

# THINKING STRATEGICALLY ABOUT DEMOCRACY ASSISTANCE



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GUIDELINES

# THINKING STRATEGICALLY ABOUT DEMOCRACY ASSISTANCE

A handbook on  
democracy, human rights and  
good governance assistance  
in Finnish development co-operation

Ministry for Foreign Affairs  
Department for International Development Co-operation

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## Foreword

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Since the end of the Cold War the world has witnessed the triumph of democracy as the only form of truly legitimate and rational government. On both the communist Left and the authoritarian Right there has been a bankruptcy of serious ideas capable of challenging democracy as an ideology of potentially universal validity. Authoritarian regimes have fallen, one after another, as they have not been able to sustain the internal cohesion of strong governments. Their failures can be attributed to the lack of legitimate authority. When authoritarian governments have met with failure in different areas of policy, there has been no higher principle to which the regimes could appeal. Use of force can be sustained only for a time and eventually authoritarian regimes crumble into factional fighting in the leadership and loss of faith in the system by the public.

Democracy on the other hand rests on legitimate authority, which is based on the right held universally by all citizens to have a share of political power, that is, the right of all citizens to vote and participate in politics. In other words, democracy is about the individual having a right to participate in the decision-making process. Democracy is also very much linked to a market-oriented economy in which individuals are free to pursue economic well-being. It is not a coincidence that liberal democracies are countries which are also economically developed, urbanised, strong and coherent states with well-educated populations.

Democracy assistance has become an integral part of contemporary development co-operation. One of the main reasons is that economic well-being and sustainable development cannot be achieved if sound structures of governance and a legitimate basis of authority are not in place.

This handbook explores ways in which development co-operation can contribute to the development of democracies in the developing world. First, the dynamics of democratisation is discussed by focusing on such issues as political authority and citizenship and paths to democratisation. Second, the work takes a look at Finnish policy aims and instruments. Third, the various modalities of Finnish development co-operation available in the democracy, good governance and human rights sec-

tors are explored. Finally, the handbook considers ways to make democracy support more efficient and effective.

Democracy assistance is in many respects a relatively new field for development co-operation. Methodologies are being developed and the lessons learned need to be constantly fed into the planning processes to make future programming even more efficient and effective. We need to be innovative, yet realistic, in our approaches to democracy assistance. I hope that this manual will assist us in reaching the goals we have set in Finland's policies with the developing countries.

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# 1. INTRODUCTION

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## 1.1. Why a handbook on democracy, human rights and good governance programming?

Democracy assistance has become one of the hallmarks of contemporary development policies. Growth without equity is not sustainable development. Since the late 1980s, donor agencies have paid increasing attention to the ‘qualitative’ aspects of partner state performance – these focus on respect for human rights, good governance and democratic rule. Sometimes human rights, good governance and democracy related programmes are grouped under the heading “democratic development”. In 1998 net disbursements by Development Assistance Committee (DAC) countries under the heading of democratic development totalled USD 819.6 million. In that year Finland ranked sixth in democratic development related expenditures of the 22 DAC countries. If we add peace-building and demobilisation-related expenditures the total expenditure by DAC countries was USD 2342.6 million. The trend is undoubtedly rising.

Democracy, human rights and good governance are themes which are often invoked in discussions about what development entails. It is, however, not always clear what is meant by democracy, human rights and good governance, or what implications they have with regard to development co-operation.

For a system of government to be considered democratic, it must combine three essential conditions: meaningful competition for political power amongst individuals and organised groups; inclusive participation through free and fair elections; and a supportive level of civil and political liberties. No two democratic systems are identical, but it can be said that a functioning democracy maintains inclusive political and social channels for the peaceful discussion of difference and provides, particularly in the rule of law, a system of universally-applicable rules to govern such discourse. In addition, a functioning democracy permits adaptation, dissent, accountability and change through various mechanisms including political debate, legislation and elections.

There are many ways to approach the subject matter of democracy assistance. One approach is to take the view that democracy assistance is essentially about creating and enhancing the development of an *enabling environment*, which provides the framework for sustainable development to take place. Environment implies here the aggregate of surrounding things, conditions or influences. In this handbook the composite term –“enabling environment” refers to a space which is conducive for the growth of democracy, i.e. government by the people. Take, for example, national legislation as a framework for democratic development. Legislation both enables actions to be taken according to the parameters set by law and limits the abuse of power by parochial interests. Obviously, legislation needs to be implemented to be

of any real use. From this it follows that support for the development of national legislation and its effective implementation is essentially about creating the spaces in which democratic development may take root. Another example linked to the enhancement of an enabling environment is support for institutional development, through which the national legislation is enacted in practice. This may be in the form of government planning departments, electoral commissions, human rights commissions, auditing offices, and the like.

Besides creating and enhancing the creation of enabling environments, democracy assistance is also about *empowerment*. A dictionary definition of the verb 'empower' is to give power or authority. In the context of democracy assistance empowerment refers to the right of all citizens to have a share of political power, that is, the right of all citizens to vote and participate in politics. One may hasten to add that empowerment also means the right of citizens to participate in the decision-making processes affecting their lives. An example of empowerment is the citizens of former one-party states being able to form political parties and contest power in free and fair multiparty elections. The development of a robust civil society is equally important in terms of democratic development processes. Hence, another example of empowerment is aiding the formation and work of civil society in Third World countries to contribute to the national development process. One could say that both enhancement of enabling environments and empowerment processes are the very substance of development.

According to mainstream thinking within the OECD, the major 'quantitative' aims of national development – poverty eradication and environmental sustainability – cannot be achieved unless certain minimal (if sometimes difficult to define) levels of human rights, good governance and democracy are observed. In this sense, political variables are now seen as *institutional preconditions* for sustainable and equitable development. A more radical version of the democracy discourse sees liberal political norms and procedures as composing an end in itself. This handbook takes a more instrumental view. The promotion of democracy, human rights and good governance is seen as an integral element in a process which aims at supporting the overall development goals defined in Finland's policies regarding its relations with the South.

During the 1990s, political factors established themselves as core policy considerations in the Finnish aid programme. Correspondingly, the Ministry of Foreign Affairs of Finland (MFA) began allocating funds from its development co-operation budget to support interventions related to democratic governance goals in its major partner countries. Such projects were also instigated in a number of other states – often where the political conditions for an official bilateral aid relationship between the respective governments did not exist.

The path to democracy, better governance and respect for human rights is not likely to be a straight one. 'Non-linear' is the way many authors have come to characterise the democratisation process. Thus the OECD/DAC recommends a flexible approach that allows for frequent information feedback, learning and adjustment. This points to what 'thinking strategically' entails. It implies an approach to aid

administration that lies somewhere between the rigid framework of a formal strategy, or blueprint (which is unattainable and thus doomed to unravel), and an *ad hoc* management style which takes ‘flexibility’ to the extreme.

### *The intended use of the handbook*

There are various terms used to describe the broad goals of democracy, human rights and good governance from a development co-operation perspective. For the sake of clarity, we use the term *democratic governance* to describe the object of democracy assistance. It should be noted that respect for human rights is always a central element of democratic governance.

Democracy assistance is a complex multifaceted field, which requires some unravelling to understand. The overall aim of this handbook is to provide guidance on what is meant by democracy assistance, who are the players in the field, what is the role of outside assistance, particularly development co-operation, and what Finland can do to assist in the creation and enhancement of the enabling environments and empowerment processes that are conducive to sustainable development.

The handbook is mainly intended to provide the practitioner with the tools for thinking about ways of contributing to democracy assistance. In this regard, it is a planning tool which outlines the different modalities available to Finnish development co-operation. The handbook is by no means intended to be a comprehensive list of things that can be done under the rubric of democracy assistance. Rather, the focus is very much geared towards making interventions within the field of democracy assistance commensurate with the financial and human resources available in Finland’s development co-operation.

## **1.2 The Structure of the handbook**

The contents of this handbook deal with complex and sensitive issues. It is justifiable to ask whether matters related to democratic governance can be handled as if they were object of social engineering, only requiring some operational guidance and a handful of common sense, or whether they require a wealth of experience and historical knowledge. This handbook does not aim to make difficult issues look too simple. Rather, on many occasions, it proposes a word of caution and calls for self-reflection. Before one acts, it is of paramount importance to have an idea about the direct impact and the indirect effects of the action.

The second chapter of the handbook contains a discussion about the scene of democratic governance. The main part of the chapter is devoted to the analysis of regime types, like ‘reformist’, ‘semi-authoritarian’ and ‘totalitarian’ regimes, and the subtle differences in their modes of governance. For any development assistance expert, it is important to be able to recognise the differences and to be able to react to them accordingly.

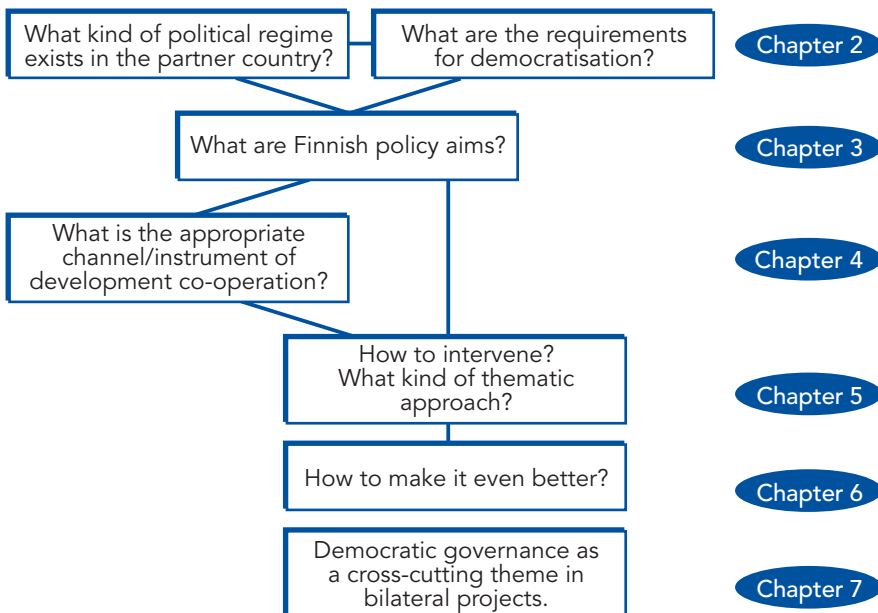
Interventions should be based on Finnish policies. These are introduced in chapter 3.

In development work, one is obliged to make strategic choices. This handbook is structured so that it gives some tools for making such choices. Chapters 4 and 5 present the toolboxes that are currently available. Chapter 4 describes the administrative channels (and the more detailed administrative ‘instruments’) for distributing funds for the advancement of democratic governance. Chapter 5 describes the thematic entry points, such as supporting independent media or conducting a civil service reform, to give two examples concerning democratic governance. These entry points can also be conceptualised as sub-sectors of democratic governance.

Chapter 6 is itself a manual for putting together the lessons learned in chapters 2-5. It poses the question of how to plan a project which takes into account the options presented above: what is a suitable project type and administrative channel for action in a specific kind of political regime? The aim of the chapter is to improve the *quality* - relevance and sustainability - of interventions in the field of democratic governance.

Finally, it is important to take democratic governance into consideration even when planning, for example, a normal health programme. Chapter 7 introduces the entry points for incorporating the perspective of democratic governance as a ‘cross-cutting issue’.

**Figure 1: The structure of the handbook**



## 2. THE PROCESS OF DEMOCRATISATION

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### 2.1. Dynamics of State Formation

#### 2.1.1. State formation is a long process

Democracy is an ideal of government based on the premise that the will of the majority should determine the outcomes of political decision-making. Many different empirical forms of government conform to the general demands of this ideal. As an ideal, the notion of democracy also encompasses an implied element of imperfection. A flawless democracy is a utopia – nowhere to be found.

State formation takes a long time. Instead of a few years, it takes several decades or even centuries for a state to establish a set of institutions which have well-defined roles, mastered by an overarching and reliable constitutional rule and subjected to the control of democratic representative organs. As independent nations, the majority of Finland's aid partners have existed for less than 40 years. Most have constitutions based on a European model, originally drafted by British, French or Dutch lawyers. A substantial amount of colonial legislation remains in force. Generally speaking, prevailing judicial and electoral systems are also adaptations of European models. To stress that the political systems of many LDCs are 'post-colonial' implies two important forms of continuity with the colonial era: One, the post-colonial societies of the South have retained the boundaries and some of the administrative structures that were established through colonial subjugation. Two, to a large extent, the way that state authority is exercised in many developing countries retains strong echoes of the heavily regimented (i.e. sectoralised) and steeply stratified style of domination that characterised colonial rule.

The clearest explanation of the slow establishment of stable and democratic rule in such countries, then, is historical: *The states of the South have had an exceedingly short time to consolidate the practical mechanisms of modern government.* It makes sense to assume that the emergence of 'mature' democracies in the South will also take decades, perhaps generations.

In many important respects, every process of democratisation is unique, and it stands to reason that support provided to any transition toward less authoritarian rule would need to be tailor-made. However, some basic elements are similar from country to country. Electoral systems must function properly in order for the popular will to be heard. Judiciary systems must function impartially and efficiently ('justice delayed is justice denied') in order for citizens to receive equitable judgement. Legislative bodies should represent, and be responsive to, popular sentiments. But the ways in which electoral, legislative and judicial systems succeed in delivering a democratic output, and the reasons for this, differ widely from situation to situation.

### 2.1.2. Political regimes: paths to democracy and good governance in the developing countries

In the face of this diversity, it is helpful to have an analytical framework, however crude, for conceptualising paths of progress toward democracy, civic rights and accountable governance. One should make a clear distinction between the following concepts:

- Country, nation - the unit of territorial control recognised by other states,
- State - the public organ with the overall (and internationally recognised) powers over an area,
- Government - the political unit selected to rule the state,
- Political regime - the manner of governance; the relationship between rulers and ruled.

In the analysis of political development, the concept of political regime is particularly useful. When analysing a political regime, a simple mental exercise can help us to form a realistic perspective of what is at stake. Imagine a fictional state that exhibits the 'average' experiences and qualities of a sub-Saharan African state:

Upon independence from its European overlord, around 1960, our hypothetical state embarked on an ambitious program of political and economic modernisation. The first decade of independence was a dynamic period. The economy grew, modestly but steadily, and the citizenry was mobilised in the service of various development programmes. The 1970s, however, was a decade of shocks. Economic growth faltered as many industrial ventures failed to perform to expectations. Meanwhile, the price of oil and other critical imports increased enormously.

The government reacted to growing political disapproval with increasingly authoritarian measures. The proceeds of public enterprises were increasingly diverted to pay off the leadership's political clients, and for the personal enrichment of the elite. As production decreased the economy stagnated further and the national debt skyrocketed. Under concerted pressure from international creditors, the government agreed to far-reaching macro-economic reforms. Cutbacks in social expenditures and public employment exacerbated inequality among the urban middle-classes. Soon after the fall of the Berlin Wall, the politically and materially squeezed citizenry started to revolt against the authoritarian regime, demanding greater accountability, justice and affordable basic commodities. A wave of democracy swept over the country.

A large number of countries conform, more or less, to this pattern. The main issue of relevance here is: what happened next? How did these countries perform following the wave of democratisation that swept over the South after 1989?

As the wave subsided, only a few of the states that embarked on democratic transition seem to have succeeded in establishing the basis of a democratic order. A few countries have lapsed back into dictatorship. Some even started to disintegrate as unified states. The vast majority of the developing states that launched political

reforms during the last decade have entered a 'grey zone' between democracy and dictatorship.

The paradox of backsliding is easier to understand if we make a distinction between a 'democratic political regime' and a 'democratic political model' (e.g. a constitution supporting multiparty elections and the rule of law). Although a country could adopt certain elements of a democratic political model in the early 1990s, its political regime was perhaps still far from fulfilling the criteria for a democratic political regime. A subsequent reverse development was therefore actually less dramatic.

Five "typical" kinds of political regimes may be described as follows:

*Democratic political regime.* The term refers to countries where democratic ideals are upheld both in theory and in practice. The ruled can use constitutionally protected means to control and guide the rulers.

*Reformist political regime.* A smaller group of countries comprises polities with a 'reformist' leadership. These are regimes with a rhetorical commitment to democratic governance goals, which also attempt to match the commitment with some form of action. We can think of reformist processes as being of two main sorts: those which are *politically* driven, often by a populist political movement, and those with a *technocratic* thrust, championed by progressive members of the civil service or the professional classes (e.g., lawyers). These subtypes are not mutually exclusive, and neither kind of reformist agent – politician or professional – can effect far-reaching reforms without the support of the other.

*Semi-authoritarian political regime.* A larger group of countries are caught in between democracy and dictatorship and are controlled by governments that are often termed *semi-authoritarian*. Semi-authoritarian political regimes are those that embrace many of the basic features of liberal democracy – e.g. opposition parties and multiparty elections, independent civic organisations and a relatively free media, a judiciary that is not directly controlled by the state. However, semi-authoritarian regimes are careful to maintain enough control over the levers of political power to ensure that their hold on power is not seriously threatened. What characterises semi-authoritarianism is not a failure of democratic procedures due to bureaucratic inefficiency or political ineptness, but a *self-conscious strategy*, a balancing act that allows enough political openness to keep down domestic pressure for political freedom of expression and, at the same time, to gain at least some international credibility as democrats without actually putting the leadership's hold on power in jeopardy.

*Totalitarian political regime.* Totalitarian regimes are run by cliques of a few leaders, usually having military connections. The prescriptions of the constitution are not taken seriously. The state's legitimacy is based on direct access to key resources, military prowess and an authoritarian command structure. When foreign powers and diplomatic relations are involved, the regime's activity tends to be concentrated on state propaganda and on the supply of vital military equipment.

*Disintegrating political regime.* These countries have usually been subjected to a spiralling descent into impoverishment and the collapse of state authority. The main

result has been the appearance of several sectional groups which claim rule over a part of the country. Since the legitimacy of these groups is based on military might, the situation leads into continuous clashes over geographical control. Not uncommonly, these countries have major mineral deposits feeding the continuation of clashes.

The above types of political regimes are paradigms and the classification can be used as an analytical tool when preparing a specific democratic governance programme. Real countries exhibit much more complex characteristics due to historical and cultural factors. The classification is not suitable for general foreign policy considerations since political relations are guided by much more advanced analyses of international situations.

Democratic governance programmes are directly dependent on the character of the political regime.

Assessment of the political regime should include, for example, the following issues:

- Do the government leaders respect human rights related to respect for law, fair trial and avoidance of torture?
- Do the government leaders respect the right to express opinions and the right to establish associations?
- Does the ruling elite consciously establish laws, regulations and opposing associations and spread rumours in order to destabilise political opposition?
- Is the constitution changed repeatedly to suit the wishes of the leaders?

The bulk of democratic governance assistance is geared towards states with reformist and semi-authoritarian political regimes. If simplified, the support for reformist regimes is fairly easy to deliver. In the case of semi-authoritarian regimes, it may be useful to rely more upon selected civic organisations. In totalitarian and disintegrating political regimes, the assistance of a single donor agency is difficult to justify and it may be more justified to participate in international (and influential) coalitions for political dialogue and civilian crisis management.

### 2.1.3. Political authority and citizenship in contemporary states

#### *Legal and administrative development*

In addition to political leadership, it is necessary to assess the quality of administrative and *legal systems*. In western countries, we tend to think of a *legal-rational* form of authority as being the core of western democracy. Citizens of western states comply, for the most part, with the norms and laws enacted through prevailing political mechanisms and enforced by representatives of the state bureaucracy, be they police, schoolteachers or tax-collectors.

The legal-rational ideal is not a panacea for good governance. It can take countless concrete forms, from corporatist versions of social democracy to free-market liberalism, and is easily perverted by bureaucratic excess. Still, the legal-rational



ideal represents the theoretical and normative basis for virtually all contemporary thinking about democratisation, rule of law, governance and respect for civic rights.

