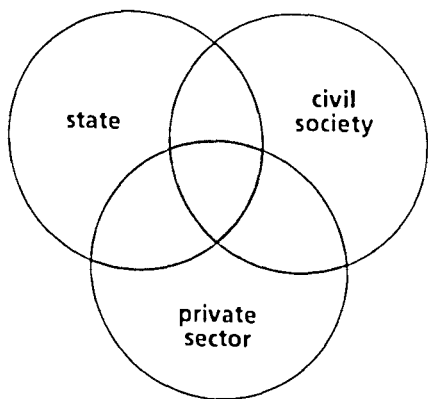




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## **Governance for sustainable human development**



Governance includes the state, but transcends it by taking in the private sector and civil society. All three are critical for sustaining human development. The state creates a conducive political and legal environment. The private sector generates jobs and income. And civil society facilitates political and social interaction—mobilising groups to participate in economic, social and political activities. Because each has weaknesses and strengths, a major objective of our support for good governance is to promote constructive interaction among all three.

JANUARY

APR 14 1993

# **Governance for sustainable human development**

A UNDP policy document



# Foreword

Change is sweeping the developing countries. Market opportunities are opening. Governments are becoming more accountable to their people. And men and women are enjoying more choices to reach their full potential. The result? Economies are booming. Societies are becoming more cohesive. And there is a sense of hope and opportunity for present and future generations.

Regrettably, the end of the century also brings heightened insecurities for another group of countries—those facing historical inequities, mounting debt, economic recession, declining trade, natural resource depletion, social disintegration and natural emergencies. In today's interdependent world, their success—or their failure—affects everyone.

Wherever change is for the better, wherever the human condition is improving, people point to good governance as the key. This better governance is not just national—it is local, it is regional and it is global.

Few things are more sensitive—and more challenging—than improving governance and helping countries manage development in a world that does not recognise borders. For it is only with good governance that we can find solutions to poverty, inequity and insecurity.

UNDP believes that building the capacity for governance is central to sustainable human development. We aim to be an impartial partner to governments, to civil society and to the private sector—creating opportunities for interacting to find people-centred solutions for the long term.

This policy document provides the framework for UNDP's partnerships in good governance for sustainable human development. I would like to thank our Management Development and Governance Division, the Inter-Bureaux Governance Task Force and the many UNDP country offices that collaborated in its preparation.

*James Gustave Speth*  
*Administrator*

*United Nations Development Programme*

# Preface

*UNDP, at the request of governments and in support of its areas of focus, 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 Mission Statement

This policy document, *Governance for Sustainable Human Development*, has been prepared to guide our country offices and inform our key partners in programme countries. It is the result of extensive consultation and collaboration—led by the Management Development and Governance Division of the Bureau for Policy and Programme Support, in close cooperation with the Regional Bureaux of UNDP. It started with the evaluation of management development programmes funded under previous and current UNDP cycles, which led to a memorandum outlining key governance issues. That formed the basis for a global workshop of leading experts in governance and UNDP staff from country offices and headquarters and helped to shape the structure of this document. After a comprehensive review of the literature on governance, a discussion paper entitled “Reconceptualising Governance”, available separately, was prepared. Finally, we prepared the draft of a policy document on governance, which was shared with 40 country offices and ten leading governance experts for their comments. It was extensively discussed by staff at UNDP headquarters, particularly the Inter-Bureaux Task Force on Governance and was approved by the Executive Committee of UNDP.

Because this policy document will be periodically reviewed and updated, we welcome your feedback and comments, particularly on programme country experiences.

G. Shabbir Cheema  
Director

Management Development and Governance Division  
Bureau for Policy and Programme Support  
New York, January 1997

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# Executive summary

Governance and human development—the two are indivisible. Human development cannot be sustained without good governance. Governance cannot be sound unless it sustains human development. The United Nations Development Programme (UNDP) has been at the forefront of this growing consensus, stressing that developing the capacity for good governance should be a primary means of eradicating poverty.

UNDP defines governance as the exercise of political, economic and administrative authority in the management of a country's affairs at all levels. Governance comprises the complex mechanisms, processes and institutions through which citizens and groups articulate their interests, mediate their differences and exercise their legal rights and obligations. Good governance has many attributes. It is participatory, transparent and accountable. It is effective in making the best use of resources and is equitable. And it promotes the rule of law.

Governance includes the state, but transcends it by taking in the private sector and civil society. All three are critical for sustaining human development. The state creates a conducive political and legal environment. The private sector generates jobs and income. And civil society facilitates political and social interaction—mobilising groups to participate in economic, social and political activities. Because each has weaknesses and strengths, a major objective of our support for good governance is to promote constructive interaction among all three.

Governance can no longer be considered a closed system. Changes in the world's economic, political and social systems have brought unprecedented improvements in human living conditions. But these changes also bring new uncertainties and challenges. The state's task is to find a balance between taking advantage of globalisation and providing a secure and stable social and economic domestic environment.

Our policy in governance programming is driven by three forces: our mandate, our mission for sustainable human development and our comparative advantage. We have many institutional strengths that facilitate our working on governance issues. These include our impartiality, our customer orientation and



our long-term perspective—as well as our experience and the trust that countries place in us.

UNDP adds value to national poverty programmes by helping countries develop capacities for good governance. We plan to target our assistance and build core competencies in the following areas:

- *Governing institutions*—legislatures, judiciaries and electoral bodies. Legislatures mediate differing interests and establish policies, laws and resource priorities that directly affect people-centred development. Electoral bodies ensure independent and transparent elections. Judiciaries uphold the rule of law, bringing security and predictability to social, political and economic relations.
- *Public and private sector management*—including leadership and management of changes, civil service reform, economic and financial management and urban management. Support for leadership development and management of change cuts across governance efforts. Reform of state institutions to make them more efficient, accountable and transparent is a cornerstone of good governance. All countries want to develop frameworks that provide incentives for broad-based, sustainable growth. Finally, effective functioning of cities and towns is essential for sustainable growth.
- *Decentralisation and support to local governance*—Decentralising government enables people to participate more directly in governance processes and can help empower people previously excluded from decision-making.
- *Civil society organisations (CSOs)* are the wellspring of social capital—people working together for a common purpose—that is essential for good governance. CSOs can advocate and monitor reform that fosters sustainable human development.
- *Countries in special circumstances*—While good governance programmes can reduce the risk of crisis generally, UNDP can support specific efforts before, during and after crises. Another category of countries—called transition economies—in most cases have unique governance problems.

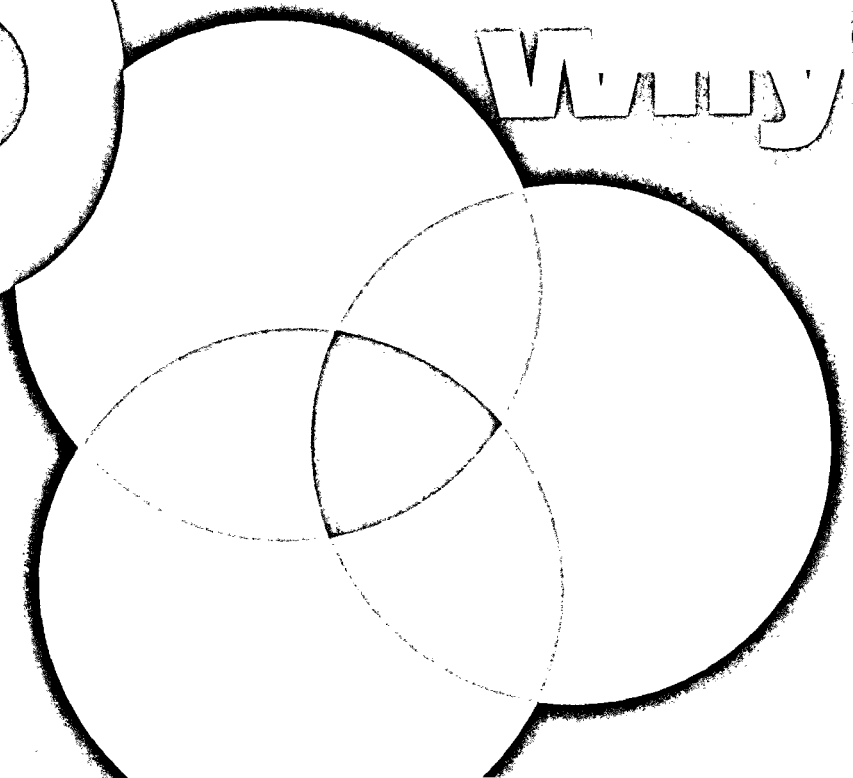
Different environments naturally will call for different programmes and different combinations of programme elements. The challenge for UNDP will be to take a strategic systemwide approach to governance that meets national priorities.

