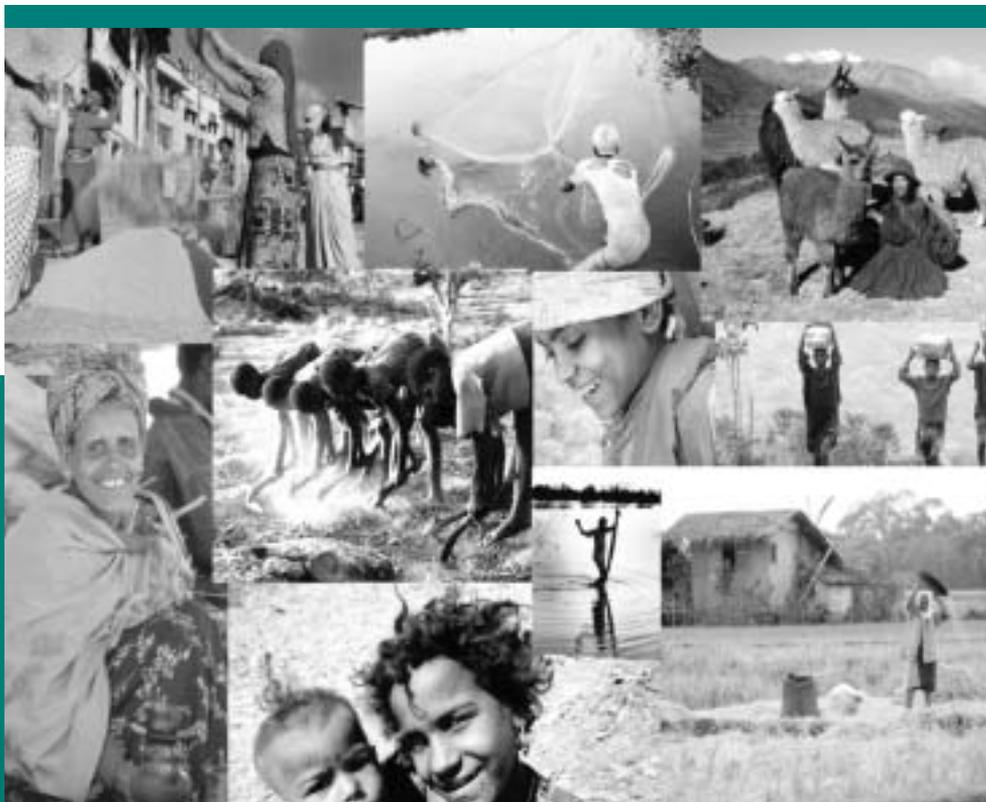


Governance and Development Cooperation:

Civil Society Perspectives on the European Union Approach



A CIDSE Background Paper

August 2006



CIDSE
Coopération Internationale pour le
Développement
et la Solidarité



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This document has been endorsed by the following CIDSE **partner organisations**:

Asian Social Institute, Philippines

Caritas Cameroon

Catholic Economic Justice Network / AMECEA, Kenya

Christian Aid, Burundi

Centro de Investigación y Promoción de los Derechos Humanos (CIPRODEH), Honduras

Forum National Dette et Pauvreté, Côte d'Ivoire

Centre de Promotion Agricole du Sénégal (CPAS), Senegal

Civil Society for Poverty Reduction (CSPR), Zambia

Hakikazi Catalyst, Tanzania

Instituto Comboniano, Mozambique

Integrated Pastoral Development Initiative (IPDI), Philippines

Jesuit Centre for Theological Reflection (JCTR), Zambia

Kenya Debt Relief Network (Kendren), Kenya

La'o Hamutuk, East Timor

Luta Hamutuk, East Timor

Peace Tree Network, Kenya

Salesian Delegation of Mozambique, Mozambique

Tanzania Ecumenical Dialogue Group (TEDG), Tanzania

Transparency International, South Africa

Uganda Debt Network (UDN), Uganda

Slaves, Angola

Other

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CIDSE (International Cooperation for Development and Solidarity) is a coalition of 15 Catholic development agencies in Europe and North America which share a common vision on poverty eradication and social justice and a common strategy on development programmes, development education and advocacy.

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Acronyms

CENIs	Certificados Nicaragüenses de Inversión
CIDSE	International Cooperation for Development and Solidarity
CSO	Civil Society Organization
CSP	Country Strategy Paper
DAC	OECD's Development Assistance Committee
DG	Directorate General
DPS	Development policy statement
EC	European Commission
EDF	European Development Fund
EDSA	Epifanio de los Santos Avenue (Philippines)
EU	European Union
IMF	International Monetary Fund
NGO	Non-Governmental Organization
OECD	Organization for Economic Cooperation and Development
PRSP	Poverty Reduction Strategy Paper

Introduction

Governance has become central to the development discourse in the past decade or more. This is largely founded on the recognition that strong and accountable institutions, political commitment to effective management of the State, and a vibrant and organized civil society are fundamental to equitable development.

Moreover there is no denying that donors are intensifying their focus on improving governance and combating corruption.