In many developing countries the legal repertoire includes elements of statutory law and customary law. The plurality of the legal system is evident especially in the field of civil law, whereas in the field of criminal law adherence to a single statutory legal system is more common. The principle of 'law and order' is always conditioned by two simple questions:

- Do the laws support the values of equality and respect for human rights?
- Is the judicial machinery strong enough to enforce the existing legislation?

The issue of good governance is further elaborated in chapter 5.2.

### *Citizenship and political legitimacy*

The important point to understand here is that legal-rational authority was not part of the colonial system of domination. The colonial powers did attempt to export the superstructure of their administrative orders (legal codes, bureaucratic organisations, and so on) to their colonies. They failed, however, in one vital respect: the imperial powers couldn't accommodate anything close to the liberal notion and mechanisms of *citizenship* in their colonies.

Building up an open political system based on legal-rational authority (and liberal values) requires an inclusive and empowering understanding of citizenship. In this respect, the post-colonial era started more or less from scratch. The nationalist leaders of anti-colonial struggles pieced together political philosophies that attempted to define the contours of post-colonial authority from a mixed set of elements – liberal democratic theory, Marxism-Leninism, and an idealised version of their indigenous political heritage. The philosophies centred around charismatic leaders. These ideologies were often successful in building some sense of unity among the citizens. In many cases, the political ideologies were more hazy when it came to governance issues.

### **Box. 1 The foundations of post-colonial political authority**

*In Zambia, a former British colony, the political philosophy termed **Zambian Humanism** was an explicit attempt to legitimise a new form of national political leadership. Zambian Humanism incorporated the paternalistic and personalised authorities of the colonial Governor and the African Chief in equal measures. In Zambia's particular mixture (very similar programmes were undertaken in Ghana, Tanzania, and Senegal), the authority of the national leader was grounded in a dual spiritual heritage – one coming from the Christian God (as, indeed, did the authority of the British Crown Governor) and another from the forefathers of the Zambian peoples. The 'will of the people' was that of God and the ancestors, and the national President embodied that will. From 1964 to 1972 the Zambian people were allowed to ratify this spiritual mandate via an electoral system based on multiparty competition. But when competition*

*from a proliferation of regionalist political parties threatened to undermine the national motto of 'One Zambia, One Nation', the ruling United National Independence Party (UNIP) changed its tack. In 1972 UNIP revised the Zambian constitution and eliminated political competition.*

Legal-rational and charismatic modes of authority appear to be opposites, but, as the above discussion indicates, they are not mutually exclusive. In most cases political legitimacy probably involves a combination of various 'flavours' of authority. In other words, democratisation in LDCs must both incorporate and accommodate considerable amounts of charisma and populism.

#### **2.1.4. The economic basis of democratic governance**

The legitimacy of a government is only partly dependent on the charisma of its leader. Material considerations – food, shelter, and overall security - comprise a second vital element. It is important to recognise that economic decline was the primary cause of the downfall of monolithic party-state systems in dozens of developing states in the 1990s.

The grip on state power of many first generation post-colonial leaders failed when the combined effect of external shocks and domestic mismanagement, expressed in rampant inflation and shortages of basic necessities, drove the urban-based middle classes to the brink of destitution. The public sector of the centralised party-states, lacking the strict stewardship of an independent parliament, auditor-general and judiciary, was particularly prone to financial mismanagement. Some leaders tried to prevent widespread corruption in the political and administrative leaderships through widely publicised codes of conduct. Others erected a kleptocratic apparatus for the private appropriation of public assets.

In many places, political resistance to party-state regimes rallied around liberal slogans. A hallmark of the 'third wave of democratisation' was the increase of popular demands for political and economic liberalisation. The liberal ideology of the democracy movements of the 1990s implied a questioning of the modes of authority upon which post-independence states were established. Radical intellectuals and their progressive political allies promoted the ideals of pluralism, accountability and transparency in government. For the masses of the population, however, the key issue was impoverishment.

Does this mean that 'the people' have no genuine regard for democracy? This is far too harsh a judgement. What can be claimed with some confidence is that for most people, and especially for those who have grown accustomed to endemic insecurity and poverty, politics (democratic or otherwise) is seldom an end in itself. Political issues have relevance as a means to greater security and welfare. When elected leaders renege on promises to deliver a better future, the response is apathy rather than heightened political activism.

That said, it is also evident that liberal ideals of justice, equity and participation are far from alien to the political cultures of the developing world. Many would claim that such values are universally present in all cultures. Beyond this, modern institutions (trade unions, rural co-operatives, universal primary education, etc.) have brought liberal ideals into the daily lives of hundreds of millions of people around the world. This paradox explains, perhaps, why so many states have settled into some variety of semi-authoritarianism. While ethical demands for justice, equity and wider participation are widely supported, the concrete experience and tangible institutional mechanisms of exacting downstream accountability from state authorities have yet to mature.

## 2.2. Social forces for enhancing Democratisation

What social forces can be most instrumental in promoting the emergence of a democratic political regime? The analysis presented above indicates some ‘agents of accountability’ with the greatest potential for driving political reforms. The experience of the past decade suggests that the urban middle classes have been in a pivotal position in exercising effective demands for political *transition*. The highly educated professional strata along with the propertied classes and skilled workers were at the forefront of the democracy movements of the 1990s. It is also evident that as a political force these groups have not been widely effective in effecting a *consolidation* of democratic structures and procedures. ‘Back-sliding’ democrats and other kinds of semi-authoritarian governments have been relatively successful in enlisting a political clientele from the rural and urban poor, often by invoking ethnic or regionalist loyalties in order to maintain their political mandates at the polls.

Perhaps, then, it is a tactical error to put too much faith in ‘capacity-building’ in urban-based civic groups run by professionals during periods of consolidation. One lesson of the 1990s could be that more emphasis should be given to raising literacy rates, and to providing the broad masses of poor citizens with tangible evidence that ‘democracy pays’.

Democratic governance interventions can often have a marked impact on the balance of power between the state and the citizenry, and between different social groups. In poor countries, political power is often the most direct means to material gain. It is not surprising, then, that those that wield power will often defend their holdings in an aggressive and ruthless manner. Relations between those with power and those who lack it — between the rulers and the ruled — are complex and weave together many different elements: loyalty, trust, fear and domination may all be simultaneously present. Also, struggles for power commonly have long shadows. The higher the stakes, the more intricate and indirect the actions of those seeking to hold onto, or capture, positions of power. For the most active participants in the political realm, the processes of today may well echo events that took place years or even generations before.

Nevertheless, politics is *the* area of public life most fully saturated with morality. Politicians are endlessly judged by their peers and their constituencies, and the core

of political discourse in any society is intrinsically about the moral terms of this judgement. Leaders must appear to be doing the good and proper thing, and much political rhetoric is about defining the standards by which the actions of the powerful are to be measured.

This means that there is always a market for public debate about accountable governance. This can be a main fault line in semi-authoritarian regimes where ruling groups allow a degree of open expression to improve their reputations among external creditors. Many such regimes succeed in keeping political opposition in check via conventional clientelistic means. But sooner or later the dissonance between liberal rhetoric and illiberal practice encourages opposition movements to seek the moral high ground in an open challenge to the ruling group's semi-authoritarianism. Such 'democratic openings' are rare, nor is there evidence that they can be successfully created via external intervention. Once such an opening occurs, however, there are many ways in which agents of accountability can be supported in their struggle for a more pluralist and tolerant political system.

The agents of political reform can and do vary in different situations. Sometimes democratic reforms will be spearheaded from within the civil service and professional classes (lawyers, state administrators); at other times the initiative for reform will come from within the political elite. Other social forces (students, media, civic organisations, religious leaders, the business community) can also play a leading or important subsidiary role in promoting political reforms. If and when a reform movement gains momentum, it will often spawn complex *alliances* of forces that may have little in common other than a burning desire to alter the status quo. Support provided to such processes is naturally most effective when its architects have a clear understanding of the agents and alliances driving political reforms.

The concrete tools for analysing the political actors and their agenda are presented in chapter 6.2.

### 2.3. Assisting various types of developing political regimes

*Reformist political regime.* Support for democratic governance objectives under a 'reformist' regime is relatively straightforward. Reformists may need technical support (e.g. for constitutional or electoral reforms, or for organisational capacity building), material support (e.g. for voter registration) or conventional economic aid (e.g. budgetary support) to enhance overall stability. While always a heavily politicised and contested process, the objectives, targets and means of democratic governance support can generally be negotiated openly with state representatives. Commonly, reformist governments will also welcome tripartite dialogue among donors, the state and civic organisations. Such conditions offer a broad range of opportunities for reasonable and constructive action.

*Semi-authoritarian political regime.* Dealing with the 'semi-authoritarian' regimes that populate much of the South is hardly easy. It may be most important to enhance the civil society. Nevertheless, it is becoming increasingly evident that a strong and vital civil society cannot exist without the consolidation of a functioning state.

Semi-authoritarian regimes can be troublesome partners for donor agencies with an explicit governance clause in their aid policies. Such regimes generally avoid overt repression and violence, preferring to manipulate the political process to their own advantage in more subtle ways. Semi-authoritarian tactics involve an attention to liberal rhetoric and the bending, rather than the explicit breaking, of the law. Infringements of democratic principles or corrupt practices are difficult to demonstrate conclusively. This makes it difficult to operationalise and benchmark governance conditionalities. Instead of constructive policy dialogue, donors find themselves engaged, among themselves and with the government, in complex and prolonged debates about how to interpret local political realities.

Semi-authoritarian regimes tend to be ruled by leaders who have accumulated a thick network of clients over a long period of time. One useful opening for political change, requiring diplomatic skills, is to support the leader's initiative to withdraw from power respectfully and to engage in other activities.

**Totalitarian political regime.** An inverse situation prevails in totalitarian polities. Governments which are not even nominally committed to democratic rule are seldom inclined to permit, or even discuss, foreign interventions in their political systems. In such situations, some agencies have opted for cloak-and-dagger diplomacy in the hope of creating a democratic 'opening'.

Finland, like many small democracies, has tended to promote liberal principles under totalitarian conditions via more indirect routes. Opportunities for such efforts are obviously extremely limited. During the 1970s, for example, Finland began to promote member-based marketing co-operatives and participatory programme design at the grassroots level. These initiatives were at least partially motivated by a desire to empower citizen groups that had marginal access to formal political resources.

Apart from these approaches, the importance of well-targeted civilian crisis management operations, coupled with international political dialogue, is worth mentioning. Such interventions could possibly deal with two vital social groups: the security forces and the male youths. The security forces should be supervised to the extent that criminal activities and terror can be minimised. Male youths should be specially targeted with meaningful employment opportunities to hinder them from taking up arms.

*Disintegrating political regime.* In the disintegrating political regimes, the major tools are emergency aid, coupled with political dialogue and civilian crisis management operations. These are extremely costly tools and it is far more useful to intervene before a country has fallen prey to disorder

## **Box 2. Democratic objectives under a totalitarian regime: The Selale Peasant Dairy Development Project**

*During the late 1980s, Ethiopia was ruled by the authoritarian DERG regime of Haile Maria Mengistu. No political opposition to the DERG was permitted and Mengistu was embroiled in a protracted civil war led by rebels based in the province of Tigray.*

*Ethiopia was also a very poor country and Finland engaged in development co-operation with the DERG in a number of areas, including a project aimed at improving the livelihoods of dirt-poor rural farmers. Under the Selale Peasant Dairy Development Project, Finland attempted to improve peasant livelihoods through the promotion of rural co-operative associations. In the DERG's socialist rhetoric, peasant co-operatives were considered a progressive institution, and the program was one of the few interventions in Ethiopia at the time which allowed for the empowerment of grass-roots citizenry.*

*It was naturally not recorded in official documentation, but for the Finnish experts involved in programme design and implementation, as well as for a number of Ethiopian civil servants attached to the intervention, the Selale project represented an attempt at the mobilisation and consciousness-raising of severely repressed rural residents.*

## 3. POLICY AIMS

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### 3.1 Finnish policy statements

The promotion of democracy, good governance and human rights is one of the five goals of Finnish foreign and development policy. The universality of human rights and international human rights agreements, which are binding on governments, entail that the international community has a legitimate right to intervene in human rights violations wherever they occur. Finland underlines the indivisibility of human rights, meaning that civil and political rights, economic, social and cultural rights, and the right to development, all support each other and should be implemented in parallel.

The objective of promoting human rights and democracy is related to respect for the rule of law and good governance and to the promotion of social and gender equality. It is Finland's view that the development of democracy, good governance and human rights supports stability and economic development, which in turn creates a solid foundation for business and investment.

The key areas of Finland's human rights policy are the rights and equality of minorities, indigenous peoples, and women and children, particularly girls. It is also important to support the human rights of people with disabilities in the developing countries. This does not mean concentrating on these areas alone, but consciously increasing resources, expertise and initiative to deal with these issues.

In order to promote democracy, Finland supports the development of functioning and transparent political and economic institutions, political participation, the evolution of civil society and the freedom of expression. Finland supports indigenous forms of democracy which enable people to take part in decision-making concerning them at grass roots-level. Democratic governance is further promoted by supporting co-operation between parliamentarians, public authorities and non-governmental organisations.

The major policy documents are listed in chapter 8 of this handbook.

### 3.2. Policy coherence

Policy coherence means that the major elements of foreign policy - political relations, trade, development cooperation and cultural relations - work towards the same goals.

Finland has centred its foreign relations with developing countries around the concept of *comprehensive security*. This is an encompassing term which underlines the paramount importance of security for people from extreme conditions like absolute poverty, forced migration and warfare. Finland has acknowledged the importance of

policy coherence by adopting the *global agenda* of the UN. Policy coherence is very much emphasised by EU in its own foreign policies.

A major issue for policy coherence is the relationship between foreign trade and foreign policies. Since foreign trade is conducted by private enterprises, governmental policy has only limited influence on its scope and direction. There are some possibilities, mainly through regulatory frameworks, to set conditions for foreign trade. Whenever development co-operation resources are utilised, it is necessary to ensure that the trade-related instruments have a measurable developmental impact, also from the perspective of democratic governance.

Finland has been a champion of advancing coherence through policies on arms exports. Policy coherence is constructed on the moral stance that Finland is not engaged in destabilising other nations or indirectly expanding armed conflicts.

In the developing countries, the supported political reforms should go hand in hand with supported economic reforms. This is an additional issue for policy coherence. Experience from the past decade has demonstrated that the link is problematic. In some African countries, the supported economic reforms (structural adjustment reforms) may have had a negative impact on domestic industry, thus undermining domestic capital accumulation. This may weaken the domestic manufacturing and commercial classes that have historically played a key role in the development of the modern democratic state in Europe, the Americas, and Eastern Asia. The result can be widespread disenchantment with the state and political apathy. In the more successful cases, years of painful adjustment are followed by political and economic stability.

When analyzing global politics, it is necessary to admit that many large powers are still far away from the ideals of policy coherence. They may count certain developing countries within their sphere of influence or they may have military or commercial interests which override the interests related to democratic governance. Political dialogue is a way to influence not only the developing countries but also the other developed countries.



## 4. THE INSTRUMENTS FOR DEVELOPMENT CO-OPERATION

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### 4.1. Policy dialogue

#### 4.1.1. The democratic governance issue in policy dialogue

Finnish positions regarding policy dialogue are formulated at a high level within the MFA and political steering bodies. Policy dialogue requires constant collaboration between the departments of the MFA so that policy coherence is secured.

Democratic governance is usually *the* issue for policy dialogue. Almost all policy dialogue is related to it in one way or another. The specific topic varies from one forum to another and from one country to another. It is impossible to cover here all the democratic governance issues but it is possible to take up certain examples which show the kind of issues Finland often raises in international platforms.

Gender equality is a matter that has gained a lot of ground in Nordic countries. We feel that this has positive implications not only for the lives of women but for societal development in general. The mainstreaming of gender issues is therefore systematically taken up in policy dialogue.

Conflict prevention is a matter that Finland has pursued vigorously in international arenas. Finland has engaged in high-level diplomacy for conflict prevention and peace-building. In situations where conflict looms around the corner, Finland underlines the importance of civilian crisis management.

Another important matter is the linkage between economic policies and human rights. Finland supports economic reforms (the privatisation of public assets, the removal of tariffs protecting domestic industry, etc.) in many countries. While these reforms are being conducted due attention should be paid to the social and economic rights of the citizens.

Yet another focal issue for policy dialogue is anti-corruption work. This work is normally concentrated on the financial management of public resources, and dealt with through national anti-corruption strategies. In some difficult cases, the policy dialogue on anti-corruption is closely linked to issues like money laundering, drug trafficking and the arms trade.

#### 4.1.2. Multilateral policy dialogue

The UN provides a universal platform for advancing international order and stability. Finland takes part in policy dialogue in the UN general assembly, in UN summits and in global thematic conferences. The main UN conferences have together formed

a Global Agenda (a comprehensive set of priority objectives for development), the advancement of which has continuously been monitored by follow-up conferences.

Finland recognises the mutually complementary roles of the UN and the international financial institutions. The UN should assume leadership in the international development dialogue. It has had a central role in the shaping of shared rules and objectives for the overall global agenda. The international financial institutions have a complementary role when it comes to the operationalisation and financing of the global agenda.

The UN and the international financial institutions discuss their own policies in board meetings. These boards also make key decisions on resource allocation on the basis of the mutually agreed policies.

The international community continuously forms views and proposes actions in order to advance democracy and human rights in specific countries. It is widely acknowledged that the international community needs to act in unison in turbulent areas. Special arrangements and conferences are organised to advance co-operation within the international community. An example of such arrangements is the Stabilisation Pact for South-Eastern Europe.

The OECD's Development Assistance Committee (DAC) is the platform for the donor countries to discuss their policies and practices in relation to development co-operation. OECD/DAC makes recommendations for harmonising aid policies and practices. Selected key documents are listed in chapter 8 of this handbook.

### 4.1.3. EU policy dialogue

The EU has developed an extensive system for policy dialogue. The most important issues are discussed in the development and general affairs councils. The modalities for the dialogue depend on the partner country or region and on the existing contractual framework with the partner. The system of policy dialogue is different, for example, for ACP countries and Mediterranean countries and transition countries. Human rights, democracy and good governance have, however, a major role in the contents of policy dialogue in each of the above mentioned regions and also in policy dialogue carried out by the EU in general.

All agreements concluded by the EU with third countries include a clause on human rights and democracy, violations of which can lead to the suspension of cooperation. In connection with the negotiations on a new partnership agreement with the ACP countries, known as the Cotonou Agreement, the European side wanted to include a clause on good governance into the agreement. This issue was resented by several ACP countries, but after prolonged negotiations an agreement was reached. Although the issue is politically rather sensitive, it is important to ensure that the agreement is followed with appropriate operational guidelines.

### **Box 3. Good governance as a basis for co-operation between EU and ACP countries**

EU has identified democracy and human rights as “essential elements” in its co-operation with ACP countries. Good governance was also recently approved as “a fundamental element” for co-operation. Article 9, paragraph 3 defines it as follows:

*“In the context of political and institutional environment that upholds human rights, democratic principles and the rule of law, good governance is the transparent and accountable management of human, natural, economic and financial resources for the purposes of equitable and sustainable development. It entails clear decision-making procedures at the level of public authorities, transparent and accountable institutions, the primacy of law in the management and distribution of resources and capacity building for elaborating and implementing measures aiming in particular at preventing and combating corruption.*

*Good governance which underpins the ACP-EU partnership, shall underpin the domestic and international policies of the parties and constitute a fundamental element of this Agreement. The parties agree that only serious cases of corruption, including acts of bribery leading to such corruption, as defined in article 97 constitute a violation of that element.”*

*(EU ACP Partnership Agreement, Brussels 2000)*

*The manner of conducting political dialogue is not clearly defined in the Agreement. The key principle is flexibility (see also COM(98) 146, 24.2.1998), the objective being regular, comprehensive, balanced and deep political dialogue leading to commitments on both sides. Suspension of co-operation on the basis of the clauses for essential or fundamental elements is supposed to be an ultimate measure in case dialogue does not succeed in remedying the situation.*

In the partner countries, the country having the EU presidency organises the meetings of the Heads of Missions (HOMS meetings). The results of these meetings act as an input in the preparations for political dialogue with the partner country and the meetings themselves help to create coherence within the EU countries on current policy issues. Finland participates in HOMS meetings in those countries where it is represented.