In the design and implementation of governance programmes and projects, we will emphasize participation and consensus-building. We will also emphasize flexibility with a long-term view of development. And in building strategic, national capacities, we will focus on programmes that are sustainable and centred on people, particularly the disadvantaged. Recognising that the responsibility for developing and implementing governance programmes is national, UNDP will play a role in facilitating the coordination of assistance for governance and sustainable human development.

WORLD

**Good  
governance—  
and sustainable  
human  
development**

Why?



*The goal of governance initiatives should be to develop capacities that are needed to realise development that gives priority to the poor, advances women, sustains the environment and creates needed opportunities for employment and other livelihoods.*

UNDP 1994 Initiatives for Change

The United Nations Development Programme (UNDP) has been at the forefront of the growing international consensus that good governance and sustainable human development are indivisible. And we believe that developing the capacity for good governance can be—and should be—the primary way to eliminate poverty. Notions of good governance and the link between governance and sustainable human development vary greatly, however, both in academic literature and among development practitioners.

### **So, what is sustainable human development?**

We define human development as expanding the choices for all people in society. This means that men and women—particularly the poor and vulnerable—are at the centre of the development process. It also means “protection of the life opportunities of future generations...and...the natural systems on which all life depends” (UNDP, *Human Development Report 1996*). This makes the central purpose of development the creation of an

enabling environment in which all can enjoy long, healthy and creative lives.

Economic growth is a means to sustainable human development—not an end in itself. *Human Development Report 1996* showed that economic growth does not automatically lead to sustainable human development and the elimination of poverty. For example, countries that do well when ranked by per capita income often slip down the ladder when ranked by the human development index. There are, moreover, marked disparities within countries—rich and poor alike—and these become striking when human development among indigenous peoples and ethnic minorities is evaluated separately.

There are five aspects to sustainable human development—all affecting the lives of the poor and vulnerable:

*Empowerment*—The expansion of men and women's capabilities and choices increases their ability to exercise those choices free of hunger, want and deprivation. It also increases their opportunity to participate in, or endorse, decision-making affecting their lives.

*Co-operation*—With a sense of belonging important for personal fulfillment, well-being and a sense of purpose and meaning, human development is concerned with the ways in which people work together and interact.

*Equity*—The expansion of capabilities and opportunities means more than income—it also means equity, such as an educational system to which everybody should have access.

*Sustainability*—The needs of this generation must be met without compromising the right of future generations to be free of poverty and deprivation and to exercise their basic capabilities.

*Security*—Particularly the security of livelihood. People need to be freed from threats, such as disease or repression and from sudden harmful disruptions in their lives.

UNDP focuses on four critical elements of sustainable human development: eliminating poverty, creating jobs and sustaining livelihoods, protecting and regenerating the environment, and promoting the advancement of women. Developing the capacities for good governance underpins all these objectives.

### **What, then, is governance? And what is good governance?**

The challenge for all societies is to create a system of governance that promotes, supports and sustains human development—especially for the poorest and most marginal. But the search for a clearly articulated concept of governance has just begun.

Governance can be seen 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.

Good governance is, among other things, participatory, transparent and accountable. It is also effective and equitable. And it promotes the rule of law. Good governance ensures that political, social and economic priorities are based on broad consensus in society and that the voices of the poorest and the most vulnerable are heard in decision-making over the allocation of development resources.

Governance has three legs: economic, political and administrative. Economic governance includes decision-making processes that affect a country's economic activities and its relationships with other economies. It clearly has major implications for equity, poverty and quality of life. Political governance is the process of decision-making to formulate policy. Administrative governance is the system of policy implementation. Encompassing all

## **Economic growth does not automatically lead to sustainable human development and the elimination of poverty**

three, good governance defines the processes and structures that guide political and socio-economic relationships.

Governance encompasses the state, but it transcends the state by including the private sector and civil society organisations. What constitutes the state is widely debated. Here, the state is defined to include political and public sector institutions. UNDP's primary interest lies in how effectively the state serves the needs of its people.

The private sector covers private enterprises (manufacturing, trade, banking, cooperatives and so on) and the informal sector in the marketplace. Some say that the private sector is part of civil society. But the private sector is separate to the extent that private sector players influence social, economic and political policies in ways that create a more conducive environment for the marketplace and enterprises.

Civil society, lying between the individual and the state, comprises individuals and groups (organised or unorganised) interacting socially, politically and economically—regulated by formal and informal rules and laws.

Civil society organisations are the host of associations around which society voluntarily organises. They include trade unions; non-governmental organisations; gender, language, cultural and

religious groups; charities; business associations; social and sports clubs; cooperatives and community development organisations; environmental groups; professional associations; academic and policy institutions; and media outlets. Political parties are also included, although they straddle civil society and the state if they are represented in parliament.

The institutions of governance in the three domains (state, civil society and the private sector) must be designed to contribute to sustainable human development by establishing the political, legal, economic and social circumstances for poverty reduction, job creation, environmental protection and the advancement of women.

Much has been written about the characteristics of efficient government, successful businesses and effective civil society organisations, but the characteristics of good governance defined in societal terms remain elusive. The characteristics?

*Participation*—All men and women should have a voice in decision-making, either directly or through legitimate intermediate institutions that represent their interests. Such broad participation is built on freedom of association and speech, as well as capacities to participate constructively.

## Good governance is, among other things, participatory, transparent and accountable

*Rule of law*—Legal frameworks should be fair and enforced impartially, particularly the laws on human rights.

*Transparency*—Transparency is built on the free flow of information. Processes, institutions and information are directly accessible to those concerned with them, and enough information is provided to understand and monitor them.

*Responsiveness*—Institutions and processes try to serve all stakeholders.

*Consensus orientation*—Good governance mediates differing interests to reach a broad consensus on what is in the best interests of the group and, where possible, on policies and procedures.

*Equity*—All men and women have opportunities to improve or maintain their well-being.

*Effectiveness and efficiency*—Processes and institutions produce results that meet needs while making the best use of resources.

*Accountability*—Decision-makers in government, the private sector and civil society organisations are accountable to the public, as well as to institutional stakeholders. This accountabil-

ity differs depending on the organisation and whether the decision is internal or external to an organisation.

*Strategic vision*—Leaders and the public have a broad and long-term perspective on good governance and human development, along with a sense of what is needed for such development. There is also an understanding of the historical, cultural and social complexities in which that perspective is grounded.

Interrelated, these core characteristics are mutually reinforcing and cannot stand alone. For example, accessible information means more transparency, broader participation and more effective decision-making. Broad participation contributes both to the exchange of information needed for effective decision-making and for the legitimacy of those decisions. Legitimacy, in turn, means effective implementation and encourages further participation. And responsive institutions must be transparent and function according to the rule of law if they are to be equitable.

These core characteristics represent the ideal—and no society has them all. Even so, UNDP believes that societies should aim, through broad-based consensus-building, to define which of the core features are most important to them, what the best balance is between the state and the market, how each socio-cultural and economic setting can move from here to there.

UNDP is faced increasingly with post-crisis situations and disintegrating societies. For them, the issue is not developing good governance—it is building the basic institutions of governance. The first step is towards reconciliation—building society's ability to carry on a dialogue on the meaning of governance and the needs of all citizens.

## **Relationships between governance and human development**

Each domain of governance—the state, the private sector and civil society—has a unique role in promoting sustainable human development (see box overleaf).

### ***The state***

In countries where electoral processes exist, the state is composed of an elected government and an executive branch. The state's functions are manifold—among them, being the focus of the social contract that defines citizenship, being the authority that is mandated to control and exert force, having responsibility for public services and creating an enabling environment for sustainable human development. The latter means establishing and maintaining stable, effective and fair legal-regulatory frameworks for public and private activity. It means ensuring stability and equity in the marketplace. It means mediating interests for the public good. And it means providing effective and accountable public services. In all four roles, the state faces a challenge—

## **Good governance and UNDP's areas of focus**

*Poverty and livelihoods.* Poverty, inequality and governance are inter-related—for poverty and inequality can further undermine already weak governance. How can the cycle be broken? Only through civic and social education that promotes a broader understanding of individual rights and responsibilities. The problem is, the newly emerging interest groups in many developing countries do not always reflect or express the needs of the poor, making it difficult for them to organise and have their opinions heard.