The European Commission is currently in the process of further developing its approach to the notion of governance, in view of a stronger harmonisation at the European level. As detailed in the EC Communication on "Governance in Development Cooperation" launched at the end of August 2006, the EC does not wish to redefine the entire concept of governance¹ but rather to give it a new role within its development policy.

Ahead of this process, the EC Directorate General (DG) for Development released an Issues Paper in June 2006 to guide informal consultations with EU Member States, international organisations and African partners as well as NGOs. Such a dialogue was "expected to help the Commission and EU Member States to progressively build a European Consensus on Governance in development cooperation."

CIDSE, the network of 15 Catholic Development NGOs advocating together for global justice and poverty eradication, believes that the EC consultation process on governance was flawed regarding two considerations:

- First, it did not truly provide space for a meaningful debate with Civil Society.² The timeline as well as the process followed by the European Commission did not properly offer the possibility for Civil Society to discuss the EC approach to governance before

the de facto finalisation of the Communication's content inside the Commission. This highly contradicts not only the Commission's own consultation standards but also the principles of transparency and accountability of donors as defined in the Issues Paper.

- Second, the Commission has already finalised its criteria for governance within the 10th EDF programming exercise. The EC already unilaterally defined its governance profiles, without providing the opportunity for countries concerned to discuss its conception of good governance.

In a recent survey conducted with 56 partners in 24 southern countries, CIDSE asked civil society organisations to share their perspectives on the governance issues affecting development and social justice in their countries, and on the role of the donor community in relation to governance reform.

The results of the survey give clear indications on what the EC approach to governance should be: a broad and inclusive process, based on the ownership of recipient countries and on a dialogue with civil society, taking into account the needs of the most vulnerable groups.

¹ The European Commission already defined the concept of governance, as "the capacity for a State to serve its citizens", in a Communication in 2003.

² See also position paper "Whose governance?" by the CONCORD Cotonou Working Group, June 2006.

I. EC consultation process fails to meet own governance standard

The Issues Paper³ released in June to guide the EC consultations on governance stated that: *“The EC approach is considered a process oriented, broad, inclusive and multidimensional concept encompassing democracy, human rights, participation and rule of law. It is related to the state ability to serve its citizens and ensure the respect for human, economic, political and social rights. Good governance is based on common, universal values and aspirations. The state is expected to ensure people’s safety, to ensure public services delivery to citizens, to ensure transparency in the management of public resources and in decision-making processes, to guarantee the rule of law, to be responsive and accountable and to facilitate civil society participation. The democratic governance principles apply to all domains of activity of the state and the citizens....”*

CIDSE appreciates the broad approach to governance endorsed by the Commission, but at the same time sees **grave contradictions between EC’s definition and principles of governance and its own actions in this field.**

Not only was the time for this consultation process too limited to allow meaningful input from partners in the South. While talking about ownership and broad inclusive processes, the **EC had already unilaterally defined governance profiles, indicators and allocation criteria** in the planning tools for the 10th EDF which will have a serious impact on funding – in particular through the provision of “incentive tranches” depending on governance performance and commitments to governance reform.

³ Issues Paper: “Towards an European Consensus on governance in development cooperation”, European Commission, DG Development, June 6, 2006.

Programming exercises have been almost completed. Moreover, the EC had included areas of its own interest like cooperation in migration issues, the fight against terrorism or private sector/investor friendly policies in the governance performance assessments. An important issue missing was the relevance of “Good governance” for its own policies. Donors holding up good governance issues vis-à-vis third countries should lead by example. **Good governance for donors goes beyond “coordination and harmonisation” and includes also transparent, accountable and coherent donor policies and full respect for cooperation agreements.** This means looking at issues of coherence between aid and trade policies as well as their responsibilities for corruption, militarization and conflicts.

We seriously question the **value of the “consultation” set up before the launch of the Communication, and the scope for inclusion of views from the countries concerned and civil society in North and South** although these are fundamental for meaningful progress. As the Issues Paper rightly stated: “Governance reforms cannot be imposed from outside”. In a CIDSE consultation with partners carried out in June/July 2006, accountability of a state to its citizens and participatory policy-making were stated as priorities. Respondents emphasised the importance of *national* political background for meaningful assessments, definition of priorities and change processes.

Thus CIDSE calls on the European Commission:

- to reopen for discussion the Commission’s approach to “Governance” including governance profiles and related concepts, in view of the implementation phase.
- to start a broad international debate and mutual learning exercise with partner countries including Civil Society.
- to rebalance the strategy to be in line with the principles and priorities outlined in Section 2.
- to include the responsibility of EU institutions and member States on governance.

II. Governance from a Civil Society perspective

The analysis below is based upon the results of a survey⁴ of 56 of CIDSE's partner organisations in 24 southern countries. The survey asked partners to share their perspectives on the role of governance (including corruption) on development in their country; the strategies applied by the donor community as it tries to tackle it.

While there is no internationally agreed definition of governance, and certainly none for 'good governance', the issue of governance has become central to development in the last 10 years. Some respondents highlighted that their countries have already demonstrated very positive improvements; however, increasingly the donor community has recognised the need to base their development interventions upon the pillar of governance.