#### **4.1.4. Bilateral policy dialogue**

Finland can take the initiative in advancing bilateral policy dialogue through high-level bilateral meetings. In the record of official visits at the levels of heads of states and ministers, there should be a balance between Finland and the developing country.

In addition, Finland engages in annual bilateral negotiations with the main partner countries. The bilateral negotiations should cover the five main themes of the Finnish policies with developing countries. (See *Finland's Policy on Developing Coun-*

tries, MFA 1998). During the bilateral dialogues the themes of democracy, good governance and human rights are discussed. When raising these issues, it is important to follow up the specific issues raised in previous negotiations.

## 4.2. Channels for implementing development co-operation programmes

### 4.2.1. Bilateral co-operation

#### *Bilateral country programming*

Bilateral co-operation with the main partner countries is based on regular, bilateral consultations. When the MFA prepares a mandate for Finnish negotiators, the premises for development co-operation are assessed. Performance in the field of democratic governance is the main topic of assessment.

When preparing the mandate for negotiations, the MFA consults the EU policies (see 4.1.3 above) and studies comparative international indicators on democratic governance (see Annex 1 below). If the partner government is not able to run its affairs in a satisfactory way, Finland cannot make a commitment to new bilateral development co-operation programmes. If there are problems in the specific field of democratic governance, these can be directly addressed by selecting appropriate instruments.

In countries which are not main partner countries, bilateral negotiations are carried out using less formalised procedures. The main forms of bilateral development assistance are country-specific programmes organised through multilateral agencies and funds for local development.

Bilateral development co-operation includes four main instruments:

1. Sector-wide programmes (SWAPs) and budget support,
2. Bilateral projects and programmes,
3. Country-specific programmes organised through multilateral agencies,
4. Funds for local development.

#### *Sector-wide programmes and national poverty reduction strategies*

SWAPs are commonly large programmes which are planned and implemented by the partner country ministry in collaboration with a number of donors. Programmes related to administrative reforms and good governance tend to be organised through SWAPs (or through multilateral agencies) because they require large amounts of money. They are less common in the fields of democracy and human rights.

Finland is prepared to join in SWAPs if it can be guaranteed that the basic parameters of co-operation are secure and the financial management arrangements are satisfactory. SWAPs have taken place only since the mid-1990s and there

is large variation regarding the depth of co-operation in the various SWAP arrangements.

Poverty Reduction Strategies (PRSPs) provide a new instrument which has even wider scope than the SWAPs. PRSP is essentially a process of national mid-term planning and support to the PRSP means direct budget support. When PRSPs are being prepared, it is important to ensure that the preparations are carried out through a democratic and transparent process. This means that official democratic organs (parliament and political parties) as well as civil society representatives have a possibility to take part in the preparations. Regarding the substance of the PRSP, it is important to check that some resources are explicitly targeted to poor ethnic and social minority groups. Finally, regarding the implementation of the PRSP, it is vital to check the capacity of the state administration to manage the funds effectively and transparently. This is necessary because of the problem of aid fungibility.

Governance issues are usually included in PRSPs. Here it is important to check that governance agendas are coupled with concrete timetables and definite commitments. The indicators for governance should include clear input and process indicators (and not just distant outcome indicators). Otherwise the commitments can be easily diluted in later political processes.

Since bilateral agencies usually provide support in the form of grants, a special tool is advised for them. This is Poverty Reduction Budget Support (PRBS), a comprehensive instrument of direct budget support linked to the targets of the PRSPs.

### *Projects and programmes*

Projects and programmes (terms used here synonymously) are the main form of Finnish development co-operation. Project and programme work is steered by the programme cycle described in *Guidelines for Programme Design, Monitoring and Evaluation* and outlined in chapter 7 below. The programme cycle has been constructed to ensure that the principles of efficient resource management are systematically followed and that the programme is coherent with Finnish policies, including democratic governance policies.

Bilateral programmes that concentrate on advancing democracy and human rights are fairly rare, simply because these issues require the political backing of a wider donor community to have an impact. Bilateral programmes concentrating on good governance are more common. It is always possible to plan and implement more focused programmes, dealing with sub-sectoral governance issues. Alternatively, a part of the SWAP framework may be separated and planned as a normal bilateral programme.

Bilateral programmes which concentrate on democratic governance should be rather specific in terms of the logic of intervention and the expected impact. The main problem of conventional programmes is *inflated expectations*. This means that the funding covers only limited activities conducted, for example, within a small part of an organisation and within a short period of time, and the other parts of the

organisation are then expected to 'copy' and 'disseminate' good practices. Experience has shown that the logic of trickle-down or horizontal multiplication does not work. The dissemination of good practices requires investment in repeating the exercise several times at different locations, investment in communication and investment in monitoring. The problem can be avoided by starting with specific agenda and realistic goal setting.

### *Funds for Local Co-operation*

Several Finnish Embassies are allocated Funds for Local Co-operation which are geared specifically towards supporting human rights and democratic governance. These funds are intended primarily for civic organisations of the partner countries but they can also be used for a progressive government to run positive initiatives (e.g. organising elections or establishing an office for an Ombudsman). The normal allocations vary between FIM 100.000 and FIM 1 million per organisation. Decisions as to the allocations are made by the MFA, based on proposals emanating from the Embassies.

Funds for Local Co-operation (*see Paikallisen yhteistyön määräraha Normi 8/2000, HELD454-12*) can also be allocated for countries which are not covered by bilateral agreements. Funds for Local Co-operation thus constitute an instrument enabling bilateral development co-operation also with countries which do not fulfil all the conditions of democratic governance. The allocation of funds can be directed to activities which specifically address the critical problems of human rights and democratic governance, such as human rights, minority rights and anti-corruption).

When selecting agencies to be supported, it is easy to support organisations which seem to address themes very popular within a donor community. These organisations may be visible and vocal in financial circles. Yet there is a danger that when many donor agencies support such organisations, their support may breed 'suitcase NGOs'.

For the sake of sustainability, one should also try to locate and support organisations which have a popular base in a mass organisation. For example, trade unions and the umbrella organisations of religious bodies have functions and projects related to advancing democratic governance. Historically, such organisations have been a basis for organising people to advance democratic agenda - sometimes as the forerunners of political parties. Organisations of this kind may have built-in ethnic/regional/religious affiliations but one should not shy away from them simply because of such a connection.

### *Country-specific programmes co-ordinated by other agencies*

Often it makes sense to work with more established donor agencies instead of starting one's own operations. In countries where a Finnish presence is lacking and/or in sectors where Finnish expertise is insufficient, it makes sense to channel funds through the more established donor agencies. In the field of democratic governance,

such an agency could be a multilateral agency (e.g. UNDP), another bilateral agency (e.g. SIDA) or an INGO (e.g. the Electoral Institute of Southern Africa).

*The time frame for bilateral democratic governance intervention*

Experts on democratisation in developing countries stress the long-term nature of the process. This raises an important question concerning democratic governance support: What kind of planning horizon is commensurate with such a long-term process? Obviously, an aid agency could commit itself to a program of action stretching over decades. Just as obviously there is a large difference between a democratic governance support program which runs on the basis of an annual turn-around and one which allows for strategic thinking over a period of, say, four to five years. This is not to say that democratic governance support programs need be primarily comprised of extended interventions. Individual projects can be short in duration; the important thing is that those entrusted with thinking strategically about democratic governance issues can exercise their analytical skills and political imagination in a time frame that more closely corresponds with the pulse of political change.

There is a clear linkage between the time frame for intervention and the selection of an appropriate instrument. This is presented in table 1.

Table 1: Typical time frames (years) for various channels/instruments of bilateral co-operation

	Planning	Implementation
Budget support/SWAP	1-3	5-15
Bilateral project/programme	1-2	5-10
Programme co-ordinated by another agency	0.5-2	0.5-10
Funds for local co-operation	0.5-1	0.5-3

*Instruments and political regimes*

There are no strict rules as to which instruments are most suitable for different kinds of countries. However, some instruments involve more resources and require stricter guidance than others. The following table shows some likely combinations.

Table 2: Different political regimes and instruments of bilateral assistance

	SWAP; budget support	Bilateral programme or project	Funds for local co-operation	Projects co-ordinated by others
Democratic political regime	•	•	•	•
Reformist political regime	•	•	•	•
Semi-authoritarian political regime		•	•	•
Totalitarian political regime			•	•
Disintegrating political regime				•

## 4.2.2. Multilateral co-operation

### *UN agencies*

Amongst multilateral agencies, the United Nations Development Programme (UNDP) works on upstream governance issues. UNDP assists in building capacity for good governance, popular participation, private and public sector development and growth with equity, stressing that national plans and priorities constitute the only viable frame of reference for the national programming of operational activities for development within the United Nations system. UNDP defines governance as the exercise of economic, political and administrative authority to manage a country's affairs at all levels. It comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences. In some cases UNDP functions as an adviser to the government and as a counterbalancing force to other international pressures.

The United Nations High Commissioner for Human Rights (UNHCHR) has a major responsibility for monitoring human rights issues. UNHCHR has established special committees to monitor the implementation of the principles of existing human rights treaties.

Finland supports multilateral agencies mainly through core funding. This financial support means the recognition of the institution's role within the international community. Finland directs its support to multilateral agencies that share the same development objectives as Finland. Core funding is used to enable the agency to carry out its mission. On a practical level, Finland usually participates in policy work through board meetings. The board is expected to endorse the strategy papers and the operational guidelines of major programmes. Finland votes on issues according to its own priorities. Matters are usually discussed, however, within the country groups. Finland is a member of the Western Europe and Others Group (WEOG). More specifically, Finland usually shares its views and informally allies its voting pattern with other Nordic countries. The Nordic countries have often taken up specific aspects of democracy, good governance and human rights as 'cross-cutting issues', even when the UN agency has not traditionally linked itself with these issues. In this way, Finland and other Nordic countries have tried to advance the implementation of the UN's Global Agenda.

In the UN agencies, actual influence on policy dialogue is subject to careful homework on the issues in the agenda and, after that, to the active advancement of a country's own views through informal country groups. Finland has even more responsibilities in policy dialogue when a representative of Finland is nominated as chairman of the board of the agency. The chairmanship period thus requires a special effort.

When it comes to the operations of a multilateral agency in a specific thematic context, there are additional methods for furthering the policies of the agency. First, Finland may underline the importance of the theme or programme by earmarking funding for its activities. For example, Finland has earmarked a part of its UNDP



funding to a human rights programme called HURIST. This earmarking will be noted in a contract between the MFA and the UN agency. Second, a donor country can support a specific sector by offering to fund a specific expert. For example, Finland may underline the importance of gender work by financing the position of a gender expert, who may or may not come from Finland.

### *International financial institutions*

In International Financial Institutions (IFIs), the boards discuss strategy papers and sectoral plans and they also make decisions upon the allocation of large loans. The board representation of the IFIs is very formalised. Each board member represents a number of countries, which form a voting group, a so-called constituency. In the World Bank Finland is a member of the Nordic-Baltic group. According to an agreed rotation scheme, one of the member countries represents the constituency, i.e. provides a person who takes part in board meetings and, through a desk officer in the ministry, coordinates the preparation of the views to be presented by the board member. The process of voting group co-operation is also highly formalised. Nevertheless it provides ample scope for an active (and well prepared) donor country to influence policy decisions. Since the process is administratively complex, and the speed of decision-making relatively fast, Finland can best influence the process by preparing in advance and concentrating views on strategic issues.

In the boards of the international financial institutions, the voting groups which include Finland are the following:

- World Bank: Finland, Sweden, Norway, Denmark, Iceland, Estonia, Latvia, Lithuania.
- AfDB: Finland, Sweden, Norway, Denmark, Switzerland, India.
- ADB: Finland, Sweden, Norway, Denmark, Netherlands, Canada.
- IDB: Finland, Sweden, Norway, Spain, France, Austria.

In the World Bank and the African Development Bank, Finland has a seat on the board whereas the country's position in the Asian Development Bank and the Inter-American Development Bank is that of alternate director. When Finland is the constituency coordinator, Finnish representatives have more influence and responsibility in policy work. It is important to be prepared for chairmanship and to have a clear agenda on influencing the democratic governance issues.

Finland has actively supported initiatives that strengthen the capacities of the developing countries to express their views in the World Bank and in other international financial institutions. Currently developing countries may participate in the decision making of the World Bank at board level through their area-based board members. Developing countries are also given the possibility to participate in the funding negotiations for the IDA-13. These mechanisms are important but more work is required to further enhance the consultation process with the developing countries.

In addition to the official representatives of the developing countries, their civil society representatives also deserve to be heard. Finland has supported initiatives for creating mechanisms for consultations with the civil society representatives.

Concrete steps are already being taken in the World Bank in these matters. The main policy instruments, CDF and PRSP, have been designed to incorporate a wide consultative process. The basic philosophy underlying these policy instruments is the idea that development is not something done to a country but something done by a country. The importance of country ownership and commitment is a paramount factor for successful co-operation. Nevertheless, the procedures (timing, inclusiveness, status) for PRSP planning, consultation and implementation can be developed further.

The international financial institutions emphasise the importance of good governance and the fight against corruption. Support has been directed towards public sector reforms, including civil service reforms and financial management reforms in the public sector. More attention is also paid to financial accountability and transparency in the public sector. The objective of good governance is also incorporated in the lending policies. For example, according to the policy of performance-based lending, good governance is included in the country assessment criteria of the World Bank's IDA lending.

#### **Box 4: The country policy and institutional assessment criteria of the world bank for IDA lending**

*When the World Bank assesses the capacity and need of a country to receive loans, it uses formal criteria. The assessment criteria include four clusters. Cluster D deals with governance and public sector performance, specified as follows:*

1. Sustainability of structural reforms
2. Property rights and rule-based governance
3. Quality of budget and public investment process
4. Efficiency and equity of revenue mobilisation
5. Efficiency and equity of public expenditures
6. Accountability and transparency of the public service

*(IDA: Additions to IDA resources, twelfth replenishment. A partnership for poverty reduction. IDA 1988.*

The international financial institutions have taken up several issues which directly address the challenges of globalisation for democratic development. These issues include global public goods, the digital divide and environmental concerns. Finland has actively followed the discussions. Globalisation also has fundamental

effects on the respective roles of the multilateral agencies. New forms of global governance are continuously discussed as new and increasingly complex tasks are confronted.

### 4.2.3. EU development co-operation

A remarkable share of the Finnish funds for development co-operation is channelled through the European Community. Finland should actively follow up that the funds are used according to the principles commonly agreed on in the resolutions guiding the EC's development co-operation. Agreements concluded with the partners, like the Cotonou Agreement with the ACP countries, naturally form the framework for concrete action.

The development of institutional capacity, good governance and rule of law is one of six priority areas in the EC's development policy. Human rights, democratisation and gender are taken into account as cross-cutting issues. Funds are allocated with a regional focus - budgeting takes place through geographical budget lines and through the EDF for ACP countries. In addition to this the EC has several horizontal budget lines for specific purposes, such as the promotion of human rights and democracy, which enable the targeting of aid to specific groups like ethnic minorities and women.

The EC has launched the concept of decentralised governance. This implies that programmes can be implemented in collaboration with many agencies: private enterprises, NGOs and local authorities.

The major advantage of EC development co-operation is its large size. The EC can support extensive programmes in areas where the bilateral agencies cannot operate. These include public sector reforms and sectoral reforms in large countries. Due to the slowness of the delivery machinery, it is less suitable as an agency in fields where quick and timely disbursements are required.

### 4.2.4. NGO, INGO and IO support

Support to NGOs constitutes an important part of Finland's democracy assistance. This section outlines Finland's policy on supporting Finnish NGOs and international and regional non-governmental organisations (INGOs). Direct support to the NGOs of developing countries is channelled through Funds for Local Co-operation (see section 4.2.1 above.). In addition there are a few International Organisations (IOs) with mandates to promote democracy and human rights.

#### *Finnish* NGOs

Finnish NGOs may apply for support from the MFA for their development co-operation projects. Applications are handled annually and an approved application needs to fulfil rather demanding basic conditions. (See *Development co-operation manual for non-governmental organisations*). Any NGO project application needs to be able to

show that the project addresses the special needs of social minority groups, the needs of vulnerable citizens and the gender issues. The projects need to ensure that the objectives and methods of assistance are sustainable. This is often a major problem in projects which focus their activities on the advancement of democracy and human rights. Where difficult political regimes are concerned, it is also necessary to guarantee that the project does not place partner organisation staff in danger of excessive political intimidation or torture.

It should be noted that Finland is paying increasing attention to the financial management of the organisations that the country supports. A document on anti-corruption issues is being drafted to provide guidelines on the conditions attached to the use of Finnish funds.

### *Human Rights and Disability Foundations*

In the year 2000 there were two Finnish foundations that worked in the field of democracy and human rights assistance. The main idea behind these two foundations was to delegate funding decisions on small-scale projects related to human rights and disability to specialised foundations, which would have the appropriate knowledge to screen applications and make strategic choices. It may well be that in future more such foundations will be created to respond to needs arising from the field.

### **INGOs**

One channel for supporting human rights and democratisation processes is through International Non-Governmental Organisations (INGOs). There are literally hundreds of INGOs in the field of human rights alone, and their functions, organisational structures, objectives and working methods vary a great deal. INGOs often work in sectors that are not yet adequately covered by Finnish organisations or that are not suitable for intergovernmental co-operation. In order to co-ordinate Finland's support for INGOs with Finland's Policy on Relations with Developing Countries from 1998, and in order to improve the goal-oriented character and efficiency of the support given, support decisions should focus on particularly well-functioning, well-known and recognised non-governmental organisations that have proved to be good partners in the light of experience gained by Finland, by other EU Member States or within the sphere of development co-operation carried out by the European Community. Applicants are required to present a substantiated request for support and a clear action and financing plan. All agreements include the requirement to submit written narrative and financial reports. Assessments by outside bodies may be used in monitoring the reporting of supported organisations, in addition to relying on the organisations' own action reports. The reports and assessments on operations provide the basis for any further support decisions. For new organisations, support should primarily be allocated for specific projects. If a more extensive project is involved, a three-year support scheme may be considered.

Only a few evaluations of INGOs supported by Finnish development co-operation funds have been carried out. However, Finland will consider taking part in joint evaluations of particular INGOs together with other donors if the need should arise.

## IOs

There are a few International Organisations (IOs) with a mandate to promote democracy and human rights. IOs differ from NGOs and INGOs in that the IOs are inter-governmental organisations. One of the most vocal organisations in terms of the democracy agenda is IDEA (the International Institute for Democracy and Electoral Assistance). Membership in IDEA is open to states and inter-governmental organisations, and associate membership is open to NGOs. The establishment of IDEA in 1995 was inspired by the need to have a global organisation, independent of specific national interests, which would focus on worldwide democracy in all its aspects. Finland was one of the founding members and supports IDEA in terms of core-funding and earmarked funding for specific projects, as in the example in Box 5 below. The Office of the UN High Commissioner for Human Rights (OHCHR) is another important IO under the UN umbrella which Finland has been actively supporting.

