champion such reforms may be (to put it mildly) 'mixed'.

A more recent post (January 2011) presents a framework for 'getting beyond the "every country is unique"' in governance approach. It presents five categories of country (founding political settlements, early-stage state dominance, later-stage state dominance, early-stage competitive clientelism, later-stage competitive politics). Different types of governance interventions will be required in these different contexts.¹⁴ The Bank has recently launched three regional *Networks on Social Accountability and Governance* in South Asia, East Asia and Africa.¹⁵ These networks place greater emphasis on 'demand-side approaches' that aim to increase the direct involvement of citizens and civil society organisations in holding those in power to account.

According to the World Bank's own data from 2007, 22% of its lending is focused on the 'law, justice and public administration' sector, making this its most significant sector in terms of funding.¹⁶

European Union/European Commission

The EU provides substantial assistance to governance through the European Development Fund (EDF), as well as through the geographic and thematic programmes of the EU Instruments for External Assistance under the EU-budget. These include the Development Cooperation Instrument (DCI), the European Neighbourhood Policy Instrument (ENPI), the Instrument for Stability (IfS), and the European Initiative for Democracy and Human Rights (EIDHR).

The EU's support to partner countries on the road to good governance is tailored to their specific situation, especially in case of fragile states. The Commission follows two main strategies:

- Supports specific interventions in the key governance areas
- Promotes the mainstreaming of governance in other areas of co-operation.

The key governance areas are:

- Support to democratization and the promotion and protection of human rights;
- Support to local ownership of governance reform processes, as these cannot be imposed from outside. This is done mainly through dialogue between the EU and its partner countries, involving all relevant stakeholders: government, civil society, political movements, parliaments and local authorities;
- Promotion of justice and the rule of law, mainly to improve the functioning of the justice system and facilitate better access to justice for all citizens;
- Empowerment of civil society and non-state actors;
- Reform of public administration: EU support focuses on strengthening the capacity of governments at national, regional and local level to deliver adequate public services to the people. Assistance is also given to enhance transparency and accountability and reduce corruption. Often decentralisation is a key element in order to deliver more efficient services to local populations and promote democratic governance;
- Assistance to put in place policies to combat corruption and prevent conflicts.¹⁷

¹⁴ Levy, B. (2011) 'Getting beyond the 'every country is unique' mantra', World Bank blogs (available from <http://blogs.worldbank.org/governance/getting-beyond-the-every-country-is-unique-mantra>).

¹⁵ <http://bit.ly/hm5Apl>, <http://www.ansa-africa.net/>, <http://www.ansa-eap.net/>

¹⁶ <http://bit.ly/gSTyul>

The EU's Governance Initiative emphasises 'dialogue and incentives rather than sanctions by constructing an agreed 'contractual' relationship with the Governance Action Plan (GAP)'. In the two years after it was established €2.7 billion was allocated to this instrument. In a report on its governance programme from 2009, the EU emphasised:

'There is no magic recipe to promote democratic governance other than partner governments' and public/private institutions' commitment to reform. The central issue is not that donors classify the governance situation in a given country as "good", "bad", "weak" or "strong" and allocate aid accordingly. ...Respect for ownership, dialogue between partners and a focus on incentives for result-oriented reforms are the main principles of EU support for governance' (EC 2009, 4).¹⁸

The European Commission has established 'governance profiles' for beneficiary countries in association with member states and helps to measure progress against nine areas of governance:

- Political governance: human rights, fundamental freedoms, electoral process, constitutional democracy;
- The rule of law: judicial and law enforcement system;
- Control of corruption;
- Government effectiveness: institutional capacity, public finance management;
- Economic governance: private-sector/market-friendly policies, management of natural resources;
- Internal and external security;
- Social governance: decent work, gender, HIV/AIDS;
- International and regional context: regional integration, involvement in regional initiatives, migration;
- Quality of the partnership: political and programming dialogue.

The report highlighted a number of areas in which these governance profiles could be strengthened – areas which may indicate emerging sub-sectors within the EU's approach to governance: 'Some of the questions integrated into the governance profile could be reformulated or expanded and specific questions could be added to:

- Assess the underlying causes of weak governance
- To sharpen the focus on informal institutions
- Enhance a focus on international obligations
- Give a better picture of the dimensions of fragility (conflict, peace, security and State-building) and of the links between governance and security.

The EC is currently funding a new 'GATEway' project on measuring corruption and assessing anti-corruption. This seeks to develop a repository where all of the relevant tools, at different levels, will be accessed and explained (HM comments).¹⁹

OECD statistics from 2009 suggest that EU institutions' governance spending (spending on 'Government and Civil Society') constitutes around 13% of total ODA or \$2.10 billion (of this, around 70% was on 'general' support, while 30% was for conflict, peace and security).²⁰ According to the EC's own figures, the European Instrument for Democracy and Human Rights (EIDHR), under which most governance spending is focused, has an annual expenditure of €160 million (around 11% of total expenditure).²¹

¹⁷ http://ec.europa.eu/europeaid/what/governance/index_en.htm

¹⁸ See EC (2009) 'Supporting Democratic Governance through the Governance Initiative: A review and the way forward' (Available from <http://bit.ly/i1DaZZ>).

¹⁹ For more information see http://capacity4dev.ec.europa.eu/system/files/upload/article/2010-10-11/12_10_2010_Agenda_Corruption_Wkshp.pdf

²⁰ See http://stats.oecd.org/Index.aspx?DatasetCode=ODA_DONOR

²¹ See http://ec.europa.eu/europeaid/how/finance/thematic_en.htm

United Nations Development Programme (UNDP)

UNDP is the lead UN agency on Democratic Governance. The UNDP's work focuses on four key areas: poverty reduction and MDG achievement; democratic governance; crisis prevention and recovery; and environment and sustainable development. Its work on democratic governance is the most significant of these in terms of expenditure and focuses on 'support for expanding people's opportunities to participate in political decision-making; making democratic institutions more accountable and responsive to citizens; and promoting the principles of democratic governance – in particular, anti-corruption, gender equality and human rights' (UNDP 2010, 23).