Since the European Commission is willing to set up "a reinforced and innovative approach to governance", the results of the CIDSE survey can provide a clear direction for analysis of good governance issues from a southern perspective (see *list of recommendations page 14*).

A - Principles

Some key principles should guide the debate on governance within the European Union in its policies towards developing countries. And such principles should not only remain ideas, but should also find a **concrete and effective implementation**.

- *Ownership / role of national institutions and mechanisms*

Governance reforms supported by the Commission should be based on **national consensus on development objectives, and local analysis of priorities and responses**. Respondents to the CIDSE survey indicated that donors may have a legitimate role in commenting on or participating in dialogue on high-level policy, but they should not be in a position to direct policy as this displaces the democratic role of parliaments and citizens. Donors may engage in dialogue with governments, but they have no right to intrude in political processes or to determine policy bilaterally.

Eradicating poverty is impossible without poor peoples' own action and views. By corollary, their participation is essential in building accountable and democratic governance. This needs long-term processes at all levels starting from the grassroots. Special attention should be given to initiatives and reforms for enhancing local governments' status within the nation's institutional structures and programs.

The vast majority of respondents to the CIDSE survey underlined that **national parliaments should be a key actor** in defining national development policies. Indeed, most respondents regretted that national parliaments were currently not enough involved in setting conditions on aid in their countries. And more than 7 out of 10 respondents stated that parliaments should be one of the main actors in setting such conditions. Moreover, a majority of respondents underlined that national parliaments should be given more importance in supporting the development of a good governance agenda in their country.

In addition, regional processes (such as the African peer review mechanism) should be given more weight in defining such strategy. Indeed, some respondents to the survey underlined that those regional mechanisms, even if already

⁴ Survey: "Governance and Development Cooperation, Civil Society Perspectives" led by the CIDSE-Caritas Internationalis Working Group on Resources for Development, June-July 2006.

playing a role at regional level, should be more involved in supporting the development of a good governance agenda at national level.

Thus, CIDSE strongly welcomes the mention made to ownership, and to the fact that “governance reforms cannot be imposed from the outside” in the EC Issues Paper on governance, and look forward to seeing the concrete implications of this commitment within the dialogue between the EU and recipient countries.

• *Participation*

It is widely recognised that **ownership of policy reform, based on a broad national consensus**, is key to successful implementation of reforms, leading to better governance. Participation by Civil Society has been identified as a key issue in many development frameworks, including PRSPs and Cotonou agreement.

And indeed, respondents to the CIDSE survey indicated that Civil Society did play an important role in improving governance in their country. The majority of partners indicated that Civil Society organisations have helped fostering governance mostly by improving access to public information (denouncing relevant cases of corruption) and by pushing donors to add some essential issues to their agendas (fight against inequalities, accountability to voters and transparency). Partners have cited major examples of concrete actions of Civil Society in those fields:

- The EDSA People Power Revolution in the Philippines in 1986.
- The CENIs internal debt scandal in Nicaragua (CSOs played a key role in denouncing the so-called “biggest fraud in the Nicaragua’s history”, which has its roots in US\$500 million of Nicaragua’s internal debt, taken on by the State after the collapse of four national banks between 1996 and 2001).

- The spirit of campaigning for opening democratic space, which led to the 2002 elections in Kenya.
- The action of Malawian CSOs, which led to a new constitution at the end of the dictatorship in 1994.
- The CSOs initiatives in Nigeria about debt cancellation, the engagement in the extractive industries transparency initiative, and the reform of criminal law institutions.
- The recently completed struggle for democracy and human rights in Nepal, which was basically led by CSOs on the ground.

However, partners underlined that the impact of Civil Society actions can be limited if not supported by donors.

By reaching agreements on policy issues bilaterally with partner governments, without input from or consensus with parliament, Civil Society and other stakeholders, donors risk displacing the agents who will ensure real, long-term better governance accountability.

Donors need to step back and **allow space for participation**, at the pace and on the policy issues prioritised by national stakeholders. In cases of negotiating policy and aid agreements, several of CIDSE’s partners propose partnership-based roundtable solutions to reach such agreements. Processes such as the Joint Assistance Strategy in Tanzania were mentioned.

National governments need to commit to and reinforce spaces for participation at sub-national and national levels so that Civil Society and local authorities can play their roles in determining policy and its implementation. Donors can help **to open spaces for participation by Civil Society** and other stakeholders, without imposing such processes as conditionality. The critical point is that their advocacy should be transparent, above board and not be intrusive into national processes.

Respondents to the CIDSE survey emphasised the need for donors to support people's movements and organisations, including women's organisations, without directing their agendas. They suggest practical, financial support, through arms-length mechanisms e.g. for capacity building and awareness programmes so that there is no risk of donors imposing their objectives on CSOs.

In sum therefore, the EC should **support the development of Civil Society capacity to effectively participate in influencing policy**. Its support (e.g. financing) should be **non-directive**. It should use its influence with partner governments to encourage partnership-based, multi-stakeholder spaces for policy dialogue and determination.

