



# Talking about Governance

European Community Aid:  
Policy and practice on  
governance and democracy

One World Action

# One World Action

## Our Vision

A Just and Equal World, where there is no necessity for One World Action.

## Our Mission

To create the power and opportunity for the poorest citizens to transform their own lives; and to challenge the international policies that make and keep people poor.

## Our Values

We work with partners, South and North, in ways that respect different perspectives and build on the strengths of diversity; we believe strongly in gender equity and full participation of women in all development processes; we seek to put into practice the principles of good governance and democracy in our own organisation and behaviours.



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## **European Community Aid:**

### **Policy and practice on governance and democracy**

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## Glossary

ACP	African, Caribbean, and Pacific Countries
ALA	Asia and Latin America
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CFSP	Common Foreign and Security Policy
CSO	Civil Society Organisation
CSP	Country Strategy Paper
DFID	UK Department for International Development
EC	European Community
EDF	European Development Fund
EIDHR	European Initiative on Democracy and Human Rights
EMP	Euro-Mediterranean Partnership
ENP	European Neighbourhood Policy
EP	European Parliament
EU	European Union
MSs	EU Member States
NGO	Non-Governmental Organisation
MDGs	Millennium Development Goals
NIP	National Indicative Programme
NSA	Non-State Actor
PAF	Performance Assessment Framework
PRSP	Poverty Reduction Strategy Paper
TA	Technical Assistance
TACIS	Technical Assistance to the Commonwealth of Independent States
UNDP	UN Development Programme

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# 1. Introduction

One World Action's hypothesis is that poor governance, weak democracy and lack of respect for human rights contribute to and exacerbate poverty and inequality. 'Good governance' in our view is governance which is characterised by the impartial rule of law, respect for the human rights of all citizens including the most socially excluded, and transparent and democratic policy- and decision-making. Good governments set up institutions, processes and practices that ensure sustainable and equitable economic development, the provision of services responsive to social differences, and introduce changes in administrative structures and procedures, laws and political processes which aid accountability.

Active and open democracy at all levels is the essential partner to this 'good governance'. All citizens, regardless of class, gender, race, ethnicity or other social difference, must be able to enjoy and exercise their political rights and have the awareness and capacity to organise to participate politically, and the opportunity to influence decisions. A free and independent media, and vibrant, well-informed community-based groups, citizens' movements, women's organisations, trades union and other civil society organisations all play vital roles in strengthening political engagement, which in turn enables greater enjoyment of social, economic and cultural rights.

**One World Action's project**, European Community Aid: Policy and practice on governance and democracy, was a programme of research in seven countries: Azerbaijan, Georgia, Guatemala, Morocco, Mozambique, Peru and Rwanda. The aim was to contribute towards increasing the effectiveness of European Community aid<sup>1</sup> targeted at improving governance, fostering democracy and promoting respect for human rights. The project was funded by the UK Government's Department for International Development (DFID).

The research objectives were to identify lessons from:

- implementation of agreed European Union policy on institutional capacity building in the area of good governance and promoting human rights and democratisation
- attempts to mainstream the governance, democracy and human rights agenda in European Community development co-operation.

The research was a qualitative study, consisting of desk research, interviews with key actors (including government officials, European Commission officials in Brussels and in Delegations, other donor officials and

civil society representatives), and a review of selected European Community aid-funded programmes and projects including direct support to governance, democracy and human rights work and programmes where governance was being mainstreamed.

The countries were selected to provide a range of experience using the following priority criteria:

- range of countries/regions
- those where the Country Strategy Paper indicated a strong commitment and clear approach on governance, democracy and human rights
- those where the strategy was less well defined
- the overall volume of European Community aid
- percentage of aid allocated to governance initiatives
- level of political development and stability
- countries of particular interest to DFID, the European Commission and One World Action.

Research in two countries in Asia: Indonesia and Vietnam, was included in the initial planning and in phase one of the project and some preliminary research was carried out. These two countries were not included in the second phase for practical and timing reasons.

The research explored a 'snapshot' view of how governance, democracy and human rights policies are implemented in the countries concerned in mid to late 2004 (Georgia, Guatemala, Peru and Rwanda) and in early 2006 (Azerbaijan, Morocco, Mozambique). This synthesis does not comment on changes that may have taken place in the first four countries since the 2004 phase of the research was completed. Our research coincided with a number of important developments within the Commission and the EU. The Commission commissioned a thematic evaluation of EC support to good governance in 2005. The final report was completed in June 2006.<sup>2</sup> Furthermore we will see in the next section EU policy on development and on governance has been strengthened since 2004. We have included these commitments and communications in our analysis for this report. We also recognise that the Communication on Governance and Development of 2003 was in the early days of implementation.

One World Action welcomes additional information that will enrich this analysis and contribute to ongoing dialogue on support to governance, democracy and respect for human rights.

<sup>1</sup> European Community refers to development co-operation managed by the European Commission

<sup>2</sup> Thematic Evaluation of the EC Support to Good Governance. Final Report June 2006

## 2. European Union Policy Frameworks

The European Union (EU) has formulated a body of strong policies on development and on governance, democracy and human rights over the past decade or more. The European Consensus on Development<sup>3</sup>, the most recent statement of development policy for the EU and the European Community, states: 'EU partnership and dialogue with third countries will promote common values of: respect for human rights, fundamental freedoms, peace, democracy, good governance, gender equality, the rule of law, solidarity and justice.' It continues: 'The Community development policy will have as its primary objective the eradication of poverty in the context of sustainable development, including pursuit of the MDGs, as well as the promotion of democracy, good governance and respect for human rights...' Later it expands: '... the Community will promote democracy, human rights, good governance and respect for international law, with special attention given to transparency and anti-corruption.' Paragraph 86 clarifies what the European Community will do in co-operation with states and non-state actors in partner countries: '... the Community will actively seek to promote human rights as an integral part of participatory in-country dialogue on governance. Fostering good governance requires a pragmatic approach based on the specific context of each country. The Community will actively promote a participatory in-country dialogue on governance, in areas such as anti-corruption, public sector reform, access to justice and reform of the judicial system...'

Regional and national policy frameworks for European development co-operation all include a commitment to the promotion of human rights, democracy, the rule of law and good governance. The Cotonou Agreement<sup>4</sup> between the African Caribbean and Pacific (ACP) group of countries and the EU contains the strongest statement: Article 9 states that respect for human rights, democratic principles and the rule of law constitute the 'essential elements' of the partnership, with good governance as its 'fundamental element'. The Agreement contains a mutually agreed definition of governance as the 'transparent and accountable management of human, natural, economic and financial resources for the purposes of equitable and sustainable development' and states that good governance entails 'clear decision-making procedures at the level of public authorities' and 'transparent and accountable institutions'.

EU relations with Mediterranean countries are governed by MEDA Council Regulations<sup>5</sup> which regard respect for human rights and democracy as a primary objective and a condition of co-operation. A Communication agreed in 2003<sup>6</sup> sought to reinvigorate EU actions on human rights and democratisation and guide practical co-operation in the region. It was, for example, stated that the EU would work for 'the systematic inclusion of human rights and democracy issues in all dialogues taking place on an institutionalised basis'. It proposed action in a number of areas, including the setting up of working groups on human rights and legal reform including the legal frameworks governing NGOs and other non-state actors. It further proposed revising the strategy of the European Initiative on Democracy and Human Rights (EIDHR) to strengthen the capacity of civil society and improving the co-ordination and effectiveness of election support. Relations between the EU and Mediterranean partners entered a new phase with the adoption of the European Neighbourhood Policy (ENP) in early 2003. The ENP, initially conceived as covering the EU's relations with its Eastern European neighbours, was extended to cover Mediterranean countries. This enshrined a mutual commitment to shared values and listed a range of processes which would advance convergence, including, democracy, pluralism, human rights, civil liberties, the rule of law and basic employment standards (all seen as preconditions for political stability and sustainable socio-economic development). The need for a flourishing civil society was also stressed, as was the fight against corruption.

The Asia and Latin America Regulations<sup>7</sup> include democracy, good governance, the rule of law and human rights as essential principles. EU relations with Asia are explained most clearly in a 2001 Communication<sup>8</sup>. This articulates that the EU's 'one clear core objective' is to 'focus on strengthening the EU's political and economic presence across the region and raising this to a level commensurate with the growing global weight of an enlarged EU'. In order to meet this objective, the Commission will work to contribute to peace and security in the region and globally, further strengthen mutual trade and investment flows, promote the development of the less prosperous countries, and contribute to the spreading of democracy, good governance and the

<sup>3</sup> The European Consensus on Development, Joint Statement by the Council and the Representatives of the Governments of the Member States meeting within the Council, the European Parliament and the Commission. November 2005 (14805/05)

<sup>4</sup> ACP-EU Partnership Agreement signed in Cotonou on 23 June 2000

<sup>5</sup> Council Regulation (EC) No 1488/98 and (EC) No 2698/2000

<sup>6</sup> Communication 294/2003, Reinvigorating EU actions on human rights and democratisation with Mediterranean partners, Strategic Guidelines

<sup>7</sup> ALA Regulations (EEC) No 443/92, (EC) No. 2130/2001, (EC) No 2258/96

<sup>8</sup> *Communication from the Commission, Europe and Asia: A Strategic Framework for Enhanced Partnerships*. Brussels, 4.9.2001 COM(2001) 469 final

rule of law. With respect to this latter area of work, the document elaborates that the Commission will work with Asia to uphold the universality and indivisibility of human rights, pursue a constructive dialogue in bilateral and multilateral fora, encourage the strengthening of civil society, and mainstream human rights and governance issues in co-operation activities.

A new Communication<sup>9</sup> on EU relations with Latin America was agreed by the EU in May 2006. In this the Commission pledges to continue its support for strengthening democratic governance through a range of interventions including supporting greater representation, co-operation with civil society, decentralisation and tackling corruption. Specifically, the Communication states that the Commission will: 'step up co-operation measures which strengthen governance and encourage inclusiveness of poorer citizens in particular; involve civil society in its operations and promote the involvement of citizens (particularly women) in political projects, including

The Commission perceives that the real value of the concept of governance is that 'it provides a terminology that is more pragmatic' than democracy or human rights. This pragmatic approach focuses on governance as a first step towards building 'good governance' (which encompasses a broader definition including concepts of human rights, democratisation and democracy).

In August 2006 the Commission published a new Communication on Governance in the European Consensus on Development<sup>11</sup>. This sets out ways of approaching governance and supporting the processes of democratic governance across economic, social, environmental and political areas. It proposes that the Community and Member States agree practices and principles for dialogue and co-operation with third countries on governance in line with the partnership-based approach of the 2005 Paris Declaration.

***'...the EU shall take account of the objectives of development co-operation in all policies that it implements which are likely to affect developing countries, and that these policies support development objectives'.***

through political parties. It further committed support to the initiative of the European Parliament (EP) to set up an EU-Latin America transatlantic assembly.

The Commission in its 2003 Communication on Governance and Development<sup>10</sup> acknowledged the challenge of supporting governance interventions in a range of different national contexts: 'Good governance is to be analysed and promoted on a country-specific basis' with progress towards good governance regarded as a process composed of a range of pragmatic measures. The Communication recognises governance as a 'key component of policies and reforms for poverty reduction, democratisation and global security' and places particular importance on 'institutional capacity-building, particularly in the area of good governance and the rule of law' (one of six priority areas to be addressed by European Community aid programmes).