In its 2009 Annual Report it emphasises the following key activities in the area of democratic governance:

- 'Demand grew from programme countries for support in enhancing public policy dialogues and participatory decision-making, especially at the local level; countries have also requested assistance in developing institutional governance capacity in order to address a host of issues, from demining in a post-conflict setting to the particular challenges posed by HIV and AIDS.
- Support in aligning democratic governance with international principles, especially in terms of promoting the rights of vulnerable groups, including women.
- UNDP activities have ranged from reviewing the legal and institutional framework for democratic development in the country to supporting the voter registration process'
- UNDP is instrumental in promoting the opportunity of citizens to participate in political decision making, particularly those of women and the poor.
- UNDP supports, on average, an election every two weeks, while at the same time encouraging more women to enter politics and investing in a free and informed media.
- UNDP supports various projects designed to strengthen tax collection systems. (UNDP 2009, 14-17).²²

UNDP's 2010 Human Development Report highlights the importance of tailoring governance interventions to context and maintaining flexibility (UNDP 2010, 106).²³ The report argues that policymakers should focus on state capacity and political constraints when designing governance interventions (UNDP 2010,107).

The Democratic Governance Practice supports programmes, projects and initiatives in 132 countries, through global programmes in specific thematic areas, advisory services and technical support channelled to country offices through Regional Services Centres, the Democratic Governance Thematic Trust Fund and knowledge products and applied analysis. As part of the Democratic Governance Group, the UNDP's Oslo Governance Centre conducts analysis and reviews of UNDP governance interventions in all regions aimed at learning from experiences in the field. It also supports country-led governance assessments and measurements processes that serve to strengthen democratic governance at the country level²⁴. UNDP Strategic Plan for 2008 – 2013 highlights three main democratic governance focus areas (JF comments):

'Fostering inclusive participation: UNDP supports national authorities in strengthening civic engagement at the local, regional and national levels. Mechanisms and opportunities for this engagement include electoral laws and parliamentary development, as well as channels such as political parties and CSOs. Inclusive participation also depends on citizens having access to information and a voice through various

²² For more information see UNDP (2009) 'Annual Report 2009', UNDP (Available from http://www.undp.org/publications/annualreport2009/pdf/EN_FINAL.pdf).

²³ UNDP (2010) 'Human Development Report 2010: The Real Wealth of Nations: Pathways to Human Development' (available from http://www.undp.org/publications/hdr2010/en/HDR_2010_EN_Complete.pdf).

²⁴ See UNDP Oslo Governance Centre 2010 Annual Report (Available from <http://www.undp.org/oslocentre/docs11/OGC-AR-2010-Final.pdf>)

channels. UNDP DG initiatives are designed to support the efforts of programme countries to enhance participation in public policy dialogues and decision-making through the following areas of work:

- Civic Engagement
- Electoral Systems and Processes
- Parliaments
- E-Governance and Access to Information via ICTs

Strengthening responsive governing institutions: UNDP supports national initiatives through which government institutions and representative bodies at national and sub-national levels gain and develop the capacity to design and implement public policies and deliver services in a responsive, accountable and transparent manner. Through the expansion of government institutions' capacity – including their ability to interact with representative bodies, civil society and the private sector – UNDP contributes to the development of an enabling environment for accelerating poverty reduction, promoting equality, overcoming crisis, mitigating conflicts and safeguarding the environment for future generations. This work focuses on the following two areas:

- Governance and Public Administration
- Decentralisation and Local Governance

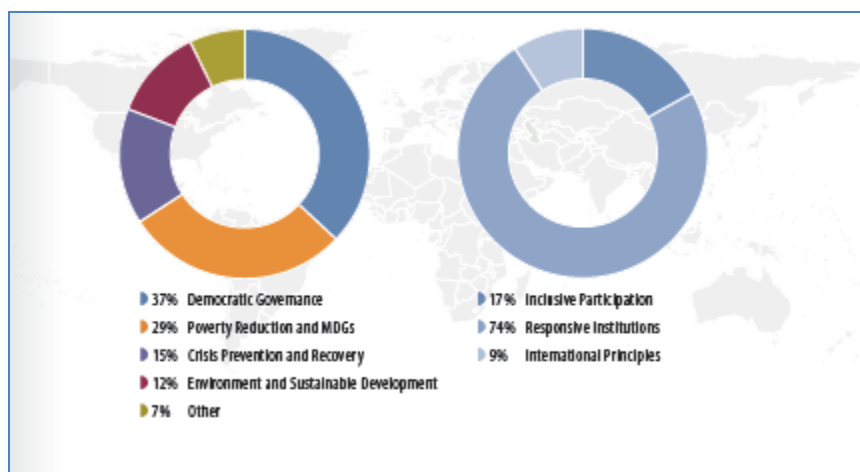
International Principles: At the 2005 World Summit, Member States emphasised that the UN should strengthen linkages between the normative work of the UN system and its operational activities. In line with this, UNDP responds to requests from national partners to build national institutional capacity for implementing human rights, rule of law, access to justice and legal empowerment. UNDP also provides guidance for ensuring gender equality and women's empowerment in line with UNDP's gender mainstreaming strategy; it supports preventive activities in anti-corruption; and it develops country-owned and country-led approaches to governance assessments. This work is focused on the following areas:

- Anticorruption
- Access to Justice and Legal Empowerment of the Poor
- Human Rights
- Gender
- Democratic Governance Assessments'²⁵

According to its 2010 Annual Report, activities relating to the support of 'democratic governance' accounted for \$1.47 billion (or 36% of total expenditure). 'The largest area of support is represented by the outcome "National, regional and local levels of governance expand their capacities to reduce conflict and manage the equitable delivery of public services", which in 2009 accounted for \$763 million in expenditures across 89 programme countries' (UNDP 2010, 23).²⁶ The graph on the left below illustrates the level of support to this sector in comparison to other funding areas. The graph on the right shows the proportion of spending to various governance sub-sectors:

²⁵ Description taken from UNDP (2010), A Guide to UNDP Democratic Governance Practice, New York and Oslo, pp. 23, 49 and 63. Available at http://www.undp.org/oslocentre/docs10/DG_forWebAsSpreads.pdf

²⁶ For more information see UNDP (2010) 'Annual report of the Administrator on the Strategic Plan: performance and results for 2009, Annual session 2010 21 June to 2 July 2010, Geneva, Item 2 of the provisional agenda. Annual report of the Administrator (Available from <http://www.undp.org/execbrd/word/dp2010-17.doc>).



