

# Trends in the Practice of Development Cooperation

*Strengthening Governance and the Rule of Law*



AUGUST 2013

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**James Michel**

*A Report of the CSIS Project on Prosperity and Development*



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# Trends in the Practice of Development Cooperation

Strengthening Governance and the Rule of Law

*James Michel*

## Introduction

Good governance and the rule of law have long been associated with stable, just, and prosperous societies where people enjoy freedom, security, and rising standards of living. Adam Smith suggested in the eighteenth century that “little else is requisite to carry a state to the highest degree of opulence . . . but peace, easy taxes and a tolerable administration of justice.”<sup>1</sup> Over the centuries, peace and security, sound economic policy and fiscal management, the fair and timely administration of justice, and the delivery of essential services—core elements of good governance—have continued to enjoy broad recognition as important factors for sustainable human progress.

In recent decades, development economists have persuasively argued that “governance matters”<sup>2</sup> and that “institutions rule.”<sup>3</sup> Heads of state and government at the 2005 World Summit were expressing the consensus view when they declared “that good governance and the rule of law . . . are essential for sustained economic growth, sustainable development and the eradication of poverty and hunger.”<sup>4</sup> Current research reaffirms the validity of Adam Smith’s suggested key factors of peace, taxes, and justice (along with economic management and the delivery of essential services) and confirms the causal relationship

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1. Dugald Stewart, “Account of the Life and Writings of Adam Smith LLD,” *Transactions of the Royal Society of Edinburgh*, 1793, section IV, pp. 38–39, <http://www.adamsmith.org/sites/default/files/resources/dugald-stewart-bio.pdf>.

2. Daniel Kaufmann, Aart Kraay, and Pablo Zoido-Lobaton, *Governance Matters*, Policy Research Working Paper No. 2196 (Washington, DC: World Bank, October 1999), <http://info.worldbank.org/governance/wgi/pdf/govmatters1.pdf>.

3. Dani Rodrik, Arvind Subramanian, and Francesco Trebbi, *Institutions Rule: The Primacy of Institutions over Geography and Integration in Economic Development*, CID Working Paper No. 97 (Cambridge, MA: Center for International Development, October 2002), [http://www.hks.harvard.edu/var/ezp\\_site/storage/fckeditor/file/pdfs/centers-programs/centers/cid/publications/faculty/wp/097.pdf](http://www.hks.harvard.edu/var/ezp_site/storage/fckeditor/file/pdfs/centers-programs/centers/cid/publications/faculty/wp/097.pdf).

4. United Nations, “Resolution Adopted by the General Assembly: Res. 60/1: 2005 World Summit Outcome,” October 24, 2005, p. 2, <http://unpan1.un.org/intradoc/groups/public/documents/un/unpan021752.pdf>.

between effective institutions of governance and success in combating poverty and achieving prosperity.<sup>5</sup>

## The Historical Context

Recognizing that good governance is important for development is one thing; carrying out effective international programs to support improved governance is something very different. During much of the post–World War II era, programs to motivate, encourage, and support human and institutional capacity for good governance and the rule of law remained largely at the margins. Some early efforts, such as the law and development initiative in the 1960s, were seen as overly ethnocentric and insensitive to local traditions and institutions.<sup>6</sup> By the 1980s, however, there was growing awareness that recommendations from outsiders for policy reform and clumsy instruments like donor-imposed conditions were failing to achieve results.<sup>7</sup>

There emerged an increased recognition of the need to shift from simply advocating policy reforms (as in the “Washington consensus”) or demanding them (as in structural adjustment programs) to far more challenging work—helping developing countries build the interest, the internal incentives, the popular support, and the human and institutional capacity they needed to formulate, implement, and sustain their own pro-development governance policies and practices.

The renewed interest in programmatic support for good governance and the rule of law in the 1980s was motivated by a desire to help sustain the widespread transition to elected civilian government under way throughout Latin America<sup>8</sup> and to increase the pace of development progress in postcolonial Africa.<sup>9</sup> (The United States was in the forefront of initial efforts in Latin America, while the World Bank was the leader in addressing governance as a development issue in Africa.) The initial focus on these two regions soon led to consideration of governance issues in development cooperation programs around the world. The momentum accelerated in the 1990s after the collapse of the Soviet Union and

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5. Timothy Besley and Torsten Persson, *Pillars of Prosperity: The Political Economics of Development Clusters* (Princeton, NJ: Princeton University Press, 2011); Daron Acemoglu and James A. Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (New York: Crown Business, 2012); Michael J. Trebilcock and Mariana Mota Prado, *What Makes Poor Countries Poor: Institutional Determinants of Development* (Northampton, MA: Edward Elgar, 2011); and James Putzel et al., *Do No Harm: International Support for Statebuilding* (Paris: OECD, 2010), <http://www.oecd.org/dataoecd/8/32/44409926.pdf>.