- *Dialogue (in contrast to conditionalities)*

Partners surveyed by CIDSE emphasised that while some conditions (the most cited were fiduciary conditions, justice reform and all measures enhancing the general transparency and accountability of the national decision-makers to their people) can be acceptable, conditionality that intrudes into domestic policy processes is not. Donors' actions, including conditionality, which enter into an arena of national policy-making, displace **the legitimate forces for accountability – the parliament, citizenry and oversight institutions**. Many respondents to the survey established a clear distinction between "reasonable" (that is to say contractual) conditions and "inappropriate" (because intrusive) conditions.

This is why the European Commission governance profiles and related approaches as defined in its 10th EDF programming exercise should be reopened for discussion; and properly discussed within a national policy process. If the EC Issues Paper promotes "dialogue versus conditionality and sanctions", then, the Commission should rethink its criteria allocation in the EDF programme.

CIDSE's partners, who recalled that aid conditions must be analysed in terms of their impact on the poorest, emphasise that **'conditionality from below' is the only acceptable way of reaching agreement in an aid relationship**. In essence, this means that donors agree standards or benchmarks with governments, **on the basis of national development plans that have been developed through appropriate participatory processes**. While direct policy dialogue by donors with partner countries and support for policy development are seen as legitimate, Civil Society emphasises that the primary arbiters of determining policy priorities must be national stakeholders. Donors may sometimes have a voice in the debate, but in no case may they be seen to be setting the agenda on policy, as noted above. Any conditions on aid should be well documented and transparent to the general public set out in aid agreements.

Thus the EC strategy on governance should fully incorporate the Paris Declaration commitment to draw conditionality only from nationally-defined development strategies (e.g. PRSPs or equivalent).

Only mutual agreements, which are laid down in a transparent and contractual manner and set in advance, can be acceptable.

B - Governance priorities

a - Definition of governance priorities by partners

- *Accountability of the State to their citizens*

The vast majority of respondents to the CIDSE survey said that **donors should prioritize "the accountability of the State to their citizens" as one of their first reform agenda item**. And all other reforms promoted by donors should rely on the idea that national governments have primarily responsibility towards their people. In that sense, "reforms of

national institutions” and “anti-corruption measures” have been mostly cited as possible ways of improving such accountability. Partners proposed that donors have a role in supporting transparency and accountability initiatives with the partner government, but only if such initiatives must make the government accountable primarily to the ordinary citizens, as opposed to donors themselves.

Governments should be encouraged and supported to produce timely information, which allows ordinary citizens to understand the resource flows, and policy commitments of government.

Transparency should make it easy for citizens, including as a priority the poor and marginalised, to hold government to account for delivery of services and fulfilment of basic human rights and democratic rules. Partners underlined that some improvements in the “access to information”, which often go with the respect of media freedom, were strongly needed in order to foster transparency. The EC should support such processes through practical assistance to the partner government, without intruding in the detail of policy.

- *Political and social rights / Political and democratic governance / Rule of law*

Along with accountability, respect for Human Rights was mentioned as one of the most important factors of governance by a large number of respondents to the CIDSE survey. Many respondents felt that **an agreement between development partners should include core human rights standards as a bottom-line**. That is, it would be recognised that if a partner transgressed in one of the agreed areas of human rights, that the other partner would have the right to take certain steps (e.g. withhold aid from government, etc.). Indeed, any mutual contract linking donor and recipient countries should be based on **the respect of international**

public law, especially international treaties on Human Rights. International public norms and treaties give a universally agreed basis for this assessment.

The area of Human Rights was seen as a field where donors can have an influence. Respondents to the survey required from donors that they should ask recipient countries to “build Human Rights into their national governments strategies”⁵. By contrast, respondents to the survey said that donors, including the EC and EU member states, were often more concerned with macro-economic stability and public financial management than with human rights or participatory governance. Some partners specifically stressed the need to give more emphasis to social and economic rights aspects rather than economic concerns.

Moreover, respondents often felt that it was useful to recall that donors themselves should commit to the respect of Human Rights.

We can recall here that Articles 9 and 10 of the Cotonou Agreement state that development centred on the human person entails “respect for and promotion of all human rights”, and that “democracy based on the rule of law and transparent and accountable governance are an integral part of sustainable development”. Thus, a working concept of governance must be based on recognition of the promotion of economic, social and cultural rights and civil and political rights, in full respect of international laws and norms.

According to CIDSE’s survey, effective governance that addresses the needs of local populations is based on the active engagement of citizen’s organisations on a regular, open and systematic basis with elected representatives in their countries. Respondents to the survey all emphasised the importance of key democratic principles such as free elections, multi party system, and equitable access to decision making. And indeed, some

⁵ Answer by a Kenyan partner.

progress has been made recently in those areas. But there is still a strong **need, from the perspective of southern partners, to be supported by donors in advocating on these issues in their countries.** This does not mean heavy-handed intrusion and conditionality, but it does mean that donors should make clear how they will respond to a failure to meet agreed human rights standards. The EC Issues Paper on governance, which emphasizes the need for a “dialogue on human rights, democratic principles and the rule of law”, does not, unfortunately, give any detail about how such a process could be led.