Source UNDP, 2010, 'A Guide to Democratic Governance Practice', page 9.

African Development Bank (AfDB)

AfDB's activities in the field of governance focus on public sector management. Its activities include the following:

- Support for an enabling environment for private sector development
- Economic competitiveness
- Debt management
- Public expenditure management (budget preparation, execution and control, aggregate fiscal discipline, aggregate expenditure)
- Revenue reforms
- Public procurement
- Audit and financial control
- Anti-corruption reforms
- Intergovernmental fiscal relations
- Fiscal decentralisation
- Legislative budget oversight.

'AfDB approaches include:

- Strengthening African Tax Systems: African tax systems are generally characterized by low tax/GDP ratios. Despite intensive efforts so far undertaken by our partner countries with the help of bilateral and multilateral institutions, there is still room for reforms in tax policy and more pressing in tax administrations.
- Establishing Transparent and Comprehensive Budgeting Procedures: Positive economic developments in Africa are also based on national budgets that reflect a government's political priorities. AfDB supports African countries in their efforts to develop concepts for transparent and reliable budget management.
- Promoting Accountability, Transparency and Enhancing Budgetary Control: The credibility and reliability of governments of partner countries in managing their public finances depend upon regular auditing to ensure both the legality and efficiency of public expenditure. This requires an effective and independent system of financial control.
- Supporting Fiscal Decentralization: The AfDB supports African countries in their efforts to establish legally concise and sustainable intra-governmental fiscal transfer and tax-sharing systems that adhere to principles of fairness and accountability.

- Enhancing Capacities for Governance in Fragile States and Situations: In fragile states, democratic legitimacy is often limited and government structures at all levels are fragmented and lack sufficient capacity to plan, manage and implement policies. These are particular demands on governance'.²⁷

AfDB's 'picture of success' involves improved technical capacity in government, and focuses on financial management. The majority of AfDB's expenditure is committed to infrastructure-related programmes. Its support to the financial sector (where most of its governance-related activities are concentrated) totalled \$808 million in 2009 (around 11% of its total budget).²⁸

Asian Development Bank (ADB)

The following summary of ADB's governance work was kindly provided by ADB staff:

'Improving governance and fighting corruption are critical to reducing poverty, which is the overarching goal of ADB. Governance is one of the three pillars of ADB's Poverty Reduction Strategy along with pro-poor sustainable economic growth and inclusive social development. In 1995, ADB adopted a governance policy to improve development effectiveness. In 1998, ADB adopted an anticorruption policy, committing itself to supporting developing member countries (DMCs) in reducing corruption and a zero-tolerance towards corruption and fraudulent practices in its operations.

In 2006, ADB's Second Governance and Anticorruption Action Plan (GACAP II) was approved which introduced (i) a thematic focus for strengthening of country systems in public financial management, procurement and combating corruption and (ii) adoption of a risk-based approach to governance assessment and the development of risk management plans at the country, sector and project level. The risk assessments identify major risks that impede development effectiveness with formulation of practical and actionable measures to mitigate such risks.

Strategy 2020 reaffirms ADB's commitment to governance and capacity development, by increasing support for good governance and building development capacities and attempting to reduce the profound harm corruption inflicts on development, particularly on the poor.²⁹ It has redefined the role of governance as [a] driver of change which provides an opportunity for ADB to act more as an agent of change by stimulating growth and synergizing broader development assistance.

ADB's Capacity Development Action Plan, approved in 2007, identifies three dimensions to capacity development: (i) institutional development, (ii) organizational development, and (iii) networks and partnerships. It calls for capacity development to be institutionalized in ADB's operations through a results-based Country Partnership Strategy to assist DMCs in addressing priority capacity gaps.

In 2010, ADB approved projects in public sector management and governance amounting to over \$800 million. Examples of some projects with major governance focus include: (1) Cambodia's Public Financial Management for Rural Development Program (Subprogram 2) with the objective to strengthen public financial management (PFM) framework by increasing accountability, strengthening PFM in rural priority sectors to improve service delivery and strengthening external audit as a pillar of accountability; (2) Indonesia's Sixth Development Policy Support Program covers the following reform areas: improvement in investment climate, strengthening of PFM and governance through streamlined budget execution and improved governance and accountability in implementing government's poverty programs; (3) Republic of Marshall Islands' Public Sector Reform Program to rationalize public expenditure and improve service delivery, improve tax compliance and enforcement and rationalize selected state-owned enterprises; and

²⁷ These details are taken from a recent news article on AfDB's governance work 'Promoting and Sustaining Good Governance, 31st January 2011 (available from <http://bit.ly/i6hUqn>).

²⁸ See AfDB, 2009, 'Annual Report' (available by <http://bit.ly/gxzLXI>).

²⁹ ADB (2008) 'Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008-2020' (Available from <http://www.adb.org/documents/Policies/Strategy2020/Strategy2020-print.pdf>).

(4) Georgia's Social Services Delivery Program to improve management of public resources for social services delivery and protection.'

Based on ADB's budget for 2010, these public sector management and governance projects account for around 8% of ADB's total spending (estimated at \$9.3 billion in 2010).³⁰

OECD-DAC³¹

The OECD-DAC Network on Governance (GOVNET) (www.oecd.org/dac/governance) is a unique forum dealing exclusively with governance issues that brings together practitioners of development co-operation agencies, both bilateral and multilateral, as well as experts from partner countries to improve the effectiveness of donor assistance in support of democratic governance.

The membership of the GOVNET is composed of representatives from responsible Ministries of DAC members and observers, experts from developing countries, international NGOs and policy research institutes. The GOVNET works in collaboration with other DAC subsidiary bodies such as the International Network on Conflict and Fragility (INCAF) and draws on, and contributes to, horizontal work within the OECD on a broad range of issues of governance and policy coherence.