Poverty is not just a material condition—it is based partly on capabilities and values. For the poor, easier access to the education system can help reduce their poverty and inequality. Illiteracy in many of the poorest developing countries prevents people from getting a job or participating in decision-making.

As the priorities of government and the private sector have changed over the past decade, the links between poverty, inequality, governance and sustainable human development have blurred. The legitimacy of the state's role in dealing with poverty is increasingly being challenged. Yet, an enabling environment and the equitable distribution of resources remain crucial in dealing with poverty and inequality and in creating jobs. Once, government was expected to eliminate poverty. Now, there is growing recognition that poverty and inequality must be dealt with collectively by the state, civil society and the private sector.

*Gender.* To develop good governance for sustainable human development, women must be involved in all decision-making—from the family to national politics. More than half the world's people are women, and they must have equal opportunities to participate in public decision-making in legislative, judicial and executive branches of government. Representation without empowerment, however, is not enough. Three major elements are necessary for women's leadership: an economic base (for example, access to and control of funds); education and access to information; and legal rights.

Inequality in power sharing leads to an unequal sharing of resources—time, income and property—between men and women. A gender analysis of national and local governance exposes the reality and severity of women's subordination. But it also challenges power structures and so meets resistance. It should, however, generate an agenda for change, drawing on good practices, such as identifying electoral systems that support women's participation.

*Environment.* Governments need the right incentives, organisational structures and capacities to raise financial resources for protecting natural resources and enforcing environmental protection regulations.

The state, civil society and the private sector each have crucial contributions to other areas of environmental protection:

- Educating young people, indigenous peoples and their communities.
- Strengthening the role of non-governmental organisations.
- Educating farmers and providing them with incentives to conserve the environment.
- Regulating business and industry.



ensuring that good governance addresses the concerns and needs of the poorest by increasing the opportunities for people to seek, achieve and sustain the kind of life they aspire to.

The state, of course, can do much in such areas as upholding the rights of the vulnerable, protecting the environment, maintaining stable macroeconomic conditions, maintaining standards of public health and safety for all at an affordable cost, mobilising resources to provide essential public services and infrastructure and maintaining order, security and social harmony.

State institutions can also empower the people they are meant to serve—providing equal opportunities and ensuring social, economic and political inclusion and access to resources. But people can be empowered only if their legislatures, electoral processes and legal and judicial systems work properly. Parliaments of freely and fairly elected members representing different parties are crucial to popular participation and government accountability. Effective legal and judicial systems protect the rule of law and the rights of all. Open elections mean public confidence and trust—and so political legitimacy. States should also decentralise political and economic systems to be more responsive to citizens' demands and to changing economic conditions.

In developed and developing countries alike, the state is being compelled to redefine its role in social and economic activity—to reduce it, reorient it, reconfigure it. The pressures for change stem from three sources:

- The *private sector* wants a more conducive market environment and a better balance between state and market.
- *Citizens* want increased accountability and responsiveness from government, as well as greater decentralisation.
- *Global pressures* from supranationals and worldwide social and economic trends are challenging the identity and nature of the state.

### ***The private sector***

The state is a big force for development—but it is not the only one. Sustainable human development depends in part on creating jobs that provide enough income to improve living standards. Most states now recognise that the private sector is the primary source of opportunities for productive employment. Economic globalisation is fundamentally changing the ways in which industries and enterprises operate. In many developing countries, private enterprise must be encouraged and supported to be more transparent and competitive in the international marketplace.

Equitable growth, gender balance, environmental preservation, expansion of the private sector and responsible and effective participation in international commerce cannot be achieved by the market alone, however. States can foster private sector

development that is sustainable by:

- Creating a stable macroeconomic environment.
- Maintaining competitive markets.
- Ensuring that the poor (especially women) have easy access to credit.
- Nurturing enterprises that generate the most jobs and opportunities.
- Attracting investment and helping to transfer knowledge and technologies, particularly to the poor.
- Enforcing the rule of law.
- Providing incentives for human resource development.
- Protecting the environment and natural resources.

### ***Civil society***

Civil society also has to protect the rights of all citizens. As the state and the private sector are being reshaped and their relationships redefined, civil society is changing in important ways. Unresponsive government and unrelenting economic and social pressure have undermined some traditional civil society organisations and strengthened others—and in many cases forced people to organise in new ways. Civil society is thus more than just society. It is the part of society that connects individuals with the public realm and the state—it is the political face of society.

## **Unresponsive government and unrelenting economic and social pressure have forced people to organise in new ways**

Civil society organisations channel people's participation in economic and social activities and organise them into more powerful groups to influence public policies and gain access to public resources, especially for the poor. They can provide checks and balances on government power and monitor social abuses. They also offer opportunities for people to develop their capacities and improve their standards of living—by monitoring the environment, assisting the disadvantaged, developing human resources, helping communication among business people.

More fundamentally, civic networks ease the dilemmas of collective action by institutionalising social interaction, reducing opportunism, fostering trust and making political and economic transactions easier. Well-developed civic networks also amplify flows of information—the basis for reliable political, economic and social collaboration and public participation of civil society members. These relationships and social norms make up a nation's social capital.

Civil society organisations do not always pursue the qualities of good governance. Nor are they always the most effective

development agents. That is why states, while recognising and protecting the democratic rights of civil society organisations, must also ensure that the rules of law and values that reflect societal norms are adhered to. Democratic institutions, particularly local ones, can be important in ensuring that all in society have a voice, as well as ensuring that there are transparent and fair ways to reach consensus.

Like private enterprises, civil society organisations need adequate capacities to fulfill their potential. They also need an enabling environment, including a legislative and regulatory framework that guarantees the right of association, incentives to facilitate support and ways for civil society organisations to be involved in public policy-making and implementation.

Strengthening the enabling environment for sustainable human development thus depends not only on a state that governs well and a private sector that provides jobs that generate income. It also depends on civil society organisations that make political and social interaction easier and that mobilise society to participate in economic, social and political activities.

## **The global context**

The transformation from command to market-oriented economies, the emergence of democratic political regimes in the former Soviet Union, the rapid development and global proliferation of new technologies, the pervasive spread of telecommunications systems, the growing importance of knowledge-based industries and skills and the continuing integration of the world economy through trade and investment—all these have created the foundation for a new age of sustainable human development. But all carry risks as well. Is it to be a breakthrough or a breakdown?

Changes in the world's economic, political and social systems have indeed brought unprecedented improvements in human living conditions in both developed and developing countries. Consider the profound breakthroughs in communications, transport, agriculture, medicine, genetic engineering, computerisation, environmentally friendly energy systems, political structures, peace settlements. The list goes on.

But these changes also bring new uncertainties and challenges as the world steps into the 21st century. Signs of breakdown are everywhere: disintegration of families; destruction of indigenous societies; degradation and annihilation of plant and animal life; pollution of rivers, oceans and the atmosphere; crime, alienation and substance abuse; higher unemployment; and a widening gap in incomes and capabilities. Not a pretty picture.

The trend towards globalisation deserves special attention. It is manifest in the growth of regional blocs that cooperate in such areas as trade and legal frameworks, in the power of inter-

governmental bodies such as the World Trade Organization and in the spread of transnational corporations. Globalisation has profound implications for governance the final impact of which we cannot yet determine. First is the increasing marginalisation of certain population groups. Those who do not have access to the technological/information revolution are in danger of becoming part of a structural underclass. Second is the erosion of state sovereignty as transnational bodies increasingly mediate national concerns and press for universal laws. Third is the increased globalisation of social and economic problems, such as crime, narcotics, infectious diseases and the migration of labour. Finally, international capital and trade are decreasingly accountable to sovereign states.

Governance can no longer be considered a closed system. The state's task is to find a balance between taking advantage of globalisation and providing a secure and stable social and economic domestic environment, particularly for the most vulnerable. Globalisation is also placing governments under greater scrutiny, leading to improved state conduct and more responsible economic policies.