- ***Financial Management and the fight against corruption***

Most Southern civil society actors agree that mutually agreed standards on financial management of loans or grants are desirable. Indeed there are some fiduciary conditionalities which are generally accepted. These include: transparent and accountable public expenditure management systems, including independent audits of budgets and public expenditure; transparent and accountable budgeting; and monitoring of government revenue and tracking of government expenditure. Respondents to the CIDSE survey agree with the need for accountable management of aid. Their emphasis however, is on the need to ensure that donors support domestic mechanisms for fiduciary management and oversight, and that accountability is oriented primarily towards citizens, rather than donors. They argue that there is a critical imbalance between the power of donors and national stakeholders in oversight over public financial management. Briefly, CIDSE believes that the EC should only include **conditions on public financial management which derive directly from existing national policy and which are clearly oriented towards making government expenditure transparent and accountable to the public.**

The EC is strongly pushing financial management measures together with anti-corruption measures. If there is no denying that corruption is “the enemy of development⁶” (overwhelmingly, respondents to the CIDSE survey recognized corruption as a major hindrance to development in their countries), partners stressed that it was not, in most cases, the primary hindrance, but one of a number of key issues their countries must tackle.

Some respondents pointed to **donor obsession over corruption**, and felt that donors failed to understand the nature and extent of corruption in their countries. Moreover, respondents stressed that donors themselves should firstly commit to fight corruption within their own structures. Many respondents identified the European Commission as the major donor primarily focusing on public management and anti-corruption measures in their countries. But respondents pointed to the **failure of externally-driven anticorruption strategies**, often based around the setting up of new, independent, institutions, instead of supporting the revival and renewal of national institutions which have worked before. They recognized that, while the poor suffer disproportionately from corruption, political corruption is the most significant barrier to stimulating the cultural change needed to deliver systemic change.

The EC must therefore better coordinate with other donors **to provide Civil Society with opportunities to build its own capacity to engage in anticorruption work.** The Commission must also support the development of local coalitions for change on corruption; by providing civil society with the space to articulate opinion and resources to take action in this field; and by protecting civil society organisations from corrupted powers.

Anticorruption action must take place within a nationally identified and owned comprehensive development strategy,

⁶ Answer by a South African partner.

rather than in isolated anticorruption action plans.

- **Gender**

Women are key actors in development and they represent the great majority of the poor; nevertheless their needs and rights as well as their contributions are often neglected and they are dramatically underrepresented in the political field. Many respondents to the CIDSE survey indicated that **the empowering of women was essential to the development of their countries**; women organisations were named as key actors in improving governance conditions through civil society engagement. An example could be the action of women's rights activists in Kenya, which led to the creation of a "sexual offences bill". Women's organisations should be better taken into account in the political dialogue. Some respondents indicated that gender equality was one of the main issues where donors should help and promote the action of Civil Society.

Thus, the EU must ensure that women's rights are at the core of the human rights agenda and **that its aid efforts contribute effectively to the empowerment of women and the full participation of women in the decision-making processes**, in line with the recently adopted European Consensus on Development. Those efforts could begin by the commitment of the EU itself to commit to the respect of gender equality.

- **Fragile States**

As noted above, the majority of respondents in the CIDSE survey stress that development partners should agree a bottom line of governance standards with the host government, if they are to receive direct aid. In those countries where the level of aid dependency is high, there could be a stronger role from donors to uphold clear principles, based on international human rights standards.

However an important aspect of governance is to make sure that national

governments are accountable to their own citizens before being accountable to the donor community. Therefore, donors should ensure that in their engagement with government and other stakeholders, they **consistently seek to build capacity for local stakeholders to hold their government to account. Responses to governance problems in fragile states, including human rights issues, should be tailored to the specific situation of the country**, and take into account deficits in capacity, in accordance with the OECD principles of engagement in fragile states.

Some CIDSE partners recommend that decisions by donors should be made after reaching agreement with civil society actors on the best course of action, particularly where a failure of political will is damaging efforts to achieve development or human rights outcomes. They emphasise the need for support and capacity building as well as long term commitments by donors rather than sanctions that might hit the poor. Resources should be transferred to non-state actors rather than cut altogether, if agreed standards on human rights are broken by the partner government.

Safety and security issues, which are ranked of high importance by Fragile States countries, should be primarily taken into account in the EC policy towards these specific countries (for instance by putting peace-building and nation-building issues at the top of its priorities).

The EU should become more sensitive to the impact that its own political actions, economic activities and development programmes may have on Fragile States.

b - Gap between EU rhetoric and reality

The gap between rhetoric of **partnership and ownership** on the one hand and **unequal power relations, donor pressure and use of conditionality** on the other hand is heavily criticized in the CIDSE survey. A civil society representative

describes this inconsistency: “The “good performers” expression reveals donors-creditors power relations with no reference to the partnership that often applies to such situations”.