GOVNET has six work streams:

- Aid and domestic accountability
- Human rights
- Anti-corruption
- Taxation and governance
- Governance assessments
- Capacity development

GOVNET's publications provide a useful way of identifying key emerging themes and issues in the governance field that are of concern to a range of OECD-DAC donors. Recent publications have focused on the following themes:

- Improving Support to Domestic Accountability (2010)³²
- Anti-Corruption with a Statebuilding Lens (Aug 2009)³³
- Governance, Taxation and Accountability (Jul 2009)³⁴
- Donor Approaches to Governance Assessment (Mar 2009)³⁵

GOVNET's focus until the end of 2012 is on the 'demand side' of governance 'through a programme on Improving Support to Domestic Accountability and this is the overarching framework through which we are also doing research, policy development and dialogue, along with case work on anti-corruption, tax and rights issues' (LW comments). This accountability work also 'involves improving practice in development support to parliaments, parties, the media, CSOs and audit institutions'. This is an area where GOVNET sees rising demand 'in light of current shifts in the Middle East and North Africa and potential needs for support from OECD countries and other emerging donors and developing countries alike' (ibid.).

³⁰ See ADB (2009) 'Budget of the Asian Development Bank for 2010' (Available from <http://www.adb.org/Documents/Reports/Budget/2010/2010-budget.pdf>).

³¹ OECD is not a multi-lateral donor, but it seeks to provide a forum where other donors can 'share experiences and seek common solutions to problems'.

³² <http://www.oecd.org/dataoecd/33/61/44637318.pdf>

³³ <http://www.oecd.org/dataoecd/26/31/45019804.pdf>

³⁴ <http://www.oecd.org/dataoecd/52/35/40210055.pdf>

³⁵ <http://www.oecd.org/dataoecd/27/31/42338036.pdf>

3. Bilateral Donors

BMZ (German Federal Ministry for Economic Cooperation and Development)³⁶

Good governance is one of BMZ's focus areas (alongside education, health, rural development and sustainable economic development). The guiding principle in all of these efforts is the protection of human rights. BMZ's good governance work is divided into three focus areas (with various sub-goals):

Democracy

- 'All measures in this priority area are in essence concerned with supporting political reform processes. Germany bases its approach on the democratic state governed by the rule of law and on the principle of the social market economy. Germany sees democracy as an instrument for implementing fundamental values such as justice, freedom and equality'.
- 'When promoting democratisation in partner countries, Germany takes account of the fact that this is a long and complex process which cannot be imposed from outside and which can be encouraged only on the basis of partnership. Partner countries are expected to demonstrate their own commitment and to draw up development strategies (e.g. Poverty Reduction Strategy Papers) as a starting point for German development cooperation'.
- Promoting human rights: 'Fundamental to any democracy is respect for political, civil, economic, social and cultural human rights. The German government therefore works to strengthen these rights. This work focuses on increasingly forging closer links between human rights on the one hand and development processes and other policy areas such as trade and economic policy on the other. The German government's Development Policy Action Plan on Human Rights draws together various measures for promoting human rights. The plan was drawn up in 2004 and has now been updated for the period 2008 to 2010'.
- Promoting political participation: 'This includes involving civil society in national development strategies, the creation of administrative structures for local self-government, natural resource management measures and the development of civil society organisations such as human rights groups, women's organisations, trades unions, occupational associations and consumer organisations'.
- Promoting rule of law: 'Germany therefore promotes the rule of law and legal certainty in its partner countries through a wide range of measures, such as the provision of advice on constitutional issues and on reform of legal and justice systems. This does not seek to impose the German legal system on partner countries; the aim is rather to work jointly to devise appropriate legal systems. One particular concern is to support marginalised groups, including the promotion of the rights of indigenous peoples'.
- Promoting decentralisation, local development and governance: 'Decentralisation, as understood by the German government, entails the transfer of tasks, responsibilities, financial and material resources and political decision-making power to the regions and local districts within a country. The aim of decentralisation is to improve government services, make the use of public resources more transparent, more effective and more appropriate to need, and improve political participation among the population'.

Corruption

- 'Through its active involvement in the United Nations (UN), the World Bank, the G8 and the OECD, the German government supports the establishment and observance of international anti-corruption standards. It is particularly committed to promoting transparency in the extractive industries and other corruption-prone sectors.'

³⁶ http://www.bmz.de/en/what_we_do/issues/goodgovernance/guteregierung/index.html

- The German Ministry for Economic Cooperation and Development (BMZ) is helping its partner countries to ratify and implement the UN Convention against Corruption (UNCAC). This Convention sets the international framework for anti-corruption efforts.
- With regard to cooperation with other donors, special mention should be made of the U4 Anti-Corruption Resource Centre in the Norwegian city of Bergen. It is a web-based dialogue and knowledge platform that Germany supports both politically and financially.
- Germany is helping development-oriented partner governments to rid government institutions of corruption and make public administration transparent, effective and responsive to the public's needs. Some 70 public sector reform projects are currently being funded across the world as part of Germany's Technical Cooperation. These projects are aimed at promoting standards of integrity, efficient human resource management and procurement and systems of public finance, particularly by establishing courts of audit and tax and customs administrations. A vigilant civil society is a vital element in fighting corruption – in the developing countries, at international level and also in Germany and Europe. Relevant initiatives are being supported through development cooperation'.³⁷

EITI (Extractive Industries Transparency Initiative)

This initiative seeks to:

- 'Create conditions for comprehensive certification of trading chains. This includes setting standards and norms that not only govern the quality of raw materials but also the methods of extraction. In addition, ways of tracing the origin of a raw material must be improved (for example, through methods of "fingerprinting")'.
- 'Promote good governance in the raw materials sector, and include state, private sector and civil society in the process'.
- 'Achieve further improvements to the international trade regime so as to give all participants fair access to the markets'.
- 'Introduce measures specifically designed to keep tight control of the raw materials sector wherever raw materials are used to help finance conflicts'.
- 'At the national level strengthen good governance, in particular with regard to legislation governing natural resources, and bring about good financial governance, in particular as regards the award of mining concessions'.
- 'Extend transparency initiatives to promote good governance all along the value added chain in the raw materials sector'.
- 'Develop and enforce constitutional regulations, and fight corruption'.³⁸

In 2007, BMZ presented a new strategy 'Development oriented Transformation in Conditions of Fragile Statehood and Poor Government Performance'. BMZ's work in this area emphasises the following key activities:

- Ensuring the provision of public services (Depending on the type and nature of fragility, basic services such as health and water can be widely accepted entry points for donor engagement).
- Improving governance (particularly democratic participation)
- Supporting demand-oriented services to contribute to the empowerment of citizens.
- Building local "islands of excellence" in fragile contexts: In a fragile environment with weak institutional capacities and inadequate political leadership, international cooperation can still build "islands of excellence" at the local level.³⁹

³⁷ For more information see BMZ (2011) 'Preventing Corruption – promoting transparency: What is Germany development policy doing?' (Available from: <http://bit.ly/gBDUgS>).