Because each domain of governance—state, private sector, civil society—has strengths and weaknesses, the pursuit of good governance requires greater interaction among the three to

## **The state's task is to find a balance between taking advantage of globalisation and providing a secure and stable social and economic domestic environment**

define the right balance among them for sustainable people-centred development. Given that change is continuous, the ability for the three domains to continuously interact and adjust must be built-in, thus allowing for long-term stability. UNDP's *Initiatives for Change* recognises that the relationships among government, civil society and the private sector:

*are key determinants in whether a nation is able to create and sustain equitable opportunities for all of its people. If a government does not function efficiently and effectively, scarce resources will be wasted. If it does not have legitimacy in the eyes of the people, it will not be able to achieve its goals or theirs. If it is unable to build national consensus around these objectives, no external assistance can help bring them about. If it is unable to foster a strong social fabric, the society risks disintegration and chaos. Equally important, if people are not empowered to take responsibility for their own development within an enabling framework provided by government, development will not be sustainable.*

Developing countries must ensure that everyone can participate in economic and social development and take advantage of globalisation. They must build a political system that encourages government, political, business and civic leaders to articulate and pursue objectives that are centred around people and a system that promotes public consensus on these objectives.

### **What role can UNDP play in this?**

We are already doing much. As of 1995 a third of our resources were allocated for governance. Ongoing development cooperation in management development and governance, including cost-sharing, amounts to about \$1.3 billion. Management development and governance allocations vary significantly across regions. In Africa, the Arab States and Eastern Europe and the CIS, the largest total contribution (UNDP and cost-sharing) is allocated to aid management and coordination. Within the Asia and the Pacific region, however, the largest allocation is for economic and financial management, while the Latin America and the Caribbean region tends to emphasize planning and support for policy formulation. Within global and interregional programmes, the largest allocations are those dealing with planning and support for policy formulation, decentralisation and strengthening civil society.

UNDP policy for governance programming is driven by three major forces:

**1. Our mandate** We support the implementation of declarations and agreements reached at global UN conferences, many of which have specific references to governance. The most recent mandate for governance is Executive Board decision 96/29 in which the Board endorses the mission statement.

**2. Our mission** To promote sustainable human development.

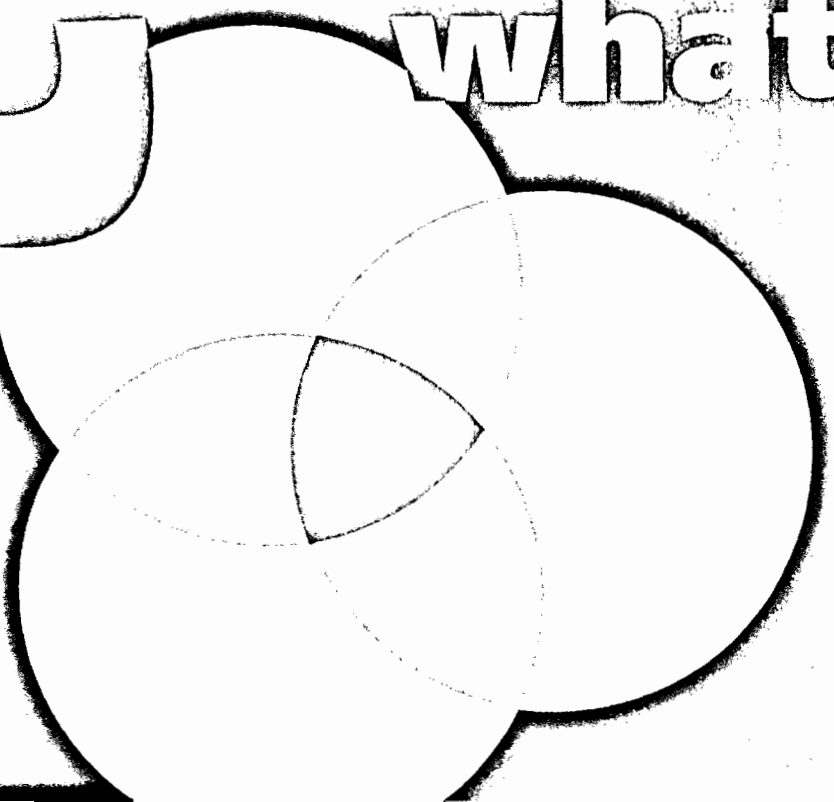
**3. Our comparative advantage** We have institutional strengths that, together, set us apart from other external partners concerned with governance issues:

- *Impartiality*—We can work as an agent for change with all actors.
- *Customer orientation*—We pursue our mandate within national priorities.
- *Long time frame*—We view development from a long-term perspective and seek to maintain a presence in programme countries.
- *Experience*—We have 50 years of experience in capacity development.
- *Trust*—UNDP has won the trust of governments and other partners in programme countries.
- *Universality*—Field presence in 137 countries ensures ongoing dialogue, learning and cooperation.

WORLD

**UNDP priorities  
in support  
of good  
governance**

what?



*Democracy and transparent and accountable governance and administration in all sectors of society are indispensable foundations for the realisation of social and people-centred sustainable development.*

Declaration of the World Summit for Social Development, 1995

In seeking to promote good governance within its programme countries, UNDP is drawing on its experience, backed by a clear mandate. We recognise, however, that the pursuit of programmes supporting good governance in dynamic, unpredictable environments is a complex process that carries risks. A well-developed and understood strategic vision and policy can help to get the most from our efforts and reduce the risks by providing a framework and guide for programme initiatives.

UNDP may be called on to support many types of governance-related programmes. To maximise our resources, however, we must target our assistance and build our core competencies in a few key areas. Based on our understanding of the role of governance in sustainable human development, our mandate and our comparative advantages, UNDP has identified five priority areas for governance programming that will best achieve our goals:

- Governing institutions
- Public and private sector management
- Decentralisation and support to local governance

- Civil society organisations, and
- Governance in special circumstances.

Different environments will require different programmes, and different entry points and types of programmes. The challenge for UNDP will be to take a systemic and strategic approach to governance that meets national priorities.

### **Governing institutions: legislature, judiciary and electoral bodies**

UNDP support can, in principle, be directed to all three branches of government—executive, legislative and judicial—and the processes needed to establish and operate them. Sound national and local legislatures and judiciaries are critical for creating and maintaining enabling environments for eradicating poverty. Legislatures mediate differing interests and debate and establish policies, laws and resource priorities that directly affect people-centred development. Electoral bodies and processes ensure independent and transparent elections for legislatures. Judiciaries uphold the rule of law, bringing security and predictability to social, political and economic relations. Human rights organisations help ensure that governing institutions uphold national laws and internationally recognised conventions.

UNDP only recently became involved with legislative and judicial systems. Even so, demand for our assistance in these areas has been high. Because of our impartiality and the trust it engenders, we have a considerable comparative advantage over other organisations—and can also help greatly in coordinating external resources.

Given our limited resources, our often close relationship with governments and the importance of the legislature and judiciary in influencing equity and poverty, UNDP should aim for a strategic role in this area. Our primary task is to help develop a country's capacity to strengthen its governance. UNDP should, therefore, first help government create a framework and strategy for institutional reform. This should include the relationship between state institutions and the private sector and civil society.

Support for institutional development of legislatures may include help in setting up effective parliamentary (or similar national and local) structures, systems, processes and procedures as well as training parliamentarians in their roles and legislative procedures. The Inter-Parliamentary Union in Geneva is a valuable partner in this effort, particularly in needs assessment, advisory services and capacity development. Collaboration with Parliamentarians for Global Action in New York, an NGO that assists in policy advice and advocacy, is also being sought.

Support for legislatures also includes assistance in strengthening electoral processes, including support for electoral com-



missions, electoral legislation, voter registration and electoral registers. UNDP has played an important and expanding role in electoral processes, in some cases complemented by our institutional strengthening efforts. When UNDP is approached for direct support for electoral processes or elections, country offices should contact the Electoral Assistance Unit in the UN Secretariat for guidance and support. An agreement outlining the mutual roles and responsibilities of UNDP and the UN is available. The International Institute for Democracy and Electoral Assistance (IDEA) is an intergovernmental partner outside the UN system that can also provide advice and technical

## **The challenge for UNDP will be to take a systemic and strategic approach to governance that meets national priorities**

support. There are also experienced regional institutions, such as Parl Latino (Parlamento Latinoamericano).

Judiciaries can be supported in establishing systems of justice and laws, ombudsmen and human rights oversight bodies and security systems. Judicial and legal reforms that may be supported by UNDP include improving the structure, organisation and administration of court systems; training judges, magistrates, lawyers and support personnel; making access to justice easier by improving subordinate court systems; removing legal barriers to full participation of women, minorities and civil society institutions; and providing specialised assistance in legal education on constitutional and electoral law and laws related to human rights. Partnerships with experienced local and international organisations will be important. Issues of human security and crime are dealt with by the Crime Prevention Division of the United Nations. For questions on human rights and to obtain advisory services, contact the UN Centre on Human Rights in Geneva.