Transparency, accountability and civil society participation are other principles upheld in official EU documents and in its definition of good governance. The vast bulk of respondents in the CIDSE survey of 56 of its Southern partners gives top priority to accountability of the state to citizens and participatory policy-making and sees transparency, well documented aid agreements and reliable fulfilment of donor’s commitments as key. Yet, at present donors are perceived as setting conditions in a non transparent way without the involvement or often even the knowledge of civil society, thereby undermining instead of strengthening national or local accountability.

In the assessment of **governance performance** in the course of programming for the **10th EDF, issues of strong self-interest for the EU and its member States have been included**. This indicates that the EU wants to use the topic of “Good governance” to push its own agenda. In setting the rules, making judgements and allocating the funds the EC has strong leverage. In contradiction to rhetoric on ownership and partnership this creates a situation of very **unequal power relations** through which the EU could abuse the “Good governance” agenda to coerce countries in the South to fulfil its interests. This can in fact act as a new form of conditionality.

The most prominent examples of EU interest in the EC assessment and planning tools⁷ are:

- private sector/ market friendly policies (Economic governance)
- fight against terrorism (Security)
- free trade (Regional integration)
- migration

Economic governance (Governance performance assessment grid section V.⁸) is very narrow and relates exclusively to the **private sector and market friendly environment** (“Is the business sector attractive for private sector investment?”) and the management of natural resources. However, according to the CIDSE survey, and even if the private sector can be considered by Civil Society as one of the relevant actors for development, it seems that reforms for private sector investment – especially in line with World Bank and IMF policies - are often viewed critically. They are not so much seen as priorities of their governments, but almost systematically identified among donor priorities. External imposition of economic policies gets the most critical response in the survey.

The part on **security** (Governance performance assessment grid section VI⁹) puts a **strong emphasis on external security** (including the **fight against terrorism and the non proliferation of weapons of mass destruction**) and looks at internal security through the lens of conflict or risk of conflict only. Security is seen as an important governance issue by some respondents to the CIDSE questionnaire, especially in Fragile States or states involved in conflicts. Civil society representatives urge the EU to look at their own involvement and the role of transnational corporations in this field e.g. in militarization in context with economic and geopolitical interests and fight for resources as well as in production and trade of arms.

Regional integration¹⁰ is an important aspect but very much oriented towards the **responsibilities of the state as part of a regional integration process and free trade area**. Participation in regional initiatives on governance such as the AU Peer Review Mechanism also enter into account. Many southern partners agree in principle that regional mechanisms like the African Union Peer review are of increasing importance and can lead to an empowerment of countries in the region.

⁷ See Governance profile for programming under the 10th EDF Annex 3A.

⁸ Governance profile for programming under the 10th EDF: Annex 3A - Governance profile p.9, V. ECONOMIC GOVERNANCE.

⁹ Governance profile for programming under the 10th EDF: Annex 3A - Governance profile p.10-11, VI INTERNAL AND EXTERNAL SECURITY.

¹⁰ Annex 3A - Governance profile p.13; VIII INTERNATIONAL AND REGIONAL CONTEXT.

Yet for example the African Union still has a long way to go - as presently it is perceived as an abstract and distant organisation where the people of its member states know little about their activities.

Economic regional integration which might provide economic opportunities for the countries concerned is undermined by incoherent actions of EU and its member states e.g. through bilateral Economic Partnership agreements with single states.

The most blatant imposition of EU interests can be seen in the **migration** section¹¹ which looks at the willingness of the state to enter in dialogue with the EC and to take action with regard to issues related to migration including remittances, reintegration, illegal migration, trafficking and refugees protection programme. Migration will also be subject to a **separate migration profile** to be annexed to the Country Strategy Paper (CSP). Knowing that some European countries wanted to make collaboration in migration policies a condition for funding this makes for a very worrying proposal. Representatives of Civil Society ask "to conduct a debate on migration that is based on the perspectives of an African – European partnership to avoid migration becoming a new conditionality rather than a development issue to be addressed with a focus on the root causes – in other words, not only Africa but also the European Union must question its migration policy and make it transparent for public debate¹²."

This practice of double speak and hidden agendas by the EU institutions and member states counteracts a number of their legal and political commitments such as the key principles of country ownership, partnership and participation, all of which are enshrined in the Cotonou Agreement and key pillars of the joint EU Development policy statement (DPS). Furthermore, EU Member States and their

Southern partners are parties to numerous international conventions, including the 2000 Millennium Declaration and the 2005 World Summit Outcome. It is vital that these obligations are respected throughout the programming process.

On the basis of these commitments and on the needs that they are identifying on the ground, civil society actors have insisted on putting sustainable human and social development at the forefront. Moreover, they have also insisted on the involvement of local actors in the assessment and planning process as well as on reinforcing partner countries' own national planning capacities and on an end to the practice of placing additional conditionalities on developing countries.

c - Northern responsibilities

- ***The EC must take responsibility for its role in governance problems and corruption***

In the CIDSE survey, the vast majority of respondents emphasised that **norms and standards should apply to donors themselves**, e.g. that they should be held accountable for their commitments and the impacts of their policies. This was seen as a necessary condition for an equal and fruitful dialogue between donors and recipient countries.

