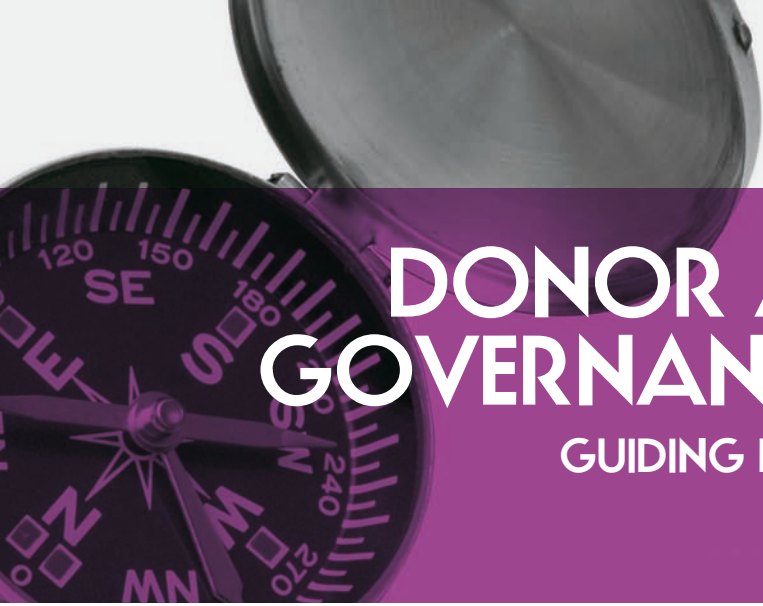




DONOR APPROACHES TO GOVERNANCE ASSESSMENTS

GUIDING PRINCIPLES FOR ENHANCED IMPACT, USAGE AND HARMONISATION

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BACKGROUND AND PURPOSE

Over the last decade, the importance of understanding how governance impacts on development has gained prominence and, as a consequence, the scope and volume of assessment tools have flourished. The OECD DAC Network on Governance (GOVNET) has embarked on an analysis of these tools and their use in an effort to share experience, reduce the risk of duplicating assessments, and promote more coherent collective action in line with the principles of the 2005 Paris Declaration on Aid Effectiveness.

An initial survey pointed to the risk of frequent duplication and overlap between donors' governance assessment tools, as well as the need to improve practice with regard to greater reliance on partner country assessment processes. The survey also shed light on why, and how, donors make their own assessments and on the possibility of harmonising donor approaches to assessing governance.

Subsequently, a major GOVNET-sponsored international conference was held (London, February 2008) to initiate dialogue between donors, partners and practitioners involved in governance assessments. Findings from the survey and the conference are set out in Box 1 below. These findings informed the development of 5 guiding principles, which have been endorsed by the OECD DAC and have received strong support from African governance practitioners.¹ In addition, a sourcebook of donors' governance assessment methodologies accompanies the principles (see www.oecd.org/dac/governance/govassessment for more information).

Box 1. Ten findings from work on governance assessments

1. There are strong incentives for individual donors to conduct their own assessments.
2. Examples of co-ordinated assessments are rare. The Rwanda Joint Governance Assessment is the only example to date of a fully co-ordinated national level assessment.
3. There are multiple definitions of governance and a multiplicity of assessment tools; the survey revealed the existence of 45 general methodologies, many of which overlap.
4. There is limited but growing donor interest in helping partner countries to diagnose their own governance challenges.
5. There is little donor interest in a single, unifying assessment tool, but scope to match the right tools for different purposes.
6. There are numerous opportunities for joint donor work and further harmonisation in the field of assessment.
7. Transparency is a central concern and the disclosure of results must be carefully addressed in advance.
8. Joint assessments have the potential to improve the coherence of donor responses to corruption and weak governance.
9. The 2008 Accra Agenda for Action (AAA) may well place a new premium on high quality governance assessments to inform further action on aid predictability, the use of country systems and capacity development.
10. The "nation state" has been the predominant unit of analysis by donors to date, and much less attention is paid to international factors impacting on the quality of governance at the country level.

The principles which follow have been developed to respond to many of the issues and concerns raised above in order to improve donor impact, usage and harmonisation of governance assessment. The principles only cover approaches developed and applied by donor agencies, but they make reference to locally driven governance assessments and assessments based on peer review mechanisms. They are intended to provide practical advice to governance specialists in donor agencies working on assessments and to donor agency staff working in other sectors who encounter the realities of governance in their every day work. A diverse range of partner country stakeholders involved in assessing governance may also find these principles of value.