### **Public and private sector management**

One of UNDP's greatest strengths is management development, particularly in developing national capacities. We have learned from our vast experience that constructive change has three requisites: laying out a clear vision of goals and of how to reach them; identifying and supporting people who can lead and help reach those goals; and developing strong, effective and accountable managerial capacities and institutional structures to implement change.

### ***Leadership, policy development and managing change***

Support for leadership development and managing change cuts across UNDP governance efforts. Effective leadership, essential for successful good governance programmes, is particularly

important when countries are undergoing complex or systemic change involving civil society and private actors. Effective leadership entails developing the capacities of everyone who can increase political commitment to sustainable human development. It also includes the ability to bring together public and private actors to define sustainable development goals and strategies that are centred around people and the capacity to manage systemic change in unpredictable situations. Countries also need professionals who can translate political vision into sustained programmes for good governance.

UNDP should seek to develop national capacities to articulate goals, policies and strategies, especially those that are long term and support good governance, with an emphasis on processes

## **Effective reform requires political commitment, which should include the support of the private sector and civil society**

that elicit broad national support and consensus. To that end, UNDP can support national institutions that develop the skills of leaders in initiating and managing processes that are systemic and complex and that involve stakeholders and beneficiaries from government, the private sector and civil society. This support will include assistance for training in planning and implementation, building national competencies and developing approaches to public-private partnerships. Gender-specific concerns will merit particular attention.

Moreover, UNDP has concentrated on strengthening management in three areas that are vital to sustainable human development—reform of the civil service, economic and financial management and urban management.

### ***Civil service reform***

Reform of state institutions so that they become more efficient, accountable and transparent is a cornerstone of good governance. Effective reform requires political commitment, which should include the support of the private sector and civil society. UNDP's experience with and technical knowledge of public administration reform and management of development has ranged from pioneering work in national technical cooperation assessments and programmes to support for comprehensive civil reforms. In many countries UNDP has sought key partners and coalitions that are politically strong, found suitable entry points, initiated a policy dialogue that brings together stakeholders and beneficiaries and introduced reform in a phased, systemic manner.

Many needs can be addressed: formulation of strategies; assessment of capacities; reform of governance rules and proce-

dures, including those for the market and the most vulnerable; review and restructuring of functions and networks; improvement of systems, especially those concerned with planning, management, information and new technologies, budgeting and expenditures, statistics, reporting and accountability; reform of wage and incentive structures; private-public partnerships; and decentralisation. The central issues of sustainability—ownership, fiscal discipline, incentives, political support and external aid—would also be addressed. Gender concerns should be built into all of these tasks.

### ***Economic and financial management***

Good governance includes both procedural and substantive elements; so too does the management of economic and financial matters. Countries need to establish relationships between the state, the private sector and civil society and develop frameworks that provide incentives for broadly based and sustainable growth. Crucial elements for sustainable human development include macroeconomic policies, management of the external sector (trade, aid, investment and debt), market regulation and privatisation, social safety nets and resource management. Sound policies and practices in economic and financial management will contribute significantly to an enabling environment for sustainable human development.

While the Bretton Woods institutions and several bilateral donors have greater resources at their disposal to assist developing countries in this area, UNDP can and should bring issues of sustainable human development and poverty into the centre of policy discussions, make macroeconomic decision-making more transparent, and influence resource allocations. Because of its impartiality, UNDP can be called on to help develop national capacities to negotiate with external partners and mobilise resources in line with national priorities. UNDP can also draw

## **UNDP can and should bring issues of sustainable human development and poverty into the centre of policy discussions**

on its comparative advantages to support national capacities to improve efficiency, accountability, transparency and cooperative relationships in all sectors.

UNDP also has extensive experience with aid coordination and management. This provides an important opportunity for UNDP to influence policies in support of sustainable human development.

UNDP can help countries involve civil society and the private sector in policy development and management of development resources, and can enhance the transparency and accountability

of economic and financial management processes. It can also help bring business, government and civil society together to address issues of poverty, gender, sustainable livelihoods and the environment. The creation of an enabling environment to attract private investments and nurture enterprises—using appropriate laws, fiscal and monetary policies and stable long-term development strategies—is a priority.

More specifically, UNDP can provide support to build capacity in economic policy analysis, formulation and management, budgeting, economic administrations (customs, debt management and so on), regulatory frameworks and national accounting. The capacity to coordinate and manage aid and debt is also important in the overall management of development resources. By taking the lead in aid coordination processes, UNDP can also advocate its approaches, influence policy and help mobilise resources for national programmes. UNDP can help manage the integration of countries with economic and trading blocs, and can help countries take advantage of the information and knowledge revolution. Not least, UNDP should help governments introduce economic and financial policies that empower and benefit women, the poor and others who may be marginalised, and that protect the natural resource base.

### ***Urban management***

Urban populations in developing countries have mushroomed over the past 40 years. This relentless growth is irreversible. The effective functioning of cities and towns is essential for equitable, sustainable growth. Urban management involves multi-sectoral activities that cut across UNDP's focus areas of poverty alleviation, environmental improvement, gender equity and sustainable livelihoods. UNDP is uniquely placed to provide leadership and to assist countries in developing partnerships with agencies in the UN system. UNDP's Urban Management Programme, developed and managed in partnership with the United Nations Centre for Human Settlements, is the largest multidonor technical cooperation programme in urban development.

Urban management issues include environmental and land management, municipal finance, maintenance of urban infrastructure, regulatory frameworks for the informal sector, urban shelter and services and, of course, poverty alleviation. Gender issues should be mainstreamed throughout urban management programmes.

UNDP agency partners in these priority areas include the Department for Development Support and Management Services (DDSMS), for civil service reform and financial management; UNCTAD, for policies and management of trade and debt; the World Bank, for financial and budgetary issues and investment in civil service reform and urban programmes; the United Nations Centre for Human Settlements, for follow-up to HABITAT II and technical cooperation in urban areas; and the

Group of Cities Associations, for cooperation with mayors. In addition, several regional institutions have a wealth of experience.

### **Decentralisation and support to local governance**

Decentralising government—from the national level to regions, districts, towns, municipalities, rural areas, settlements and communities—enables people to participate more directly in governance processes and can help empower people previously excluded from decision-making. In this way a country can create and sustain equitable opportunities for all its people. Closer contact between government officials and local communities and organisations also encourages the exchange of information

### **By taking the lead in aid coordination processes, UNDP can also advocate its approaches, influence policy and help mobilise resources for national programmes**

that can be used to formulate development programmes that are tailored to local needs and priorities, and thus are more effective and sustainable.

UNDP and other UN agencies have extensively promoted decentralisation, accumulating considerable experience along the way. UNDP has supported many public management reform programmes focused on decentralisation and local institutional strengthening. A leading example is the Local Initiative Facility for Urban Environment (LIFE) to promote dialogue among municipalities, non-governmental organisations and community-based organisations to improve the quality of urban environments in low-income settlements.

UNDP offers many services at the country, regional and global levels to help countries build capacities for decentralised governance. These include systemic institutional analysis and generation of decentralisation policy, strengthening local authorities, direct support to civil society organisations concerned with local governance issues, support to rural institutions and management, implementing local pilot projects and evaluating, documenting and disseminating decentralisation experiences. An example of such support at the global level is the Decentralised Governance Programme.

In addition, UNDP should help improve urban government and administration in ways that not only ensure coordination among agencies but also promote partnerships among local communities, non-governmental organisations, the private sector and urban governments to respond to the problems facing urban populations.

The logical agency partners for all of the above efforts are the United Nations Capital Development Fund, DDSMS and the World Bank.

### **Civil society organisations**

Civil society is the well-spring of the social capital—people working together for common purposes—that is essential for good governance. Civil society organisations can fill the vacuum left by the slimmed-down state, and can advocate and monitor reforms that foster sustainable human development.

## **Civil society organisations can fill the vacuum left by the slimmed-down state**

Civil society organisations that are involved with development complement (rather than replace) the state. UNDP considers collaboration with these organisations important because of their responsiveness, innovation, direct relationship with the poor, capacity to stimulate participation and articulate local views, cost effectiveness, local accountability and independent assessment of issues.