The EU and its member states must also take on their responsibility for their own involvement by providing a conducive environment for corruption and lack of accountability e.g. through tax and judicial heavens, banking secrecy and lack of judicial cooperation. The EC should also seriously tackle the question of coherence by setting up mechanisms to ensure their own policies especially in the field of foreign affairs, security and investment support and do not undermine good governance in third countries.

¹¹ Annex 3A - Governance profile p14; C. Migration.

¹² Sound of Africa – Vienna declaration; NGO response to the EU-Africa strategy; CONCORD June 2006.

The EC must ensure that its **own standards, regarding its aid policies, are of the highest calibre**. It should lead on these issues, by ensuring that its operations are free from corruption, that its financial and non-financial support to countries is fully transparent and by ensuring that it does not foster models of development that provide a nursery for corruption. It must also make good use of its role in setting European standards and best practice norms in this regard.

Moreover, the EC has a role to play in advocating towards **its member States**, so that they also respect the highest standards in their aid policies. The EC should for instance urge member States to ratify international governance-related conventions, esp. the United Nations Convention Against Corruption and the anticorruption Conventions of the Council of Europe.

This is a question of credibility of the EC when talking about governance.

- ***Mutual accountability, transparency and predictability***

Respondents to the CIDSE survey strongly stress the need for donors to be transparent about their own resource commitments; policy agendas, analytic work and conditionality, not only once decisions are taken but also while policies are being considered. All respondents to the CIDSE survey stated that there should be “binding standards” for donors regarding their aid commitments. Such standards should concern the observance of the rules and agreed principles, the publicizing of their practices and intentions, the predictability of their funding, and the obligation to go through national systems and involve Civil Society.

In that sense there should be greater transparency about the decisions taken, the objectives set, the priorities adopted and the funds allocated within the European budget. The officials and the

citizens of recipient countries should be actively involved and at least **be informed** about the decisions made by donors that primarily concern them. The EC should encourage space for national Parliaments and national civil society organisations to monitor the discussions about the governance indicators.

Finally, European donors should be made accountable on their choice of indicators, but also on the amount of aid they effectively and efficiently delivered.

- ***Harmonisation, coordination and coherence of donors’ policies***

As far as harmonisation is concerned, CIDSE welcomes the efforts made by the European Commission to better coordinate aid from European member States. Indeed, respondents to the CIDSE survey underlined harmonisation and coordination between donors as tremendously important. It seems that there is now a consensus within the European Commission at all levels, on the need of a better harmonisation of aid¹³. However, there is strong opposition in alignment of donor policies – especially in the field of economic cooperation – behind the policies of World Bank and IMF. Thus, donors’ policies must go beyond coordination and harmonisation, **and seek for a real coherence and consistency**. Better transparency from part of donors could help to avoid duplications in their aid policies.

Coordination of European aid programmes should now be done around priorities defined by the recipient government itself, after an appropriate national consultation process. Better coordination can only be effective if the global standards that will apply to several donors are defined jointly with recipient countries.

- ***Assessment***

Southern civil society representatives who responded to the CIDSE’ survey on governance vehemently reject the concept of external assessment made by

¹³ See the EC position at the March 2005 Paris Conference on aid effectiveness and within the OECD DAC’s discussions, as well as recent speeches by EC Commissioner Louis Michel on this topic.

donors on governance. Their reasoning is that donors' assessments are too narrow and oriented on particular subjects (such as financial management in the case of EC). Indeed, **the EC should also include local and regional analysis of governance.** Even if there is not a single local analysis of governance, it is imperative that the EC bases its country strategies on local views of this highly complex and nuanced issue. CIDSE partners emphasise the role of independent local analysts in carrying out assessments of the concerns of citizens in relation to governance. Some respondents stated that local authorities should be one of the main actors involved in setting conditions on aid in their countries. Their mandate should be developed in that sense; and donors should help strengthening local governments systems. Local public consultations have been cited by partners as a possible instrument of assessing if donors policies are going, or not, in the right direction. They also emphasise the role of parliament as assessor of governance standards.

Thus governance reforms supported by the EC need to be themselves assessed with strict criteria to determine whether they can be guaranteed to have derived from national policy processes which are legitimate and participatory.

Recommendations

The European Commission should base its policies on Governance on the following key principles:

- That it supports governance reforms **based on national consensus** on development objectives, and local analysis of priorities and responses.
- That the participation of poor people, which is essential to democratic governance, needs **long-term processes** at all levels starting from the grassroots.
- That there is a need for ensuring spaces for **participation by Civil Society** and other stakeholders both within the negotiation and implementation phases of the policy and aid agreements set between the EU and partner countries; without imposing such processes as conditionality. The EU should support (e.g. by financial means) the development of local CSOs capacity, without directing their agendas.
- That "**conditionality from below**", which means that donors agree standards or benchmarks with the partner country on the basis of national policy developed through appropriate participatory processes, is the only acceptable way of reaching agreement in aid relationship.
- That conditions should only be set in some very **limited areas** (such as fiduciary accountability) defined in dialogue with national stakeholders in a broad transparent and contractual process.