6. James Gardner, *Legal Imperialism: American Lawyers and Foreign Aid in Latin America* (Madison: University of Wisconsin Press, 1980); David Trubek and Marc Gallanter, “Scholars in Self-Estrangement: Reflections on the Crisis in Law and Development Studies in the United States,” *Wisconsin Law Review* (1974): 1062–1102.

7. Tony Killick, *Aid and the Political Economy of Policy Change* (New York: Routledge, 1998).

8. OECD, “Aid Policies in Latin America in the 1990s: Conclusions of a DAC Discussion,” (Paris: OECD Document DCD/DAC (91)7, April 1991); USAID, “Strengthening Democracy in Latin America and the Caribbean: USAID’s Experience to Date and Plans for the Future,” (Paris: OECD Document DCD/DAC (90)27, November 1990).

9. World Bank, *Sub-Saharan Africa: From Crisis to Sustainable Growth* (Washington, DC: World Bank, December 1989), [http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/1999/12/02/000178830\\_98101901364149/Rendered/PDF/multi0page.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/1999/12/02/000178830_98101901364149/Rendered/PDF/multi0page.pdf).

the initiation of new international cooperation relationships with Eastern European and Eurasian countries.

In 1990, the World Bank General Counsel issued a legal opinion concluding that Bank assistance to support improved governance did not, per se, constitute prohibited interference in the political affairs of Bank members. This opinion greatly facilitated the entry by the multilateral development banks into governance and rule of law programs, both free-standing and as components of broader projects and activities.<sup>10</sup>

The Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development played an important role in the 1990s in making this shift toward integrating good governance in development cooperation programs. The December 1993 DAC Orientations on Participatory Development and Good Governance<sup>11</sup> asserted a “vital connection between open, democratic and accountable systems and respect for human rights, and the ability to achieve sustained economic and social development.” The Orientations recognized “that sustainable development requires a positive interaction between economic and political progress.” The Orientations were followed by the May 1995 DAC statement on Development Partnerships in the New Global Context, which expressed the support of Development Ministers and aid agency heads for “helping to strengthen capacities in our partner countries to meet . . . demanding, integrated requirements for sustainable development, guided by the conditions and commitments in each country.” The six “key elements” that the DAC identified for integration into successful development strategies included one of “Good governance and public management, democratic accountability, the protection of human rights and the rule of law.”<sup>12</sup>

The May 1996 DAC report *Shaping the 21st Century: The Contribution of Development Cooperation*, which proposed a set of measurable goals of poverty reduction, gender equality, health and education, and environmental sustainability, reaffirmed the conviction that

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10. Ibrahim Shihata, *The World Bank Legal Papers* (Cambridge, MA: Kluwer Law International, 2000), pp. 245–281. Article IV, Section 10, of the World Bank’s Articles of Agreement prohibits Bank interference in the political affairs of any member and requires that Bank decisions be based on economic considerations. The 1989 study cited in note 9 provided an evidentiary basis for the legal conclusion that Bank support for strengthened governance was permissible under these criteria. The General Counsel’s approval led to the production of “Governance and the External Factor” by Pierre Landell-Mills and Ismail Serageldin, a paper that the authors presented to the World Bank’s April 1991 Conference on Development Economics. This remarkable document set out a sweeping proposal on fostering good governance, with emphasis on political accountability, freedom of association, an objective and efficient judiciary, bureaucratic accountability of public agencies, freedom of information and expression, and efficiency in public institutions.

11. OECD, *Participatory Development and Good Governance* (Paris: OECD, 1995), <http://www.oecd.org/dataoecd/27/13/31857685.pdf>.