¹ Governance Assessment in Africa, Tunis, 25-26 September 2008, Conference organised by the African Development Bank.

1. Building on and strengthening nationally driven governance assessments

Drawing on, and aligning with, nationally driven or peer-based assessments. Donor governance assessments are legitimate and important for many reasons, but they cannot be used to drive domestic dialogue about governance at general, thematic and sectoral levels in the same way as nationally driven and peer-based assessments. Therefore, it is important to draw on, and align with, domestic or peer-based assessment processes.

Engaging in strengthening domestic capacity to assess and debate governance issues. A healthy governance debate needs to be fed by different but credible and evidence-based assessments, as well as analysis owned and produced by country stakeholders. Aid agencies can harmonise their support to different actors (such as statistical offices, universities, think-tanks, social and political movements) to ensure coverage, diversity and pluralism.

Involving partner country stakeholders in tool development. Assessment tools which are intended to benchmark specific government processes (public financial management, fiscal decentralisation, auditor-general functions, judicial case processing) will benefit in terms of pertinence and legitimacy when stakeholders in developing countries participate in their development.

2. Identifying a clear key purpose to drive the choice of assessment tools and processes

Separating governance assessments intended for an agency's internal purposes from those for impact on partner country processes. Agencies assess governance for legitimate internal purposes including aid allocation; due diligence and risk management; preparing for dialogue; designing operations to take account of country context; and to avoid over-ambitious programmes and projects. The tools and processes suitable for such internal approaches are not likely to be appropriate for purposes where country leadership and ownership are essential.

Limiting the number of purposes of a single governance assessment, and rely on various types of governance assessments. The same assessment tool and process are not likely to be useful for *e.g.* overall aid allocation decisions and agency risk management, as well as decisions about whether and how to support governance projects or reforms in specific sectors. Having clear, limited and operational purposes will facilitate the choice of a relevant assessment tool and process and enhance their impact and use. Indicator-based benchmarking and analytical, political economy-informed approaches can be usefully combined to ensure that assessments are sensitive to the context-specific constraints and opportunities.

3. Assessing and addressing governance from different entry points and perspectives

Embracing diversity and further development of governance concepts. Governance is a broadly used concept. It can be used normatively or analytically. Relative emphasis may vary between, *e.g.* public administration, the political system, social or economic governance. The focus may be on governance processes, formal rules or governance outcomes; governance may be examined on a general country level or in sectoral or thematic programmes. While this diversity is positive, there is still work ahead in terms of refining the understanding of governance processes and their links to development, as well as improving indicators and other assessment approaches.

Making assumptions, use of concepts and methodologies explicit and publicly available. This will clarify discourse and encourage informed dialogue with partners, other agencies and academia about the pros and cons of different approaches to governance assessment. This will enable end users to ascertain what assessments are actually saying - and what they are not.

Promoting joint governance assessments integrated in diagnostics for sectoral and thematic programmes. Every sector and thematic programme features a governance set-up which, to a greater or lesser extent, may be conducive to development. When they are targeted, jointly agreed and conducted, specific assessments are more likely to have an impact on shaping agendas for actions in sectoral and thematic programmes.

4. Harmonising assessments at country level when the aim is to stimulate dialogue and governance reform

Harmonising when there is a clear added value. This is particularly important when the primary purpose of donor assessments is to engage domestic stakeholders, stimulate dialogue and promote governance reform. In such cases, multiple and unco-ordinated donor assessments may do more harm than good. However, if assessments are mainly intended to serve internal purposes, then the costs of harmonisation may be greater than the benefits.

Drawing on ongoing processes and limiting transaction costs for partners. In some countries there may be robust domestic assessment processes under way, numerous recent governance assessments to draw on, or the potential for joint assessments to be carried out with other aid agencies. If yet another assessment mandated by an individual agency is unlikely to offer much added value, transaction costs can be kept low, particularly for partners, if the agency uses the available data and fits them to the agency's specific formats.

5. Making results public unless there are compelling reasons not to do so

Making assessment results public whenever possible. While transparency is to be preferred, it is important to recognise that sometimes results may be sensitive and could create conflict rather than constructive engagement.

Clarifying and agreeing on what transparency means beforehand. Disclosure of results is not a matter of either/or: parts of an assessment may be kept confidential, while other parts may be suitable for broader dissemination. It is important to agree in detail on the principles for dissemination before the assessment is made in order to avoid tensions subsequently.