In many developing countries, however, such organisations are weak. They lack capacities in issues analysis, advocacy and outreach, networking, management and revenue raising. In addition, they need to be more accountable and responsive to and more inclusive of their stakeholders. Some also operate within tight legal and regulatory environments.

UNDP's traditional partner has been government, although it is developing its partnership with civil society. Our ability to work with government remains one of our main comparative advantages. In many programmes we can capitalise on government trust of UNDP to encourage interaction and cooperation with civil society and the private sector, even (or particularly) when sensitive issues are involved.

UNDP's first task may be to bring government and civil society together to discuss policies and programmes and to help create a safe and impartial space that encourages trust and lasting relationships. In fact, UNDP should encourage partnerships with civil society organisations to support national efforts and to plan and implement UNDP-supported programmes. UNDP may then support national efforts to improve legislation and administrative and tax frameworks for these organisations and assist in improving government's relationship with them.

UNDP may also consider helping these organisations develop their capacities to plan, manage and implement activities effectively and accountably and to research, advocate and monitor issues of sustainable human development (including poverty and gender) in ways that build on our experience in reaching the poor, marginalised and disadvantaged. UNDP can also help civil society organi-

sations network, cooperate and share information for social and development purposes and participate in aid coordination and management. UNDP also has a role in what can be termed “civic education”: helping national civil society organisations define and implement country-specific programmes that build social cohesion, help resolve conflicts, increase people’s awareness of their rights and responsibilities and nurture participation in development and governance. Assistance in collecting and disseminating relevant information on issues of governance and sustainable human development in an impartial way may also be worthwhile.

### **Governance in special circumstances**

There are two categories of countries: crisis countries and transition countries. The social and political stability associated with good governance are fundamental to sustainable human development. During crises, systems and institutions that protect the vulnerable are the first things to be destroyed and must be restored. But good governance is by nature preventive. By valuing development assets and building social cohesion and consensus, it can help reduce vulnerability to—and even the likelihood of—disasters and conflicts.

UNDP’s comparative advantage lies not in its humanitarian response and relief but in its long-term development presence and its ability to respond to complex and multifaceted development challenges. In crises where a rapid and coordinated response is required, UNDP must work closely with UN and donor partners with greater experience in emergency situations and with greater resources. UNDP, however, can play a role in planning for development needs while other agencies concentrate on immediate needs. Moreover, UNDP’s ability to work with

**During crises, systems and institutions that protect the vulnerable are the first things to be destroyed**

and bring together government, civil society and the private sector can be valuable both during and after a crisis.

There is no universal approach for responding to crises. UNDP must identify the most suitable entry points and respond quickly and flexibly. While good governance programmes generally can reduce the risk of crises, there are specific efforts that UNDP can support before, during and after them.

### ***Impending crisis***

UNDP can initiate reconciliation and consensus building and build national capacities to avoid, manage and mitigate crises. It could also regularly gather information on indicators that signal a pending crisis. National human development reports are important in identifying potential trouble. UNDP should also develop a network

of people and institutions from which it can obtain development information and with which it can cooperate during crises.

### ***During a crisis***

UNDP can support both macro and local planning initiatives and reconciliation. If the state collapses, UNDP may launch participatory programme planning and development for specific needs, such as area, city, regional and food security planning. It should also aim to develop basic governance, management and coordination capacities. During a crisis, partnerships with civil society organisations—both formal and informal—can prove invaluable. These organisations can be crucial intermediaries—supporting participatory planning and reconciliation, and implementing small-scale development initiatives.

### ***Post-crisis***

UNDP should assess governance-related requirements, give priority to rebuilding those strategic capacities that have the greatest impact and help identify and coordinate needs for resource mobilisation. This could include assistance to rebuild such core institutions as the executive, legislative and judicial branches of government.

A second category of countries—called transition economies—are those that are moving away from central planning, which attempted to achieve social equity through heavily subsidised state-led development. These subsidies were, in fact, unaffordable, and the failure of this development model has required often painful transitions to market-oriented economies. Most transition economies are also moving towards more open (or democratic) political systems. In many cases economic reforms have faced multiple challenges, including global economic recession (resulting in less trade, aid and investment),

**During a crisis, partnerships with civil society organisations—both formal and informal—can prove invaluable**

environmental degradation (which threatens human well-being), low savings and investment, rocketing unemployment and social disintegration (resulting in soaring social ills and crime). Even so, these countries—including newly independent countries of Central and Eastern Europe, republics of the former Soviet Union and Mongolia—have made remarkable advances and possess substantial untapped capacities.

UNDP efforts in many of these countries have emphasized interventions that build on people's high education levels and help them gain access to outside knowledge, information and experiences, which help them develop capacities that reflect reform priorities. Reforms are also systemic, at times integrating



many interrelated processes and generally emphasizing good governance and a stable macroeconomic framework. Developing democratic and accountable institutions (including political parties, free trade unions and the media) are critical. Support to emerging private and civil society organisations, particularly to develop management capacities and accountability, are priorities. So too are aid coordination, capacity building to help define goals and policies, support to social security and productive capacities and management of natural and financial resources. Because the needs are so great, UNDP has placed special emphasis on leveraging its resources to mobilise further funds.

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**Implementation  
of governance  
programmes**

**how?**

## **Contextual factors relevant to governance programmes**

Several contextual characteristics may affect which types of governance programmes are more or less important—and more or less likely to have an impact:

- Socio-economic indicators including education, access to basic needs and the role of women.
- The economy: its base, growth and type; financial dependence on external resources, including aid and debt; and degree of integration with the global economy.
- Human capacities and sustainability.
- Natural resource base and trends in the environment.
- Cultural, religious and ethnic diversity and structures, conflict or polarisation and internal means of resolving conflict.
- Indigenous values, networks and knowledge.

The manifestations and mix of these factors vary greatly among and within regions. For example, in many countries in Asia, Eastern Europe and Latin America public sector and market reforms have created conditions for high growth and expanded opportunities. Even so, some people are becoming increasingly marginalised. Sub-Saharan Africa, by contrast, remains saddled with huge debt, economic stagnation and rapid population growth, causing overexploitation of the natural resource base.

Reforms are being undertaken at a time when official development assistance has leveled off and the benefits of globalisation have largely bypassed the region.

The success of governance programmes and projects greatly depends on the way they are designed and implemented. The underlying principles of UNDP's implementation strategy are finding suitable entry points and partners for policy dialogue; responding quickly to national needs while keeping a long-term view; creating opportunities for government, the private sector and civil society to interact to achieve policy and programme consensus; implementing programmes in ways that are nationally led, sustainable and that develop strategic capacities; and coordinating development and UN resources.

Throughout programming, the country office should bear in mind the UNDP mandate, our comparative advantages and approaches to good governance, the socio-economic environment of the country and the country type.

### ***Participatory approach***

Without the full involvement of major stakeholders and beneficiaries in design and implementation, programmes are not sustainable. Numerous participatory methodologies are available. UNDP Management Development and Governance Division has helped to further and test one methodology, called *process consultancy*, for developing participatory programmes while also

**Without the full involvement of major stakeholders and beneficiaries in design and implementation, programmes are not sustainable**

developing social capital. The outside expert's role is to support and help build consensus. The methodology helps UNDP country offices and experts to initiate that consensus building, cultivate an awareness of the importance of governance, identify key agents of change (reformers, leading thinkers, civic leaders and so on), develop goals and strategies and organise capacities for change. The methodology can be applied in all UNDP programme countries. Process consultancy, combined with a *programme approach* and *national execution* (which support development of national capacities to meet national goals), can serve as a powerful tool for developing capacities to reach collective targets. This is one proven way in which UNDP provides training, management development and governance programming. Other effective approaches are available. Guidelines for process consulting and other approaches are available from the Management Development and Governance Division.

### ***Identifying entry points***

At the beginning of the programming process, UNDP should identify and consult key people in government, civil society and the private sector who will be involved in governance programmes. In that way it can assess national needs and identify areas for support. Any dialogue should be impartial and bring together national stakeholders to reach consensus, develop political will for change and understand the importance of good governance. Documents and studies (such as national human development reports) and regional strategies could be used to

## **Process consultancy can serve as a powerful tool for developing capacities to reach collective targets**

provide analysis, options and methodologies, and to stimulate dialogue. Synergies and linkages should be sought between governance, poverty, sustainable livelihoods, gender and the environment. This should lead to a country cooperation framework document that clarifies national goals and strategies and identifies possible areas for UNDP support, along with appropriate entry points and partners.