12. OECD, “Development Partnerships in the New Global Context,” May 4, 1995, <http://www.oecd.org/dataoecd/31/61/2755357.pdf>. The other key elements specified in the DAC Statement were (1) a sound policy framework encouraging stable, growing economies with full scope for a vigorous private sector and an adequate fiscal base; (2) investment in social development, especially education, primary health care, and population activities; (3) enhanced participation of all people, and notably women, in economic and political life, and the reduction of social inequalities; (4) sustainable environmental practices; (5) an effort to address root causes of potential conflict, to limit military expenditure, and to target reconstruction and peace-building efforts toward longer-term reconciliation and development.

the “qualitative aspects of development are essential to the attainment of the more measurable goals we have suggested.” Development ministers and aid agency heads undertook “to continue to address them in our dialogues with partners and in our policies and programs.”<sup>13</sup> The DAC has continued to contribute a growing body of analysis, surveys, guidance, documentation of lessons learned, and related literature concerning good governance and the rule of law, initially through an Ad Hoc Working Group<sup>14</sup> and, to the present time, through its Network on Governance.<sup>15</sup>

Since the 1990s, support for democratic governance has been a growing part of the development cooperation agenda. The DAC creditor reporting system shows commitments by all donors for “government and civil society” averaging about \$19 billion and disbursements averaging more than \$15 billion for each of the past four years.<sup>16</sup> This is consistent with the OECD current estimate that official development assistance expenditures by DAC members for “democracy/governance” amount to “about 9 percent of the approximately \$130 billion we spend collectively on development” (about \$12 billion).<sup>17</sup>

Policy statements have been consistent with this budgetary emphasis. For example, in presenting the new United States global development policy at the United Nations General Assembly in 2010, President Obama declared that the United States would “focus our development efforts on countries . . . that promote good governance and democracy; the rule of law and equal administration of justice; transparent institutions with strong civil societies; and respect for human rights.”<sup>18</sup> Likewise, the European Union’s Agenda for Change, adopted in May 2012, declared that EU support “to partners will be adapted to their development situation and commitment and progress with regard to human rights, democracy, the rule of law and good governance.”<sup>19</sup> The OECD Strategy on Development, also adopted in May 2012, confirms the key role of governance for development within a four-part

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13. OECD, *Shaping the 21st Century: The Contribution of Development Co-Operation* (Paris: OECD, May 1996), <http://www.oecd.org/dataoecd/23/35/2508761.pdf>. Part I of the report proposed a set of development goals as a vision of progress. Part II set out a proposed approach to development cooperation through locally owned strategies supported by differentiated, inclusive partnerships.

14. The work of the Ad Hoc Working Group on “Participatory Development and Good Governance” was summarized in a May 1997 report. Part I is at [http://libwww.essex.ac.uk/human\\_rights/developmentbibdocs/oecd.pdf](http://libwww.essex.ac.uk/human_rights/developmentbibdocs/oecd.pdf) and Part II at <http://www.eldis.org/vfile/upload/1/document/0708/DOC13622.pdf>.

15. See OECD, “Governance and Development,” [http://www.oecd.org/document/31/0,3746,en\\_2649\\_34565\\_46582751\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/31/0,3746,en_2649_34565_46582751_1_1_1_1,00.html).

16. OECD Credit Reporting System, <http://stats.oecd.org>.

17. J. Brian Atwood, “Democracy and Development” (remarks at the Open Society Foundation and the Millennium Challenge Corporation, September 17, 2012), <http://www.oecd.org/dac/DAC%20Chair%20democracy%20and%development.pdf>.

18. Barack Obama, “Remarks by the President at the Millennium Development Goals Summit in New York, New York” (speech at the Millennium Goals Summit, September 22, 2010), <http://www.whitehouse.gov/the-press-office/2010/09/22/remarks-president-millennium-development-goals-summit-new-york-new-york>. See White House, “Fact Sheet: U.S. Global Development Policy,” September 22, 2010, <http://www.whitehouse.gov/the-press-office/2010/09/22/fact-sheet-us-global-development-policy>.

19. Council of the European Union, “Increasing the Impact of EU Development Policy: An Agenda for Change,” May 14, 2012, [http://www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/EN/foraff/130243.pdf](http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/130243.pdf). See also Council of the European Union, “EU Strategic Framework and Action Plan on Human Rights and Democracy,” June 25, 2012, [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/EN/foraff/131181.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/131181.pdf).

comprehensive approach that also calls for a focus on innovative and sustainable sources of growth, mobilization of resources, and measuring progress.<sup>20</sup>

There is evidence that many developing countries have benefited from development cooperation to support improved governance.<sup>21</sup> And there is a continuing demand for international cooperation in this aspect of development. However, for some time we have been hearing doubts about the efficacy of international support for efforts to strengthen governance in developing countries.