The EU is committed to ensuring coherence in its external actions with third countries and has issued strong statements on this over many years. The 2005 European Consensus on Development reaffirms the commitment to 'promoting policy coherence for development, based upon ensuring that the EU shall take account of the objectives of development co-operation in all policies that it implements which are likely to affect developing countries, and that these policies support development objectives'. In early 2006 the Commission prepared a work programme for 2006-2007. The European Consensus also made a commitment to stepping-up its approach to mainstreaming: 'In all activities, the Community will apply a strengthened approach to mainstreaming the following cross-cutting issues: the promotion of human rights, gender equality, democracy, good governance, children rights and indigenous people, conflict prevention, environmental sustainability and

<sup>9</sup> Communication from the Commission to the Council and the European Parliament 'A stronger partnership between the European Union and Latin America'. {COM(2005)636 final}

<sup>10</sup> Governance and Development. Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee. COM (2003) 615

<sup>11</sup> Governance in the European Consensus on Development – Towards a harmonised approach within the European Union. Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions. August 2006



combating HIV/AIDS.’ The commitment to mainstreaming many of these issues, notably human rights, governance, gender equality, democracy and environment, has been part of European Union policy for over five years.

The Commission published a Handbook on Good Governance and EC Development Co-operation<sup>12</sup> in 2004 for use by staff in Delegations and in Brussels; it is also made available to partner governments. The Handbook addresses the issue of good governance through a horizontal (mainstreaming) and a vertical approach (support to actions within the field of good governance in partner countries). It does not prescribe a concept of good governance but aims instead to assist Commission and local officials ‘to carry out policies and programmes in a way that is consistent with good governance principles and practices’. It identifies six clusters of good governance, as follows:

- Support for democratisation including electoral processes and electoral observation (with an emphasis on participation, representativity and accountability)
- Promotion and protection of human rights (as defined in the international covenants and conventions, respect of norms and non-discrimination)
- Reinforcement of the rule of law and the administration of justice
- Enhancement of the role of civil society and civil society capacity building (as a partner and actor of public policy)
- Public administration reform, management of public finance and civil service reform
- Decentralisation and local government reform/capacity building (to promote and institutionalise participation at the local level with a focus on local power structures and resources).

The Handbook also identifies guiding principles and core concerns for horizontal and vertical good governance work.

The challenge of implementing these ambitious policy commitments in partner countries rests with Commission officials in Brussels and in Delegations. The scope for interpretation in different national contexts is considerable.

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<sup>12</sup> European Commission Handbook on Good Governance and EC Development Co-operation. 2004

# 3. Implementation of EU Policies

## 3.1 Through Political Means and Policy Dialogue

Each of the seven countries researched by One World Action could be described as a difficult environment. Most are characterised by weak government capacity and underdeveloped state institutions. While some governments are open to reform processes, others range between unenthusiastic and resistant. Inadequate revenue raising and public budgeting are shared challenges, as are insufficient decentralisation and feeble local democracy. Some of the seven countries have only recently emerged from conflict. Inequality between women and men, girls and boys are common to all. Organised civil society is strong in some countries, but not necessarily representative of the wider community; it is fragile and constrained in many. Each country poses unique challenges.

Governance is a very broad, demanding and often contentious agenda. There is the added challenge of governance being both a 'sector' for intervention and a cross-cutting 'issue' that underpins progress towards sustainable and equitable development, poverty eradication and the success of humanitarian interventions.

The degree to which the Commission expresses its governance, democracy and human rights principles at implementation level varies widely from country to country, across and within regions. There are many examples of good, innovative practice and some notable achievements. A very wide range of interventions are supported under the governance, democracy and human rights rubric.

The European Commission is a large donor and is respected as an independent and principled one. European Community aid is, however, but part of the multi-dimensional relationship the EU has with the countries of Africa, the Mediterranean, Asia, Latin America, Eastern and Central Europe. Although the primary objective of European Community development co-operation is poverty eradication, wider EU strategic and trading considerations affect Commission co-operation, shape the nature of the political dialogue and influence the choice of sectors for support and intervention. These wider EU interests can lead to challenges in the area of policy coherence. In this regard, recent Commission and Council of Ministers' renewed emphasis on policy coherence for development is greatly welcomed. A related challenge is that the champions of trade liberalisation are powerful within Commission structures, as is the belief

that economic growth and increased trade are the routes out of poverty for developing countries. This can lead to a de-emphasising of the significance of good governance, democratisation and respect for human rights to the process of sustainable and equitable development.

Use of political means and policy dialogue between donors and government is an important aspect of development co-operation and is vital to the

**European Community aid is but part of the multi-dimensional relationship the EU has with the countries of Africa, the Mediterranean, Asia, Latin America, Eastern and Central Europe.**

achievement of good governance, democracy and human rights objectives. The Cotonou Agreement (Article 8) is the foremost framework for political dialogue with ACP countries. It states: 'The Parties shall regularly engage in a comprehensive, balanced and deep political dialogue leading to commitments on both sides.' The Communication on Governance (2003) is clear that regular and on-going contact between donors and the government on governance issues is paramount. The level, range and regularity of this dialogue varies widely within the seven countries researched reflecting different degrees of government willingness to enter into dialogue about this agenda and Delegation officials' readiness and ability to press the conversation. Other factors shape the scope for dialogue too. The Commission's capacity to engage is shaped by its mandate, by the use of different and separately managed aid instruments and by workload constraints. As much formal political dialogue takes place behind closed doors it is not possible to obtain a full picture of what is discussed. Much political dialogue also takes place in informal settings, where, in the view of the Commission, the issues discussed and results obtained are as important as those of the formal processes. There is a healthy level of dialogue on this agenda in some countries, notably, Guatemala and Mozambique, elsewhere the dialogue appears more-cautious, as for example in Rwanda, whereas in the cases of Morocco and Azerbaijan the scope for dialogue is firmly constrained by the Palace and the President respectively.

The April 2005 Paris Declaration on Aid Effectiveness, the culmination of a process of high level meetings within the auspices of the OECD Development Assistance Committee, sets out to take 'far-reaching and monitorable actions' to reform the ways aid is delivered and managed. Covering ownership, harmonisation, alignment, results and mutual accountability, it seeks, inter alia, to strengthen partner country national development strategies and related operational frameworks, increase the alignment of aid with partner country priorities and build partner country and donor country accountability to their citizens and parliaments. The Declaration recognised that both more aid and more effective aid were necessary to improve governance. The necessity to align with partner country government strategy and priorities poses an interesting challenge for donors, such as the Commission, wishing to press forward an agenda it regards as vital to aid effectiveness and sustainable development. And, of course, the issue of asymmetrical power relations between partner government and donor due to resources and colonial history has implications for political dialogue (Grimm, 2006).

The growing use of new aid modalities, and in particular, direct budget support, is changing relations between donors and partner countries and setting a new framework for policy dialogue. **Mozambique** is an interesting case here. The general relationship between the EU and Mozambique is regarded as 'positive' and 'constructive' and regular dialogue takes place in the form of a twice-yearly joint retreat of representatives of the government and the EU. The Country Strategy Paper (CSP) for the period 2001-07 outlines some of the issues which would be covered in policy dialogue: constitutional matters (decentralisation and electoral process), rule of law (human rights and legal sector reform) and conflict prevention. The Performance Assessment Framework (PAF), agreed between 18 donors and the government, structures much of the dialogue with a focus on public financial management and also broader governance issues, like decentralisation, good governance, anti-corruption and some gender equality dimensions. Direct budget support is explicitly linked

to performance and the fulfilment of agreed targets related to government priorities as defined in the country's poverty reduction strategy paper (PARPA).

Governance objectives are included in the targets, specifically public sector reform and judicial sector reform. Grimm (2006) points out that many governance issues are hard to quantify and in addition issues of quality and sovereignty arise, as for example with respect to targets on reform of the notary code or prison legislation. The inclusion of these targets in the PAF has been successful in ensuring that the item remains on the political agenda. However, Grimm argues, the agreement on these legal procedures '(a) hardly says anything about the content of these reforms – on which policy dialogue will take place and (b) will always require a certain level of scrutiny that cannot be provided by donors for reasons of legitimacy, but also for practical reasons, as donors will not be able to cover the national territory in their observation even if the delicate issue of sovereignty were not given'.

**Rwanda** has received direct budget support since 2002 but policy dialogue is not well developed and the Commission's principal interest is seen to be in project implementation. The Delegation did not regard it as their role to press for greater policy dialogue and saw it as inappropriate to take the lead in debates on governance or other issues. The relationship with government is felt to be effective and therefore there is no pressing need for ongoing dialogue (Enfield, 2004). There is considerable alignment of EU policy and the Commission's views on governance with those of the government. The Project Management Unit (PMU) which is situated within the Ministry of Justice and manages EC funding specifically allocated to support good governance and justice, has created space for engagement and dialogue with partners, including some civil society partners, on governance issues. These meetings helped to foster a sense amongst civil society actors that government can be a useful collaborator and that there can be synergy between civil society and state actors (CSOs are however excluded from funding decisions). The Delegation's reticence in pressing for

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greater policy dialogue, whilst understandable given Rwanda's recent history, may undermine the potential to build on successful initiatives like the work of the PMU and influence key actors, including within government. While it is clear that much progress has been made since the genocide, including new institutions and processes and a nascent multi-party democracy, there are still concerns about human rights' abuses.

The Delegation in **Guatemala** often walks a fine line. The EU (Member States and Commission) rarely acts in concert or speaks with one voice. Some Member States consider that the Delegation should not play a political role. At the same time the Commission as a large donor is expected by the wider donor community to contribute to policy dialogue with the government. The Commission has maintained a dialogue with the government and at times has been quite critical but argues that it does not have the political clout of the multilateral banks. In reality even the multilateral banks have limited influence due to the relatively stable macro-economic situation and the low level of aid dependence (Thoresen, 2004).

**Strategic considerations also play a critical role in shaping the scope and depth of political dialogue.**

Nonetheless the Commission plays an interesting role in Guatemala where it has been successful in promoting dialogue through the *Meso Dialogue*. Launched in May 2000, this brings together the Commission, the government, EU Member States, Guatemalan civil society and European NGOs and is understood as a forum for participation and influence in which each of the five actors can propose, debate and reach consensus on European interventions. The Commission's active support of this dialogue through sharing information and funding a secretariat managed by a consortium of Guatemalan and European CSOs was critical to its success. The dialogue has focused mainly on the identification and formulation of programmes, thus contributing to greater openness and participation in the programming process and better quality of proposals, and improved access to information for CSOs. It has the added indirect benefit of being a space for dialogue between the Guatemalan state and civil society. The *Meso Dialogue* is not without some internal tensions arising from

different agendas: the CSOs want to influence the Commission who for its part thinks the CSOs are too absorbed by the political agenda rather than practical projects; the Commission wants to foster national dialogue (and does not see itself as a change agent) but the technical level of government representation limits such dialogue. There is also a question about CSO representation given that social movements, women's organisations, indigenous peoples' organisations and others are not involved (Thoresen, 2004).