### **Box 5. IDEA's Democracy Programme in Burkina Faso**

*With financial support from Finland in 1996 IDEA embarked on an innovative path to support the democratisation process in Burkina Faso. The programme aimed at fostering a national dialogue for democratic development, assessing the dynamics of political change and democratic progress, devising a democratic reform agenda by making substantive proposals for enhancing the democratisation process, and strengthening the commitment and institutionalisation of the network of local resources and people. In 2001 the programme reached a point where the next step was the creation of a Centre for Democratic Governance, which is a significant milestone in IDEA's work in Burkina Faso. The following quote from an evaluation of the programme in 2000 sums up the interesting approach adopted by IDEA in its Burkina Faso programme: 'Where many donors applied blueprint approach to governance issues, ending with the rehabilitation of parliament buildings - but without functioning parliaments - IDEA centred its attention on people, their interactions, and on complex processes of social change. Where other donors become shy and try to turn around the issue, IDEA went slowly but surely to the essence of the governance debate: it talks about politics, about elections, about political participation and human rights'.*

#### 4.2.5. ODA-eligibility defines the scope of development co-operation

Whenever a new programme is being considered, the desk officer should assess whether it falls within the scope of Official Development Assistance, ODA.

ODA-eligibility sets the basic parameters for international co-operation in defining development co-operation. ODA-eligibility defines what can be classified as Official Development Assistance and what is something else. These criteria play a crucial role in determining what constitutes proper collaboration in the field of democratic governance. Peace-keeping missions, for example, do not fall under ODA, albeit that they contribute to the creation of conditions for peaceful governance. The institutional strengthening of legal and judicial systems, on the other hand, is ODA-eligible. In order for democratic governance programmes to be ODA-eligible they have to have a clear developmental objective, as is the case with the latter example.

The OECD/DAC policy-marker system has been developed to facilitate the monitoring and co-ordination of members' activities in support of DAC policy objectives for the 21st century: reduction of poverty, gender equality, environmental sustainability and participatory development/good governance. ODA is further classified into themes or headings so that donor countries can draw up comparable statistics on how their aid is distributed to various sectors. Within the DAC statistical reporting system there are CRS (Creditor Report System) purpose codes that classify sectors of development co-operation aid programmes under different headings. The headings under "Governance and civil society" (code 150) include:

- Economic and development policy/planning, 15010
- Public sector financial management, 15020
- Legal and judicial development, 15030
- Government administration, 15040
- Strengthening civil society, 15050
- Post conflict peace-building (UN), 15061
- Elections, 15062
- Human rights, 15063
- Demobilisation, 15064
- Free flow of information, 15065
- Landmine clearance, 15066.

For each of these headings there are clarifications/additional notes on coverage. For example, under the heading "legal and judicial development" (code 15030) there are further clarifications or sub-titles: 'constitutional development', 'legal drafting' and 'institutional strengthening of legal and judicial systems'.

Nonetheless, in recent years OECD/DAC has expanded the scope of ODA-eligibility in the field of democratic governance as a response to the challenges faced in

development assistance. Lessons learned from the field indicate that unless security sector actors, such as the police, the armed forces and the judiciary, are brought within the domain of development co-operation, efforts to consolidate democracy and to promote human rights and good governance will be only partially fulfilled. Therefore police and judicial reform are now considered to be ODA-eligible. Another example is the regulation of small arms to maintain public security. Only a few years ago small arms issues would not have been considered ODA-eligible, but recently it has been accepted that there is a need to increase the state's capacity to monitor, check and prevent illegal arms transfers and collect and destroy surplus weapons, as long as these activities are part of a crime-prevention programme. These examples illustrate the point that ODA-eligibility is constantly being updated by the donor community in response to needs perceived on the ground.

## 5. PROGRAMME TYPES: APPROACHES TO DEMOCRATIC GOVERNANCE

In this chapter, the main types of interventions for supporting democracy, human rights and good governance are presented. It is clear that the field is extensive and growing constantly. The following table shows some of the institutional entry points:

Table 3: Institutional entry points for support to democratic governance

	Government institutions	Civic organisations	Private sector organisations
Constitutional democracy	Institution building in parliament; Legal reforms	Watchdog NGOs; Political parties	Chamber of Commerce
Strong civil society	Ministries and public institutions: Institutionalising participatory planning	Umbrella organisations for NGOs; NGOs, CBOs; Media associations	Information and auditing consultants
Elections	Electoral commission; Committee for electoral design	Voter education; NGOs for election monitoring	Private media
Justice/equity	Judiciary; Police forces; Prisons	Legal aid NGOs; Lawyer's associations	Private lawyers
Public accountability	Anti-corruption commission; Ombudsman's office; Auditor-general	Watchdog NGOs	Chamber of Commerce; Chartered auditors; Private media
Open media	Public media	Journalists' associations; Research bureaux	Private media
Human rights monitoring	Human rights commission	Watchdog NGOs	Private media
Mainstreaming human rights	Capacity building in public sector; Educational curriculum	Civic education	Social auditing
Public sector institution building	Public sector reform; Ministries: sectoral reform; Local authorities: decentralisation	Trade unions; Professional associations; Associations of local authorities	Local consultant companies; Public-private partnerships
Public sector financial management	Ministry of finance: public expenditure reviews; Taxation reforms; Computerised financial management	User associations; Watchdog NGOs	Chamber of Commerce; chartered auditors; Local consultant companies
Leadership and personnel management	Training institutions; Committees for professional standards and codes of conduct	Staff associations; Employers' unions	Local consultant companies



## 5.1 Democracy assistance

Democracy assistance can be approached through the concept of access. This includes:

- 1) Access to information, which involves support to media and civic education
- 2) Access to representation, which involves electoral aid, legislative strengthening, support to civil society - essentially NGOs - and participatory planning processes
- 3) Access to justice.

The above is by no means an exhaustive list. Rather, it serves to point out the most common approaches employed by democracy assistance. Obviously, democracy assistance is closely linked to good governance and human rights assistance.

Issues related to conflict prevention and peace-building are not included in this paper as they have been dealt with in a separate issues paper entitled *Peaceful Solutions: The Prevention and Mitigation of Conflicts*, MFA 2000.

### 5.1.1 Access to information

#### *Media support - Free flow of information*

Information is a powerful tool. The media very much influence public discourse, and this in turn has a profound effect on the way a society develops. Media can function in both constructive and destructive ways. When engaged in a constructive way media can point to deficiencies in the political process and bring pressure to bear on decision-makers to rectify problems. The darker side of the media is that they can also be used for destructive ends, as the 'hate radio' campaigns in Rwanda prior to the 1994 genocide demonstrated.

Development co-operation within the media sector very much concerns the professionalisation of the actors involved. The most common interventions in this field come in the form of training for reporters, desk editors and crews and providing equipment needed in the production of news and information. The underlying justification is that, with proper training and exposure to higher ethical standards, the information produced will be more objective and enhance the free flow of information that will in turn contribute to better understanding of issues at stake.

Support for the media can be directed towards state-owned enterprises and also to private actors, which can provide a counter-balance to the dominant discourse.

#### *Civic education - An educated citizenry*

Civic education revolves around the idea that an educated citizenry can make informed judgements concerning decision-making processes. At the grass-roots level civic education can be about such basic issues as literacy and numeracy, things that are easily taken for granted, but deficiencies in which may actually be major

impediments for development in many parts of the world. This is particularly true for women in marginalised minority groups.

At another level there are a host of civil society organisations, including churches, trade unions, ethnic associations, community development associations, agricultural co-operatives, volunteer health clinics, environmental groups and many others, which specialise in advocating particular 'public good' issues. In a world where the role of the public sector appears to be diminishing, the role of the different not-for-profit groups in educating the public is clearly increasing.

Supporting civic education programmes is attractive for donors, but the problem often arises that it is not always clear which 'public good' warrants support over others. One way of looking at the issue is to support programmes that clearly have national significance, such as anti-corruption campaigns, and/or to support programmes that clearly empower disadvantaged vulnerable groups, such as literacy programmes for ethnic minority women.

### **Box 6. Media support in the Balkans**

*The countries of South-Eastern Europe have been in a state of conflict in recent years. These conflicts have often to a large degree been supported by misconceptions - as a result of the state's propaganda or because of a lack of knowledge of what is going on in the neighbouring countries. There is an obvious need for 'objective' news and information for public consumption.*

*–The South-East European News Exchange programme, which Finland supports together with some other donors, aims at enhancing the free flow of information in the Balkans, thus giving the people there a better understanding of affairs and problems of the countries in the region. The Finnish state broadcasting company - YLE - provides technical assistance and training courses for local desk editors, reporters and crews to help build up a common professional approach.*

### **Box 7. Supporting adult literacy programmes in South Africa**

*Since 1997 Finland has supported a rural outreach programme that involved responding to the expressed adult education needs of rural communities in the Midlands area of the Kwa-Zulu-Natal province. The support has been channelled through the Funds for Local Co-operation of the Finnish Embassy in Pretoria. The implementing agency for the programme has consisted of a consortium of three non-governmental organisations: Tembaletu Community Education Centre, the Centre for Adult Education at the University of Natal, and Youth For Christ. The consortium works in disadvantaged rural communities where up to 90% of the adult population is functionally illiterate. The outreach programme's curriculum, consisting of basic numeracy, literacy and civic education, has been coupled with opportunities for skills training, aimed at improving people's chances of gaining sustainable livelihoods.*

## 5.1.2. Access to representation

### *Electoral assistance - Free and fair elections*

Electoral assistance has become one of the hallmarks of contemporary democracy aid. This is particularly true for countries emerging from conflict situations or countries undergoing transitions in their political set-up. Electoral assistance comes in different shapes and forms, including design of the electoral system, better administration of elections, voter education and election observation.

The most usual form of assistance is in the form of *election observers*, to the extent that there are almost 'full-time' election observers who rotate from country to country on observation missions. Election observing is basically about monitoring the freeness and fairness of an election. There are pros and cons associated with election observations. At worst it is a form of ODA-supported 'tourism' and at best a professional contribution to the legitimisation of an electoral process. The presence of foreign election observers can help mitigate conflict situations in the sense that the worst forms of political intimidation are lessened as political parties are at least to some extent wary of exposing their wrongdoings to scrutiny by foreign governments via the election observers. Also, foreign observers may assist local watchdog bodies in getting access to officialdom that they would otherwise be denied.

Increasingly often election monitoring takes place in partnership with other actors such as the EU, OSCE or the UN. This means that observers should meet certain international standards in terms of professional conduct. The Organization for Security and Co-operation in Europe has, for example, prepared training standards for the preparation of mission staff. The EU is also in the process of preparing guidelines on EU-supported election assistance and observation.

Reverse observation could also be considered. This would mean bringing individuals from the South to observe elections in the West and draw conclusions from the electoral process as it unfolds in the West.

It is, however, important to remember that election observation is only one tool in democracy aid and it concentrates very much on the procedural side of democracy.

*Design of the electoral system* embodies in electoral law the all-party political compromise that has been achieved on the most acceptable method of providing the possibility of access to public office for the multiple interests of society. Elections may use a majority system, proportional representation, or some kind of mixed (or semi-proportional) system. Designing electoral systems is a major undertaking, mostly carried out in transitional countries that are embracing democracy - often for the first time. Assistance in the design of electoral systems concentrates on offering information and advice about the range of available choices and the experience from established democracies.

*Good administration of elections* deals with the technical aspects of elections. These include the regulatory system concerning campaigning, voter registration issues, the number of polling stations, the methods for distributing and collecting ballots from

polling stations and the procedures for voting on election day. In transitional situations the UN has often been in charge of the administration of the elections. One of the more successful examples is the administration of the 1993 elections in Cambodia by the United Nations Transitional Authority in Cambodia (UNTAC), which paved the way for Cambodia's shift from a single-party political system to an open multiparty democracy.

*Voter education* is basically a matter of educating the public about the significance of elections and the procedures involved. Voter education programmes involve media campaigns by non-governmental organisations specialising in civic education and advocacy and, in some instances, by election commissions themselves.

With regard to the four types of electoral aid described here, Finland has been most active in voter education programmes and election observer missions. The design and administration of elections is best carried out by multilateral organisations which are not biased towards any specific systems design.

### **Box 8. Voter education in Tanzania**

*In 2000 Finland and a number of other donors supported the voter education campaign in Tanzania through a 'basket-funding'-modality. The idea was that, rather than each donor separately supporting the NGOs involved in voter education and advocacy, support should be provided in a co-ordinated manner. The 'basket-fund' was administered by DANIDA, but the donors all decided together the criteria for assistance to NGOs seeking support for their voter education campaigns. The 'basket-fund' is an example of a co-ordinated approach in election assistance that should be further developed and applied in other contexts as well.*

### ***Legislative strengthening - Capacity-building and development***

Unlike some countries Finland does not support any political parties abroad, because this would infringe on the idea of political neutrality. Nonetheless, it is possible to support the capacity-building of legislators in policy analysis, budget analysis, bill drafting, media relations, use of parliamentary committees, constituency relations and so on. In addition it is possible to provide material support for parliamentary libraries and other technical equipment.

The capacities of national legislators in a number of developing countries are quite often weak, and even when there is capacity the legislative bodies are often under-resourced. Yet for the effective functioning of democracy it is important that legislators are able to carry out their functions properly and without interference from the executive branch of the government. This is particularly true in certain single-party developing countries where the separation of powers of the executive, judicial and legislative branches hardly exists.

Legislative strengthening is a field that is difficult to tackle because it often involves profound development and reform of the systems. There are success sto-

ries, however, particularly from a number of East European countries that have experienced dramatic democratic progress. The opportunity of applying for European Union membership has obviously been a strong incentive.

In terms of development co-operation legislative strengthening is a field that requires specialist expertise and experience. Ex-MPs would be in a good position to assist in this field as long as they remain politically neutral. European Parliamentarians for Africa (AWEPA) is an organisation that has involved European MPs in the capacity-building of their African counterparts through training courses, exchange visits and provision of equipment. As MPs represent different political ideologies it is important that co-operation remains at a technical level because otherwise issues of ODA-eligibility would become problematic.

### **Box 9. AWEPA Mozambique Capacity Building for Democracy Programme**

*Finland has supported AWEPA, which in turn has been supporting the democratic process in Mozambique since the 1992 Peace Agreement. The central objective of the AWEPA Mozambique programme is to support the development of a democratic society, with properly functioning democratic institutions, well-founded constitutional knowledge, and respect for the rule of law and human rights, for the benefit of the Mozambican population.*

*AWEPA is pursuing this aim by supporting different partner organisations from different sectors of society – Parliament, Municipal Assemblies, political parties and civil society organisations active in the field of civic education - in building their capacities, and by creating opportunities for the exchange of information and experience.*

### **NGO building - Active civil society participation**

A functioning democracy rests on a healthy civil society. NGO support is thus seen as one of the crucial links in democracy assistance. NGOs mushroom in societies undergoing transitions. NGOs can make significant contributions to development processes. They can assist in getting the voices of the vulnerable heard for policy making purposes, they can act as watchdog bodies monitoring government performance against promises made, they can act as catalysts for new ideas and they can execute projects and programmes themselves. In some circumstances NGOs have undertaken service delivery roles in the social and education sectors that have traditionally been the responsibility of government agencies.

A healthy scepticism about the motives of NGOs is useful. There is unfortunately a somewhat dubious connection between the increase in the number of NGOs and donor financing. From the onset it should be acknowledged that not all NGOs are necessarily worth supporting. At one extreme there are the so-called 'suitcase' NGOs that are just covers for individuals vying for the a 'piece of the cake' that is offered by donor financing. However, there are a host of genuine operators that do

have a relatively well-established constituency and that do quality work. From the donor perspective it requires considerable skill to sort out the good from the bad.

Finland has a conscious policy of supporting NGOs when considering financing decisions. In recent years approximately 10-15 % of Finnish ODA has been directed towards NGO support, both domestic and international. In addition, the Local Co-operation Funds of Finnish Embassies in developing countries are used as funding instruments to support local civil society activities, particularly with regard to democracy and human rights issues.

Some of the key questions that should be asked when considering support to NGOs include:

- Who does the NGO represent?
- Who is the NGO accountable to?
- What is the strategic value that the NGO adds to the sector it is working in?
- What is the NGO's track record?
- What is the organisational structure of the NGO, and what is its absorption and delivery capacity?
- Does the NGO engage in co-ordinating activities with other similar agencies?

NGO support is clearly here to stay and NGOs have a constructive role to play in development. Finland will continue to support NGOs that clearly have a strategic role as catalysts for development. Nonetheless, the administrative constraints at the donor end may require that long-term partnerships are built with a smaller number of NGOs that are able to demonstrate the accountable and transparent use of funds. This would in turn warrant core-funding and help to ease administrative pressures on the MFA side. On the other hand clear task-related contracts, auditing and evaluation may be a way of capacity-building without dependency.

### **Box 10. Democracy and human rights support in Nepal**

*In 1999 Finland established a Fund for Local Co-operation focusing on democracy, human rights and good governance issues. The main objectives of the Fund are to promote the active participation of people at all levels of development processes, support the active participation of women as equal partners in the sustainable development of their communities, promote good governance by institutionalising decentralised democracy at the local level, and strengthen the capacity of local authorities and civil society actors to become self-reliant in the development process. The funds can be channelled both to Nepalese NGOs and to public sector agencies whose work falls within the scope of the Fund. Most of the projects financed by the Fund have been undertaken in rural settings.*

*The work of the Fund is yet to be evaluated, but the Fund is financing activities that clearly add value in terms of the democratisation of Nepalese society. The Fund is seen as instrumental in implementing Finnish development policy aims by matching project funding with the perceived development needs of Nepal.*

### Participatory planning processes

True development entails popular participation in the decision-making processes. In mature democracies parliaments serve as the representative bodies of the variety of public interests at the national level. Equally important is the role of local government and the public's involvement in decision-making processes of immediate concern.

#### **Box 11. Empowerment processes in Tanzania - Rural Integrated Project Support (RIPS)**

*The Finnish-government-supported RIPS Programme in Lindi and Mtwara Regions represents a committed and courageous effort by many actors, especially government staff, to make the new rhetoric of participation, decentralisation and democracy a reality. Over the years RIPS has explored and pioneered approaches which truly seek to empower communities and the poor and enable them to gain a better life and livelihood according to their own priorities. Nowhere in the world has it been a simple task to make the culture and norms of government organisations more participatory, or to transform personal behaviour and attitudes in government. Gradually however, in Lindi and Mtwara, government staff have come to relate and interact more dramatically with local communities. Part of this has been achieved through the approach and methods of Participatory Rural Appraisal (PRA). In the continuing struggle to transform and re-orient top-down administration and dominating behaviour and attitudes, RIPS has much to share in terms of lessons learned that could be applied in other rural development programmes.*

*Popular participation and participatory development are nothing new in development co-operation. All contemporary rural development projects are based on participatory planning and the involvement of different stakeholders at the various stages of the project cycle. While there is always scope for further enhancing the effectiveness of participatory development methodologies in development co-operation, there is little point in dwelling on the issue in this paper. Rather, we wish to draw attention to an interesting initiative that capitalises participatory development methodologies. This new development is known as participatory budgeting.*

#### **Box 12. Participatory budgeting in Brazil**

*A prime example of participatory budgeting comes from Porto Alegre, Brazil, from the mid-1990s. The political practice of the popular administration in the City Hall of Porto Alegre has been to search for mechanisms to renew public life through the replacement of representative democracy by participatory democracy. Starting with the first mandate of the popular administration, the participatory budget was an instrument by means of which this concern could be put into practice, thus combining direct democracy with the empowerment and promotion of parliamentary representation. It is an instrument of dialogue, of dispute with the local parliament, and at the same time, of negotiation, in order to have the budget legitimated both by the direct democracy and by the City Counsellors.*

Participatory budgeting is very much about negotiating processes to choose the priorities and public works to be developed while allowing the government to address them by means of an agreed normative apparatus.

The strength of the participatory budget lies in the checks and balances it builds into financial management systems, as well as in the active participation of the community delegates and counsellors, whose actions can be questioned every year. Besides shaping a system of rules and relationships, the participatory budget's standards establish a limit to the autonomy of its participants.

This example from Brazil is a novel experiment in true democracy because money is involved. After all, those who control the use of public resources ultimately also hold the power. The Porto Alegre example obviously implies a strong tradition of popular participation, which arises from a history of social movements in Brazil. Nonetheless, the model could be tried elsewhere and adapted to local circumstances. Development co-operation programmes are more familiar with rural settings where the issues at stake are somewhat different from the urban setting of Porto Alegre. Given the rapid urbanisation throughout the developing world, the lessons learned from Porto Alegre could very well become part of everyday practice in the future.