³⁸ For more information see BMZ (2010) 'Mineral and Energy Resources as a Factor in Development A BMZ Policy Paper' (Available from:

http://www.bmz.de/en/publications/type_of_publication/strategies/StrategyPaper_04_2010_en.pdf).

³⁹ For more information see: BMZ (2006) 'Observations on Service Delivery in Fragile States and Situations –

There are no publicly available data on BMZ's expenditure on governance.⁴⁰ OECD statistics from 2009 suggest that BMZ governance spending (spending on 'Government and Civil Society') constitutes around 14% of total ODA or \$1.39 billion (of this, around 71% was on 'general' support, while 29% was for 'conflict, peace and security').

CIDA (Canadian International Development Agency)

CIDA's governance work focuses on five areas.⁴¹ The goals of CIDA's work in these areas are listed below:

- **Democratization:** 'CIDA's goal in the area of democratization is that all citizens in developing countries are able to actively and meaningfully participate, directly or through civil society or elected representatives, in the exercise of power and in the public decisions that affect their lives. Assistance in democratization includes strengthening democratic institutions and practices, such as electoral and legislative systems; citizen engagement (particularly of women); and the role of non-governmental organizations (civil society) in the political process'.
- **Human rights:** 'For human rights, CIDA's goal is to enhance the realization of civil, political, economic, social, and cultural rights by all individuals in society. The Agency supports technical assistance to incorporate human rights standards and principles into public institutions and programs to increase knowledge of, demand for, respect for, and enjoyment of human rights. Special measures are taken to strengthen respect for the rights of women and the protection of children'.
- **The rule of law:** 'CIDA's goal in this area is to ensure that just laws and independent, as well as effective legal, judicial, and enforcement institutions contribute to greater security of the individual, to economic development, to environmental protection, and to social justice. Assistance will encompass support for legal/judicial reform with a focus on institutions, including strengthening the judiciary, bar associations, and legal aid systems'.
- **Public-sector capacity building:** 'In relation to public-sector capacity building, CIDA's goal is to build strong institutions that have the vision and the administrative and professional capacities to support national development objectives effectively, equitably, and inclusively. Assistance includes strengthening of technical and managerial competencies including oversight, accountability, and anti-corruption measures; organizational, administrative and policy reform; and decentralization of government so that it is closer to the people'.
- **Conflict prevention:** 'CIDA's goal in this area is to help reduce the frequency and intensity of violent conflict and to increase civilian oversight, accountability, and transparency of security systems. This includes mitigating the human impact of conflict, as well as providing technical assistance to strengthen the institutional capacity of fragile states to reduce, prevent, and eliminate violent conflict. Future programming could include integrating conflict indicators and early warning systems; support for the demobilization of former combatants; truth and reconciliation commissions; small-arms collection programs; and policing, transparency, and oversight of security institutions. Assistance in this area requires a long-term engagement beyond post-conflict recovery and reconstruction efforts. More traditional areas of assistance, such as economic growth and poverty reduction programs, democratization, good governance (including justice and security systems), and respect for human rights, must also be incorporated'.

In 2008, CIDA published a wide-ranging review of its governance programmes. The review highlighted a number of problems with CIDA's pre-existing governance programming, including a failure to invest in

the German Perspective' (Available from:

http://www.bmz.de/en/publications/type_of_publication/strategies/Special145.pdf).

⁴⁰ The proportions of German aid allocated bilaterally, to the UN, to civil society etc. is detailed here:

<http://www.bmz.de/en/ministry/budget/index.html>

⁴¹ <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/En/JUD-111883426-HX4>

'front-end' analysis and to adopt risk-averse approaches to governance issues. The review argues that CIDA's governance work compares unfavourably with that of USAID and DFID, both of whom have a 'focused, systematic and well-understood approach to governance programming' (CIDA 2008, vii), and with that of Sida, which is now rationalising its policy work on governance.

Between 1995/6 and 2004/5, CIDA disbursed between \$3.4-3.8 billion on governance-related activities (CIDA 2008). Between 2008 and 2009, CIDA committed \$507 million to 'democratic governance' (around 16% of its annual budget).⁴² OECD statistics from 2009 suggest that CIDA's governance expenditure (spending on 'Government and Civil Society') constituted around 16% of total ODA or \$611 million (of this around 73% was on 'general' support, while 27% was for 'conflict, peace and security').

Denmark

In its development policy, published in December 2010, Denmark identified five priorities:

- Growth and employment
- Freedom, democracy and human rights
- Gender equality
- Stability and fragility
- Environment and climate.⁴³

Its work on freedom, democracy and human rights highlights a number of key goals:

- Strengthen international cooperation to promote freedom, human rights, democracy, good governance and the fight against corruption
- Prioritise respect for the freedom and rights of individuals and democratic development in the dialogue with the developing countries
- Strengthen efforts to develop free, democratic societies based on the rule of law, equal rights for all, open political processes and public participation, and an efficient and responsible public sector
- Strengthen independent and multi-faceted civil societies in the developing countries working to promote open societies, human rights and democracy
- Fight all forms of corruption at all levels of society.

Its work on stability and fragility emphasises the following governance-related goals:

- Contribute to nation building and the establishment of peace in fragile and conflict-stricken countries. This includes political stabilisation, prevention of radicalisation, and strengthening the ability of the state to supply basic public services.
- Be prepared to take calculated risks to facilitate necessary change in those countries.

Its work on gender highlights the following governance-related goal:

- Ensure better protection of women's rights in conflict and reconstruction situations and promote women's participation in peace building.

OECD statistics from 2009 suggest that Denmark's governance spending (spending on 'Government and Civil Society') constitutes around 16% of total ODA or \$317 million (of this around 78% was on 'general' support, while 22% was for 'conflict, peace and security'). The 2009 Annual Report of the Danish International Development Agency's (Danida) work shows that around \$330 million or 20% of total

⁴² See <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAD-41910343-K4C#a12> for more details. There are no data available on expenditures on governance sub-sectors.