The different agendas of EU Member States and the Commission are important factors in **Morocco** also. Dialogue between the Delegation and the Moroccan authorities takes place formally in an institutional framework laid out by the MEDA Regulation: an Association Council at foreign minister level for policy dialogue and six specialised sub-committees; a proposed human rights, democratisation and governance sub-committee has yet to materialise. Contacts also exist between the EP and the Moroccan parliamentary bodies. The intensity of policy dialogue between the Commission and the government since the Association Agreement came into force in 2000 has not been welcomed by all EU Member States. Some, notably France but also Spain that have their own direct access to the Palace, claim the proliferation of specialised sub-committees could impose new administrative constraints and delays on the management of EU programmes, and do not match Morocco's political reality of centralised power. The contest for influence undermines the credibility of the Delegation as the face of the EU. The legal base of the Commission's operations leaves it little choice but to engage in these dialogue mechanisms.

Strategic considerations also play a critical role in shaping the scope and depth of political dialogue. North Africa and the Mediterranean countries are important strategic allies for the EU. The human rights clauses contained in the Euro-Mediterranean Partnership (EMP) have never been applied and even macro-economic conditionalities were applied softly (Schmid 2006). In a complicated region, Morocco is widely regarded as a reliable ally. The government is keen to demonstrate its willingness to respond to the reform agenda, to align itself with international legal standards and to have special status within the EMP framework, a desire partly satisfied by the new ENP. A process of modernisation in all spheres has been underway, especially since the 1990s, which puts it ahead of many countries in the region in terms of freedom of expression and rights of women (for

example, Morocco ratified CEDAW in 1993). But the regime is still authoritarian, human rights are fragile, political rights are contentious, social indicators are very poor (Morocco has one of the highest child labour rates in the region), and the civil service remains a typical centralised hierarchical bureaucracy. Notwithstanding these areas of weak governance, Morocco is seen by the EU as a good example of twin liberalisation: economic and political, and is often regarded as a pilot country for EMP experimentation.

Relations between the EU and Morocco have increasingly incorporated governance and democracy issues and assistance includes direct budget support for structural reforms in line with pre-agreed objectives and conditions. The power of the Palace is indisputable and, of course, limits the Delegation's scope for dialogue. This is well illustrated by the discrepancy between the Moroccan Country Report written by the Delegation and the Action Plan mutually agreed by the government and the Delegation: certain key issues, such as the separation of powers, the need to increase parliamentary power, judicial independence and legal accountability, which are highlighted in the Country Report are not on the Action Plan's list of priorities. The remaining priorities reflect those agreed by the Palace and fit within the Palace's reform strategy. As Schmid (2006) concludes, the EU 'has no choice but to praise Moroccan independent initiatives and push their logic to the extreme, hoping that it could finally trigger substantial change' and to some extent consciously de-emphasise the frailty of reforms and human rights failures. Schmid is sceptical that the use of direct budget support in Morocco will bring the policy dialogue advantages seen in other countries. She suggests that in order to smooth disbursement the Commission may lower its expectations of the reform process and that therefore budget support may not be 'a reliable tool to influence the government's priorities, even if it remains indispensable to encourage reforms in the long run'. The Commission disagrees arguing that budget support allows them and other donors to carry out an in-depth analysis of the public finance management system and to design a programme with verifiable indicators to improve this system. Furthermore, the Commission's view is that the use of budget support for sectoral programmes opens space for dialogue and integration of governance principles in sectoral reforms processes<sup>13</sup>.

**Azerbaijan**, similarly, poses interesting challenges for donors wishing to promote a governance, democracy and human rights agenda. Power is highly centralised

in the President who appoints all ministers, including the Prime Minister, local state administrators and judges. Azerbaijan is geo-politically important to the US and the EU as a source of oil and gas in the mid-term and as a transit corridor from Central Asia to Europe in the long-term. Azerbaijan is also an important trading and strategic partner for the EU. Hence relations with Azerbaijan are finely balanced: economic interests need greater liberalisation and the rule of law, yet economic exigencies also demand stability and security, which would be difficult to ensure if the Commission and other European actors fly high a flag of democracy and human rights (Krylova, 2006). Azerbaijan's interests also have to be balanced: dependence on external investment (EU and US) and the need to maintain good relations with Russia, Iran and its small neighbours. Governance challenges abound, including separation of powers, rule of law, institutional reform, corruption, transparency and human rights. An emerging civil society, a hamstrung media and weak local governance are further challenges. Inequality is pervasive with decreasing opportunities for women as their roles become 're-traditionalised'.

***The Commission was noted for not imposing policy options and solutions but at the same time not maximising its potential to play a more active role in policy dialogue.***

Azerbaijan was brought within the ENP in 2004 which signals the EU's desire to build closer relations and enhance economic integration and political co-operation. The Partnership and Co-operation Agreement (1999) sets the terms for political dialogue: regular meetings at senior official level, bi-lateral and multi-lateral diplomatic channels and expert meetings. However, in practice, there has been no systematic dialogue and there has been some confusion about the roles and mandates of different European actors and bodies (from an envoy, to special representative, to Europa House). A full delegation office will be opened in 2007 and a recently appointed Special Envoy with the status of Ambassador already spends half his work time in the country. The lack of regular dialogue to date has had a negative impact on co-operation interventions (Krylova, 2006).

<sup>13</sup> European Commission comments on draft of this report.

The change from police-state to democratic rule in **Georgia** has created opportunities for the Commission and the strategy adopted is in line with wider EU policy, existing government priorities and the approaches of the international community. The EU has confirmed its political support for the new regime in a number of declarations and high-level visits. The Commission had yet to develop a constructive political and policy dialogue with the government at the time of our research. The lack of dialogue was seen as contributing to the shortcomings in several programme interventions (see below). The Commission was noted for not imposing policy options and solutions but at the same time not maximising its potential to play a more active role in policy dialogue. It is regarded as an important player but there is some ambiguity in how it is perceived by the wider donor community and civil society in Georgia: on one hand it is regarded as a positive and neutral player, on the other it is viewed as an actor without an agenda. Krylova (2004) suggests a range of policy areas where the Commission could be more proactive, for example, strengthening links between practical interventions and policy advice activities, supporting local partners to play a role in influencing policies and supporting the development of local know-how as well as and as an alternative to external technical assistance.

The implementation of the Food Security Programme (a form of budget support) in Georgia illustrated some interesting tests for donors regarding consistency in pursuing conditionality and taking account of the degree to which their conditions coincide with national reform strategies. Government failure to meet the criteria and low levels of commitment to change within the leadership of the relevant ministries hindered successful implementation. An EU Mission in 2004 suggested that greater attention could be focused on supporting government defined priorities in order to return ownership of the programme and responsibility for meeting food security objectives to the government. This was a welcome step but did not go far enough towards building country-owned policies. The Exceptional Financial Assistance (EFA)<sup>14</sup> is disbursed as Georgia fulfils economic policy conditions that are dictated by International Monetary Fund and the World Bank. The EFA is 'tuned' with assistance from European Community programmes such as TACIS but this approach does not appear to result in country-owned economic policies, and Georgia continuously failed to meet its full conditionality package. Krylova (2004) concludes: 'The effect of the programme appears to have been

significantly limited by a lack of consistency on the part of the Commission in pursuing conditionality, a lack of constructive policy dialogue with the government, and, probably, deficient sensitivity to the context and over-ambitiousness of the conditions given a lack of progress with reforms in the country.'

In 2000, **Peru** emerged from a decade of authoritarianism and demolition of the rule of law into a period of relative political stability. Since then state reform processes have experienced periods of progress, deterioration and deadlock (for example in tax reform, reform of the armed and police forces and the justice system). According to Vargas (2004) the most glaring abuses of human rights take place within the criminal penitentiary system (for example, 70% of those imprisoned as at 2004 had not been sentenced and torture was commonplace). Overall, state institutions are weak and undemocratic and the political party system is fragile. The exchange of information on democracy and human rights and policy dialogue and donor co-ordination are quite strong. However, in Vargas' view, there is no profound dialogue on the larger political issues.

For many years there has been intense interaction between the donor community in Peru and the government which takes place in Inter-agency Working Groups. The groups are horizontal co-ordination mechanisms and include groups on governance, justice, health and gender. The governance group has a series of sub-groups, for example, on decentralisation, democracy, human rights and citizen participation. The Commission participates in all these sub-groups which meet regularly to discuss thematic areas, action plans, possible joint programming and measures to improve overall impact. Although the working group structure is not an established institutional mechanism, but rather a voluntary meeting and consensus-seeking space where common perspectives can be developed and harmonisation facilitated, it is an important means of government/donor co-ordination. Meetings are held with civil society organisations twice annually.

Donor co-ordination plays a key role at the strategic level of policy dialogue but also at the operational level in programmes and projects. It is taking on greater importance in the context of the Paris Declaration and increasing aid volumes. The Commission engages actively in such donor co-ordination mechanisms as exist. Driven initially by donors, co-ordination is now increasingly shaped by partner governments within the framework of national

<sup>14</sup> The Exceptional Financial Assistance (EFA) in Georgia (IMF/WB) is disbursed as the country fulfils economic policy conditions stipulated in a Memorandum of Understanding signed between EC and Georgian government.

poverty reduction plans. Mozambique has a high level of donor co-ordination in the form of a group of 18 donors embracing all EU Member States, the Commission and others. The Delegation leads four of the 23 working groups (including on justice) and participates in others. This co-ordination and its alignment with government priorities bring many benefits: a reduced administrative burden on the government, the promotion of one system of information gathering which assists transparency and, more generally, evidence of a good example.

Co-ordination among donors is under-developed in Azerbaijan, although there are examples of consultation processes and joint programmes. Government capacity to provide policy frameworks and co-ordinate donor assistance is still weak, and donors present a plethora of different agendas and ways of working and a certain level of competition (Krylova 2006). Thematic working groups are emerging in some areas which may assist co-ordination as long as they are open to local stakeholders as well as donors. Enfield (2004) found little regular dialogue between bilateral donors in Rwanda and little shared learning and debate. The result was an absence of a common viewpoint on governance and a consistent approach to dialogue with the government. This comment reflects the situation in 2004, a year before the Paris Declaration was adopted.

In many countries the Commission's interventions, and those of other donors, are hampered by the lack of well-developed partner government sectoral policy frameworks to which donors could align their support. This is considered the principal reason why the national planning secretariat in Guatemala, responsible for co-ordinating international aid, is failing to achieve co-ordination in particular with respect to governance support despite donor insistence (Thoresen, 2004). There is a Dialogue Group which includes bilateral and multilateral donors but this is a forum for political dialogue and action rather than aid co-ordination; it has, however, contributed to maintaining a focus on the peace accords. Again, it should be noted that these comments relate to 2004.

The lack of consistent frameworks for external assistance is an issue in Morocco despite claims by the Moroccan officials to the contrary and a stated determination to establish procedures for handling external assistance. Schmid (2006) found that most donors struggled with the lack of transparency of government decision-making, the complex bureaucracy and the vagaries of the political system.