### 5.1.3 Access to justice

#### *Rule-of-law aid: Independent judiciaries and fair enforcement of the law*

Lack of public faith in the judiciary due to improper conduct, corruption and a decline in ethical standards creates uncertainty for those who seek recourse to justice. In addition, investors need assurances that there is no threat of asset losses. Little wonder that legal reforms are often mentioned as a key element in good governance. Well-functioning judicial systems tend to be difficult to maintain. The main difficulties which arise with regard to judicial systems are the following:

- 1) Legal institutions lack proper financing,
- 2) Legal systems are very complex, demanding high expertise and expensive procedures,
- 3) Unofficial legal codes ('common law', 'customary law') have high legitimacy among citizens but the institutions of jurisprudence do not provide them with adequate official support,
- 4) The existence of parallel legal systems leads to 'shopping for justice' which creates openings for corruption.

When supporting legal reforms, one should pay attention to the legitimacy and the accessibility of the supported institutions. An approach advocating simply more 'law and order' may lead to reforms which address important issues (e.g. stealing, rape) but do not have any impact on the ground as the court systems do not work. It is worth noting that the public's trust in the justice system is often based on perceptions as to how the criminal justice system actually works.



### **Box 13. China: judicial co-operation with the Ministry of Justice with**

In 1995 the Chinese and Finnish Ministries of Justice signed a protocol on mutual co-operation between their Ministries of Justice. In 1996, the implementation of the protocol for 1996-1998 was structured in four parts: state ruled by law, criminal law, crime prevention and the operation of the judicial system. Several reciprocal visits of ministerial delegations have been arranged within the framework of the co-operation agreement. In addition, a delegation from the Finnish Supreme Courts, the Chancellor of Justice, the Prosecutor General and a delegation from the Finnish Bar Association have visited China.

The discussions during the visits have concentrated on the themes delineated in the co-operation protocol and that belong to the administrative field of the Ministry of Justice. The Finnish side has extended the field of responsibility in the co-operation to also encompass the Supreme Court, the Bar Association and legal research and training.

The visits and discussions have been professional and comparative, i.e. the participants have been active judges, prosecutors as well as prison and administrative officials with comparable duties. The Finnish Ministry of Justice has noted that this approach has led to open and constructive discussions in a spirit of professional trust.

China signed the UN International Covenant on Civil and Political Rights in October 1998. Within the framework of the co-operation, views on issues related to human rights and civil liberties have also been exchanged. These issues can not be ignored for instance in a comparison of criminal law systems. In the future the obligations that the Covenant imposes on the judiciary, criminal procedure and on the penal system may also be discussed from the point of view of the rule of law and of fundamental rights.

The programme for the years 2001-2003 have been agreed on and will include reciprocal visits and seminars on such issues as judicial administration, penal systems and crime prevention.

Equally important is the just enforcement of the law by the security forces, primarily the police. Hence, within DAC there has been an ongoing discussion on the reform of the security sector and the role development co-operation. (See *Peaceful Solutions: Navigating the Prevention and Mitigation of Conflicts*, MFA, 2000, for a more detailed discussion.) Police forces are often responsible for the unjust application of laws in the name of public security/state security. There is an obvious need for the professionalisation of the police forces in many instances. Finland is therefore interested in contributing professional expertise in this area. Some work has been already conducted through a twinning training programme with NAMPOL (Namibian Police) and the Finnish Police Academy in the fields of community policing and domestic violence training.

## 5.2. Good Governance

### 5.2.1. Introduction: What constitutes good governance?

Governance can be understood as a name for a *sub-sector* dealing with administrative reforms. In this chapter, the main part of the presentation describes such reforms. However, good governance can also be perceived as a *cross-cutting theme* which should be taken into consideration when any programme is discussed. The idea of 'good governance as a cross-cutting issue' has gained popularity and, for example, the Finnish water and health projects in Namibia address the administrative capacities and constraints of the respective ministries. Good governance is a central theme when these projects address the problems of service delivery. Democratic governance as a cross-cutting issue will be discussed in chapter 7. A major policy paper dealing with good governance as a cross-cutting issue is published by the DAC. (OECD/DAC: *Final Report of the DAC working group on participatory development and good governance.*)

There are three guiding principles that define good governance: *transparency*, *accountability* and *participation*. These three principles are inherent parts of a democratic society.

#### **Box 14. Good governance: Transparency, accountability and participation**

##### **Transparency**

*Transparency refers to the openness of the government system. The process of governing needs to be visible, accessible and understandable for the population at large. The citizens of a given society must be able to believe that their government is trustworthy and that the policy-making processes and the government itself are open to public scrutiny.*

*By being open to public scrutiny the government system becomes legitimised in the eyes of the people. Public scrutiny implies that the government is open to criticism and dissidence. Criticism and dissidence may come in the form of media, opposition parties and public debate. These are the 'checks and balances' of power.*

*Transparency is about dialogue between the government and the citizens. Transparency is also a defence mechanism against corruption and abuses of power. Public officials must be able to answer to the public as to how public resources are used.*

##### **Accountability**

*Accountability is about the answerability of the government to the law and to the people. In a democracy citizens vote for the government. If the government does not perform it can be voted out in the next elections.*

*In order to maximise accountability there are institutions that monitor the government's performance. Examples of such institutions include the Office of the Ombudsman, independent media, public protectors, land commissions, independent electoral commissions, human rights commissions, etc.*

*Accountability is also about credibility. Any government that wants to be legitimate in the eyes of the public must also be credible. This means that any complaints and criticisms by the above-mentioned institutions must be taken seriously. In a democratic society no one is above the law, and this includes the members of the government. There must thus be a clear separation of powers within government structures.*

### **Participation**

*A democratic society ensures that its citizens have a real say in how their society is administered. Participation is about the inclusion of different voices in public decision-making processes. At the most basic level, the electoral process symbolises such participation.*

*Civil society is the basic constituent of participation. Civil society refers to the conglomeration of organisations and associations that are independent of the government and reflect the interests of citizens. These include NGOs, trade unions, human rights organisations, sports clubs, churches, different advocacy groups, etc.*

*Civil society operates as an intermediary between the government and individual citizens. As such it contributes to the dialogue between the government and the governed citizens. A society without an effective civil society is not a democracy. Civil society helps to act as a channel for participation and ensures accountability and transparency. The relationship between civil society and the government should be mutually reinforcing. Democratic structures of government facilitate and encourage a lively participation by civil society and civil society engenders democratisation.*

Concern has been voiced in some quarters that good governance is a Western-imposed concept alien to developing country contexts. While it is certainly true that in each and every society the particular circumstances of the local cultures colour the way a government functions, all societies that call themselves democratic would accept that in order for the government to truly represent the people it must adhere to the basic principles of transparency, accountability and participation. Undemocratic regimes are concerned that if they have to adhere to these basic principles their very existence is threatened because their systems of government are not legitimate in the eyes of the general population, abuses of power are commonplace, there is no place for alternative thinking and the system is corrupt.

In short, good governance is an inherent part of a democratic society. It should be noted that more and more donors are emphasising good governance programmes in their development aid for the very reason that it is felt that for truly sustainable development to take place the people must be part of a democratic society where they have a real say over the decisions that affect their daily lives.

Good governance can best be analysed by analysing by what is not good governance. In the following we distinguish between three forms of 'bad governance': bad management, neopatrimonialism and corruption.

*Bad management.* Very often, organisations have problems due to rigid hierarchies coupled with limited or one-sided internal information flows. Organisations cannot always utilise their human resources to the maximum, nor do they easily learn from

their past mistakes. This means that management of an organisation is a difficult matter. Even when administrators do their best, the end result can be less than satisfactory. Management experts like to present theories on how to improve management but these theories are difficult to put into practice. Two simple conclusions can be drawn. First, management is very much dependent on local management culture. Management practices are usually taken for granted, as if they were self-evident and unquestionable. Second, management reforms deal with the relations of power. Administrative reforms tend to be shallow or short-lived because the existing leaders defend their positions: bad management is usually practical and useful for some people.

It is usually easy to find commitment for starting a management reform but it may be difficult to keep the reform spirit going for some time. When management reforms are launched, one should avoid simple one-shot exercises but, instead, repeat the key issues every year until they have gained popularity. One should also provide administrators with tools for self-monitoring to make the results visible, with customer-based mechanisms for getting external (critical) feedback and with incentive packages which make successful results beneficial to the implementers. These methods help to institutionalise good management practices.

### **Box 15. Enhancing customer service orientation**

*In developing countries administrative institutions tend to have lives of their own. Institutions measure their performance in terms of captured financial allocations and the size of professional staff. The task of monitoring can, however, be given to the customer. There are many ways to get customer feedback. Usually ways which translate feedback directly into concrete tasks (to be conducted by specified persons) tend to have more impact. The advantage of customer-based monitoring is the fact that it changes the basic philosophy from 'administration for its own sake' towards 'administration aiming to serve people'.*

*It takes time to develop well-functioning customer monitoring tools. The handling of feedback information is a sensitive process. The process is unlikely to lead to the desired results unless both critical and positive feedback is collected and the scheme is connected to a transparent system of providing incentives as a reward for good performance.*

**Neopatrimonialism.** Neopatrimonialism refers to the situation where a person holding a public position treats administrative power and public property as if they were personal affairs. The person exploits political possessions in the same way as s/he would his/her own property. To manage his/her domain, the ruler must rely on an administrative staff and other supporters. The collaborators are chosen from faithful and dependent followers - relatives, friends or clients - and these clientele relationships take precedence over the official administrative apparatus. When a neopatrimonial pattern is taken to the extreme, it distorts administrative practice and reduces the motivation of lower-level cadres.

Neopatrimonialism is often perceived as a natural way of running affairs. The administrators may treat the distinctions between legal and illegal, on the one hand, and between efficient and inefficient, on the other, as insignificant. Illegal and inefficient practices should be systematically discouraged because they lead to the waste of public resources. However, it is equally necessary to try to understand how and why neopatrimonial networks function. After all, they can be fully rational from the perspective of those involved in them. Moreover, it is clear that the personal characteristics and intentions of the ruler have a direct impact on the result, and if the leaders have good motives, the results may also be positive.

*Corruption.* Corruption is used here as a singular term to refer to particular illegal and harmful practices. Corruption can be defined as *any transaction between private and public actors through which collective goods are illegitimately converted into privately-connected payoffs.*

There are further distinctions between large-scale and small-scale corruption, and between corruption based on greed and corruption based on need. These distinctions are useful when concrete strategies and priorities for combating corrupt practices are being formulated.

The presentation of the governance programmes which follows is divided into two parts:

- Reforming the central government,
- Local government authorities and community participation.

## 5.2.2. Reforming the central government

### *Public expenditure and revenue reforms*

Public expenditure and revenue reforms can take different shapes. Public expenditure management can be improved by strengthening the budget planning process, by making strict rules on expenditure in order to improve budget discipline, by improving financial management through computerised systems, and by working on anti-corruption agenda. Both multilateral and bilateral agencies have participated in public expenditure management reforms.

Public Expenditure Review (PER) is a mechanism to analyse the efficiency and reliability of national budgeting processes. PERs have shown that it is difficult to gain sustainable results in this field. Donor agencies are placing more weight on expenditure control as a precondition for providing direct budget support (through PRSPs) and even as a precondition for sector-wide programmes.

The donor agencies have an important role in expenditure reforms. They can substantially improve the utility of budgeting as a resource allocation mechanism if they include their aid allocations into the consolidated national budget and if they respect the domestic budget year.

Revenue side reforms include comprehensive tax reforms which aim at reducing the number of taxes and fees, selecting cost-efficient methods of revenue collection, computerising revenue collection and increasing the transparency of taxation by simplifying procedures. Naturally, the importance of progressive taxation should not be forgotten.

Public expenditure and revenue reforms are usually steered by the World Bank and the IMF. Although the reforms may include fairly simple and straightforward policy measures, the creation of the necessary commitment and political will is another matter. The World Bank and the IMF, having leverage of their own and being able to mobilise donor fronts, are well-positioned to implement public expenditure and revenue reforms. Nevertheless, bilateral agencies can contribute in terms of technical know-how as well as in terms of materials (e.g. computers and software).

### *Anti-corruption programmes*

Measures to combat corruption have received more attention during recent years. It is possible to separate three different types of intervention:

- 1) Support for national institutions and civil society agencies which directly address corruption in a partner country,
- 2) Support for international conventions and institutions,
- 3) Elimination of corruption from development co-operation.

1) National anti-corruption strategies usually have a wide agenda: corruption prevention, enforcement, public awareness and institution-building. These involve many institutions (parliament for legislation, national auditing offices for auditing, the police force and the judiciary for enforcement, schools and special institutions for awareness-raising), sometimes making it difficult to trace where the actual responsibilities lie and what the critical elements for successful anti-corruption strategies are. The problem is increased by that fact that the strategies tend to be top-heavy and include institutions which are themselves very corrupt. (See UNDP and OECD, n.d.; TI, 1999.)

Experience has shown that corruption can be minimised by reducing administrative complexity and avoiding unnecessary reforms. Administratively complex arrangements are prone to corruption. If one needs to deal with many different organisations to get a license to start a business, the situation is very risky. Similarly, all reforms create situations where some people have more information than others, and thus more opportunities for corruption, during the reform process. People who are well-informed about the reforms can use the transitory period - just as they can use general insecurity in crisis situations - for their own benefit.

First and foremost, anti-corruption policies require committed leadership. What Finland can offer is advanced information and communication technology. Modern technology can be adapted, for example, to facilitate the modernisation of the national financial management systems.

2) Finland has signed several international conventions dealing with corruption. Our national legislation has been changed accordingly. Finland supports international anti-corruption organisations such as Transparency International.

3) Finnish bilateral development co-operation is based on procurement regulations which place strict control on the tendering procedures (See *Manual for the Procurement of Services*). Corruption clauses with severe consequences are also included in consultancy contracts. However, comparatively little has been done in terms of harmonising standards for procurement and financial management of the development projects between the donor agencies. Recently some initiatives have been put forward, especially by the international financial institutions, to advance in this field. Standard procurement and financial management rules would considerably enhance cost-efficiency and reduce possibilities for corruption.

(See *Korruption vastaisen toiminnan käsikirja, Helsinki forthcoming 2001.*)

### *Civil service reforms*

Civil sector reforms can be divided into two 'generations' of reforms:

- The first generation has *quantitative* aims: reducing the size of public sector employment to a level which is affordable for the country. Usually these civil service reforms include extensive retrenchment of administrators and support staff. Since public sector employees tend to have permanent contracts, they can demand proper compensation payments - and this makes the reforms very expensive. If manning levels are not monitored closely after the reform period (e.g. through Public Expenditure Reviews), the savings in public expenditure are soon lost when some branches of the administration start to grow again.
- The second generation of reforms has *qualitative* aims: improving the productivity of the existing civil service. Reforms of this type include the reduction of the number of administration units (e.g. the amalgamation of ministries), pay reforms, training programmes and so on. Qualitative civil sector reforms are long and arduous processes. They require massive co-ordination both between the donor agencies and between the targeted ministries.

An important - and difficult - target for civil sector reform work is national Public Service Commissions. These are given the task of assessing professional qualifications and even of appointing persons in public service. The Public Service Commissions tend to be the bastions of neopatrimonial power.

If a bilateral donor wants to engage in civil sector reforms, it needs to have substantial financial resources or to be able to establish compromises within the donor

front. The importance of civil sector reforms has increased during the era of direct budget support.

### *Institution development: sector and institution-specific management reforms*

A bilateral donor can support an overall civil sector reform indirectly, through supporting its implementation in one sector ministry. For example, a programme can be launched to enhance the organisational structure and financial management capacities of a Ministry of Health.

It is common that good governance appears as a key issue when a bilateral programme (like a health care programme with a Ministry of Health) is being planned and the planning team identifies serious problems in the existing administrative arrangements. The project planning team needs to address such problems as:

- 1) Unclear authority structures,
- 2) Slow decision-making processes and inadequate internal information flows,
- 3) Lack of functional human resource development and incentive schemes in personnel management,
- 4) Inappropriate financial management systems and inadequate financial controls and auditing.

At present, typical health programmes look more and more as if they were administrative programmes in the field of health care. The same applies to the forestry, education and water sectors, to name a few others. This shift in emphasis should be reflected in the type of expertise that is utilised in programme planning and programme implementation.

Recent decades have taught us a lesson: if a small project tries to change administrative practices in one corner of the country, the result are likely to be only minor and temporary. It may, for example, happen that, after a period of relatively successful implementation, the local participants are transferred to other places, or that the country lacks interest in continuing the project. In order to avoid this sort of problem, administrative reforms in one sector should preferably be implemented through *sector-wide programmes* based on comprehensive *donor co-operation*.

While working on a specific sector, Finnish experts should always check the possible effects of any on-going civil sector reform because the civil sector reform sets the outer parameters for the functional sector administration. A functional ministry may, for example, express a commitment to employ more staff in order to support a Finnish project when, in fact, the civil sector reform forces it to reduce staff.



Table 4. Stages in the institution-building process

Organisational level	Tasks
Organisation is unstable in terms of financial capacities and operational practices.	<ul style="list-style-type: none"> <li>• Identify key functions and protect funding for them,</li> <li>• Hive off unnecessary functions,</li> <li>• Establish administrative rules and routines.</li> </ul>
Organisation has a secure existence but weak resources. It is subject to different, competing interests.	<ul style="list-style-type: none"> <li>• Conduct strategic planning with key actors to define the role of the organisation within the inter-organisational structure,</li> <li>• Organisational analysis: locate the administrative bottlenecks,</li> <li>• Improve financial management practices,</li> <li>• Improve financial control mechanisms.</li> </ul>
Organisation has a secure existence and clear tasks. It is subject to institution building effort due to limited capabilities.	<ul style="list-style-type: none"> <li>• Launch specific management and manpower development projects within the organisation,</li> <li>• Utilise financial management information for operational planning,</li> <li>• Improve 'governance': introduce information dissemination projects.</li> </ul>
Organisation has capacity to develop on its own	<ul style="list-style-type: none"> <li>• Introduce quality management systems,</li> <li>• Introduce continuous learning processes which are strongly customer-oriented.</li> </ul>

### 5.2.3. Local Government Authorities

#### Decentralisation

Decentralisation of administrative and political powers is occurring in many countries. The actual reforms involved differ very much from one country to another. It is possible to distinguish the following types:

- 1) *Devolution*: distributing tasks and revenue resources to subsidiary local authorities. This is a demanding form of reform because the operative ministries, losing power, usually object to it. It tends to enhance the legitimacy of the state apparatus.
- 2) *Half-baked devolution*: devolution of tasks to local authorities without parallel decentralisation of revenue sources. This leads to problems.

- 3) *Deconcentration*: distributing tasks to local representatives of the central government. Financial resources tend to remain under central administration. Since overall control remains with the central government, this kind of reform tends to be rather simple.
- 4) *Delegation*: distributing tasks to independent (i.e. private) or semi-independent (i.e. government-controlled) bodies.

Decentralisation reforms also vary with regard to the level of administration involved. In some countries, 'decentralisation' actually means giving powers to a regional administration covering several million inhabitants, in others it means giving powers to communes covering perhaps only 10.000 inhabitants. The administrative and political problems and opportunities are completely different in these two cases. With large units, it is possible to present rather sophisticated management tools but it may be difficult to secure the democratic control of leadership or to mobilise popular participation. In small units, on the other hand, management solutions have to be very simple but it may be easier to mobilise popular participation.