Concerns have been raised that the lessons of history have not been learned and that contemporary efforts, like the discredited experiments of the past, have sometimes been unduly intrusive, overly technical, and inadequately grounded in the local political economy. Some have argued that aid agencies were not comfortable dealing with political issues, that governance has not been sufficiently integrated into development cooperation partnerships, and that in many cases substantial investments in good governance and the rule of law had failed to overcome deeply rooted resistance to the reform of policies and institutions.<sup>22</sup> There are also reports that the international development community is learning from experience and that programming is becoming more responsive to these concerns.<sup>23</sup>

The OECD estimates that total official development assistance expenditures by DAC members peaked in 2010, with a decline of about 3 percent in 2011 and an additional

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20. OECD, "OECD Strategy on Development," May 24, 2012, <http://www.oecd.org/development/50452316.pdf>. The underlying framework document, "Framework for an OECD Strategy on Development," May 26, 2011, p. 4, <http://www.oecd.org/dataoecd/8/17/48106820.pdf>, states: "Effective governance is a necessary condition for economic prosperity and social cohesion. Strong and accountable public institutions, government effectiveness, as well as transparent and fair management of public resources are central to stable and well-functioning markets and efficient public service delivery. Institutions that enable the participation of citizens and hold government accountable are vital to the development process."

21. Steven E. Finkel, Anibal Pérez Liñán, and Mitchell A. Seligson, *Effects of U.S. Foreign Assistance on Democracy Building: Results of a Cross-National Quantitative Study* (Washington, DC: USAID, January 2006), [http://pdf.usaid.gov/pdf\\_docs/Pnade694.pdf](http://pdf.usaid.gov/pdf_docs/Pnade694.pdf). See also National Research Council, *Improving Democracy Assistance: Building Knowledge through Evaluation and Research* (Washington, DC: National Academies Press, 2008).

22. See, for example, Thomas Carothers and Diane de Gramont, *Development Aid Confronts Politics: The Almost Revolution* (Washington, DC: Carnegie Endowment for International Peace, 2013), and by the same authors, *Aiding Governance in Developing Countries: Progress Amid Uncertainties* (Washington, DC: Carnegie Endowment for International Peace, November 2011), [http://carnegieendowment.org/files/aiding\\_governance.pdf](http://carnegieendowment.org/files/aiding_governance.pdf); and Rachel Kleinfeld, *Advancing the Rule of Law Abroad: Next Generation Reform* (Washington, DC: Carnegie Endowment for International Peace, 2012). See also Paula Pickering, "Assessing International Aid for Local Governance in the Western Balkans," *Democratization* 17, no. 5 (October 2010): 1024–1049.

23. See generally OECD, *Aid Effectiveness 2011: Progress in Implementing the Paris Declaration* (Paris: OECD, 2012), <http://www.oecd-ilibrary.org/docserver/download/4311241e.pdf?expires=1372790171&id=id&accname=ocid77014078&checksum=72DA0779AA8395107379723B3820117E>; World Bank, *Strengthening Governance: Tackling Corruption: The World Bank Group's Updated Strategy and Implementation Plan* (Washington, DC: World Bank, March 2012), <http://siteresources.worldbank.org/PUBLICSECTORANDGOVERNANCE/Resources/285741-1326816182754/GACStrategyImplementationPlan.pdf>; and Ghazala Mansuri and Vijayendra Rao, *Localizing Development: Does Participation Work?* (Washington, DC: World Bank, 2013), <https://openknowledge.worldbank.org/bitstream/handle/10986/11859/9780821382561.pdf?sequence=1>. For examples of learning in a particular sector, see Juan Carlos Botero et al., eds., *Innovations in Rule of Law: A Compilation of Concise Essays* (The Hague: Hague Institute for Internationalization of Law and World Justice Project, 2012), <http://www.worldjusticeproject.org/blog/innovations-rule-law>; and Livingston Armytage, *Reforming Justice: A Journey to Fairness in Asia* (Cambridge: Cambridge University Press, 2012).

4 percent in 2012.<sup>24</sup> The present state of the global economy gives reason for concern that this trend may continue. Development investments that can produce visible results (such as in physical infrastructure) or that can contribute directly to measurable changes in people's lives (such as in health, food security, and adaptation to climate change) will be competing for a reduced pool of resources. In this more intensive budgetary competition, it seems likely that resources for support of good governance will be constrained, especially in light of the expressed doubts about the effectiveness of past efforts.

Resource limitations in the United States are compounded by the trend toward an increasing number of government agencies financing and implementing programs for support of good governance and the rule of law. It seems obvious that this fragmentation of effort impedes the ability of the United States to respond effectively to the challenges discussed below.<sup>25</sup> Diminished effectiveness, in turn, seems likely to diminish enthusiasm for allocating resources to governance programs.