Interestingly some Moroccan officials admitted openly that in the recent past they wished to deal with donors bilaterally: 'because it allowed them to allocate external resources according to their own priorities. Privileging a sectoral and compartmental approach was thus considered as the best way to preserve a certain degree of national independence.'<sup>15</sup>

***Dialogue with government and other donors has to be accompanied by dialogue with a representative range of civil society organisations.***

Decentralisation is on the agenda of most donors and of almost all governments and is in the country strategy papers of each of the seven countries studied. Support to this area merits a set of new studies in its own right but some points can be made. Decentralisation, in the sense of real devolution of power and resources to democratically elected regional or local authorities, is a long-term and complex process. Nonetheless it is regarded favourably by donors, including the Commission, who see it as part of the wider public sector reform project but also as a means to focus attention on underdevelopment and poverty in rural areas. In Mozambique, for example, the Commission supports reform of and capacity building in the Ministry of Agriculture. Moroccan local authorities are actively engaging in decentralised co-operation networks with their European counterparts.

Dialogue with government and other donors has to be accompanied by dialogue with a representative range of civil society organisations. The Commission's relations with civil society vary widely in the seven countries and are shaped largely but not exclusively by government attitudes and the scope for action and influence civil society enjoys. Civil society is very weak in some of the countries researched, and underdeveloped in many. CSOs are regarded as part of the opposition by many governments and hence scope for dialogue and influence is limited. The Commission supports civil society capacity building to some degree in all the countries studied. This support comes primarily from the European Development Fund, other geographical programmes, the EIDHR and from the NGO budget line via European NGOs. The Cotonou Agreement recognises the complementary

<sup>15</sup> Interview, Moroccan Ministry of Finances

role of and potential for contributions by non-state actors to the development process. Article 4 states that non-state actors<sup>16</sup> will be informed and involved in consultation on co-operation policies, strategies and priorities and involved in implementation. In addition, non-state actors will be provided by financial resources to support local development process and receive capacity building support. Support to civil society is discussed in greater detail in the following section.

## 3.2 Through European Commission Programmes and Projects

The interpretation of governance in any particular context has importance implications for the scope and effectiveness of Commission interventions. The extent to which democracy and human rights concerns are integrated is another critical factor. While the focus in some countries was primarily on public sector reform and institution building, the full menu of governance work as outlined in the six clusters was evident in others. Experience in the seven countries researched is very varied. Many countries could be described as resistant, at worst, and hesitant, at best, to political and social change. Others have embarked more enthusiastically on reform processes. Policy frameworks in a whole range of areas are quite weak as is institutional capacity, posing challenges for coherent and effective aid interventions.

Mindful of the Commission's pragmatic approach, this section will provide a very brief country by country view to illustrate the range of approaches and challenges and to draw some lessons.

Co-operation with **Mozambique** is governed by the Cotonou Agreement and aid is provided principally through the European Development Fund (EDF), the Food Security Programme and the EIDHR. Mozambique also receives support from thematic budget lines. The Country Strategy Paper for the period 2001-07 pledged funds (Envelope A - €274m) for macro-economic support (45-55% of total), transport and infrastructure (25-35%), food security and agriculture (0-15%), and support in the fields of health, HIV/AIDS, governance and non-state actors (10-15%). Governance is a non-focal sector in the co-operation. Following the mid-term review Envelope A was increased in recognition of Mozambique's good

performance. Around 50% of EDF support to Mozambique comes in the form of direct budget support, provided in two tranches, one fixed (either given in full or withheld) and one variable (released depending on performance on agreed targets and indicators). Performance is assessed twice yearly in joint review meetings attended by the government, all 18 donors and civil society organisations.

Legal sector reform is a priority for the Commission within governance interventions in Mozambique with support (€10m) directed towards strengthening the sector's coherence and co-ordination. Reform in this sector is a governance objective per se but can also be an important dimension of improving overall governance of the country. The concerns of democracy, human rights and the rule of law are seen as most clearly relevant in the legal sector. Improving governance in the legal system is emphasised in the PAF and also reinforced by a shift from projects to sector programmes which include all stakeholders. The Commission works closely with UNDP in providing technical and political input. Improvements in the legal sector are quite slow, partly, in Grimm's (2006) view due to adherence to partnership principles which slow down procedures when the partner state institutions have limited capacity. However, he concludes that 'there does not seem to be another sustainable way of engaging with actors in politically contested and hence sensitive sectors'.

Decentralisation of ministerial departments is one of six components in public sector reform. The bulk of Commission support in this area goes towards reforming and building the capacity of the Ministry of Agriculture which fits well with the priority given to food security as a focal sector of Commission co-operation. Decentralisation in the sense of building local governance and democracy at district and provincial levels is on the agenda of other donors but is not currently a key area for the Commission. At present, Commission co-operation in the arena of decentralisation is not stimulating a radical shift towards more genuine devolution of decision-making and resources, and corresponding control of finances. Mozambique is eligible for EIDHR funds – macro- and micro-projects, the latter providing support to civic education, training for journalists and CSO capacity building. Despite the fact that local NGOs continue to complain of heavy administrative procedures and burdensome selection processes, EIDHR is considered as 'relatively satisfactory' in Mozambique (Grimm, 2006).

<sup>16</sup> The Cotonou Agreement defines non-state actors as the private sector, economic and social partners, including trade union organisations, and civil society in all its forms



Fresh memories of the effects of its past systems of governance have prompted the government of **Rwanda** to set out a national plan (in the form of a Poverty Reduction Strategy Paper 2002) which treats good governance as integral and interlinked to poverty reduction and economic development. Its national poverty reduction plan (PPARP) contains five pillars, the first of which is institutional strengthening and co-ordination. In practice, however, the government takes quite a technical view of governance, biased towards economic aspects and effective public resource management (Enfield 2004). There is no detailed strategy for governance, democracy and human rights initiatives in the current

reconciliation and provides valuable lessons for work elsewhere. Given continuing concerns over human rights in Rwanda, initiatives that involve citizens play a crucial role. Civil society activities have been funded through the EDF and the EIDHR but, overall, the Commission was seen as tentative in its engagements with civil society. The government appears to see CSOs as part of the executive arm of government whose function is to assist government in the provision of services. There was no engagement of CSOs, women, or beneficiaries in problem identification and project design and at the time of our research there was no evidence that support to NGOs had stimulated new approaches to tackling governance (Enfield 2004).

**Change is more likely to occur if government authorities can be made more accountable through greater and more effective civil society influence.**

CSP and NIP (despite the Cotonou Agreement commitments). The Commission had provided support in a number of areas: economic governance issues through the use of direct budget support (10% of budget under the national poverty reduction plan) and political legitimacy through assistance to electoral processes and the rule of law. Initially direct budget support was allocated towards areas of the national plan where measurable indicators could be agreed (health, education, justice) but a policy shift, influenced by Brussels, resulted in support to the general budget. Budget support also enables harmonisation between a small group of donors. Overall the proportion of funds spent directly on governance and justice projects is declining in both real terms and as a percentage – from €21.2m or 19% of the whole to €12m or 10% in the current CSP and National Indicative Programme (NIP) for 2002-07 (Enfield 2004).

Support to governance and justice reform included technical assistance to the different institutions of the judicial system, computer equipment, the Human Rights Commission and some pilot funding for NGOs. The Commission also supported the Unity and Reconciliation Commission. Some interesting initiatives were funded, for example, *Internews Europe: Public Awareness of Peace and Reconciliation Measures* that seeks both to inform citizens about key reconciliation and peace processes and to foster debate from different perspectives. This work contributes to building an enabling environment for peace and

By contrast, the Commission places much more emphasis on civil society in **Guatemala** where it changed orientation in its country strategy of 2002-2006 and set out to strengthen relationships between government and civil society and promote policy dialogue and donor co-ordination. The Commission does not give priority to building the institutional capacity of central government judging that change is more likely to occur if government authorities can be made more accountable through greater and more effective civil society influence; this is regarded as a realistic longer-term perspective (Thoresen, 2004). The Commission has switched from a co-direction arrangement to one where implementation of bilateral projects rests with the government who can call on European technical assistance as needed. It sees this as a less paternalistic approach but it is criticised by some as being a vote of confidence in a weak and corrupt government (Thoresen, 2004). Others see it as a coherent strategy but ask if the government has the capacity to implement projects successfully. Delegation staff members are keen to point out that the programmes do not constitute a blank cheque; interventions have government approval but do not necessarily align to established government policy.

CSP priorities include actions to consolidate and modernise the state, promote democracy, protect human rights (expressed in the NIP as support for strengthening the justice system, decentralization of state, human rights promotion, and support to civil society). Three of the new programmes under the new

CSP and more than 50% of funding in this period are channelled through the Executive Co-ordination Secretariat of the President (SCEP). Other partners include the Presidential Commission for Human Rights and some government ministries. In the view of SCEP the relationship is of good quality, based on shared objectives, good communications and valuable advice (Thoresen, 2004). Much support falls broadly within the area of human rights (e.g. Multi-annual Programme for Democracy and Human Rights, support to the International Penal Court, support to the establishment of the National Civil Police).

Interestingly, the Commission opted to implement its *Programme for Strengthening Civil Society* through the SCEP arguing that the budget line being used required a state counterpart. It hoped that getting the state to agree to strengthen civil society might encourage it to take civil society more seriously. Civil society organisations are unhappy with this strategy arguing that it could undermine the project's potential as the state has neither the political interest to see a stronger civil society nor the capacity to implement the project successfully; there was a concern too that the funding could become part of the government's patronage portfolio. The history of no or poor relations between the state and civil society raised questions about how the programme would work. The project had not yet reached implementation stage when our research was carried out.

The Barcelona Declaration, adopted by 28 states in November 1995, set the principles for relations between the EU and Mediterranean countries - the EMP. The overall aim was to stabilise this region through a comprehensive programme of partnerships in three areas of intervention: political and security (military and strategic but also political), economic and financial (creating an area of shared prosperity) and social, cultural and human affairs (human resources, exchange between civil societies, but also support for democratic institutions, rule of law and civil society).

The Commission is one of the leading donors in supporting governance and democratic reforms in **Morocco**. The present phase of co-operation is characterised both by its intensity and its reactivity (Schmid, 2006). Morocco has consistently received more aid funds than other MEDA countries: €275m was allocated for the NIP (2005-06). In addition the country receives risk capital and subsidised loans from the European Investment Bank and sizeable assistance from other bilateral donors. Historically European Community aid has been directed towards assisting

Morocco to make the transition towards a market economy (for example, support to enterprises). More recently, with MEDA II, institution-building has received more attention (for example, improving the scope and quality of service provided to citizens). The reform of the administration remains an on-going priority, but very much in the background. 40% of Commission support goes towards water management reform, transportation and the rural economy. Support is also provided for social development (basic education, women's employment, etc.). The Ministry of Finance is the main, and obligatory, interlocutor for the management of MEDA funds and Delegation officials struggle with the bureaucratic inefficiency of the administration. The 2007-09 programming exercise, launched in 2005, and regarded as generating a fruitful dialogue, agreed to place special emphasis on the social sphere (including justice, good governance and human rights).