⁴³ See Danida (2010) 'Freedom from Poverty: Freedom to Change – Strategy for Denmark's Development Co-operation' (Available from: <http://bit.ly/hK24tJ>).

expenditure was on 'public administration and civil society', while \$28 million or 2% was on 'conflict prevention and resolution, peace and security'.⁴⁴

DFID (Department for International Development, UK)

DFID's latest strategy (published at the start of 2011) outlines seven priority areas.⁴⁵ Two of these have a significant governance component:

Private sector

- 'Promote the conditions for stronger, long term economic growth across the countries we work in.
- Help to improve access to regional and international trade and create the right conditions for the private sector to flourish.' (p.6)

Conflict

- Spend 30% of UK aid in unstable states by 2014.
- 'Help address the causes of conflict, strengthen security and justice, lay the foundations for growth and improve access to basic services.
- Help people to influence decisions that affect them.
- Support more people to hold their governments and local authorities to account, through parliaments, the justice system, the media, and civil society organisations, such as community groups and local charities.
- Support them to elect local committees and hold public debates within their village to discuss what matters to them.
- Work to ensure that citizens and communities can take control of their own development and hold their governments to account.
- Support countries to manage their money more effectively, so they get more for what they spend. We will help them to raise revenues through tax, so that they will have more resources to meet the needs of their people. Support them to develop self assessment forms, much like our own, and a new computer system that keeps track of everyone's contributions.'
- Support the development of 'a police service that is not corrupt or abusive, an army that will play a positive role in preventing conflict and a legal system that can be trusted to resolve disputes fairly'. (p.21)

DFID has six 'emerging policy areas': climate and environment; malaria; reproductive, maternal and newborn health; water and sanitation; wealth creation and the private sector; civil society.⁴⁶ Three of these have a significant governance component:

Climate and Environment

'We are supporting developing countries to adapt to climate change – for example, through practical on-the-ground support, by building climate knowledge and capacity in vulnerable countries and by helping to ensure countries get access to sufficient finance'.

Private Sector

- We are working with civil society and competition agencies to promote better competition policy and a culture of competition

⁴⁴ See Danida (2009) 'Denmark's Participation in International Development Cooperation 2009' (Available from <http://www.um.dk/NR/rdonlyres/F8F9A1C9-58D0-47F4-A196-849AC0361202/0/Danida2009.pdf>).

⁴⁵ DFID (2011) 'UK Aid: Changing lives, delivering results' (available from <https://s3-eu-west-1.amazonaws.com/media.dfid.gov.uk/BAR-MAR-summary-document-web.pdf>).

⁴⁶ See <http://www.dfid.gov.uk/Global-Issues/Emerging-policy/>

- We also work to shore up the rule of law. Uncertainty over property rights and contract enforcement deters business investment and our work has included supporting the building of business/asset registries.

Civil Society

- Empower citizens in developing countries to be more effective participants in development decisions and policies that affect their lives
- Enable CSOs to influence, advocate and hold to account national, regional and international institutions and increase aid effectiveness
- Build and maintain the capacity and space for an active civil society.

DFID recently produced a synthesis report 'The Politics of Poverty: Elites, Citizens and States' (2010), based on DFID-commissioned research from the last ten years.⁴⁷ The report highlights the following key findings:

- The political settlement is central to all development.
- Security is a precondition for development and must be prioritised after conflict, but achieving this can sometimes be at the cost of accelerated development.
- Conflict is three times more likely in countries where there are high levels of inequality between different ethnic and religious groups.
- Citizen engagement in development is very important in achieving better service delivery and in building effective, accountable states.
- Effective taxation policies are crucial to building effective and responsive states and provide a critical path out of aid dependence.
- The way economic growth really happens in developing countries may not fit the current blueprints recommended by donors.

DFID has been one of the leading proponents of an approach to governance that integrates 'political economy analysis'. This approach is particularly reflected in its work on conflict and fragile states. DFID is currently strengthening its governance work in various areas to improve aid effectiveness. This includes a renewed focus on tax and anti-corruption, including international financial flows, and more work on improving the effectiveness of public sector reform interventions. DFID is also working to achieve a more sophisticated mainstreaming of gender across governance programming and working to improve the clarity of links between core peacebuilding - statebuilding activity, more mainstream governance activity, and ensuring adequate political economy analysis is undertaken across DFID programming, not just in governance work (CV comments).

OECD statistics from 2009 suggest that DFID's governance spending (spending on 'Government and Civil Society') constitutes around 14% of total ODA or \$1.15 billion (of this around 64% was on 'general' support, while 36% was for conflict, peace and security').

Netherlands

The Dutch Development Policy, published in 2007, highlights four focus areas⁴⁸:

- Security and development
- Growth and equity
- Gender and sexual and reproductive health and rights
- Sustainability, climate and energy.

⁴⁷ See <http://bit.ly/dPOUKa>.

⁴⁸ See Netherlands Ministry of Foreign Affairs (2007) 'Our Common Concern: Investing in development in a changing world' (Available from <http://bit.ly/gtRs5r>).

Of these areas, only security and development involves a sustained focus on governance issues. Key objectives include:

- 'The Netherlands' main aim will be to help create the conditions in which security and development can flourish, including respect for human rights. More ownership, effectiveness and legitimacy on the part of the government in performing its core tasks is key.
- The Netherlands already has experience of using instruments to implement security and development objectives. They include humanitarian relief, which largely goes to fragile states, on the basis of humanitarian need; support for good governance and human rights (including transitional justice); support for reform of the security sector to enable it to provide elementary security; and support for socioeconomic reconstruction.
- Ownership in the country concerned is vital. When the government is weak, it is not always enough simply to rely on government ownership. Active involvement from all parts of society will be needed' (p.23).

The Netherlands' governance priorities and 'picture of success' is clearly outlined in Chapter 7 of its 'Results in development 2007-2008' report.⁴⁹ This emphasizes that the focus of governance-related work varies according to context – some embassies are focused on justice, others on decentralization, and others still on human rights. The overarching goal of the Netherlands' governance work is 'a political, institutional and social climate in which human rights, democratic principles and the rule of law are protected and human, natural, financial and economic resources are managed in a transparent and responsible way in the interests of just and sustainable societies and development' (Minbuza 2009). The main governance objectives are split into four main categories: democratization / voice and accountability, effective governance, rule of law, and fighting corruption.