## Some Current Issues

Overall, the trend in development cooperation is toward a framework of developing country-led, inclusive partnerships that are results oriented, that benefit from coordinated participation, and that are differentiated by local conditions and by the commitments and capacities of the partners. This is an approach that many have advocated for a long time.<sup>26</sup> In the past, the advocacy was often not matched by performance. However, that seems to be changing. The change has been aided by evolving aspirations in developing countries, greatly enhanced access to information across borders, and continuing dialogue, monitoring, and evaluation with respect to the effectiveness of development cooperation.

I believe it will be important for the long-term success of development cooperation to ensure that this positive trend includes the integration of good governance and the rule of law as essential factors in the global partnership agenda. Three current issues create challenges but also suggest a way forward in this regard.

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24. OECD, "Development: Aid to Developing Countries Falls because of Global Recession" (press release, April 4, 2012), [http://www.oecd.org/document/3/0,3746,en\\_21571361\\_44315115\\_50058883\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/3/0,3746,en_21571361_44315115_50058883_1_1_1_1,00.html); "Aid to Poor Countries Slips Further as Governments Tighten Budgets" (press release, April 3, 2013), <http://www.oecd.org/dac/stats/aidtopoorcountriesslipsfurtherasgovernmentstightenbudgets.htm>.

25. Organizational fragmentation is a general weakness of U.S. development cooperation efforts. The OECD/DAC 2011 peer review noted that the U.S. program involved 27 public entities. OECD, *The United States: Development Assistance Committee (DAC) Peer Review 2011* (Paris: OECD, 2011), p. 51, <http://www.oecd.org/dac/peer-reviews/48434536.pdf>. See also Lael Brainard, "Organizing U.S. Foreign Assistance to Meet Twenty-First Century Challenges," in *Security by Other Means: Foreign Assistance, Global Poverty, and American Leadership*, ed. Lael Brainard (Washington, DC: Brookings Institution, 2007), pp. 33–66. Rachel Kleinfeld estimates that "at least 7 Cabinet-level departments and 28 agencies, bureaus, and offices are involved in rule of law reform" for the United States. Rachel Kleinfeld, *Advancing the Rule of Law Abroad*, pp. 21–28.

26. My effort to describe this approach can be found in James Michel, "Leading the Emerging Development Agenda: From Consensus to Action," *DAC Journal* 6, no. 3 (July 2005): 7–26.

## ALIGNING WITH LOCAL OWNERSHIP

The effectiveness principles codified in the Paris Declaration,<sup>27</sup> refined in the Accra Agenda for Action,<sup>28</sup> and reinforced in the Busan Partnership Declaration's new framework for development cooperation<sup>29</sup> rightly emphasize local ownership. Busan has importantly shifted the focus “from effective aid to cooperation for effective development.”

Many developing countries have recognized the importance of exercising leadership and having strong participatory institutions and governance processes.<sup>30</sup> However, the idealized notion of partnership with local leadership and coordinated international support is far from universal in practice. In countries where state capacity is weak, popular expectations are low, and political commitment to reform is not being asserted, governments are often reluctant to give priority to these issues and may urge their international partners to defer to their preferences. And international support does not always reflect coordinated action based on objective assessment of need, capacity, and political will.

The Busan Partnership Declaration confirms that the views of the government are not the sole determinant of country ownership. An important aspect of local ownership is the recognition of the role of civil society and the private sector in country-level policy dialogue on development. The Busan Declaration reiterates the role of civil society organizations (paragraph 22) and the private sector (paragraph 32)—along with parliaments and local governments—in the concept of local ownership and inclusive partnerships. These formal declarations build on the Accra Agenda for Action and a history of international practice that has evolved so as to encourage the engagement of civil society and the private sector in shaping development policies and overseeing their implementation.<sup>31</sup>

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27. OECD, “Paris Declaration on Aid Effectiveness,” March 2005, <http://www.oecd.org/dataoecd/11/41/34428351.pdf>.

28. OECD, “Accra Agenda for Action,” September 2008, p. 15, <http://www.oecd.org/development/effectiveness/34428351.pdf>.

29. OECD, “Busan Partnership for Effective Development Cooperation,” December 1, 2011, <http://www.oecd.org/dac/effectiveness/49650173.pdf>.