Although interesting results are being achieved since greater emphasis has been placed on governance, democracy and human rights issues, the impact of Commission assistance is hampered by the lack of strategic planning with respect to this agenda and its own complex institutional apparatus and slow decision-making. These constrain responsiveness which in turn slows implementation and impairs relevance. Furthermore, the compartmentalisation of the different forms of intervention reduces overall coherence; this is particularly evident in the lack of linkage between the promotion of governance and economic and social development (Schmid, 2006). Administrative reform on both sides (government and Commission) has greatly improved rates of disbursement over the last two years, but in Schmid's opinion, the 'overall manageability of the MEDA funds has not substantially evolved'.

Mediterranean civil society's desires to be more closely integrated within the Barcelona Declaration processes received little attention until September 11, 2001. Any earlier efforts by the Commission to foster civil society were met with distrust by the Mediterranean partner governments who regarded civil society as challengers to their authority (Schmid, 2006). For the most part civil society has developed its activities in parallel to government and many CSOs have a track record of work in opposition. Civil society is increasingly regarded as an important stakeholder in the push towards political reforms but as yet there is no mechanism for regular dialogue between the Delegation and CSOs, and CSOs were not consulted during the preparation of the current CSP and NIP.

The recent inclusion of Morocco in the list of countries eligible for EIDHR funds opens up new possibilities. Moroccan civil society has yet to develop good working relations with the Delegation. For the most part civil society see the Commission as an 'institutional' actor close to the Palace and a distant partner, a perception based more on lack of information than experience; Delegation officials are generally quite approachable and open to dialogue.

Lack of well developed partner government policy frameworks on the whole policy agenda (including administrative and legal reform, health care, education and civil society) makes it difficult for donors to align support and ensure it contributes effectively to the development process. This weakness in government ability to assess policy options and make informed choices is a particular challenge in **Georgia**. Another is the need for donors to link the pace of reform with government's willingness to take responsibility for 'unpopular' decisions and the ensuing social consequences (Krylova, 2004). The lessons from Georgia are echoed elsewhere.

**Lack of well developed partner government policy frameworks makes it difficult for donors to align support and ensure it contributes effectively to the development process.**

In Georgia the Commission works with a wide variety of partners and attempts both to build the capacities of civil society to engage and to strengthen the abilities of government institutions to respond. Support covers the government's strategy for improving governance, the rule of law, fighting corruption and tackling poverty, and for rehabilitation of conflict-affected areas in Abkhazia and South Ossetia. Three priority areas are identified in the current CSP (2004-2006) one of which is promoting the rule of law, good governance, human rights and democratic institutions, including the strengthening of civil society. The CSP states explicitly that support will be directed to the most promising reform programmes and to strengthening civil society. There is some doubt about the new government's commitment to the implementation of the Economic Development and

Poverty Reduction Programme (EDPRP).

The Commission has pledged €137m (part of an overall donor commitment of €850m) for the current CSP and NIP and uses different instruments and budget lines, especially TACIS and EIDHR. TACIS funds are used to support institutional administrative reforms, for example in primary health care, and to address the social consequences of transition. The Rapid Reaction Mechanism (set up by the Commission in response to the 'Rose Revolution') provided immediate assistance, for example, for the rehabilitation of the Rustavi prison. The Commission also addressed security, human rights and humanitarian dimensions through technical assistance and advisory support on prison management to ensure that the project was not limited to infrastructure. There is a certain amount of scepticism in government circles about technical assistance, expressed by one official as 'a large amount of international resources spent on expertise, reports, assessments and studies most of which have ended up in a drawer'. There was also some criticism of TA in general, not Commission TA in particular, on the grounds that high salaries of external consultants lead to resentment and the creation of new structures that assume the role of ministries undermine existing departments.

The Commission has successfully balanced support to government and civil society, thus working on both the supply and demand sides of governance. EIDHR has been greatly appreciated in Georgia in allowing the EC 'to support important governance and human rights initiatives under difficult political circumstances' (Krylova, 2004). EIDHR's ability to address democratisation and civil society concerns in conflict-affected areas, such as the *Confidence Building Programme Between Georgian and Abkhaz Societies*, is welcomed for building up civil society from the grassroots. Lessons from this and also other larger projects (such as Support for Primary Health Care Reform) are the need to balance immediate assistance to meeting government urgent priorities with contributing to longer-term structural change and the need to work with civil society to build consensus and obtain public support for reform processes.

**Peru** is one of the largest recipients of Commission support in Latin America. In the 10 years from 1990 to 2000 over €400m was made available, mostly in the form of food aid and financial and technical co-operation. Aid to the government was frozen in the years 1999 and 2000 due to the political situation but

food aid, humanitarian and support to NGOs continued. Co-operation with the government was renewed in 2001 and received a new boost in 2002 with the Memorandum of Understanding agreed in Madrid. This contained guidelines for multi-annual co-operation in three sectors: support to the state of law and institutional reform (access to justice, support to national reconciliation processes and strengthening local capacities – 15% of total), social development (60%) and regional integration (25%). The Country Strategy Paper reflects these priorities with pledges on financial and technical aid, economic co-operation and emergency assistance. €71m has been earmarked for the period 2004-06.

Peru is eligible for support under EIDHR (negotiated directly with Brussels until recently). Peru also receives support under the Andean Community programme (co-ordinated by the regional office in Colombia). The Commission has been successful in building civil society capacity to negotiate with the state and to influence political decisions. EIDHR support to a number of initiatives implemented by prestigious and effective civil society organisations and a Project on the Prevention of Torture made a significant contribution to strengthening human rights visibility and the human rights movement and developing a more democratic relationship with certain state bodies. It assisted too, in building greater transparency and accountability on the part of institutions and achieving some legislative changes (Vargas, 2004). The durability of the changes achieved will depend on the continued opening up of political space and a comprehensive programme of state reform. Support to institutional and legal reform is now underway and beginning to have some impact (for example support to a project of the Legal Defence Institute providing legal and non-legal training to over 4500 Justices of the Peace). Dimensions of governance and democracy have been incorporated into anti-poverty programmes, for example, the Cordillera Negra Project (€16m) which builds institutional capacity and promoted the active participation of local people in the control and oversight of public services.

Our research and that of other analysts point to a serious shortcoming at the heart of European co-operation with Latin America. The EU treats the market as the prime driver towards regional integration with the state and society as secondary players. Vargas (2004) argues that the gap between economic and social policy means that critical aspects of development are neglected, such as, inequality and

the unequal distribution of wealth and resources. She argues further that environmental policy is seen as standing alone and is insufficiently linked to human sustainability, equity and the generation of employment.

European Community support to **Azerbaijan** as described in the CSP for the period 2002-06 lists institutional, legal and administrative reform as one of two priority sectors. TACIS is the main financial instrument supporting such initiatives (over the period 2000-05) as the restructuring and modernisation of the Cabinet of Ministers, implementation of an economic and pay policy for the civil service, modernisation and reform of the legal and judicial systems, penitentiary reform and integrated border management. Europa House in Baku manages European Community programmes and projects. Much early assistance was directed towards economic spheres (oil, gas and transport) but increasingly the links between economic and political security and governance are being recognised by the Commission. Many of the projects supported by the Commission in the period 2000-2006 relate loosely to the Commission's six governance clusters, however the contribution, in the view of Krylova (2006), is 'rather superficial from the perspective of concentration of effort and overall impact'.

Under the EIDHR some support was provided to a range of initiatives aimed at strengthening media independence, media election monitoring, trades union capacity, minority empowerment and conflict prevention. Krylova (2006) argues for a more strategic and systematic engagement with civil society, one which is based not only on grants to NGOs (which should not be viewed unquestioningly as strengthening civil society capacity) but on linking civil society support to technical assistance and improving government/civil society intersections in service delivery. The Commission can also play a useful role in supporting the development of associations (e.g. rights advocacy groups) and coalitions, as well as exploring ways to support civil society without government consent. The opportunities offered by the EIDHR of reaching NGOs outside the direct control of government in order to stimulate a more dynamic civil society have yet to be exploited in Azerbaijan.

Krylova (2006) concludes that promoting good governance and democracy in Azerbaijan is difficult but possible. Great sensitivity and patience are needed in particular with respect to democratisation but the government is becoming 'more receptive and

open'. The researcher emphasises that at the moment know-how is more important than financial support for a country with this level of economic and public budget growth and that the Commission should continue to use a range of initiatives within technical assistance such as advisory and legal support and training and study tours.

### **3.2.1 Mainstreaming, gender analysis and other challenges**

The European Commission has committed itself to mainstreaming governance in all interventions and strategies. Whilst visible in project and programme goals, evidence of systematic mainstreaming in practice is still scarce. The concept of mainstreaming governance is still relatively new within Commission support and is one which presents challenges to many officials; a challenge shared with other donors. Our research found a considerable lack of clarity with regards to mainstreaming governance, whereas gender mainstreaming tended to be more familiar as a concept. Levels of governance analysis generally do not yet match that suggested in the *EC Handbook on Good Governance*, 2004. The Handbook has been made available to relevant officials in Brussels and in Delegations but its use has yet to be fully systematised. Furthermore, the responsibility for ensuring governance is in the mainstream of all projects and programmes is not located explicitly with senior staff nor concretely with specific staff who have experience and skills in this area. Neither is it included in the job descriptions of all staff. No targets or indicators have been set and so it is not monitored as part of staff appraisal.

**The concept of mainstreaming governance is still relatively new within Commission support and is one which presents challenges.**

There are examples of good practice in relation to the mainstreaming of particular aspects of governance, capacity building and institutional strengthening. In Peru, human rights and democracy approaches are included in project and programme formulation and 'cascade' activities are identified that will contribute to greater citizenship. The specific guidelines for programmes targeting poverty reduction show a

greater awareness of the active participation of local stakeholders exercising control and oversight of public services. In Georgia, where there was well developed knowledge of governance policies and clarity with regard to implementing projects focusing on governance, democracy and human rights, there was less clarity on how governance and human rights concerns could be mainstreamed through other interventions and sectors. Capacity building and institutional strengthening were components in many programmes, including the Support for Primary Health Care Reform and the Food Security Programme and Capacity Building of the Ministry of Agriculture.

Governance is treated as a sector rather than a cross-cutting issue in Rwanda where the approach to mainstreaming seems 'eclectic rather than having been expressly and systematically programmed for' (Enfield, 2004). Governance mainstreaming through other core areas of programming also appeared to be quite weak, as for example in the support to agricultural development and rural transformation. The new 10 year development plan being prepared by the Government of Azerbaijan with the international community sidelines the issue of good governance as a separate sector and not a mainstream objective. In Azerbaijan, mainstreaming governance, human rights or gender equality issues (or other horizontal issues) is not an obligatory part of the planning or inception process for projects. As a result these issues are not always well reflected in impact indicators and hence overlooked in monitoring and evaluation (Krylova, 2006).

An overall systematic mainstreaming of governance was perceived as difficult to put into practice in Guatemala. The notion of mainstreaming governance was not well known among sector programme staff. There was no defined strategy and methodology and few training efforts. Nonetheless, dimensions of governance, such as support to popular participation, were present in many ongoing projects and this approach is increasingly being integrated; the approval of the law setting up development councils and its implementation has assisted greatly. The Programme for Productive Development II (PPD II) and the health component of the Regional Reconstruction Programme for Central America have the explicit aim of strengthening the organisational capacity of institutions and communities and include references to ownership, participation and gender issues. PDP II focuses on reconstruction but incorporates strengthening of community organisations with specific initiatives aimed at involving women.