### **Box 16. Decentralisation with impact**

*Decentralisation reforms need a clear orientation and high-level political backing. The World Bank has outlined three elements for successful decentralisation:*

- 1) *Voice: local residents need to be given a greater role in decisions that affect their lives.*
- 2) *Competitive pressures: the concepts of 'choice' and 'exit' are keys to effective decentralisation. Decentralising service delivery away from central government monopolies should open the door for alternative service providers.*
- 3) *Rules and restraints: effective decentralisation requires an active role for central governments, because rules and restraints are absolutely necessary to distribute responsibilities and to encourage fiscal discipline.*

*(Reforming Public Institutions and Strengthening Governance, WB 2000)*

The crucial problems of decentralisation are the political will and its materialisation in decentralising the financial revenue sources. If the political leadership is not fully committed, reform can easily turn out to be half-baked decentralisation. If the political leadership is committed, decentralisation can be a practical tool for efficient administration and efficient service provisioning. For the link between poverty alleviation and decentralisation see de Jong et al. (1999).

### **Box 17. Supporting decentralisation in Tanzania**

Finland is engaged in an extensive Local Government Reform Programme (LGRP) in Tanzania. The reform process includes, among other things:

- *Enhancing the capacity of the Ministry for Regional Administration and Local Government to steer the reform process and guide individual local authorities,*
- *Ensuring the compatibility between the cross-cutting decentralisation process and the sector-specific reform processes (e.g. health and education reforms),*
- *Conducting fiscal reforms to guarantee that the local authorities have an adequate tax base or other sources of income,*
- *Building systems of negotiation between the central government and local authorities to guarantee a fair and accountable distribution of the central government resources to local authorities and enhancing the capacity of the Association of the Local Authorities in Tanzania to function as the mouthpiece of the local authorities,*
- *Training local authority staff and councillors to shoulder their increased responsibilities,*
- *Restructuring the organisational pattern of individual local authorities in order to guarantee that they place adequate emphasis on core service tasks related to alleviating poverty.*

Decentralisation is actually a policy tool for central government. When a central government decides upon its policies on decentralisation, it needs to consider

- The efficiency of service provision,
- The party political implications of allocating power to local authorities,
- National unity versus ethnic and area-based separatist interests.

As mentioned above, decentralisation requires the commitment of the political leadership over an extended period. Sometimes the government starts well but later on party and ethnic politics derail the decentralisation drive. In decentralisation, the difficult issue is how to keep up the momentum a few years after launching the reform programme.

#### ***Enhancing local administration***

In many countries, the capacities of local administration can be enhanced even within the framework of existing legislation. In urban areas, conventional project activities support strategic planning, spatial planning, enhancing financial management and councillor training. Commonly, these tasks are coupled with service-oriented agenda, like slum-upgrading or urban transport, and with mechanisms for enhancing democratic decision-making. (See Box 12 above on participatory budgeting.) In rural areas, the administrative programmes have to adapt to a difficult environment, including the generally lower educational level of citizens and the

huge problem of efficient communication between the administration and the citizens. The normal project activities for enhancing administration consist of improving strategic planning, streamlining organisations, improving financial management practices, simplifying the local taxation systems and reducing irregularities in tax collection, training councillors, training lower level administrators and civic leaders, and enhancing local communication through radio or local newsletters. Since rural local authorities tend to have limited financial capacities, it is important to mobilise the location-specific resources of the citizens through participatory planning exercises. (See also Box 11 above on participatory planning).

An important lesson learned from enhancing local administration is that the sustainability of interventions can be best guaranteed when the intervention clearly defines the responsibilities of the main actors and when it matches the inputs with the absorption capacity of the local authority. If the responsibilities are poorly defined or the resources are too large, the national political actors may start to interfere in the local level allocative decisions, leading to delays in implementation or other problems.

#### 5.2.4. Multi-actor governance programmes: Networking and sharing responsibilities

Modern project formats try to be socially inclusive. The inclusion of new actors can be achieved in the following ways:

- *Community participation.* This term is used extensively to refer to methods for consulting the citizens during the project planning and involving them during the project implementation. The difficult issues are how to organise community participation in a cost-efficient manner and how to institutionalise community participation within the administrative practices.
- *Joint action and decentralised co-operation.* These terms refer to situations where open partnerships are formed to create new administrative arrangements for service provisioning. Joint action is a term describing a more open situation where civil society agencies and private sector agencies are incorporated into project frameworks. *Decentralised co-operation* is an EU term covering both joint action and decentralisation.
- *Public-private partnership.* Public-private partnership usually means the engagement of a private enterprise (through sub-contracting, joint ventures or open competition) for service provisioning which previously was run completely by public agencies.

The terms presented above describe modern and innovative project formats. The protagonists of these approaches claim that such open partnerships 1) increase democratic participation, and 2) create practical ways to mobilise local resources. The problems of these open partnerships are that 1) they are often politically sen-

sitive and therefore projects tend to get stranded, and 2) they are administratively complex and very labour-intensive to run.

A major recommendation is that whenever a new project is planned and ‘civil society’ or ‘stakeholders’ are expected to play a major role in enhancing democracy, one should ensure that concrete actors (i.e. named organisations) are identified and each actor is designed a specific role (e.g. a village council to decide on the location of water points and village entrepreneurs to compete on maintenance tasks) and that the total number of actors is manageable. Due to operational constraints, it may be useful to include only a limited number of actors at the beginning.

Legitimacy is often a problem for planning processes so it is useful to make the planning processes socially inclusive. This is not an easy task. One needs to ensure that the proposed actors (e.g. NGO leaders) included in planning process are themselves democratically oriented. Often it is practical to utilise direct communication through the media together with the consultative process.

### **5.3. Human rights**

The Finnish Government has set the promotion of human rights and democracy as one of the key goals of Finland’s foreign and development policy. A report on Government action to promote human rights is regularly presented to the Foreign Affairs Committee of the Finnish Parliament. The first such report was presented in November 1998 and the second in November 2000. The reports define the specific human rights objectives and principles in all areas of Finnish foreign policy. They confirm Finland’s commitment to the principle of indivisibility of human rights, which means that civil and political rights and economic, social and cultural rights are equally important and mutually reinforcing.

#### **5.3.1 The rights-based approach and integration of human rights**

A developmentalist rights-based approach contributes to the tasks of eradicating poverty in the long-term as well as in the short-term. Not only traditional civil and political rights, but also economic, social and cultural rights are at the focus of the rights-based approach. A model rights-based programme will typically focus on projects that eliminate unequal access to law and to basic services, land and housing, as well as to information. Such a model may entail, for example, making the public institutions providing basic education and health services aware of the needs of the beneficiaries; imparting knowledge of the international human rights framework to NGOs and government institutions; and establishing pilot networks of legal services for marginal communities. Raising awareness of human rights amongst disadvantaged groups so that they can claim their constitutional rights is an important part of the rights-based approach.

“Mainstreaming” human rights into all development work is the principle strategy that the Finnish Ministry for Foreign Affairs has selected to achieve the human

rights objectives in Finland's development co-operation. A *twin-track strategy* means integrating a human rights perspective into all development activities, and at the same time carrying out human rights -specific programmes. These programmes are important since they are aimed at addressing particular human rights concerns and empowering disadvantaged groups of people to become advocates for their own rights. Human rights programmes can also serve as pilots in developing new working methods and strengthening expertise in the field. The Government has also committed itself to promoting gender equality in all contexts of development co-operation through implementation of the Beijing programme of action.

Although the promotion of respect for human rights is a development goal in itself, it should not be seen as a separate subject area but instead it should be closely linked to, and inseparable from, other development goals. Human rights contribute to poverty reduction by addressing different aspects of poverty: empowering the poor, enhancing inclusive principles and practices and tackling the problems related to insecurity by focusing on strengthening the justice sector. As the Human Development Report 2000 puts it, "In short, human development is essential for realizing human rights, and human rights are essential for full human development".

### 5.3.2 Human rights framework

A human rights framework refers to a body of international and regional human rights instruments which sets the standards for internationally recognised human rights. The compilation of treaties and other internationally recognised human rights documents (such as UN resolutions or Programmes of Action of the UN World Conferences) forms a conceptual framework which is partly also legally binding on states.

There are over 100 international treaties that can be defined as human rights instruments, and the number is growing. For the purposes of human rights programming it is impossible to cover them all. The applied human rights criteria should, however, consist of at least the following instruments:

- The Universal Declaration of Human Rights, adopted by the General Assembly of the United Nations in 1948, which is the foundation of the international human rights system as we know it today. Although it is not a legally binding instrument, it is the most widely known and recognised international human rights document.
- The Covenant on Civil and Political Rights, with its two Optional protocols, and the Covenant on Economic, Social and Cultural Rights. Together with the Declaration they comprise the *International Bill of Rights*, forming a commonly used reference for human rights assessment.
- The Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW). Gender equality is an integral part of human rights. The Convention covers civil and political as well as economic, social and cultural rights.

- The Convention of the Rights of the Child (CRC). The most widely ratified human rights treaty, which makes it a useful tool for human rights programming. All but two states have ratified the Convention.
- The Covenant Against All Forms of Racial Discrimination.
- The Convention Against Torture and Other Cruel or Inhuman Treatment of Punishment.

Other relevant instruments such as regional human rights treaties, or treaties for specific human rights concerns such as the ILO conventions, should also be looked at in relation to each country situation.

Human rights instruments provide a means of empowering women, men, youth and children to organise themselves and to participate in a meaningful way in decision-making and processes that affect their lives. They also provide a mechanism for holding states accountable for their international and domestic obligations.

*Equality* and *non-discrimination* are central to human rights. Gender equality and elimination of discrimination against women are thus essential elements in all work. Guaranteeing equal opportunities for men and women is an important but not adequate way of promoting gender equality since the circumstances in which people live are usually not gender-neutral. Human rights issues reflecting the realities of the situation of women in developing countries include reproductive and sexual rights and conditions suitable for healthy reproduction, and better access to economic resources to sustain women and their families.

In its development and human rights policies Finland places special emphasis on women and children, minorities, people with disabilities and indigenous peoples. The aim is to guarantee equal rights for people who in many countries are susceptible to discrimination and exclusion from society - and consequently from mainstream development activities.

### *Participation and accountability*

As was discussed in sections 5.1 and 5.2 above, participation needs to be inclusive and meaningful. This includes meeting such challenges as, for example, ensuring the participation of deaf people or children in development activity so that, from their perspective, it is meaningful, inclusive and non-discriminatory.

In addition to forming an internationally applicable conceptual and legal framework, the human rights' system provides a *practical framework* for implementing the strategy of mainstreaming human rights in practice at all levels from political dialogue to actual programming.

### **5.3.3 Human rights approach**

The human rights approach is a method of systematically applying international human rights instruments in planning and implementing policies - whether in development co-operation or, for example, in humanitarian assistance. Such a

human rights approach has been taken up by several UN agencies, some of them among the major recipients of Finland's multilateral development assistance. They include UNICEF, which bases its work on the Convention on the Rights of the Child, UNFPA and UNDP, which adopted a human rights strategy in 1998. Human rights started to gain a prominent role within the UN system in 1997 when the Secretary-General introduced his reform program, which placed human rights at its centre. UNDP and the High Commissioner for Human Rights signed a Memorandum of Understanding in 1998, and in the following year a common pilot programme HURIST (Human Rights Strengthening) was launched. HURIST aims at collecting best practices and developing methods for human rights programming. The Human Rights Council of Australia has produced a manual containing detailed and practical guidance on how to apply the human rights approach to development co-operation. Some bilateral donors such as DFID and SIDA have also started applying the human rights approach. However, the method is still quite new and the results of its application are still to be seen. Pilot projects have taken place: for example SIDA conducted a country analysis on Zimbabwe using the human rights approach.

### *Areas for international action*

The international human rights system is characteristically state-centered, placing the primary responsibility on each state to *respect, protect, promote and fulfil* the human rights of all people in its jurisdiction, citizens and non-citizens.

#### **Box 18. State obligations in realising human rights**

*A State is obliged to:*

*Respect the human rights of all people within its jurisdiction, meaning that the State abstains from carrying out, sponsoring or tolerating practices, policies or legal measures violating any individual's human rights.*

*Protect human rights from being violated by non-state actors including individuals, groups or corporations. If violations take place the State must guarantee access to legal remedies.*

*Promote respect for human rights through activities that prevent human rights violations, such as human rights education.*

*Fulfil human rights through active measures involving such issues as public expenditure, governmental regulations of the economy, provision of basic services and related infrastructure, and redistributive measures.*

*(The Rights Way to Development. Manual for a Human Rights Approach to Development Assistance, 1998)*



The main role of the international community is to monitor governments' compliance with international standards. Development co-operation offers a means of helping governments in developing countries to meet their human rights obligations through technical assistance and advisory services. This is, however, only possible when the governments concerned recognise their responsibilities and commit themselves to human rights objectives. Support to the civil society actors may empower them to engage the government concerned in a dialogue (see sections 4.2.1 and 4.2.4 above for further details).

*Human Development Report 2000* suggests five areas for international action:

- Strengthening a rights-based approach in development co-operation, without conditionality,
- Mobilizing the support of international corporations for human rights,
- Strengthening regional approaches,
- Embarking on new efforts for peace-making, peace-building and peacekeeping,
- Strengthening the international human rights machinery.

### *Integrating human rights into country programming processes*

Mainstreaming human rights into a country programme requires that human rights - civil and political as well as economic social and cultural rights - be taken into account from the beginning, starting from defining the objectives of the country analysis and strategy formulation through to the actual programming and evaluation. In this process the treaties ratified by the country concerned, and its periodic reports to treaty-monitoring bodies, provide useful human rights data. They indicate the commitment and performance of the government in respecting, protecting and promoting human rights. Appropriate committees review and comment on the submitted reports and give recommendations. In some cases international or national NGOs produce their own comments on the state reports or make independent "shadow" reports. It should be noted that the Commission on Human Rights (CHR) is the UN's most important organ for framing human rights norms and intervening in human rights violations.

The treaties and the reporting systems - including the possible NGO-reports - provide one basis for a human rights dialogue between a donor and a partner country. Shortcomings in meeting the obligations identified by the government itself in its report, or brought up by a committee in its comments, may be taken up in discussions as possible areas for development co-operation programmes. The periodic reports provide a useful set of data in following up a country's long-term human rights development. If the partner country is not a state which is party to the core human rights treaties, discussions can focus on ways to strengthen the capacity of the partner country to meet the related obligations in order for it to ratify the treaties.

The series of UN Conferences held in the 1990s produced a number of programmes of action. The Declaration and Programme of Action of the Vienna and

Cairo conferences and the Beijing Declaration and Platform for Action affirmed human rights already recognised in international human rights treaties, transforming them into concrete action plans. These action plans have opened up new opportunities for development co-operation. Like human rights treaties, the programmes of action spell out internationally shared goals. They also constitute a link between multilateral and bilateral policies and can be used as a starting point for a human rights dialogue or country programming.

### *Human-rights-specific programmes*

Mainstreaming does not mean that resources are not needed for activities specific to human rights. Building human rights capacities within the public administration or civil society constitutes a major area for human-rights-specific programmes, although they are often part of a larger programme, such as a public sector reform. Strengthening national human rights institutions is one example of a human-rights-specific programme. Other examples include: technical assistance in the development of national action plans in the human rights sector; reforming the penal systems and improving the accessibility and non-discriminatory practices of justice systems; focusing on specific themes such as the rights of the indigenous peoples; and promoting equal opportunities for people with disabilities.

#### **Box 19. Strengthening the rule of law in Laos**

*Finland is financing a program implemented through UNDP which assists the Government of Laos to integrate its international legal obligations with the domestic legal framework. The programme focuses on strengthening the capacity of the Department of Treaties and Legal Affairs in the Ministry of Foreign Affairs with regard to the process of the preparation, signing, ratification, and implementation of international treaties, and on enhancing the dissemination, enforcement and reporting mechanisms relating to international obligations of Lao PDR.*

*Various donors have provided support in the areas of legal reform and the judiciary over the past ten years. The Government of Laos has identified the integration of international legislation as a key element in the ongoing process of strengthening the rule of law in Lao PDR, which, in turn, is essential for realising the development objectives of Lao PDR in the context of its socio-economic transition.*

## 6. ENHANCING IMPACT

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### 6.1 Focused strategies and sustainable results

#### 6.1.1 Aiming at sustainability

In this chapter the core issues are sustainability and impact. All too often, democratic governance interventions are based on a worthy agenda and competent implementers but they fall short of making a sustainable impact. Sustainability means long-term changes at an institutional level. Sustainability is an issue which should be given more attention in democratic governance interventions. At the same time it is acknowledged that interventions are sometimes necessary at critical moments - for example before elections - even if the aim of sustainability cannot be guaranteed.

Sustainability can be enhanced through a number of fairly simple methods:

- Allowing an adequate time-frame for planning and implementation (for example with support distributed over several years instead of in a one-shot exercise),
- Supporting institution building activities within the partner organisation,
- Supporting the domestic fund-raising mechanisms and/or directing support to organisations which have a strong popular mandate,
- Demanding prudent financial management practices,
- Avoiding partner organisations which lean on the charisma of a single strong leader.

#### 6.1.2. Ownership and partnership

Ownership is a matter that has deservedly received a lot of attention during recent years. The sense of ownership means roughly same as the sense of commitment. The partner organisation has to be able to ensure that its political, organisational and financial principles are taken as the starting point for co-operation. *This is a pre-condition for sustainability.*

The interpretation of ownership should not mean that the partner institution is given free hands to do as it pleases. The donor agency has a legitimate right to be sure that the selected form of co-operation advances the aims of development co-operation. Ownership should be based on a *contractual* agreement - partnership between competent authorities.

### **Box 20. Partnership between ‘competent authorities’**

Partnership needs to be based on mutually recognised obligations and rights. Moreover, the obligations and rights should be the same for both partners. These are well formulated in the following list:

1. A subject-to-subject attitude.
2. Being explicit about values – sincerity in the relationship.
3. Transparency of interests. Even if interests diverge, one can come to terms and find common grounds.
4. Clear standards - avoiding a plethora of conditionalities.
5. Sticking to the agreements. The reverse side of clear contractual standards is that they must be upheld by both parties.
6. Equality of capacity. The aid relationship may be inherently unequal - one party has money, the other does not - but there can be equality in terms of the capacity to analyse and judge the terms of a contract.
7. Code of conduct.

(Adapted from Mats Karlsson, in Kifle et al.: *A New Partnership for African Development*, NAI 1997)

It is useful to conceptually distinguish *partnership* between ‘competent authorities’ (donor agency and the partner organisation) from *stakeholder participation*. The latter refers to a much wider arena of consultations. The problem with stakeholder consultation is that, if used too vaguely, it acts against partnership: extensive participation may dilute the key actor’s sense of ownership. This may occur if programme planners force the ‘competent authority’ (usually a government ministry) to involve a large number of other agencies as ‘stakeholders’ but the manner of involvement is not spelled out clearly. If the key actor (the ‘competent authority’) is used to working through its own administration, a vague requirement to consult other stakeholders may lead to political games, mobilising otherwise dormant neopatrimonial linkages or diverting attention to politically sensitive but operationally minor issues.

In order to plan democratic governance support there must be a commitment to discuss openly about the political premises. The insights of contemporary organisational theory would seem to apply well to the task of promoting political change. Trust among players - built upon openness and dialogue among the core actors - will produce the most popular, efficient and lasting results.

### **6.1.3. Targeting assistance on critical social groups and processes**

Democratic governance assistance aims to have definite effects on political relations and processes. It is often thought that the target groups of assistance should be the people who are most vulnerable. It is important to direct assistance towards

helping, for example, the situation of women in minority groups. Paradoxically, the most efficient and productive forms of democratic governance assistance can still be the projects which address those social groups who are causing the problems. Democratic governance assistance should affect the social groups which can potentially cause major damage to democratic governance. Such groups include, for example, unruly political leaders clinging onto power, uneducated policemen and frustrated unemployed youths. Locating such key groups and providing timely assistance to minimise their negative influence is a huge challenge.