30. On promoting visionary leadership, strong institutions, and good governance, see Committee of Experts of the 5th Joint Annual Meetings of the African Union Conference of African Ministers of Finance, Planning and Economic Development, “Unleashing Africa’s Potential as a Pole of Global Growth,” January 26, 2012, paragraphs 32–34, [http://www.issafrica.org/anicj/siteimages/Links\\_Banners/IssuesPaper-UnleashingAfricaPotential-as-a-NewPole.pdf](http://www.issafrica.org/anicj/siteimages/Links_Banners/IssuesPaper-UnleashingAfricaPotential-as-a-NewPole.pdf).

31. See OECD, *Partnering with Civil Society: Twelve Lessons from DAC Peer Reviews* (Paris: OECD, October 2012), [http://search.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DCD/DAC\(2012\)31/FINAL&docLanguage=En](http://search.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DCD/DAC(2012)31/FINAL&docLanguage=En); Penny Davies, *The Role of the Private Sector in the Context of Aid Effectiveness* (Paris: OECD, February 2011), <http://www.oecd.org/development/aideffectiveness/47088121.pdf>. The Council of the European Union recently confirmed a European commitment to engagement with civil society; see Council of the European Union, “The Roots of Democracy and Sustainable Development: Europe’s Engagement with Civil Society in External Relations,” October 15, 2012, [http://www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/EN/foraff/132870.pdf](http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/132870.pdf). In the United States, USAID has long engaged the private sector (see USAID, “Supporting Private Enterprise,” <http://www.usaid.gov/what-we-do/economic-growth-and-trade/supporting-private-enterprise>) and supported a vibrant civil society and independent media (see USAID, “Supporting Vibrant Civil Society & Independent Media,” <http://www.usaid.gov/what-we-do/democracy-human-rights-and-governance/supporting-vibrant-civil-society-independent-media>). A unique statutory requirement for stakeholder consultations is set out in Section 609(d) of the Millennium Challenge Act of 2003, as amended, 22 U.S.C. 7708(d): “In entering into a Compact, the United States shall seek to ensure that the government of an eligible country (1) takes into account the local-level perspectives of the rural and urban poor, including women, in the eligible country;

The challenge will be for all development actors, while respecting the principles of local ownership and donor alignment with local priorities and strategies, to be constant in regarding partnership as the product of open and inclusive dialogue with mutual accountability—neither the result of unilateral demands by donors nor the consequence of undue deference to local governments.

Busan achieved a consensus based on four principles: locally owned priorities, a focus on results, inclusive partnerships, and transparency and accountability. In addition, Busan established a new organizational structure, the Global Partnership for Effective Development Co-operation,<sup>32</sup> to help development actors give effect to those principles. This policy consensus and inclusive oversight mechanism provide hope for progress in extending the use of broadly participatory processes for formulating and implementing locally led development partnerships.

## RESTORING CONFIDENCE AND MEASURING RESULTS

The question of whether investments in aid contribute to positive development results has long been a theme of academic and political debate.<sup>33</sup> On the whole, the skeptics seem to have had the greater influence on public opinion, with books bearing descriptive titles, such as those by William Easterly and Dambisa Moyo, having attracted considerable attention.<sup>34</sup> The recent analysis by Professors Acemoglu and Robinson in their widely read study of why nations fail is an interesting example because it asserts a need for good governance but is dismissive of the ability of aid to help poor countries achieve sustainable and inclusive institutions:

[F]oreign aid is not a very effective means of dealing with the failure of nations around the world today. Far from it. Countries need inclusive economic and political institutions to break out of the cycle of poverty. Foreign aid can typically do little in this respect, and certainly not with the way that it is currently organized.<sup>35</sup>

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and (2) consults with private and voluntary organizations, the business community, and other donors in the eligible country.” See Millennium Challenge Corporation (MCC), *Millennium Challenge Corporation Compact Development Guidance* (Washington, DC: MCC, January 2012), pp. 55–59, <http://www.mcc.gov/documents/guidance/2012-001-0975-01-pub-compact-development-guidance-chapter-6.pdf>.

32. The Global Partnership has been endorsed by 160 countries and 45 organizations at present. See the mandate, working arrangements, global monitoring indicators and processes, and participating countries and organizations at <http://www.effectivecooperation.org/>. See also Homi Kharas, *The Global Partnership for Effective Development Cooperation*, Policy Paper 2012–04 (Washington, DC: Brookings Institution, June 2012), <http://www.brookings.edu/~media/research/files/papers/2012/6/06%20global%20partnership%20kharas/06%20global%20partnership%20kharas.pdf>.