Two decades of mainstreaming gender to address inequality between women and men provide valuable lessons which could be incorporated usefully by policy makers and officials attempting to mainstream governance. Some of this experience comes from the European Commission's own work in Guatemala. The Delegation there has systematically promoted gender mainstreaming through the establishment of *La Mesa de Género*, a gender forum to promote interchange and strengthen practice on gender equity within EC projects and programmes. A gender focal point (a person responsible for gender) has also been nominated within the delegation. These steps led to the development of guidelines and manuals and gender specific budgets in new programmes. Women's citizenship was one of the first priorities for mainstreaming. The process did not proceed unchallenged: there was resistance to women's participation and citizenship within the country, as well

of gender relations and their implications features in policy and/or practice in some countries (for example, Peru, Guatemala, Mozambique, Rwanda and Georgia), the gender dimensions of governance, democracy and human rights were not sufficiently examined elsewhere.

The Commission's Handbook on Good Governance proposes that horizontal analysis should be conducted to verify that the guiding principles (participation and ownership, equity, organisational adequacy, transparency and accountability, conflict prevention and anti-corruption) are followed and that governance criteria expressed by all core concerns (democratisation, human rights, rule of law and administration of justice, civil society, public administration and decentralisation) are respected. The Handbook stresses the importance of conducting this analysis for projects and programmes which do

***Two decades of mainstreaming gender to address inequality between women and men provide valuable lessons which could be incorporated usefully by policy makers and officials attempting to mainstream governance.***

as disquiet on the part of traditional development actors more at ease focussing on economic affairs and infrastructure. However, the Delegation's support for *La Mesa de Género* facilitated its success and was crucial in promoting mainstreaming. *La Mesa* is an interesting example of an organisational model for promoting mainstreaming that combines gender and governance mainstreaming. 'It calls...attention to the conscious efforts needed in order to mainstream gender or governance in the programmes. In spite of several years of work with good results, the effects in the project implementation have just begun to be seen' (Thoresen, 2004). One World Action's 12 Essentials of Mainstreaming based on research and advocacy is a useful tool<sup>17</sup>.

The Commission's situation analysis and risk assessments are regarded generally as sound but they do not always go deep enough in examining the root causes of weak governance and democracy or of lack of respect for human rights. A number of areas emerged from our research where analysis could be improved, including: gender analysis, full definition of rights, analysis of ethnic and cultural concerns and assessment of the roles of civil society. While analysis

not fall within the six governance clusters and where governance issues may be overlooked. Such analysis is the only way to ensure that non-governance interventions also promote good governance practice. The Handbook's suggestion that the analysis should not be especially time consuming is open to question. It will certainly demand considerable staff time if it is to be done in a meaningful and effective way and hence staff workload pressures may well put constraints on the depth of analysis. Enfield (2004) suggests that aside from familiarity with the 2003 Communication on Governance and the Handbook itself, to comply with the Handbook's recommendations, staff will require adequate training and guidance in applying the analysis suggested to sectoral programmes. In addition clear responsibilities for carrying out the analysis have to be allocated to staff and specified in job descriptions.

Respect for women's rights and the promotion of gender equality are inherent to good governance, democracy and human rights. Governance which neglects the human rights, interests and needs of more than half the population, women and girls, cannot in any sense be described as good. The

<sup>17</sup> 12 Essentials of Mainstreaming. One World Action. 2005. [www.oneworldaction.org](http://www.oneworldaction.org)

**Governance which neglects the human rights, the interests and needs of more than half the population – women and girls – cannot in any sense be described as good.**

Delegation in Mozambique has a staff member (a gender focal point) who relates to the women's directorate in the Ministry of Women and participates in the Gender Co-ordination Group (*Grupo Administrativo*) with focal points from different ministries, civil society and donors. The Commission does support specific women's projects in all countries and there is some evidence of gender issues being mainstreamed. In Morocco, for example, gender mainstreaming is being integrated into the priorities of the Delegation but women's rights are still regarded as a concern of social rather than political development and the integration of gender equality issues appears to remain a marginal concern (Schmid, 2006). The research in Azerbaijan found little evidence that gender equality concerns are integrated. Overall, support to women's rights and gender equality appears patchy in the Commission's interventions in the areas of governance, democracy and human rights in the seven countries examined. Our research in Peru found that cultural and ethnic concerns were overlooked: indigenous populations were not included as an area of concern in the plan for 2002-2006 and the ethnic and racial dimensions of development co-operation were not analysed. Within its interventions on governance, democracy and human rights, the Commission's primary focus is on political rights. While this is understandable, there is a need to recognise and address the indivisibility and inter-relatedness of political, civil, economic, social and cultural rights. Equally, there is a pressing need to pay attention to women's rights as discriminatory laws and practices exist in all countries which thwart progress towards good governance and democracy and towards poverty eradication and sustainable development.

The EIDHR is a valuable instrument for supporting innovative work and demonstrating good practice. It is regarded in the countries where it operates as a valuable instrument as it makes funds available directly to civil society. This makes it appropriate for targeting projects and programmes specifically designed to strengthen democracy, human rights and civil society

in complex environments. However, it has not been available to all countries and represents a relatively small proportion of total Commission spend. The fact that macro-projects are, and until recently micro-projects were, managed directly from Brussels has meant that EIDHR-funded work was not always regarded as part of the overall strategy and hence useful experience and lessons were not shared or incorporated into general practice. EIDHR funds are small in relation to the overall spend in most countries.

The low visibility of European Commission support across the seven countries studied was remarked upon by several researchers; the Commission is rarely identified as a key actor in the fields of governance, democracy and human rights despite its policy positions and interventions. This is mainly due to the Commission's mandate but also its style of working and capacity. It was noted above with regard to Georgia that the Commission was respected as a positive and neutral player but regarded as an actor without a strong voice. In some cases, Commission strategy consists of funding governance work initiated by other donor agencies and in many cases this work is innovative and effective. An example is the project, *Internews Europe/Public Awareness of Peace and Reconciliation Measures*, in Rwanda which was already operational when the Commission became involved. While this strategy results in the Commission becoming responsible for valuable projects, the drawback is that it is not perceived as pioneering new paths in development assistance.

A recommendation coming from the Azerbaijan research was that the Commission should adopt a more systematic public relations strategy to publicise its goals, principles and values with respect to governance, democratisation and respect for human rights. Such improved communication would have the added advantage of increasing the accountability and transparency of Commission assistance and conveying clear messages to Azeri citizens. Enhanced publicity would be valuable in other countries too.

### **3.3 Management and Institutional Challenges**

The studies identified a number of institutional obstacles at Delegation and Brussels levels to the comprehensive implementation of EU policy on governance, democracy and human rights. These are

elaborated upon in this section and include: burdensome procedures, staff capacity and workloads, lack of clarity on how this agenda fits within the broader strategy and goals and lack of information.

### 3.3.1 Deconcentration

Deconcentration of some programming, management and administration functions is regarded by the Commission as an opportunity for strengthening capacity and expanding responsibility on governance, democracy and human rights. It provides delegations with greater control over implementation and has the potential of remedying delays in decision-making and implementation. Across all delegations, the transition has been time-consuming and demanding. A common view was that deconcentration brought new responsibilities in the early years but without the necessary personnel or training to handle the demands of decentralised management and programme monitoring. However, the process is regarded as positive (Thoresen, 2004 and Krylova, 2004). In the case of Georgia, a considerable

***The Commission is rarely identified as a key actor in the fields of governance, democracy and human rights despite its policy positions and interventions.***

overstretch of the Delegation's management capacities was highlighted along with '...an urgent requirement for expanding human capacities to ensure that the quality of programmes and project management is maintained and further improved. Commission programme managers tend to spend significantly more time and efforts on administrative issues at the expense of substantial supervision, closer monitoring and more systematic contact with projects' (Krylova, 2004). Most delegations have now increased their staff numbers. Deconcentration took effect in Morocco in January 2002. Since then the number of staff has increased to its present composition of 14 officials and 57 other agents which has improved disbursement and programme implementation significantly over the last three years. While the monitoring of policies and programmes is becoming effective, Schmid (2006) had some concerns that the Delegation's expertise was

insufficiently taken into account at the level of identification of co-operation priorities and whether officials were able to influence the decisions and choices made in Brussels.

Deconcentration is, however, perceived by delegations and partners in many countries as an effective step for increasing the relevance, efficiency and effectiveness of Commission programmes and it appears to have resulted in greater local ownership and responsibility.

### 3.3.2 Administrative processes and procedures

Flexibility and the ability to adapt to changing circumstances are crucial to effective governance, democracy and human rights work. Although implicitly sanctioned by its pragmatic approach, support from the Commission is hampered in this regard. All the country studies concluded that Commission processes and procedures are often lengthy and that planning, decision-making and disbursement are slow, resulting in delayed implementation. There appears to be little scope for flexibility. The administrative chain (from Communication to CSP to Funding Agreement to implementation) is protracted. The Commission's funding instruments allow little scope to adapt to changing situations. Delays in implementation processes can have political costs and can hinder constructive political dialogue.

Many partners in Azerbaijan see the Commission as a slow machine in terms of both introducing the projects (project lead-in time can take up to two years) and implementation (specifically the procurement part). Late arrival of hardware components due to slow tendering processes managed in Brussels are regarded as characteristic of technical assistance projects. Krylova (2006) cites a number of recent instances in projects with the Ministry of Economic Development and the Ministry of Justice where equipment had not arrived at the time of project completion. This defeats the objective of integrating equipment into a project. Although much praised and welcomed as an initiative, EIDHR procedures are not immune from criticism and frustration. Despite deconcentration many NGOs continue to complain about burdensome selection processes for relatively little funding compared to other donors.

Our research found that the Commission was making good use of the range of instruments at its disposal; direct budget support is not on offer to all countries. However there was evidence of weak co-ordination



between the different mechanisms and considerable compartmentalisation within some delegations along mechanism and sectoral lines.

The combination of the Commission's heavy administrative systems and partner country bureaucracy (most vividly illustrated in the cases of Morocco and Azerbaijan, but by no means there only) undermined aid effectiveness. Deconcentration is addressing some of these challenges.

### 3.3.3 Staff capacity

There is a considerable range within and between delegations in the levels of information on and understanding of governance, democracy and human rights policy and authority to implement. Many staff members have a good understanding of policy and a strategy for implementation. In some delegations human rights and democracy are well understood as cross-cutting issues, but appreciation of governance concepts was more diffuse. The need to upgrade the skills of staff was evident in almost all seven countries and staff capacity is being improved gradually. There is a feeling in many delegations that it is hard to stay on top of the volume of communications emanating from Brussels. There was evidence, too, that policy positions were poorly communicated to partner governments, a situation not assisted by the limited budgets allocated to translation. Lack of authority (whether real or perceived) contributed to staff feeling they could not drive governance issues more proactively.

projects (since then Delegation staffing has been enhanced). The fact that staff members who are responsible for governance frequently cover other sectors is another constraint. Furthermore, governance is one of many cross-cutting issues alongside the promotion of human rights, gender equality, conflict prevention and others which demand attention and system-wide strategies. The European Consensus on Development lists nine cross-cutting issues<sup>18</sup>. Its promise to ensure that Commission services will develop capacity to implement this policy and to intensify the dialogue with partner countries on the mainstreaming of these issues is warmly welcomed.