The EC should base its actions on priorities of Good governance set by Civil Society in the South:

- Enhancing the "**Accountability of the State to its citizens**" as top governance priority.
- Taking into account, in agreements between development partners, the respect for **Core Human Rights**

standards, based on recognition of the promotion of economic, social and cultural rights and of civil and political rights, within the full respect of international laws and norms. And supporting Civil Society actors in advocating towards these issues in their countries. Moreover, donors themselves should commit to the respect of Human Rights.

- Setting **mutually agreed standards on financial management** of loans or grants which should only derive directly from existing national policy and are clearly oriented towards making government expenditure transparent and accountable to the public.
- Supporting **anticorruption** actions that take place within a nationally identified and owned **comprehensive development strategy**, rather than in isolated anticorruption action plans. Respecting its own anticorruption commitments; and providing opportunities for civil society to build its capacity to engage in anticorruption work.
- Ensuring that **women's rights** are at the core of the human rights agenda and that its aid efforts contribute effectively to the empowerment of women and their full participation in the decision-making processes. The EC should itself commit to the respect for gender equality.
- Consistently seeking to **build capacity for local stakeholders** to hold their government to account; Responses to governance problems in Fragile States, including human rights issues, should be tailored to the specific situation of the country.

The EC must take responsibility for its own role in governance problems and ensure:

- That its **own standards**, regarding its aid policies (e.g. on ownership and participation, the predictability and transparency of its aid commitments

and the respect for human rights standards in its own activities) are **of the highest calibre**.

- That it **advocates towards its member States**, so that they also respect the highest standards in their aid policies. The EC should urge member States to ratify international governance-related conventions, esp. the United Nations Convention Against Corruption and the anticorruption Conventions of the Council of Europe.
- That it is **transparent** about its own resource commitments; policy agendas, analytic work and conditionality use.
- That it seeks **better harmonization and coordination** of aid, based upon priorities defined by the recipient government itself, in consultation with Civil Society.
- That it also includes **local and regional analysis** of governance.

Annex 1. List of partner organisations that have replied to the CIDSE survey¹⁴

<i>Country</i>	<i>Organization interviewed</i>
AFRICA	
Angola	Slaves
Burundi	Christian Aid
Cameroon	Commission Justice & Peace
	Caritas Cameroon
Côte d'Ivoire	Forum National Dette et Pauvreté
DRC	PRSP working group in DSRP "Peace consolidation and good governance" cluster
Ethiopia	Bishop of Adigrat Eparchy
	PANE (Poverty Action network)
Kenya	AFRICOG (African Centre for Open Governance)
	Catholic Economic Justice Network / AMECEA
	Institute of Economic Affairs
	KARA (Kenya Alliance of Residents Association)
	Kendren (Kenyan Debt Relief Network)
	Transparency International
Liberia	CEDE (Center for Democratic Empowerment)
Malawi	MEJN (Malawi Economic Justice Network)
Mozambique	Instituto Comboniano
	Salesian Delegation of Mozambique
Nigeria	African Network for Environment and Economic Justice
	Benson Idahosa University
	CJDP (Criminal Justice Development Project)
Rwanda	ADTS (Association pour le Développement et la transformation sociale)
	Dynamique des Sociétés Civiles du Burundi, de la Rép. Dém. du Congo et du Rwanda
	YES Country network Rwanda
Senegal	CPAS (Centre de Promotion Agricole du Sénégal)
	RADI (Réseau Africain pour le Développement Intégré)
South Africa	Transparency International
Tanzania	Hakikazi Catalyst
	TANGO (Tanzania Association of NGOs)
	TEDG (Tanzania Ecumenical Dialogue Group)
Uganda	Kituo Cha Katiba
	Makerere University
	UDN (Uganda Debt Network)
Zambia	CSPR (Civil Society for Poverty Reduction)
	JCTR (Jesuit Centre for Theological Reflection)
African networks	AFRODAD

<i>Country</i>	<i>Organization interviewed</i>
ASIA	
East Timor	La'ó Hamutuk
	Luta Hamutuk
India	Institute for Social Sciences
Nepal	RRN (Rural Reconstruction Nepal)
Philippines	Asian Social Institute
	IPDI (Integrated Pastoral Development Initiative)
	Jubilee South / Freedom from Debt Coalition
LATIN AMERICA	
Bolivia	FOCAPACI & Red de Participacion Ciudadana y Control Social
	Fundacion Jubileo
Honduras	CCERP (Consejo Consultivo de la Estrategia para la Reducción de la Pobreza)
	CIPRODEH (Centro de Investigación y Promoción de los Derechos Humanos)
	FOSDEH (Foro Social de Deuda Externa y Desarrollo de Honduras)
Nicaragua	Envio
	Instituto de Estudios Nicaragüenses (IEN)
Peru	CEAS (Comisión Episcopal de Acción Social)

¹⁴ This document reflects the views of the majority of respondents to the survey and does not provide the answers of every organisation on each matter evoked.

Annex 2.

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