Experience shows that UNDP is most effective when it is able to respond quickly and flexibly to unfolding needs and opportunities, while retaining a long-term view on sustainability. At times UNDP must be willing to take risks to take advantage of fast-evolving opportunities, some of which may be directly related to governance—for example, national elections, changes in government bodies, annual planning and budgetary discussions, national campaigns and conferences on specific themes. Some of the most effective governance programmes, however, have been initiated through other entry points—such as poverty, gender, the environment and integrated rural and urban programmes.

### ***Developing strategic capacities***

UNDP's approach to capacity development is based on two important principles. First, it asks, "capacity development for *what*?" and advocates that the answer be closely related to people-centred sustainable development. Second, it claims that *how* capacities are developed influence the *what* as well. UNDP advocates that capacity development design take into consideration the key characteristics of good governance—participatory, transparent, equitable, accountable and strategic vision.

The success of good governance programmes depends on developing capacities to articulate goals and manage change. UNDP emphasizes the importance of sustaining and expanding existing capacities and targeting high-impact capacities for assistance. Criteria for strategic interventions include the impact on policies, development resources and the enabling environment, par-

ticularly to eliminate poverty; whether key leadership and managerial capacities will be strengthened; and whether support will broaden participation. Because most governance programmes involve, for example, judicial systems, financial management systems, parliamentary systems and decentralised governance systems, a systems approach to capacity development—which places institutions and people in processes that perform specific tasks—is most appropriate.

UNDP support for *building capacities for national information systems* and linkages to regional and global networks is a cornerstone of its strategy to develop capacities in priority areas. Such linkages support national decision-making by helping countries tap into an array of local, national and global knowledge and experience, and to build a global network of experts to support governance-related programmes. Guidance on design issues is available from the Sustainable Development Network Programme and the Management Development and Governance Division of the Bureau for Policy and Programme Support. Institutions in each region will receive support for regional and subregional networks. At the global level, UNDP's Management and Governance Network (MAGNET) will be the global node for national and regional networks. MAGNET, which is managed by Management Development and Governance Division, includes a consultancy roster and UNDP governance documents that can be found on the Internet.

Feedback on impact is an important device for future programme design and implementation. UNDP is working to develop capacity targets, benchmarks and indicators of progress and success that are tailored to measure the success of governance programming.

### ***Coordination and the role of the resident coordinator***

UNDP can take steps to improve the impact of the governance programmes that it supports and to ensure that the UN and external partners support national priorities in a coordinated way. For example, it can become the lead agency in collaboration and country-based aid coordination for one or more aspects of governance programmes; provide an impartial forum to discuss issues related to governance and to help forge local partnerships; provide data and electronic information services on national governance programmes to all development partners; help governments package and negotiate governance programmes for resource mobilisation; and help coordinate UN responses and programmes in support of national goals or in answer to crisis situations—or both.

### **Division of responsibility within UNDP**

UNDP has responsibility for governance programmes at three levels: the country, the region and the world.

## ***UNDP country office***

Leadership by country offices is crucial, since most of UNDP's resources are available at the country level. The UNDP country office is responsible for identifying, developing, implementing and monitoring programmes and projects that develop consensus on national goals and strategies and then develop relevant capacities. Coordination and resource mobilisation are also vital. These responsibilities have important implications for a proactive office: UNDP offices may need to organise themselves to analyse changing needs and respond rapidly to emerging opportunities. Some offices have a team focused solely on gover-

## **Leadership by country offices is crucial, since most of UNDP's resources are available at the country level**

nance programmes. More important are the abilities within country offices to identify effective entry points and implementation partners, identify partner institutions that can monitor and assess trends and develop a network of people and institutions that can help in initiating consultation and development of programmes.

### ***Regional support to programme countries***

Regional programmes add value and support to UNDP country initiatives in one or more ways. They help define regional governance policies and strategies, facilitate sharing of regional experiences, establish regional networks and centres of excellence, provide flexible and rapid regionwide support to develop national programmes, undertake regional briefings and training, conduct regional studies of trends and identify and pilot new approaches in countries that may also be applied regionally. Each of the UNDP regional bureaux has prepared (or is developing) regionally tailored governance strategies.

### ***Global support to programme countries***

UNDP supports a number of global projects to support good governance including those on institutions of governance, decentralisation and urban management.

*UNDP Governance Task Force.* Chaired by MDGDBPPS, the task force facilitates UNDP governance policy and interbureau activities; shares information and provides guidance and feedback on global programmes; and responds in a coordinated way to interagency and UN conference requirements.

*BPPS Management Development and Governance Division.* MDGD, working within the framework of the BPPS Global Programme, has three main responsibilities: developing corporate-level policies, tools, instruments and methodologies based

on country experiences; researching issues of priority to UNDP; and supporting UNDP country offices for programme development and backstopping. MDGD is developing competencies in such areas as institutions of governance; decentralisation and local governance; civil society; urban management; economic and financial management; aid management and accountability; and capacity development methodologies. In other related areas MDGD is developing partnerships and a comprehensive roster of consultants who can be recruited rapidly. MDGD strategy calls for close collaboration with other BPPS divisions dealing with the macroeconomic framework, poverty, gender, the private sector and the environment. MDGD will collaborate closely with the United Nations Capital Development Fund in local government programmes. The fund is concentrating its resources in the poorest countries to provide modest capital grants and microfinance that support local and community institutions of governance.

*Office of UN Services, Emergency Response Unit.* The Emergency Response Unit provides resources under TRAC line 1.1.3 for the development of strategic frameworks and capacity development of national institutions to prepare for, mitigate, manage or prevent crises. Where possible, available resources should be programmed during the preparation of the country cooperation framework.

## **Partnerships**

UNDP will build partnerships with agencies in the UN system as well as with institutions and networks outside the UN system to implement its governance policy. UNDP is chairing the UN systemwide Sub-Task Force (of the Interagency Task Force on Enabling Environment) on Capacity-building for Governance with representatives from 18 UN agencies and programmes. The mandate of the Sub-Task Force is to promote integrated follow-up to UN conferences by building on best practices of existing interagency cooperation. UNDP is also taking the lead in the governance sub-group of the Secretary General's Initiative for Africa. Partnerships with specific agencies in the UN system are identified in chapter 2 of this document.

UNDP will also use the expertise and experience of global, regional and national institutions and networks outside the UN system. Collaborative agreements have been signed or are being developed with several global institutions and networks including International Union of Local Authorities (IULA), Inter-Parliamentarian Union (IPU) and International Institute for Democracy and Electoral Assistance (IDEA).



# Glossary of key terms

## **Accountability**

The requirement that officials answer to stakeholders on the disposal of their powers and duties, act on criticisms or requirements made of them and accept (some) responsibility for failure, incompetence or deceit.

Mechanisms for holding officials accountable can be interorganisational, as between branches of government; intraorganisational, as between supervisors and subordinates; and extraorganisational, as when an organisation and its functionaries answer directly to customers or stakeholders. Accountability mechanisms can address the issues of both who holds office and the nature of decisions by those in office.

Accountability requires freedom of information, stakeholders who are able to organise and the rule of law.

## **Aid coordination and aid management**

*Aid coordination*—the process by which a recipient government integrates and plans international assistance in support of national goals, priorities and strategies.

*Aid management*—the process by which a recipient government integrates external and internal resources in the implementation of its development programmes and activities.

## **Capacity, capacity development, capacity building**

*Capacity*—the skills, knowledge and resources needed to perform a function.

*Capacity development*—the process by which individuals, groups, organisations, institutions and countries develop their abilities, individually and collectively, to perform functions, solve problems and achieve objectives.

*Capacity building* differs from capacity development in that the latter builds on a pre-existing capacity base.

The aim of capacity development and capacity building is to help governments, organisations and people attain a level of self-sufficiency that enables them to effectively manage their own affairs.

## **Civil society and civil society organisations**

*Civil society*—individuals and groups, organised or unorganised, who interact in the social, political and economic domains and who are regulated by formal and informal rules and laws. Civil society offers a dynamic, multilayered wealth of perspectives and values, seeking expression in the public sphere.

*Civil society organisations*—the multitude of associations around which society voluntarily organises itself and which can represent a wide range of interests and ties, from ethnicity and religion, through shared professional, developmental and leisure pursuits, to issues such as environmental protection or human rights.