Workload pressures were identified by staff in most countries as limiting their ability to focus sufficiently on the complexities of governance, democracy and human rights work and explore and understand the linkages with other policy objectives. Workload pressure also limits time for analysis, implementation, follow-up and monitoring and evaluation, and perhaps most importantly, the necessity to focus on administration leaves little time to reflect on the impact and outcomes of interventions and their political dimensions. The current administrative system demands substantial time.

Monitoring and evaluation field visits are included in work plans in most delegations, but in practice staff members find that it is not always possible to carry out the visits. Frequent staff turnover within some delegations also hinders institutional learning and knowledge. The lack of capacity, coupled with the

***The necessity to focus on administration leaves little time to reflect on the impact and outcomes of the interventions and their political dimensions.***

Not all delegations have specialised members of staff responsible for governance, democracy or human rights issues. The Delegation in Guatemala, for example, had a 'focal point' for gender and for relations with civil society, but no staff member had specific responsibility for governance at the time of our research. In Rwanda, as in many other countries, governance is not included systematically in job descriptions and is therefore not reviewed as part of personnel procedures. This was seen as a factor that contributed to the lack of successful governance mainstreaming in projects and programmes. Up until 2004 one officer was responsible for managing 110

administrative burden of managing aid, reduces the possibility of officials developing systematic policy dialogue with partners and civil society and improving co-ordination with other donors.

The research in Georgia drew attention to important staff issues. International staff members were found to have excellent knowledge of the country context, abilities to interact with local partners (including language skills), insights into programme issues and sensitivity to the context. The dedication, time and efforts of staff were highly valued. However, there was a consensus among local partners that the Delegation

<sup>18</sup> The promotion of human rights, gender equality, democracy, good governance, children's rights and indigenous peoples, conflict prevention, environmental sustainability and combating HIV/AIDS

should employ more local staff in management positions and that more stress should be placed on the professional qualities of new staff rather than language skills. Although this point was not explicitly made in other countries, the recommendation to employ more local staff in management positions could usefully be taken up more widely.

Training for delegation officials on governance, democracy and human rights concerns, and how these intersect with other issues, is rare, patchy and not sustained. When training does take place, it tends to be infrequent and not repeated; some training takes place in Brussels rather than in the delegation thus limiting the number of staff who can participate. The governance policy was not well known among staff responsible for sectoral programmes in Guatemala, raising serious doubt about their ability to mainstream this agenda. Training is a key requirement for staff within all delegations. A range of training needs was identified:

- knowledge of governance, democracy and human rights policy, concepts and issues
- capacity building in order to match the degree of analysis suggested in the Handbook on Good Governance and guidance on applying this analysis to sectoral programmes
- practical training in policy implementation and use of tools, such as the Handbook
- understanding how to mainstream governance systematically throughout other sectors
- skills upgrading to meet the new responsibilities decentralisation has brought.

***The emphasis on partner country ownership and the new aid modalities require new methods of monitoring and evaluation which can assess what results are achieved, changes in policy, and levels of accountability and transparency.***

Many of the capacity and training issues discussed above are also relevant to the challenges of mainstreaming. However, there are some specific problems pertinent to mainstreaming including: lack of clarity on the concept and strategy, lack of guidance on implementation and lack of attention to and space for lesson-learning, reflection and sharing experiences. We found no evidence of specific training on mainstreaming governance.

In summary, staffing was regarded as an obstacle in many countries as the new challenges had not been accompanied by additional capacity or training to enable existing staff to meet the new demands.

### **3.3.4 Monitoring/Evaluation**

The picture on monitoring and evaluation (M&E) is more positive. M&E appears to occur regularly and according to guidelines and procedures from Brussels. However, it is unclear to what extent governance indicators and impact are examined as part of this process. In Guatemala, the monitoring system focused more on input and financial reporting than on results or impact. The need for longer-term perspectives was recognized. An analysis of how 'conditions for change' are created was felt to be necessary. In Morocco, in Schmid's (2006) findings, programmes, and therefore indicators, are not designed to take into account either the different rights, needs and interests of women and men or the cross-cutting dimensions of human rights, democracy and governance. Hence relevant indicators are not identified and thus cannot be monitored or evaluated.

There is no practice as yet of mainstreaming governance in monitoring and evaluation processes, although there were examples where governance, democracy and human rights concerns were included in evaluations.

The emphasis on partner country ownership and the new aid modalities require new methods of monitoring and evaluation which can assess what results are achieved, changes in policy, and levels of accountability and transparency.

## 4. Conclusions

The European Union is an intensely 'political' project, encompassing political and economic integration ambitions and explicit foreign, strategic, security, economic and trading interests. It follows that its engagement with third countries is multi-faceted. The EU has developed a body of progressive policy on development co-operation, the most recent elaboration of which is in the European Consensus on Development (2005). Its development co-operation has the objective of poverty eradication within the framework of promoting sustainable development. Both co-operation and policy dialogue with partner countries have the objective of promoting 'common values': respect for human rights, fundamental freedoms, peace, democracy, good governance, gender equality, the rule of law, solidarity and justice. Promoting such values in a sensitive and respectful way, and in line with the new commitments to partner country ownership, is an intricate project. The project is further complicated by a need to find consistency and synergies among European actors involved: the Commission, the Member States and the European Parliament. Progress towards democratisation, respect for human rights and good governance requires policy coherence. These are not neat discrete 'sectors' which can be hived off for targeted interventions, but rather they run through and are affected by all policy decisions and actions. Detailed work to examine the intersections between all other development co-operation interventions and governance, democracy and human rights work and the links to poverty reduction would strengthen success in this area.

### Profile and visibility

Despite its strong policy commitment on and support to governance, democracy and human rights, the European Commission's visibility as a key player on this agenda is low and it is rarely identified as a leading actor. It would be useful for the Commission and Delegations to embark on a more systematic information strategy to publicise its goals, principles and values and examples of good practice. A higher profile would also increase the accountability and transparency of Commission assistance to citizens in partner countries and in Europe. It is assumed that as the Commission's work on governance grows in scope and confidence, as it has begun to do in recent years, its profile and visibility will increase accordingly.

### Political means and policy dialogue

It would be hard to overestimate the importance of policy dialogue in promoting good governance, democracy and respect for human rights. The Commission's scope to use fully this means is constrained by partner government willingness but also sometimes by its own caution. Policy dialogue between delegation officials and government takes place in all countries but the extent to which the space for dialogue can be used as an opportunity for 'polite

***Policy dialogue takes place in all countries but the extent to which the space for dialogue can be used as an opportunity for 'polite advocacy' differs greatly.***

advocacy' differs greatly. At one end of the spectrum are Guatemala and Mozambique where there appears to be a fairly open discussion, at the other end are Morocco and Azerbaijan where the political system and wider EU interests dictate a different approach. Overall, the Commission's potential to facilitate policy dialogue is rarely exploited to the full. Although imposing policy options is not an acceptable role for the Commission in partner countries, the research indicates that there is scope to demonstrate greater consistency in applying mutually agreed conditions to its support and exercising greater policy influence. A more courageous, yet respectful, approach to promoting and supporting good governance, democracy and respect for human rights, including women's rights, in all countries would greatly enhance the Commission's contribution in this area.

### Dialogue with civil society

Dialogue with government, and other donors, has to be accompanied by dialogue with a representative range of civil society organisations. Greater attention to this level of engagement would provide delegation officials with valuable fora for analysis and lesson-learning. A strong civil society is widely regarded as central to good governance and also to democracy.

Civil society organisations have significant roles to play in, for example, citizenship education, pressing for greater accountability from state institutions, promoting and monitoring respect for human rights, and in particular, women's rights, and opening space for women to become active politically. The Commission could usefully expand its role in improving government/civil society relations which are decisive factors in determining civil society's scope for awareness raising, advocacy, mobilising, monitoring and service delivery.

***The scope of funded programmes and projects is quite broad with the dominant focus on institutional, administrative and legal reform.***

## Decentralisation

Decentralisation is on the agenda of almost all donors and partner governments. It is included in the Country Strategy Papers of the seven countries studied with support mainly focusing on the deconcentration of national ministry activities. Decentralisation and democratisation of power are contentious issues in all countries; local political structures themselves are usually characterized by conflict and local governance capacity is slight. As yet, there is little Commission support to programmes aiming to empower local governance systems. Such support to capacity building at local government level would be a valuable accompaniment to national level governance support.

## Donor co-ordination

Donor co-ordination is taking on greater importance in the context of the Paris Declaration and as aid volumes increase. Donors are progressively looking for ways to work together or to provide support as a silent partner to another's intervention. With delegations in almost all countries, the Commission is well placed to strengthen co-ordination. But the task is difficult. The need to fly the flag and have national profile for aid programmes is crucial to most bilateral (national)

donors. The European Commission is in a different situation. It is accountable to the European Parliament and the Member States and could fly the EU flag more heartily but Member States show no willingness to allow the Commission to take the lead in (European) donor co-ordination. Aid effectiveness requires much improved donor co-ordination.

## Building a comprehensive programme

Although fewer resources are directed towards programmes and projects which promote good governance, democracy and respect for human rights than other 'sectors', it should be noted that support in this area is less costly than in others like infrastructure or agriculture. Overall, the scope of funded programmes and projects is quite broad with the dominant focus on institutional, administrative and legal reform. Support to human rights, election monitoring and strengthening local democracy, receives less attention and less funding. Many valuable programmes and projects are being supported. In each of the seven countries covered in our research we found examples of good practice, sometimes large interventions, other times small initiatives. These pockets of good practice do not yet comprise systematic and comprehensive action on governance, democracy, and human rights. The reasons for this are many: shortcomings in policy coherence, under-developed policy dialogue, poor partner country policy frameworks and low commitment to change. Lack of understanding of how to mainstream governance, democracy and human rights, insufficient donor co-ordination and management and institutional constraints are other significant factors.

## New aid modalities

The increase in use of new aid modalities, especially valuable from the point of view of aid harmonisation and alignment, makes utilising (mutually agreed) political conditions and policy dialogue to the full ever more important. Direct budget support, given to countries deemed to have adequate levels of governance and accountability mechanisms, and thus with an in-built conditionality, can strengthen dialogue with government on policy and public spending choices and can help to build state capacity and

greater accountability. This makes budget support a fundamental mechanism for supporting governance processes, a mechanism which fits coherently within the political dialogue framework enshrined in the Cotonou Agreement. Sophisticated monitoring mechanisms are required to ensure the policy priorities are translated into practice in budgetary allocation and expenditure and fiduciary risks are offset.

## Technical assistance

Some interesting issues and lessons can be drawn from the experience of the Commission in providing technical assistance. The volume of technical assistance has grown and is used increasingly to support socio-economic and political reform processes. Such processes are controversial in almost all countries and the link with technical assistance can raise questions about who is driving the process: government or donors? There is a fine line for donors between strengthening the capacity of government institutions and shaping the agenda through technical assistance. Donors can, and should, augment government capacity to analyse the full range of policy options and likely impact of particular choices. Technical assistance can help in developing new approaches and policies. Long-term sustainable success would seem to depend on adequate contextual analysis to ensure that the assistance provided is appropriate, lines of accountability are clear and some genuine transfer of skills and expertise takes place.