33. See the quite different conclusions reached in Robert Cassen and Associates, *Does Aid Work?* 2nd ed. (New York: Oxford University Press, 1994); and Peter Boone, *Politics and the Effectiveness of Foreign Aid* (London: Centre for Economic Performance, December 1995), [http://eprints.lse.ac.uk/20690/1/Politics\\_and\\_the\\_Effectiveness\\_of\\_Foreign\\_Aid.pdf](http://eprints.lse.ac.uk/20690/1/Politics_and_the_Effectiveness_of_Foreign_Aid.pdf).

34. William Easterly, *The White Man’s Burden: Why the West’s Efforts to Aid the Rest Have Done So Much Ill and So Little Good* (New York: Penguin Press, 2006); Dambisa Moyo, *Dead Aid: Why Aid Is Not Working and How There Is a Better Way for Africa* (New York: Farrar, Straus and Giroux, 2009).

35. Acemoglu and Robinson, *Why Nations Fail*, p. 454. See also the harshly negative assessment of the entire history of development cooperation in Mark Mazower, *Governing the World: The History of an Idea* (New York: Penguin Press, 2012).

This lack of confidence is part of the backdrop for the current emphasis across the entire range of development cooperation on measurable goals, evidence-based decisions, and impact evaluation. Against that backdrop, the emphasis on managing for results is clearly necessary and highly laudatory. As previously mentioned, diminished confidence in the effectiveness of international support for good governance and the rule of law has been a particular focus of attention.<sup>36</sup> There is a need to strengthen our knowledge of how international cooperation can best support improved governance. And there is a need to demonstrate how that knowledge is being used to contribute to positive development results.

Demonstrating and attributing results in this complex field is exceedingly difficult. The demand for “metrics” can give rise to unrealistic expectations of progress in the evolution of long-term societal change. Broadly accepted measures of qualitative change in governance have proven elusive. Widely accepted quantitative measures in some sectors, such as child mortality, youth literacy, or rate of deforestation, can work well in evaluating the impact of efforts to improve health, expand literacy, or preserve natural resources. But the number of laws or regulations adopted, or the number of public officials accused of corruption, cannot reliably inform judgments about the quality of laws or regulations or the enforcement of anticorruption laws. Quantitative indicators of governance performance are also often problematical when used to make comparisons between countries. The standards by which progress can be measured in one country may not be appropriate for use in a very different local situation.<sup>37</sup>

There are two feasible ways to respond to the challenge of measurement.

The first is for development partners to select a few broad indicators that are widely accepted and periodically updated, drawing on sources such as the World Bank’s various performance indicator systems<sup>38</sup> or specialized systems such as the World Justice Project’s Rule of Law Index, which appears to be gaining some traction as a set of international standards.<sup>39</sup> Interesting hybrid models have been developed in which a cross-section of

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36. See footnote 22, and the accompanying text.

37. The difficulties of measuring with institutional indicators addressing subjects such as governance, access to justice, corruption, and the rule of law have been the subject of studies under the auspices of the Hague Institute for the Internationalization of Law and the World Justice Project. Reports on these studies are collected in the *Hague Journal on the Rule of Law* 3, no. 2 (September 2011). See also Botero et al., *Innovations in Rule of Law*. Compilations of indicators can be useful for research but do not readily lend themselves to direct adaptation to highly diverse local situations. See, for example, the 135 indicators for police, courts, and prisons set out in United Nations, *The United Nations Rule of Law Indicators: Implementation Guide and Project Tools* (New York: United Nations, 2011), [http://www.un.org/en/events/peacekeepersday/2011/publications/un\\_rule\\_of\\_law\\_indicators.pdf](http://www.un.org/en/events/peacekeepersday/2011/publications/un_rule_of_law_indicators.pdf).

38. See, for example, World Bank, “Worldwide Governance Indicators,” February 2013, <http://info.worldbank.org/governance/wgi/resources.htm>; and World Bank, “Country Policy and Institutional Assessments: 2010 Assessment Questionnaire,” September 3, 2010, <http://siteresources.worldbank.org/IDA/Resources/73153-1181752621336/3878278-1277851499224/CPIA2010questionnaire.pdf>.