## **Country cooperation framework**

A document that outlines the intended nature, focus and financial scope of our cooperation in a country. The framework identifies key goals and opportunities for our support to national programmes and priorities that are consistent with the poverty elimination priority and sustainable human development goals endorsed by the Executive Board. It reflects the main elements of the intended strategies and thematic areas without elaborating the details of the programmes.

## **Decentralisation**

The general term for a transfer of authority and/or responsibility for performing a function from the top management of an organisation or the central governance level of an institution to lower level units or the private sector.

The literature on decentralisation frequently distinguishes between degrees of authority effectively transferred away from central government:

*Deconcentration*—involves shifting the workload from a central government ministry or agency headquarters to field staff; creating a system of field administration through which some decision-making discretion is transferred to field staff within the guidelines set by the centre; and developing local administration, where all subordinate levels of government within the country are agents of the central authority.

*Delegation*—involves deciding which functions to shift from the central government to semiautonomous or parastatal organisations, which implies the transfer or creation of a broad authority to plan and implement decisions concerning specifically defined activities.

*Devolution*—implies granting authority (decision-making power) to local governments that have clear and geographically recognised boundaries, and have the power to secure resources to perform their functions.

Some of the possible benefits of decentralisation, especially devolution, are enhanced participation and empowerment, espe-

cially of disadvantaged groups; greater accountability and transparency of government; increased responsiveness; and tailoring of development activities of government to local needs.

### **Effectiveness**

The capacity to realise organisational or individual objectives. Effectiveness requires competence; sensitivity and responsiveness to specific, concrete, human concerns; and the ability to articulate these concerns, formulate goals to address them and develop and implement strategies to realise these goals.

### **Empowerment**

The expansion of people's capacities and choices; the ability to exercise choice based on freedom from hunger, want and deprivation; and the opportunity to participate in, or endorse, decision-making that affects their lives.

### **Enabling environment**

Conditions surrounding an activity or system that facilitate the fulfillment of the potential of that activity or system. This policy document is concerned with the preconditions for sustainable human development, including supportive laws and regulations, adequate resources and skills, broad understanding and acceptance of the differing roles of the state, private sector and civil society in sustainable human development, a common purpose and trust. The relationships between these conditions and the global environment are also important.

### **Equity**

Impartial or just treatment, requiring that similar cases be treated in similar ways.

### **Governance and good governance**

*Governance*—the exercise of political, economic and administrative authority in the management of a country's affairs at all levels. Governance is a neutral concept comprising the complex mechanisms, processes, relationships and institutions through which citizens and groups articulate their interests, exercise their rights and obligations and mediate their differences.

*Good governance*—addresses the allocation and management of resources to respond to collective problems; it is characterised by participation, transparency, accountability, rule of law, effectiveness and equity.

### **Institution and institution building**

*Institution*—an organisation or group of related organisations created to serve a specific purpose.

*Institution building*—the creation, development and linking of certain functions to accomplish specific tasks within institutions.

## **Legitimacy**

The degree to which a government's procedures for making and enforcing laws are acceptable to the people. A legitimate system is legal, but more important, citizens believe in its appropriateness and adhere to its rules. Legitimacy is closely tied to governance: voluntary compliance with laws and regulations results in greater effectiveness than reliance on coercion and personal loyalties.

## **National execution**

Overall management, by national government authorities, of UNDP-funded development programmes and projects, along with the assumption of responsibility and accountability for the use of UNDP resources and for the production of outputs and the achievement of programme or project objectives.

## **Organisation**

A social group with a structure designed to achieve collective goals. Organisations provide the basis for purposeful collective action.

## **Participation**

Literally, taking part. The question for people concerned with governance issues is whether participation is effective. Effective participation occurs when group members have an adequate and equal opportunity to place questions on the agenda and to express their preferences about the final outcome during decision-making. Participation can occur directly or through legitimate representatives.

## **Private sector**

In a mixed economy, the part of the economy not under government control and that functions within the market; private enterprise.

## **Process consultancy**

A distinctive form of management consultation in which the consultant helps the client management group initiate and sustain a process of change and continuous learning for systemic improvement. The role of the consultant is not that of a typical technical expert who analyses the client's situation and recommends a course of action. Rather, process consultancy engages the participation of the client management group to clarify the purpose of the change process, to redefine the group's roles and responsibilities and to redesign the procedures through which the members' respective functions will be integrated to sustain improved systemwide results.

## **Programme approach**

A method for governments and their partners to address, in a coherent and integrated manner, a set of development problems that in turn form a major national objective or set of objectives. The articulation of these problems, the strategies for their reso-

lution and the resulting national goals and targets are contained in a national programme framework document.

## **Public sector**

The part of the economy that is not privately owned, either because it is owned by the state or because it is subject to common ownership. Includes the national government, local authorities, national industries and public corporations.

*Public sector reform* involves rationalising the size of the public sector and building its capacity to contribute to sustainable human development. The principles of good governance apply to public sector management.

## **Rule of law**

Equal protection (of human as well as property and other economic rights) and punishment under the law. The rule of law reigns over government, protecting citizens against arbitrary state action, and over society generally, governing relations among private interests. It ensures that all citizens are treated equally and are subject to the law rather than to the whims of the powerful. The rule of law is an essential precondition for accountability and predictability in both the public and private sectors.

The establishment and persistence of the rule of law depend on clear communication of the rules, indiscriminate application, effective enforcement, predictable and legally enforceable methods for changing the content of laws and a citizenry that perceives the set of rules as fair, just or legitimate, and that is willing to follow it.

## **Social capital**

Features of social organisation—such as networks and values, including tolerance, inclusion, reciprocity, participation and trust—that facilitate coordination and cooperation for mutual benefit. Social capital inheres in the relations between and among actors.

## **State**

The set of political institutions whose specific concern is with the social and political organisation and management, in the name of the common interest, within a determined territory.

## **Sustainability**

Sustainable processes and institutions meet certain criteria: they do not exhaust resources for the future generations; the capacity of people and institutions is permanently enhanced; and responsibilities and benefits are broadly shared.

## **System**

Takes into account the interdependence of people and events, actions and conditions and institutions and organisations. A sys-

tems approach takes into consideration various “production lines” of related tasks and procedures (operating system, decision-making system, financial system, administrative system) to perform certain functions.

### **Transparency**

Sharing information and acting in an open manner.

Transparency allows stakeholders to gather information that may be critical to uncovering abuses and defending their interests. Transparent systems have clear procedures for public decision-making and open channels of communication between stakeholders and officials, and make a wide range of information accessible.

# Governance-related UNDP documents

## **Management Development and Governance Division**

1. Reconceptualising Governance for Sustainable Human Development: Discussion Paper 2 (1997).
2. LIFE Programme 1992–1996: Analysis of Methodology and Experience (1997).
3. Public Sector Management, Governance and Sustainable Human Development: A Discussion Paper (1995).
4. Workshop Report on Governance for Sustainable Human Development (1996).
5. UNDP-Assisted Management Development and Governance Projects (1997).
6. Systemic Improvement of Public Sector Management: Process Consultation (1994).
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8. Cities, People and Poverty: Urban Development Cooperation for the 1990s (1991).
9. Discussion Paper on Participatory Local Governance (1996).
10. Discussion Paper on Participatory Evaluation Methodologies (1996).

## **Human Development Report Office**

11. Human Development Report 1994 and 1996.

## **Social Equity and Poverty Elimination Division (SEPED) UNDP**

12. UNDP and Organisations of Civil Society (June 1995).
13. Poverty: A Policy Framework for Country Strategies.

## **Gender in Development Programme, UNDP**

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28. Inter-Country Programme, Sixth Cycle (1997).
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30. Project Document on Human Development and Governance in Latin America and the Caribbean (1996).
31. Towards a UNDP Regional Strategy for Central America: A Framework for Promoting Peace Consolidation, Sustainable Development and Democratic Governance (1995).



# Recommendations for further reading

## Capacity development

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Good governance is widely recognized as the key to human development. Yet few things are more sensitive—or challenging—than improving governance and helping countries manage development in a changing world.

United Nations Development Programme (UNDP) believes that this policy paper can help guide our country offices and key partners in forming partnerships to promote good governance for sustainable human development, by assisting all three agents of governance—the state, the private sector and civil society organisations.

UNDP—at the request of governments and in support of its areas of focus—assists in building capacity for good governance, popular participation, private and public sector development and growth with equity. It stresses 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 also plays a leading role in coordinating the human development efforts of the United Nations system. UNDP forges alliances with the people and governments of developing countries, with the donor community, with UN agencies, and with private institutions and non-governmental organisations.



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