## Mainstreaming governance

The Commission has committed itself to mainstreaming governance in its policy and practice on external actions. Evidence of comprehensive programme-wide mainstreaming was difficult to find, but, of course, the adoption of the mainstreaming strategy is still quite recent. Governance, democratisation and human rights are at the core of most CSPs and NIPs which put considerable emphasis on support for institutional, legal and administrative reform. While governance concerns are clearly mainstreamed with reforms in the legal sector, as in the case of Mozambique, it is unclear and yet to be fully examined how well governance, democracy and human rights concerns are at the mainstream of

programmes and projects in sectors, such as, transport, energy, healthcare or agriculture.

The 2004 Handbook is a valuable tool the use of which must be institutionalised. Two decades of mainstreaming gender analysis provide useful lessons on the essentials of successful mainstreaming<sup>19</sup>.

## Women's rights and gender equality

Respect for women's rights and the promotion of gender equality are inherent to good governance, democracy and human rights, yet support is patchy to programmes and projects within the governance, democracy and human rights ambit which would increase women's capacity to enjoy and exercise their human rights and would enable women to engage in governance processes and participate politically. Governance cannot be good unless it analyses how the different aspects of social exclusion and discrimination intersect, such as gender, class, race, ethnicity, age, ability, sexual orientation, religion, et cetera. Governance cannot be good until it recognises, promotes and protects the human rights, interests and needs of all citizens

***Pockets of good practice do not yet comprise systematic and comprehensive action on governance, democracy, and human rights.***

## Workload pressures

Within the confines of agreed policy and guidelines delegation officials have some flexibility in the interpretation and implementation of policy on governance, a latitude encouraged by the Commission's pragmatic and 'country-specific basis' approach to governance. In practice the scope for innovation is quite curtailed, mainly due to workload pressures which hamper staff ability to explore sufficiently the complexities of governance, democracy and human rights and to investigate and understand the linkages with other policy objectives. Time for analysis, follow-up and monitoring and evaluation is

<sup>19</sup> One World Action (2005) 12 Essentials of Mainstreaming. [www.oneworldaction.org](http://www.oneworldaction.org); Aprove, One World Action, WIDE, HelpAge International. (2004) Transforming the Mainstream: seminar report on mainstreaming and inclusive approaches in EU development co-operation.

limited by the need to meet disbursement targets and by the demands of administration. Little space remains for reflecting on the impact and outcomes of the interventions and their political dimensions.

## Looking ahead

The EU's policy commitment to the promotion of democracy, good governance and human rights within the overall objective of furthering sustainable development and poverty eradication is to be lauded. It is an ambitious agenda requiring both specific interventions which foster respect for human rights and promote democracy and good governance and the mainstreaming of these agendas throughout every agreement, regional and country strategy paper, every project and programme and in political dialogue. Implementing the EU's commitment to policy coherence for development necessitates that the principles underpinning the European Consensus on Development also reinforce all areas of the EU's external actions including trade and foreign and security policy.

The relationship between governments and governed is influenced by many factors: history, culture and political context. The actions of external agencies, like the Commission, have a profound impact and introduce a further dimension in the power relationship. Donors are in a position to use their influence in relation to government and government policies and choice of activities. In addition to determining what it is prepared to fund or not fund, the quality and form of technical assistance and the terms and conditions of assistance, the Commission can also influence what particular concerns and interests are raised and how they are raised in political and policy dialogue.

Effective partnerships involve moving beyond the partnership between donor and partner country. Good governance at the level of central government needs to be supported through the strengthening of governance and democratisation at the local level. As the Commission communications on governance acknowledge, good governance relies on ownership, not just by governments of their budgets or the budgetary support they receive, and not just of building up the capacity of specific governmental institutions, but on media and public scrutiny, transparency and accountability. This is the only sure way of reducing corruption. The Commission's

**Governance cannot be good unless it analyses how the different aspects of social exclusion and discrimination intersect.**

interventions in the area of strengthening government transparency and accountability to citizens are welcomed and could be expanded fruitfully. So too could support to civil society organisations working to increase the engagement of citizens, and particularly the most socially excluded and marginalised, in governance and political processes so that they can have real influence on and ownership of the policies and strategies of their government.

Supporting the deeper processes of transformation within a society means becoming skilled at identifying them and the opportunities they offer for equitable and durable change. Working in this way requires long-term interventions that go beyond the boundaries of development projects and programmes and link short-term progress to long-term change. This type of partnership requires that external actors respond coherently to each situation, find effective ways to support the change processes through development co-operation and also through their actions in other areas, such as trade and foreign affairs.

Much has been done since we embarked on this research project in late 2003. Governance, in particular, but also democracy and respect for human rights, are at the core of EU development co-operation policy. The Commission through its Communications, the Handbook and other measures is strengthening its practice in this area. Of course, much remains to be done to guarantee that the Commission's actions contribute fully, coherently and effectively to poverty eradication, good governance, social and economic justice, sustainable democracy and peace.

<sup>20</sup> One World Action (2005) 12 Essentials of Mainstreaming. [www.oneworldaction.org](http://www.oneworldaction.org); Aprovev, One World Action, WIDE, HelpAge International. (2004) Transforming the Mainstream: seminar report on mainstreaming and inclusive approaches in EU development co-operation.

# 5. Recommendations

## Policy

The Commission must:

1. Continue to strengthen its **policy framework** on governance, democracy and human rights, and, in the context of increasing aid volumes and the Paris Declaration, the Commission must expand its support across the six governance clusters. In this regard, the August 2006 Communication is welcomed. The need to improve knowledge and understanding of the policy framework by those involved in dialogue and programming is critical.
  2. Promote the use of the Handbook on Governance to ensure **effective implementation**. It should ensure in its analysis and support to link political, civil, social, economic and cultural rights. Adequate resources (human and financial) are needed to translate policies into practice and specifically to carry out thorough, sensitive analysis of the country context to identify the social, political and economic realities; the inter-connections between interventions in economic, social and political spheres; the likely impact on poor women and men of particular strategy and programme decisions; and the unique opportunities offered by processes within a country for supporting long-term change. The discussion paper in preparation for the forthcoming programming 2007-10 on the promotion of democracy and human rights worldwide promises a much more holistic approach to human rights.<sup>20</sup>
  3. Deepen **policy coherence** to ensure that governance, democracy and human rights concerns are not only mainstreamed through other policies such as trade, economic, security and foreign policy, but also that they are promoted and supported by interventions in these areas.
- and human rights concerns are mainstreamed fully throughout all development co-operation and targeting resources to interventions specifically aimed at strengthening governance, democracy and respect for human rights. Lessons from the twin-track approach to gender equality are useful here.
6. Learn the lessons of gender-mainstreaming, e.g. making sure senior managers provide leadership and demonstrate commitment, invest in building capacity and understanding of staff, provide adequate financial resources, and explore how to better link gender equality and governance priorities in mainstreaming and in specific interventions.
  7. Extend the work of the **European Initiative on Democracy and Human Rights**, in particular, in difficult contexts, to identify and work with groups which are independent of government. In addition, make more resources available for civil society actors through EIDHR, and other budget lines.
  8. Seek to broaden the **range of partners**: central government, local government, civil society and other non-state actors and other donors.
  9. Pay particular attention to engaging with a **broad range of civil society actors** including: women's organisations, disabled peoples' organisations, urban-based organisations, small farmers associations, organisations of indigenous peoples and of people living with HIV/AIDS, social movements and other non-state actors such as academic institutions, trades union and the media.
  10. Focus resources to implement the spirit and letter of agreements such as the Cotonou Agreement on engagement of **non-state actors**: consultation when developing CSPs and on National and Regional Indicative Programmes and sector strategies; involvement in programme and project management and monitoring; participation in performance reviews.

## Process

The Commission and Delegation officials must:

4. Encourage governments and other donors through **political and policy dialogue** to promote fully governance, democracy and human rights through all processes and to ensure that civil society is actively involved.
5. Develop a consistent, meaningful **twin-track approach**: ensuring that governance, democracy
11. Develop and institute clear **accountability systems, processes and procedures** at Brussels and delegation levels to ensure that all staff deliver on agreed policy priorities. Expectations of policy delivery should be documented clearly in performance appraisals, work plans and reports.
12. Develop **systematic monitoring and evaluation systems** that include governance, democracy and

human rights indicators in order to measure the effectiveness of mainstreaming. Monitor and evaluate all interventions against the governance, democracy and human rights policy, as well as against the objectives of the specific intervention. Bolster institutional memory by finding ways to share the lessons and the successes of Commission experience in governance programming and mainstreaming, including from EIDHR work.

13. Develop new ways of **monitoring and identifying indicators for direct budget support** and other new aid modalities to measure how these contribute to promoting good governance, democracy and respect for human rights.
14. Ensure that **conditionality** is mutually agreed and used sensitively and effectively in the context of commitments to end poverty, strengthen democracy and uphold human rights and the Paris Declaration. Political dialogue and a thorough analysis of the country-context should inform mutually agreed, realistic and achievable conditions which can be applied coherently and consistently. The circumstances in which aid is likely to be suspended should be clearly communicated and understood. The Commission should continue its efforts to harmonize donor approaches in this area.
15. Develop ways of **sharing the lessons and successes** of development co-operation experience to deepen institutional lesson-learning. This can be done in a variety of ways through seminars and roundtable events, informal lunchtime sessions, through making use of the expertise that exists within a delegation or a country (for example, regular open spaces where staff or external speakers present their work, recent evaluations, current experience). Explore the options for setting up email-lists or message boards or making greater use of website pages to share knowledge and information more widely.

## Human Resources

The Commission needs to:

16. Continue to work to ensure that every Delegation has staff with governance expertise. In the interim ensuring **governance expertise** is available in each region would be valuable. Delegations should also explore ways of drawing on local governance, democracy and human rights expertise from civil society, academic institutions and other donors.
17. Allocate resources to a thorough and regular programme of governance **training** for all senior and operational level staff at Brussels and delegation levels. Training should have a gender-aware and sensitive approach, be compulsory, regular and target staff at all levels, especially management and senior levels, be appropriate to the responsibilities of those trained, and be supported by management and senior levels and delivered in ways that address the needs of staff. This training should:
  - a. Enable Heads of Unit/Head of Delegations to demonstrate understanding of policy and mainstreaming strategy and commitment to implement
  - b. Promote broader definitions and understanding of governance throughout European Community interventions
  - c. Disseminate changes to the policy framework, especially within the delegations
  - d. Promote systematic use of the Handbook on Governance, train staff to carry out the level of analysis suggested, and translate this into practice
  - e. Upgrade skills to meet the new responsibilities of deconcentration
  - f. Promote a thorough understanding of and tools to implement culture-sensitive and gender-aware contextual analysis.

<sup>20</sup> European Commission Discussion paper in preparation for the programming document 2007-10 on the promotion of democracy and human rights worldwide



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