The targeting of democratic governance assistance should be accompanied by a precise definition of the developmental objective. Problems arise if democratic governance programmes have too wide an objective, defined using politically correct vocabulary, e.g. “enhancing civil society and democratic practices in region X”. Such democratic governance programmes may be easy to launch but their actual implementation is likely to be plagued with conflicting interests and political guidance, leading to the dissipation of meagre financial resources in the travel and training of upstream administrators. In order to avoid such problems, one should try to define the target groups, their rights and responsibilities in relation to the programme, and the developmental objectives, as clearly as possible.

Taking as an example local political turbulence in the region X, there are a number of questions which can be used to narrow down the programme target group and objective: Who are the active and passive members in local civil organisations? Who have the capacities to be mobilised? What are the risks for democracy and human rights if these people cannot be mobilised? It is easy to see that, for example, misbehaving unemployed youths could be a potential target group. Once the target group is selected and clearly defined, the necessary activities can also be defined with adequate precision.

After the target group is properly defined, it should be easy to define the roles for other actors with regard to decision-making, financing, controlling and supplementary processes. During the planning process, participatory processes (i.e. consultative sessions) should be organised. While open consultative sessions can be organised for planning the programme, a separation needs to be made between the requirements for good planning and those for good implementation. During the implementation phase the various responsibilities need to be defined properly. Usually distinctions are made between the following positions/roles:

- Competent authorities = official contractual parties, country representatives. Overall responsibility.
- Implementing agency = main recipient organisation. Operational responsibility.
- Provider of support services = consultant company. Responsibility for the efficient use of Finnish programme resources.
- Target group = clients. The participation of the target group is vital for successful implementation.

Other actors can be assigned some specific rights but, preferably, these rights

should be formalised later on through definite contractual arrangements. The reason for stressing a clear definition of responsibilities is obvious: if organisational matters are not well defined, the programme may subsequently face problems like in-fighting, political interference and corruption.

### 6.1.4 Co-ordinating donor interventions

#### *Multilateral agencies co-ordinating democratic governance assistance*

Working hand in hand with other donor agencies is perhaps the most straightforward way of enhancing impact. The co-ordination of democratic governance intervention is more a rule than an exception. It is more efficient to talk politics when the donor agencies share a co-ordinated point of view.

Multilateral agencies have developed complex multi-agency programmes to deal with specific democratic governance problems. Examples of such arrangements are UNTAET for supporting East Timor and SPAI for supporting the Western Balkans. In general, the creation of nation-wide and regional post-crisis programmes usually requires the use of a multilateral agency as a lead agency. In the field of democratic governance assistance, the selection of a neutral and effective lead agency should be based on an analytical process rather than economic power.

Multilateral agencies are well positioned to compile comparative data on democratic governance indicators. These matters are often politically sensitive and therefore special expertise and status is needed for monitoring human rights, conducting political country risk assessments and monitoring governance capacities.

Finally, multilateral agencies have engaged in the process of harmonising the practices of various donor agencies. These include such areas as procurement, financial management and auditing, all of which involve important and sensitive issues. These ideas are very useful also for democratic governance programmes.

#### *Co-ordinating action with other bilateral agencies*

In many recipient countries, a number of donors have established joint working groups to monitor political developments and to share their experience of democratic governance support. Donor co-ordination can bring considerable advantages to democratic governance support. This is especially true in areas where economies of scale are significant, as in the massively expensive reforms of, say, voter registration or the civil service. It is also useful for staff responsible for democracy or governance programs to have an opportunity to pool their knowledge and experience. In difficult and unpredictable situations, co-operation and co-ordination are useful tools for minimising political risks which may also affect the reputation of the donor agency.

The co-ordination of donor efforts in the democratic governance field can also evoke negative effects: joining forces against a misbehaving government may evoke stubbornness and recalcitrant manoeuvres, undermining rather than strengthening

possible ‘openings’ or ‘bright spots’ in a semi-authoritarian set-up.

The major powers usually have the firmest presence on the ground and the greatest possibility to participate fully in the labour-intensive rounds of co-ordination meetings. At the same time, however, these countries often represent a complex mix of commercial and strategic interests. In comparison, small, ‘disinterested’ states may have certain advantages as mediators in complicated political situations.

Since bilateral agencies have their own procedures and regulations, they tend to have some difficulties in co-ordinating field level activities. Democratic governance is best advanced when steps are taken in the following fields of programme management:

- Joint procurement rules,
- Joint planning procedures,
- Joint reporting procedures,
- Joint implementation,
- Joint auditing.

## **6.2. Working with people and organisations in the field of democratic governance**

### **6.2.1. Supporting institutions and strengthening organisations**

Over the past decade, the term “institution” has become one of the most popular concepts in development discourse. It is also used to mean a great many things. Before discussing the importance of institutional analysis as a tool for administering democratic governance support, it is useful to make a distinction between two different understandings of “institution.” One use of the term is largely as a synonym for organisation. People speak about an institution when they mean a ministry, an NGO or a private business. It is often clearer to speak of organisations when referring to bodies of this kind. The second meaning of the term ‘institution’ refers to any set of established *rules or norms* that govern social behaviour. Thus the often implicit norms that govern how a ‘family’ is constituted are among the basic social institutions.

This latter is the sense of the term we invoke when we suggest that democracy, governance and rights constitute the ‘institutional preconditions’ for development: Economic and political systems can only function efficiently – delivering justice and the material necessities of life to all citizens - when the operational rules and social norms demand that society strikes a balance between individual self-interest and the welfare of all.

Institutional and organisational analysis together form a cornerstone of thinking strategically about democratic governance support. Consider first the role of social norms in improving democracy, accountability and respect for human rights. Norms concerning the qualities of a leader and legitimate acts of government, or about who

can be considered a member of society deserving the full rights of citizenship, are among the foundations upon which a political order is built. In most countries, these norms are enshrined in the constitution or in public legislation. Still, legal norms may not be fully consistent, and there is almost always some discrepancy between legislative enactment and popular conception. Institutional analysis should pay attention to how, where and by whom social norms which allow for, or even encourage, corrupt leadership, political harassment and the victimisation of minorities are challenged.

*Organisational analysis* seeks to understand how a potential recipient organisation is situated in local political, economic and social networks. It is not always simple to obtain adequate and reliable information, but the questions that need to be asked are in themselves relatively straightforward:

*The form of organisation:*

- Is it a registered association?
- Is it self-constituted or membership-based?
- Does it have a constitution and an elected leadership?
- How many of the officials are salaried and how many work on a voluntary basis?
- Do the leadership and main officials have other sources of livelihood (private business, university, civil service)?

There are no intrinsically right or wrong answers to any of these questions, but on the basis of this information one can begin to construct a general profile concerning how committed the organisation might be in relation to the democratic governance aims. What is obvious is that organisations cannot be adequately analysed as separate entities but must also be subjected to relational analysis. This means the analysis of inter-organisational linkages.

*Inter-organisational linkages:*

- Is the organisation financially independent?
- Does the organisation have close links to donor agencies?
- Does the organisation have a popular base in a social 'constituency'?
- Does the organisation have recognised links to a section of the national elite?
- Does the organisation have visible and known opponents?
- Does the organisation have foreign partnership links?

Professional and ideological links to like-minded players are a key to survival for democratic governance organisations struggling to stay afloat under conditions of greater or lesser state hostility, general economic insecurity and scarce human resources. It is common knowledge that informal links based on personal bonds can be more important than formalised associations. That said, it is seldom possible to predict how such informal links will actually affect any given activity. That the head of a leading human rights organisation has a highly placed relative in the Ministry



of the Interior may compromise the activist's integrity, or allow him or her access to valuable 'inside' information, or have no affect whatsoever on the organisation's performance. While a potential partner's obvious political bonds or strong regional loyalties may be pertinent to a democratic governance support proposal, an organisation's - or its leadership's - demonstrated operational links to other bodies, evident from earlier project documentation, is often the best evidence of a capacity to collaborate and network.

Sometimes we hear that our partner organisation has a certain special reputation due to ethnic or religious factors. Actually, ethnicity and religion are very much present in most civic organisations. In some organisations this aspect is less visible than in others. It is important to be aware of such an orientation. However, it is equally important to make a clear distinction between, on the one hand, ethnicity and religion as a social basis for *social values* and, on the other hand, ethnicity and religion as a *political platform for advancing narrow interests*.

It is alarming to know that semi-authoritarian political regimes often construct new organisations in order to counter the power of an existing organisation. For example, if a religious organisation is somehow critical of a semi-authoritarian government, that government may establish another religious organisation with a similar mandate. In this way, it can confuse the citizens and the donor agencies. In this way, too, even rather apolitical religious organisations may be drawn into confrontational politics. In order to avoid supporting fake/counterfeit organisations, one needs to analyse the political alliances of the organisation.

#### *The political orientation of the organisation:*

- Does the organisation have strong links with political parties?
- Does the organisation have a definite ethnic or religious orientation?
- Is the organisation a genuine organisation or is it established to counter another organisation?
- Is the political agenda of the organisation based on advancing non-violent and democratic development?

In addition to defining a proper political agenda, the organisational analysis also needs to cover the financial viability of the organisation.

#### *The credibility of the organisation:*

- Does the organisation have a record of successful operations over several years?
- Does the organisation have a secure basis for funding its core operations?
- Is the staff of the organisation competent and committed?
- Is the organisation subjected to independent evaluation?
- Are the financial accounts of the organisation audited regularly?

## 6.2.2. Working with committed and capable individuals

What do we expect from the people who work in partner institutions? The qualities of individual actors that are of the greatest pragmatic interest to us concern their motivations (commitment) and skills.

### *Motivation*

Aid managers often classify political actors into two categories: the self-interested and the committed. Self-interest is a trait which is assumed to set limits to honesty and legality. This predisposition among aid managers tends to undermine the establishment of trust and openness between the supporters of democratic governance activities and those who are to be supported – be the latter civic group leaders, civil servants, researchers, politicians or representatives of the media.

Let us take a more emphatic stance. Rampant poverty, political instability and drastic income differences between social groups foster a generalised sense of insecurity in poor countries. The unpredictable economic changes of the past decade have taught civil servants and civil activists alike that there are no sure safeguards against the threat of sudden destitution. Neither education, nor public office, nor property, nor political connections are reliable safety nets when the economy goes into free-fall, or social order gives way to internal strife. Under such conditions, a heightened concern for one's material benefits is purely rational. When everything can be lost overnight, it also makes a degree of sense to think that no amount of material security is ever 'enough.' This is not to justify embezzlement and other forms of corruption; the point is that in far too many countries, aid funds represent a relatively easy and accessible source of material security.

The issue of actor motivation is therefore not simply one of self-interest versus commitment. Instead of trying to pin down single motivations, it is much more useful to analyse the past record of political actors.

*Analysing the commitment of key actors:*

- What kind of commitment is required? Which values have the highest priority?
- What are the sources of information for analysing commitment? Is the information based on the analysis of past performance (action) or the qualitative judgement of personnel?
- Is the commitment analysed that of a single leader or of the whole organisation?

### *Skills*

Development work related to democratic governance requires a wide set of skills. The people involved are expected to be able to deal both with the modern and high-

ly coded world of the development projects and with the socially oriented and equally complex local political scene. Local experts need to balance between these two worlds. If the standards of expertise are measured separately through the internal competence criteria of development project management, there is a danger that the project will be alienated from the surrounding culture.

*Analysing the skills and competence of people engaged in democratic governance:*

- Are the tasks clearly defined and manageable? Are there job descriptions?
- Are the tasks defined in relation to social constituency ('target group') or in relation to project management?
- Do the personnel match up to the required expertise?
- Is the base of skills limited to a few people or is the organisation able to take advantage of a wide pool of expertise?

## **6.3. The risks of democratic governance intervention**

### **6.3.1. Ineffective programmes**

One major risk when supporting reformist and semi-authoritarian regimes is that of ritualism. Ritualism means that the reform process becomes institutionalised as a ritual performance whereby elite groups demonstrate their moral excellence to mass constituencies and to one another, but little of substance actually happens. The tendency towards ritualism may arise in situations where a novel theme is taken up by the donor community and the leading politicians, but ordinary public servants do not share the same values and do not feel 'ownership' of the issue. In such a situation, they either slow down the implementation or divert the resources into other activities.

If not acted upon, ritualism leads to ineffective programmes. In order to avoid ritualism, contemporary programmes emphasise the importance of ownership. Partner institutions are expected to express ownership and a sense of commitment through concrete economic and political investments. Participatory planning is used to guarantee that the sense of ownership is not limited only to the top levels.

### **6.3.2. Clientelism, domestic 'brain drain' –and unintended effects of good projects**

Even projects with good structures and efficient partners may end up having negative impacts. That can be due to the 'poisoning the well' with excessive support, leading to a lack of sustainability.

Excessive aid may cause clientelism in the relations donor-state, donor-NGO and state-NGO, especially if exacerbated by bad timing or uncoordinated sequencing. At the root of clientelism is a simple structural problem. The leaders of civic organ-

isations are dependent upon donor support for their livelihoods and such donor support is in limited supply. This fact can ignite ‘reputation wars’ among the small, often insular stratum of professional activists. The result is rumour-mongering and false accusations. This is due to the influential position of donor agencies in the local markets for organisational skilled labour. These kinds of problems are naturally injurious to organisational capacity and sustainability, and there is strong cause for aid managers to seek solutions to them.

The conjunction of general insecurity, heightened self-interest and the existence of aid funds has a direct impact upon the local political practices. This conjunction may have unexpected side effects. One consequence may be the ‘NGO-ization’ of the civil service. Lower-rank public officials are left to fend with unmanageable workloads as their superiors absent themselves from poorly-paid public sector workplaces to double as private consultants to lucrative donor projects. Another possible outcome is the emergence of a guild of private-sector ‘activists’ whose main business is to generate attractive proposals on behalf of fictive ‘community groups’ or ‘civic organisations’ for donor funding.

All in all, the growing number of donor-projects has meant that external assistance has driven up the ‘costs of democracy’ for many countries. Intense competition for competent consultants, programme managers and field staff (where ‘competence’ is measured by a capacity to adhere to donor protocols) has inflated fees and salaries in the professional job market. This has, among other things, made it difficult to find trained people to fill basic public sector positions such as those of local government magistrates, schoolteachers, nurses, sanitation engineers and accountants.

These risks need to be acknowledged and dealt with accordingly. Solutions to the problems lie in donor co-ordination, careful monitoring of individual programmes and systematic attention to accountability. Concrete ways to minimise such risks are presented in chapter 6.1 above.

## **6.4. Monitoring democratic governance interventions**

### *Internal programme monitoring: measuring the process*

Democratic governance support must be seen, above all, as a learning process. All actors involved — civic groups, state officials, donors, consultants — will make mistakes at some time. Some money will be wasted; some objectives and outcomes will be missed. Given our level of theoretical understanding of political reform this is inevitable, and thus to some degree excusable. What is not excusable is to fail to study and learn from these processes, and to apply the lessons learned to new, emerging situations.

The internal programme monitoring of democratic governance support can be undertaken in various ways. In order to enhance learning, it is usually best that project monitoring involves a strong element of partner ownership; this should begin with a mutual agreement concerning the criteria for assessing success. The heart of

program monitoring lies in the indicators and standards employed to measure progress. These should be reflected in project design and recorded in project documentation. It is evident that program monitoring is not an isolated exercise, but an organic element of the overall project cycle. A clear and concise project design, arrived at with the full participation of beneficiaries and facilitators alike, already lays a foundation and establishes mechanisms for learning from implementation.

### **Box 21. Measuring the governance capabilities of a partner organisation**

*Whatever the intervention to be measured, the actual measurement should also cover the related governance capabilities, including the three basic issues of transparency, accountability and participation.*

*It is difficult to specify objective criteria for measuring governance capabilities. The available methodologies are largely comparative: locating benchmarks, monitoring progress, comparing two organisations with similar tasks etc. Usually measuring governance is useful when the same method is used repeatedly and the organisation has time to learn the methodology of measurement properly. When planning internal monitoring systems, it is vital to pay adequate attention to the shared values about the objectives of the monitoring. Officials tend to perceive monitoring as an irritating and unnecessary task - or a threat - while the managers may use monitoring as a tool to justify already planned changes. A well-planned framework for the usage of monitoring data is therefore as important as the production of reliable data.*

*Measuring governance capabilities often requires the involvement of the institutions' customers. Surveys and feedback mailboxes can be used to measure the level of customer satisfaction at the customer interface.*

*Other kinds of methods are needed to analyse the capacities for internal learning and change management within an organisation. Organisations tend to be 'blind' to their own routines and practices. For this reason, measurement of the overall performance of an institution often requires using the services of a management consultant company with wide comparative expertise.*

Monitoring should be based on clear indicators. However, there are many kinds of issues that can be measured through indicators. Usually indicators are divided into four groups:

- *Policy indicators:* Are specific policy changes to be expected?
- *Input indicators:* Has the programme supplied the agreed inputs?
- *Outcome indicators:* Have the inputs created a measurable immediate outcome?
- *Impact indicators:* Has the expected long-term and fundamental change occurred in the target group?

A logical framework is required to ensure that certain impacts are created. In the

field of democratic governance assistance, there tend to be so many intervening variables that it is impossible to measure impact. It is thus useful to concentrate on the more viable policy, input and outcome indicators.

### *External monitoring: receiving a second opinion*

Whereas internal monitoring is a continuous process, external monitoring takes place at specific points or phases of a programme cycle. A programme may be subjected to external monitoring only once or twice during its lifespan. External monitoring can take broadly two forms:

- 1) A rapid monitoring mission conducted by special experts who discuss privately and separately with each of the main stakeholders over a period of one or two weeks,
- 2) Participatory monitoring, conducted over an extended period of several months and including sessions where different stakeholders are brought together. During participatory monitoring, the 'target groups' should be required to present their own views from their own perspective and using their mode of communicating.

A participatory monitoring process is technically rather difficult to organise and it requires a very qualified team leader in order to succeed. It may be particularly hard to arrange in a situation where there is an acute political confrontation. However, once the conditions are favourable, participatory monitoring should be used because it can yield much more valuable insights than a rapid monitoring mission.

*(See The World Bank Participation Sourcebook)*

## **6.5. Ethical considerations**

Even if properly planned, democratic governance interventions may have unexpected effects. Aid managers should be well aware about the impact of their actions. If insufficient care is taken, the development partners can be exposed to discrimination and even to torture. The issue of accountability is therefore important when dealing with democratic governance support. Mechanisms also exist whereby foreign actors can be held accountable for their actions.

Host governments have the means to cut down support to their political opposition and other actors whom they perceive as being harmful to their interests. Such an action may result from an attempt by external actors to strengthen the social forces committed to democratic governance aims.

At the root of the ethical discussion is the question: *How can a foreign actor guarantee the legitimacy of its own interventions given its lack of a democratic mandate in the local political arena?*

The way one answers this will depend on one's ethical perspective more general-

ly. The feeling that “the ends justify the means” leads to a different position from, for example, that which follows an absolute commitment to democratic procedure at all times. The ethical issues involved are complicated by the relation of economic dependence that allows donors extensive leverage over recipient governments.

Finland’s policy on democratic governance empowers the MFA to identify positive ways of promoting its policy on democratic governance. Many recipient governments have encouraged such support, and in recent years, the MFA has successfully engaged in projects and partnerships with public agencies and private organisations in a number of countries in support of democracy, civic rights and better public management.

Engagement with the realm of politics is anything but a technical or clinical exercise. It involves dealing with passionate interests and moral dilemmas, with words and images that are both seductive and elusive. Indeed, one of the greatest dangers of getting involved in the world of politics may be that of allowing oneself to be seduced by visions of moral virtue and the infallibility of one’s own judgement. For an external actor who lacks the basic credentials of local accountability this can be truly harmful.

Because of these dangers – and because political activists in semi-authoritarian situations are often subject to violent reprisals – it is important to stress the issue of responsibility in democratic governance support. Inadequate or ineffective support can also have detrimental effects, even when the means and ends of the intervention are realistic and valid. Voter registration, a costly and laborious task, is a case in point. While a successful registration drive can empower the citizenry and strengthen political confidence, a badly prepared exercise fomenting inequality and apathy.