Following the election of a new government in October 2010, a new development policy is being developed. 'In this new policy paper, good governance is described as very relevant for new priority themes like water (management), the issue of fragility/fragile states and Private Sector Development' (AW comments).

OECD statistics from 2009 suggest that the Netherlands' governance spending (spending on 'Government and Civil Society') constitutes around 8% of total ODA or \$397 million (of this around 42% was on 'general' support, while 58% was for 'conflict, peace and security').

Norway (Norad (Norwegian Agency for Development Cooperation) and Ministry of Foreign Affairs)⁵⁰

Norad's work focuses on five thematic areas:

- Climate Change and the Environment
- Health and aids
- Macroeconomics and public administration
- Energy
- Education and research.

Norway mainly deals with governance as a cross-cutting theme (EM comments). Governance issues feature prominently in Norway's work on climate change and the environment and in its Oil for Development Policy, which was launched in 2005. Norway draws on its own expertise of managing petroleum resources in a way that generates economic growth and promotes the welfare of the whole

⁴⁹ <http://www.minbuza.nl/dsresource?objectid=buzabeheer:81811&type=org>

⁵⁰ The Ministry of Foreign Affairs is responsible for bilateral and multilateral development cooperation, while NORAD is responsible for support through civil society organisations.

population. Much of this work focuses on building the capacity of institutions and improving revenues from taxation.⁵¹

Governance is also a prominent theme in Norway's work on peace and reconciliation and in its statebuilding work in fragile situations (EM comments).⁵² In fragile states, Norad has recently developed a guidance note on the use of political economy analysis, which emphasises state legitimacy (ibid.).⁵³ Governance also features prominently on Norway's human rights work, and its work on gender equality (ibid.).⁵⁴

Within the area of macroeconomics and public administration, Norway works on the issue of **decentralisation**. Norad's main approaches to decentralisation reforms are through deconcentration and devolution. As part of such reforms Norad gives special attention to capacity building, development of local democracy and good governance by focusing on local election assemblies, local public administration and the local political context. Norad gives technical assistance to Norwegian embassies on how to implement programmes they are involved in. The assistance is mainly given through appraisals, reviews and evaluations, either on behalf of the embassies or in collaboration with other donors.

Norad supports democratic governance through the development of parliaments and political parties, media and civil society, often in the form of funds for joint donor support (EM comments). Norad has emphasised governance in certain country programmes. In Afghanistan, for example, 30% of its expenditure is committed to 'good governance' with a 'special focus on human rights and women's empowerment' (Norad 2009, 2). In Angola, 61% of expenditure supports 'good governance' work, which is focused on increasing local participation in national budget processes and land surveys. In East Timor, spending on good governance accounts for 43% of the country budget, which is focused on strengthening the Parliament and the judicial system, improving the budget spending and implementing the national youth policy. In Nepal, 44% of the country budget was spent on governance with a focus on supporting elections, supporting the constitution process and facilitating dialogue.⁵⁵

OECD statistics from 2009 suggest that Norway's governance spending (spending on 'Government and Civil Society') constitutes around 20% of total ODA or \$630 million (of this around 64% was on 'general' support, while 36% was for 'conflict, peace and security').

Sweden (Swedish International Development Cooperation Agency (Sida))

There was little up-to-date information on Sweden's governance policy available from their website. Sida bases its support to civil society on three key areas:

- Economic development
- Democracy and human rights
- Conflict management, peace and security.

'In addition, all support provided by Sida will need to have a rights and poverty perspective. The development of civil society helps create conditions that enable the poor to improve their living conditions. This means that Sida's support will be focused on the needs of the poor, and priority will be given to

⁵¹ For more information see

<http://www.norad.no/en/Thematic+areas/Energy/Oil+for+Development/Oil+for+Development.127154.cms>

⁵² For more information on this work see <http://www.regjeringen.no/en/dep/ud/selected-topics/peace-and-reconciliation-efforts.html?id=1158>

⁵³ The document can be found here: http://www.norad.no/en/_attachment/208355/binary/157014?download=true

⁵⁴ See <http://www.regjeringen.no/en/dep/ud/selected-topics/human-rights.html?id=1160> and <http://www.regjeringen.no/en/dep/ud/Documents/Reports-programmes-of-action-and-plans/Action-plans-and-programmes.html?id=2112>

⁵⁵ Norad (2009) 'Annual Report on Norwegian Bilateral Development Cooperation' (Available from http://www.norad.no/en/_attachment/244654/binary/170963?download=true).

efforts directed towards building their ability to organise themselves. Therefore, the rights and poverty perspectives as well as the three key areas need to be taken into consideration in any development activity that receives funding from Sida'.⁵⁶

Sida sees support for civil society as a means of supporting democratisation in authoritarian contexts. 'In relatively new, formally democratic states, civil society can spread knowledge of how the democratic process functions and can serve as a channel for people's political interest and commitment, and offers an arena for participation by those who are not represented by traditional political parties. Organisations in the civil society with the will and capacity to work in constructive dialogue with the state can also function as counterweights, or as partners in a more democratic state. In addition, they can also contribute to accountability, offer support for and validation of policies, and in certain cases, contribute to their implementation' (Sida 2007, 6).

OECD statistics from 2009 suggest that Sida's governance spending (spending on 'Government and Civil Society') constitutes around 20% of total ODA or \$593 million (of this around 67% was on 'general' support, while 33% was for 'conflict, peace and security'). According to statistics from Sida's website \$86million or 25% of the total bilateral funds administered by Sida was spent on 'democratic governance and human rights' in 2009 and \$11 million or 3% was spent on 'conflict, peace and security'.⁵⁷

United States (USAID and MCC)

USAID's governance programmes include efforts to promote:

- **'Anti-corruption:** Activities are designed to promote governance institutions, processes and policies that are transparent and accountable across all development sectors and may focus on civic education and advocacy for reform of laws and practices, or directly on improving accountability and transparency of governance processes.
- **Democratic Governance of the Security Sector:** Assistance in this area supports the development of effective, legitimate and democratically accountable security systems. Activities include: public sector reform and public management; strategic planning, policy, and budget formulation; civilian and civic capacity building; formal oversight (legislative, fiscal, human rights); and informal oversight (civil society watchdog groups).
- **Decentralization and Democratic Local Governance:** Decentralization and democratic local governance activities and strategies are designed to improve subnational public administration, emphasizing transparency, accountability and responsiveness; citizen participation; regional counterbalance to central authorities; fiscal performance and economic growth. Decentralization strategies in particular are designed to prioritize national stabilization, economic growth and/or democratization as a primary goal, consistent with country circumstances and U.S. foreign policy objectives.
- **Strengthen Legislative Function and Processes:** Assistance in this area seeks to improve the way legislatures and legislative processes and procedures work to uphold democratic practices, with a focus on the quality and effectiveness of laws and regulations. Programs are also designed to increase the legislature's capacity to be responsive, enhance public participation, engage in policy-making, hold the legislative and the executive branch accountable, and oversee the implementation of government programs, budgets, and laws.

⁵⁶ For more information see Sida (2007) 'Sida's support to civil society in Development Cooperation' (Available from http://www.swedenabroad.com/SelectImageX/126178/SIDA37855en_web_Policy_CS1%20indd.pdf).

⁵⁷ These figures do not include money allocated to multi-lateral agencies or via other agencies such as NGOs. See <http://www.sadev.scb.se/eng/database/sadev/sadev.asp> for more details.

- **Policy Reform through Strengthened Executive and Public Sector Performance:** This component assists executive branch offices and citizens in incorporating democratic structures and principles into state building, and into their ongoing systems of governance and public administration services. Programs provide executive offices, ministries, and independent governmental bodies with policies, procedures, and skill sets (including leadership and strategic management) to guide operations, implementation and enforcement of laws, regulations and policies, linkages between and among branches, levels and functions of government, international relations, financial management systems, civil service reforms, public/private partnerships; and support working with citizens as customers of government'.⁵⁸

The Office of Democracy and Governance's mission statement is to: 'advance the effectiveness of global USG efforts to promote the transition to, and consolidation of, democratic institutions, civic values and good governance, and directly impact broader USG stabilization and development objectives'. Its key priorities are outlined in a recent guide to democracy and governance programming published in November 2010.⁵⁹

Civil Society

'Strengthening the mediums through which citizens can freely organize and communicate with their government and with each other, particularly via support for independent media, democratic labor movements, and the enabling environment for civil society organizations, strengthening a democratic political culture through support for civic engagement and civic education. Through these avenues of support, USAID helps to mobilize constituencies for democratic reform' (p.19).

Elections and Political Processes

'Impartial electoral frameworks, credible electoral administration, effective oversight of electoral processes, informed and active citizenries, representative and competitive multi-party systems, inclusion of women and other disadvantaged groups, effective governance by elected leaders and bodies, election monitoring, voter education and effective transfers of political power.' (p.27)

Governance

'Legislative strengthening, public policy development and implementation, decentralization and local capacity, anticorruption initiatives, and security sector reform' (p.33).

Rule of Law

- **Order and security:** Establishing, rebuilding or expanding justice institutions; crime prevention, community security and civilian policing; disarmament, demobilization and reintegration process; and witness and court personnel protection programs.
- **Legitimacy:** Constitutional drafting processes; legal reform commissions and citizen mobilization; harmonization of non-state customary or religious law with state-based law; and transitional justice mechanisms to address past abuses.
- **Checks and Balances:** Establishing or strengthening independent judicial bodies; upgrading or reforming judicial career processes; improving working conditions for judicial personnel; strengthening judicial administration, management and self-governance; strengthening independent judicial and legal professional associations; enhancing judicial professional development and access to the laws; and stimulating citizen support for judicial independence.
- **Fairness:** Reforming and implementing procedural codes; reforming administrative law; improving transparent and efficient administration of justice system components; expanding access to legal services; improving the quality of private defense; improving the accessibility of the state justice system; supporting or expanding alternative dispute resolution; increasing citizen awareness of

⁵⁸ See http://www.usaid.gov/our_work/democracy_and_governance/technical_areas/governance/gov_strategy.html

⁵⁹ USAID (2010) 'User's Guide to DG Programming' (available from <http://1.usa.gov/h2wDcG>)

human rights standards and issues; strengthening human rights institutions; and working with non-state justice institutions to improve access to justice.

- Effective Application: Improving investigative capacity of police and/or prosecutors; enforcing judgments; and strengthening the implementation of administrative law and procedure' (p.45)

USAID established the **Millennium Challenge Corporation (MCC)** in 2004. 'MCC forms partnerships with some of the world's poorest countries, but only those committed to:

- good governance
- economic freedom
- investments in their citizens.

As argued by Chhotray and Hulme (2007), the selection indicators imply a universalist and deductive view of governance, firmly founded in neo-liberal principles. Indicators focus on the following key governance-related areas:

- Civil Liberties
- Political Rights
- Voice and Accountability
- Government Effectiveness
- Rule of Law
- Control of Corruption
- Business Start Up
- Regulatory Quality
- Fiscal Policy
- Natural Resource Management
- Land Rights and Access.

OECD statistics from 2009 suggest that USAID's governance spending (spending on 'Government and Civil Society') constitutes around 19% of total ODA or \$5.53 billion. (Of this around 84% was on 'general' support, while 16% was for 'conflict, peace and security').

4. Additional information

Author

This query response was prepared by Oliver Walton, oliver@gsdrc.org

Selected websites visited

African Development Bank, Asian Development Bank, BMZ, Centre for the Future State, CIDA, Danish Ministry of Foreign Affairs, Department for International Development (DFID), European Commission, Europe Aid, Google, GOVNET, GIZ, IDS, Informaworld, ODI, OECD, Millennium Challenge Corporation, Netherlands Ministry of Foreign Affairs, Norad, Sida, UNDP, UNDP Oslo Governance Centre, USAID, World Bank, World Bank Blogs, World Bank Institute

Experts consulted

Heather Marquette, University of Birmingham
Lisa Williams, OECD
Andre Westerink, Netherlands Ministry of Foreign Affairs
Javier Fabra Mata, UNDP
Sarah Lister, UNDP
Hans van Rijn, ADB
Eli Moen, Norad
Asbjorn Lovbraek, Norad
Claire Vallings, DFID

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