This kind of problem is to be avoided by careful employment of resources and using aid instruments which best suit the size and type of issue. The time for using similar project approaches as fit-for-all solutions to all problems is over. The donor agencies have developed a large number of instruments and channels as tools to be sensitive towards the needs of a particular situation. Thinking strategically on democratic governance means that the aid manager has intimate knowledge of the existing instruments and channels and capacities for their timely utilisation.

## 7. INCORPORATING DEMOCRATIC GOVERNANCE AS A CROSS-CUTTING THEME IN BILATERAL PROGRAMMES

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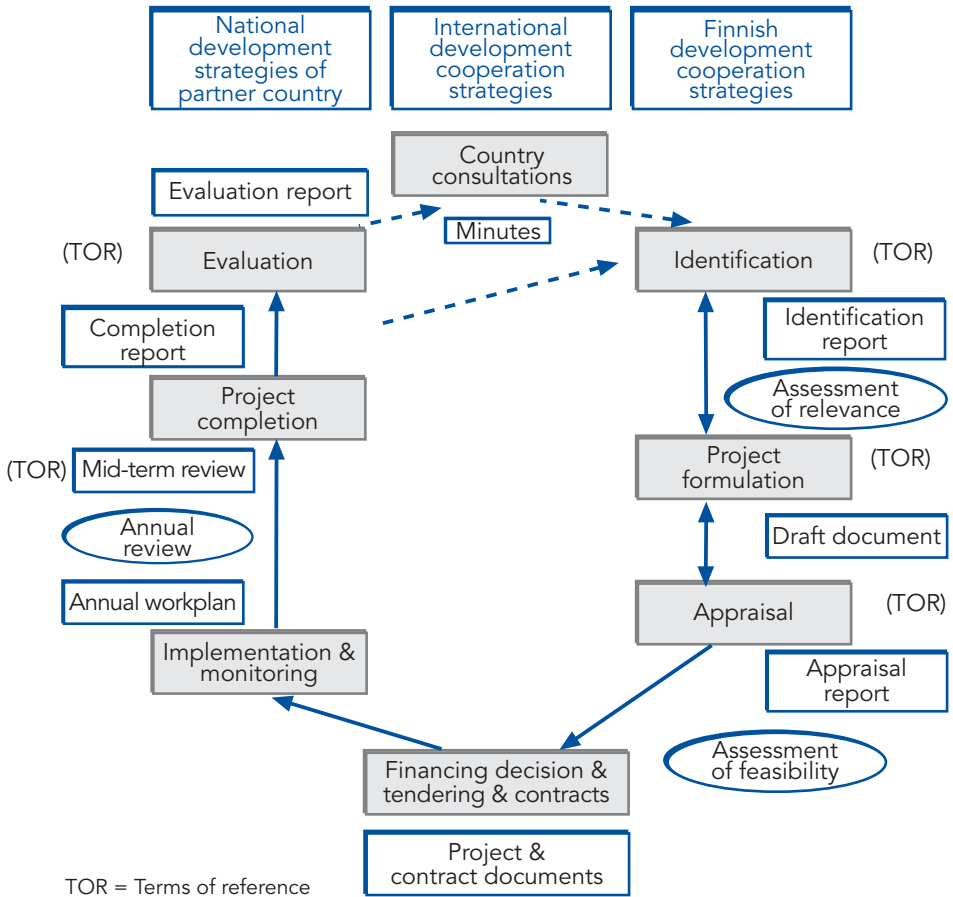
What should be done to ensure that a conventional bilateral project, for example in the field of education, is consistent with Finnish policies on democracy, human rights and good governance? This chapter provides a few hints. The following rules of thumb relate to the basic issues:

- *Maintain a positive attitude towards the importance of democratic governance.* Most Finnish people have learned certain democratic principles and tend to apply them even without a conscious recognition. However, Finns can sometimes give them up too easily in other cultures, saying that this or that matter is a part of local culture and, as such, beyond the programme agenda.
- *Base your views concerning local politics on precise information.* Seek information on existing laws, administrative rules and political representation. It is much easier to raise arguments when the arguments can be backed with factual information.
- *Be prepared for surprises.* Political upheavals are not usually announced in advance. They take most people by surprise.

Ensuring democratic governance should be a cross-cutting theme throughout the programme cycle. The presentation which follows here is based on the cycle for managing bilateral programmes but it is also suitable to some extent for other forms of co-operation. (For an overall presentation of the programme cycle, see *Guidelines for Programme Design, Monitoring and Evaluation.*)



Figure 2: The programme cycle



### 1. Country consultations

The geographic department of the MFA prepares the mandate. Issues to be considered:

- Does the country fulfil the basic conditions for democratic governance?
- What sort of changes have there been recently in the human rights record of the country?

The country negotiation teams select suitable sectors for development co-operation. Issues to be considered:

- Does the sector/ministry in question respect the agenda of democratic governance?
- Does the sector/ministry in question have prudent financial management systems?

## 2. *Programme identification*

The country officer in the MFA prepares Terms of Reference (TOR) for the identification mission. Issues to be considered:

- Is the programme area/sector subject to grave human rights abuses?
- Do the potential implementing agencies respect the tenets of democratic governance?

The 'programme meeting' of the MFA screens the results of the project identification report. Issue to be considered:

- Is the programme proposal coherent with the basic principles of Finnish development co-operation policy, especially those related to democratic governance?

## 3. *Programme planning*

The country officer in the MFA prepares TOR for a planning mission. The terms of reference are used to direct the planning team's attention to key issues while it produces the Project Document. Perhaps the most important single issue is the selection of persons with the right sets of expertise for the planning team. The planning team should include someone who can conduct the analysis of geographic location and collaborating agencies from the point of view of human rights and democratic governance. The country officer should also request the planning team to:

- 1) Be sensitive to gender issues.
- 2) Conduct consultations with citizens and civic groups as part of the planning task
- 3) Conduct comprehensive stakeholder analysis, locating also potential conflicts of interests between the stakeholders as one of the planning tasks.
- 4) Define clear roles and responsibilities for key stakeholders in relation to programme activities. The Project Document should include the definition of the programme management structure and ensurance of representation/access for downstream stakeholders in the decision-making process.
- 5) Propose outward-oriented information sharing mechanisms in order to guarantee transparency of the programme management.
- 6) Delineate reliable financial management systems.
- 7) Consider internal auditing and external auditing as part of the monitoring and evaluation system.

- 8) Plan a comprehensive and internally coherent logical framework. It is important that the section for 'assumptions' covers a detailed analysis of policy environment. 'Killing assumptions' (potentially damaging the programme progress) should be eliminated by changing the programme format.
- 9) Include risk analysis in the planning tasks. Risk analysis should cover the impact of policy environment (changes in political regime, impact of large programmes like Public Sector Reforms, Public Expenditure Reforms and PRSP, etc.).

The 'programme meeting' of the MFA screens the Project Document. Issues to be considered:

- Is the programme proposal coherent with the basic principles of Finnish development co-operation policy, especially those related to democratic governance?
- Is the programme management structure viable?

#### ***4. Programme implementation***

The country officer (or an embassy representative) takes part in an annual Supervisory Board meeting. Issues to be considered:

- Does the annual report indicate and analyse possible major changes in the political and policy environment?
- Has the programme managed to keep up its own management practices within the parameters of democratic governance (i.e. adequate stakeholder consultations, transparent information management)?
- Does the programme have a reliable financial management system supported by auditing?

#### ***5. Mid-term review***

The Programme Document stipulates a date for mid-term review. The competent authorities prepare the TOR for the review. Usually the country officer of the MFA carries out the preparatory work. Issues to be considered:

- Include a person in the review team who is able to analyse changes in political and policy environment.
- Request the review team to consider whether the changes in the politico-administrative environment warrant changes in the composition of the Supervisory Board, the Steering Committee or the programme staffing.
- Request the review team to consider whether the mechanism for consultation of main stakeholders is efficient.
- Request the review team to consider whether the programme has any adverse impacts on human rights, democratic governance and gender equality.

## 6. Programme termination and handover

- The latest Programme Document should stipulate the time for project termination. The country officer of the MFA should ensure the timely preparation and implementation of the handing-over process. (See annex XI of *Guidelines for Programme Design, Monitoring and Evaluation*). Issues to be considered:
- What are the steps taken to ensure the necessary sense of ownership in the partner organisation?
- Does the delivery of assets occur well in advance and in a timely manner?
- Are there any resources available for post-programme evaluation or inspection?

## 8. SELECTED RESOURCES

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### *Main policy documents of the Ministry for Foreign Affairs, Finland*

- MFA. *Finland's Policy on Relations with Developing Countries*. Ministry for Foreign Affairs, 1998.
- MFA. *Dimensions of Comprehensive Security: Alleviating Poverty Creates Human Security*. Ministry for Foreign Affairs, 1999.
- Valtioneuvosto: *Kehitysyhteistyön periaatepäätös*. Valtioneuvosto 12.9.1996. Helsinki 1996. Ulkoasiainministeriö. *Ihmisoikeudet ja Suomen ulkopoliittikka: Ulkoministeri Erkki Tuomiojan eduskunnan ulkoasiainvaliokunnalle antama selvitys Suomen hallituksen ihmisoikeuspolitiikasta* 29.11.2000. Ulkoasiainministeriön julkaisuja 9/2000. (Human Rights and Finland's Foreign Policy: Report by Minister for Foreign Affairs Erkki Tuomioja to the Foreign Affairs Committee of Parliament on the Human Rights Policy of the Finnish Government November 29, 2000. Publications of Ministry for Foreign Affairs 2/2001.)
- Ulkoasiainministeriö: *Kehityksmaapolitiikan tavoitteiden toiminnallistaminen Suomen kehitysyhteistyössä: Valtioneuvoston periaatepäätös* 22.1.2001. (Operationalisation of Development Policy Objectives in Finland's International Development Co-operation. Government Decision-in-Principle, 22 February, 2001.)

### *Anti-corruption*

- Ulkoasiainministeriö: *Korruption vastaisen toiminnan käsikirja*. Helsinki Forthcoming. 2001.
- Transparency International: *National Integrity Systems*. The TI Source Book. Berlin 1999.
- A comprehensive and clear source book on national programmes and theme-specific activities and a good tool for planning tasks.  
<http://www.transparency.org>
- UNDP and OECD: *Corruption & Integrity Improvement Initiatives in Developing Countries*. n.d.
- Discussion on the scope of anti-corruption work, delineating also main strategic choices.

### *Conflict Prevention*

- EU: *Communication from the Commission on Conflict Prevention*. COM(2001)211.
- Ruohomäki, Olli and Timo Kivimäki. *Peaceful Solutions: Navigating the Prevention and Mitigation of Conflict Prevention: An Issues Paper*. Department for International Development Co-operation, Ministry for Foreign Affairs. 2000.
- OECD: *Conflict, Peace and Development Co-operation on the Threshold of the 21st Century*. OECD/DAC, Paris, 1997.

### *Decentralisation and local governance*

- De Jong, Karijn, Christiane Loquai and Iina Soiri: *Decentralisation and Poverty Reduction*. IDS Policy Papers 1/1999, Helsinki 1999.  
- A thematic discussion and case-studies on Mozambique, Ethiopia and Guinea.
- IDEA. *Democracy at the Local Level. The International IDEA Handbook on Participation, Representation, Conflict Management and Governance*. IDEA Halmstad 2001.
- Litvack, Jennie and Jessica Seddon (eds.): *Decentralisation Briefing Notes*. WB, n.d.  
- <http://www1.worldbank.org/publicsector/decentralization/>
- Seppälä, Pekka. *Towards Local Partnerships: The Social Interfaces of Aid in Rural Tanzania*. Department for International Development Co-operation, Ministry for Foreign Affairs. Helsinki 2000.

### *Democracy*

- Burnell, Peter (ed.), *Democracy Assistance. International Co-operation for Democratization*. Frank Cass, London 2000.
- Carothers, Thomas. *Aiding Democracy Abroad: The Learning Curve*, Carnegie Endowment for International Peace, Washington 1999.
- Fukuyama, Francis. *The End of History and the Last Man*. Penguin Books, London 1992.
- Fukuyama, Francis. *The Great Disruption: Human Nature and the Reconstitution of Social Orders*. Profile Books, London 1999.
- Harris, Peter and Ben Reilly (eds.). *Democracy and Deep-Rooted Conflict: Options for Negotiators*. IDEA, Stockholm 1998.
- Huntington, Samuel. *The Third Wave: Democratization in the Late Twentieth Century*. University of Oklahoma Press. Norman and London 1991.
- Huntington, Samuel. *The Clash of Civilizations and the Remaking of the World Order*. Touchstone Books, London 1996.
- IDEA. *Dialogue for Democratic Development: Policy Options*. IDEA, Stockholm 1999. (See also IDEA web-site [www.idea.int](http://www.idea.int))
- Moore, Mick & James Putzel, 'Thinking strategically about politics and poverty' *IDS Working Paper 101* Sussex: Institute of Development Studies, 1999 (available at [www.ids.ac.uk/](http://www.ids.ac.uk/))
- Olsen, Gorm Rye, 'Europe and the promotion of democracy in post cold war Africa: How serious is Europe and for what reasons?' *African Affairs*, Vol. 97 (1998), pp. 343-67.
- Ottaway, Marina & Martha Brill Olcott, 'The Challenge of Semi-authoritarianism', *Carnegie Working Paper #7*, Carnegie Endowment for International Peace, Washington D.C. 1999. (available at [www.ceip.org/pubs](http://www.ceip.org/pubs))
- Sen, Amartya. *Development as Freedom*. New York, Knopf 1999.

## Elections

- IDEA: *Administration and Cost of Elections, ACE Project: The User's Guide to the ACE Project Electronic Resources*. IDEA 1999.
- EU: *Communication from the Commission on EU Election Assistance and Observation*, COM(2000)191.
- OSCE: *Training Standards for Preparation of OSCE Mission Staff*, June 2000 Organisation for Security and Co-operation in Europe.

## Governance and capacity building

- Eade, Deborah. *Capacity-Building: An Approach to People-Centered Development*. Oxfam, Oxford 2000.
  - Kifle, Henock et al eds: *A New Partnership for African Development: Issues and Parameters*. Nordiska Afrikainstitutet, Uppsala 1997.
  - OECD: *Evaluation of Programs Promoting Participatory Development and Good Governance: Synthesis Report*. OECD/DAC, Paris 1997.
  - OECD: *Final Report of the DAC Ad Hoc Working Group on Participatory Development and Good Governance*. OECD/DAC, Paris 1997.
- The document presents the main issues for aid management to governance sector.

## Human rights

- EU: *The European Union's Role in Promoting Human Rights and Democratisation in Third World Countries*. COM(2001)252.
- Frankovits, Andre and Patrick Earle. *The Rights Way to Development. Manual for a Human Rights Approach to Development Assistance*. The Human Rights Council of Australia INC, 1998.
- UM: *Ihmisoikeudet ja Suomen ulkopoliittikka*. See the list of the main policy documents above.
- UN: *The Office of the High Commissioner for Human Rights*  
- <http://www.unhchr.ch>
- UNDP. *Human Development Report 2000*. UNDP, New York 2000.

## NGOs

- UM/Kehitysyhteistyösasto: *Kansalaisjärjestöjen kehitysyhteistyö. Hanketuen käsikirja, osa 1: hanketuen periaatteet ja ohjeet*. UM, Helsinki 2000.
- Hossain, Farhad & Susanna Myllylä (eds.) *NGOs Under Challenge: Dynamics and Drawbacks in Development*. Ministry for Foreign Affairs, Helsinki, 1998.

### *Participatory Methodologies*

- Blackburn, J., with Holland, J., (eds.), *Who Changes? Institutionalising Participation in Development*, IT Publications London 1998.
- Finnagro: *Paths for Change: Experiences in Participation and Democratisation in Lindi and Mtwara Regions, Tanzania*. Rural Integrated Project Support (RIPS) Programme Phase II, Helsinki 1998.
- *The World Bank Participation Sourcebook*. World Bank/ESD. Washington D.C. 1996.

### *Public sector reforms*

- Fozzard, Adrian and Mick Foster: *Aid and Public Expenditure*. ODI, London 2000.
- Therkildsen, Ole: *Efficiency, Accountability and Implementation. Public Sector Reform in East and Southern Africa*. Democracy, Governance and Human Rights, Programme Paper number 3. UNRISD, Geneva 2001.
- World Bank: *Reforming Public Institutions and Strengthening Governance. A World Bank Strategy* World Bank 2000.
- UNDP: web-page for democratic governance  
- <http://magnet.undp.org/> covers major policy papers and programmes of UNDP in this field.



**ANNEX :**

**International indicators for democratic governance**

*UN Common Country Assessment*

The following indicators cover the areas of governance and civil and political rights. They are rather legalist in their orientation. The existence of law does not, unfortunately, guarantee how the matter is dealt with in practice.

<b>Conference Goal</b>	<b>Target</b>	<b>Indicators</b>
Universal ratification of international human rights instruments	Acceding to all international human rights instruments and avoiding the resort to reservations as far as possible.	<ul style="list-style-type: none"> <li>• Status of ratification, reservations and reporting obligations under international human rights instruments.</li> <li>• Status of follow-up to concluding observations of UN human rights treaty bodies.</li> </ul>
Strengthened democratic institutions and popular participation	Free and fair elections and democratic government. (WCHR)	<ul style="list-style-type: none"> <li>• Periodicity of free and fair elections.</li> <li>• Recognition in law of the right to freedom of expression, association and assembly.</li> </ul>
Fair administration of justice	Effective legislative framework, law enforcement, prosecutions, legal profession, and fair trials in conformity with international standards. (WCHR)	<ul style="list-style-type: none"> <li>• Recognition in law of guarantees for an independent and impartial judiciary and fair trial.</li> </ul>
Improved framework of remedies	Existence of legal remedies in conformity with international standards.	<ul style="list-style-type: none"> <li>• Recognition in law of the right to seek judicial remedies against state agencies/officials.</li> </ul>
Liberty and security of person	Elimination of gross violations of human rights affecting security of person, including: torture and cruel, inhuman or degrading treatment or punishment; summary and arbitrary execution; disappearances; and slavery. (WCHR)	<ul style="list-style-type: none"> <li>• Recognition in law of the prohibition of gross violations of human rights affecting security of person.</li> </ul>

Availability: Accessible from UN.  
Country coverage: Global.

### *Transparency International corruption indexes*

The indicators of Transparency International (TI) relate to corruption. Since international businessmen are a major source of information, the information reflects this orientation.

The TI *Bribe Payers' Survey* is a comprehensive study of bribery in international trade. It looks at key factors influencing corruption, covers unfair business practices, assesses the readiness of the private sector for the new ban on bribing foreign public officials and includes the Industrial Sector Ranking. The TI *Corruption Perception Index* (CPI) ranks countries in terms of the degree to which corruption is perceived to exist among public officials and politicians. The TI Bribe Payers' Index (BPI) ranks the leading exporting countries in terms of the degree to which their companies are perceived to be paying bribes abroad.

Availability: On the Internet at <http://www.transparency.org>

Coverage: 99 countries in 1999, short time-series.

### *Freedom House Index*

These indicators measure the level of democracy in a given country from a fairly straightforward and narrow perspective of liberal-democratic theory.

Since its inception in the 1970s, Freedom House's *Freedom in the World* survey has provided an annual evaluation of political rights and civil liberties throughout the world. The Survey attempts to judge all countries and territories by a single standard and to emphasise the importance of democracy and freedom. As a minimum, a democracy is a political system in which the people choose their authoritative leaders freely from among competing groups and individuals who were not designated by the government. Freedom represents the opportunity to act spontaneously in a variety of fields outside the control of the government and other centres of potential domination.

Availability: On the Internet at <http://www.freedomhouse.org/ratings/>

Coverage: Global, time-series since early 1970s.



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