39. Mark David Agrast et al., *World Justice Project Rule of Law Index: 2012–2013* (Washington, DC: World Justice Project, 2013), <http://www.worldjusticeproject.org/rule-of-law-index>. The Rule of Law Index assesses country adherence to standards of limited government powers, absence of corruption, order and security, fundamental rights, open government, effective regulatory enforcement, access to civil justice, effective criminal justice, and informal justice. Use of the index by a growing number of countries offers promise of broad acceptance of standardized criteria of justice system performance.

international experts have framed some questions to be addressed by local stakeholders in ways that are responsive to the local context. Examples include the assessment framework recommended by the International Consortium for Court Excellence<sup>40</sup> and the International Institute for Democracy and Electoral Assistance framework for assessing the quality of democracy,<sup>41</sup> both of which are designed for use by local institutions in carrying out self-assessments. This approach could help to foster local ownership of reform initiatives that are informed by knowledge of international practice as well as local conditions.

However, such generic tools can provide only part of the answer. Governance indicators need to have continuing practical value for developing countries. They should be adequate, balanced, clear, monitorable at reasonable cost, motivating, relevant, and sensitive to change.<sup>42</sup> Achieving those standards requires active participation by people who know their institutions and systems best and whose judgment should inform decisions on priorities, objectives, and key indicators. Local stakeholder participation in the selection and monitoring of indicators—and in the evaluation of performance against those indicators—also helps to establish local ownership and commitment.<sup>43</sup> When donors determine the indicators of progress, the principle of local ownership will be undermined. Indeed, the Busan Declaration expressly urges donors to “minimize their use of additional frameworks, refraining from requesting the introduction of performance indicators that are not consistent with countries’ national development strategies.”

The second approach is for development partners to try to measure the value of building relevant governance features into the broad range of development programs and activities. For example, programs to expand access to health or education services could be compared to see whether the ones including governance components achieved better results. This approach should be especially promising in sectors where broadly accepted criteria exist. For example, the value of including governance considerations in a health or education project would be judged by using the criteria and indicators for health or education, as the case may be. As discussed below, efforts to implement this approach are now under way.

Beyond the difficulties of measurement, there remains the fundamental reality that the evolution of a society of committed political leaders, capable institutions, and an aware

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40. See <http://www.courtexcellence.com/>.

41. Todd Landman, ed., *Assessing the Quality of Democracy: An Overview of the International IDEA Framework* (Stockholm: International Institute for Democracy and Electoral Assistance, 2008), <http://www.idea.int/publications/aqd/upload/AssessingOverviewWeb.pdf>.

42. See Jody Zall Kusek and Ray C. Rist, *Ten Steps to a Results-Based Monitoring and Evaluation System* (Washington, DC: World Bank, 2004), pp. 65–79, [http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2004/08/27/000160016\\_20040827154900/Rendered/PDF/296720PAPER0100steps.pdf](http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2004/08/27/000160016_20040827154900/Rendered/PDF/296720PAPER0100steps.pdf).

43. See World Bank, *The World Bank: New Directions in Justice Reform: A Companion Piece to the Updated Strategy and Implementation Plan on Strengthening Governance, Tackling Corruption* (Washington, DC: World Bank, May 2012), p. 9, [http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2012/09/06/000386194\\_20120906024506/Rendered/PDF/706400REPLACEM0Justice0Reform0Final.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2012/09/06/000386194_20120906024506/Rendered/PDF/706400REPLACEM0Justice0Reform0Final.pdf): “An impact evaluation needs to be prioritized and embedded into theories of change that map the causal chain from programmatic inputs to broad societal impacts, with associated indicators. A problem-solving approach suggests that project indicators are best developed consultatively by all stakeholders (end users, including citizens, firms, civil society representatives, and government officials) who have an interest in and influence over the proposed reforms.”

civil society that together can sustain effective governance is a complex and never ending process. External support for that process demands thoughtful analysis, planning, and activities with a long-term perspective that is not easily accommodated within the usual three- to five-year program design, implementation, and evaluation cycle. And internal factors will be far more important than external support in determining results.

## **FINDING HARMONY IN DIVERSITY**

The challenges of aligning priorities and measuring results in governance work are complicated by a third issue: the expanding number and variety of participants in development cooperation. The Busan Partnership embraced the diversity of development cooperation actors and welcomed the inclusion of new actors on the basis of shared principles and different commitments. As the post-Busan agenda shifts from aid effectiveness to global partnership for effective development, efforts to achieve and maintain harmonized approaches will need to take into account the differences within this larger group of stakeholders.

Some new state actors, which are adding valuable insights from their own development experience, have shown reluctance to address governance issues in their development cooperation activities. Some developing countries, while appreciating the importance of good governance and the rule of law, are concerned that the engagement of international partners in these sensitive areas might diminish local ownership. Additional perspectives are offered by new multilateral structures such as the G20, by private donors such as the Bill and Melinda Gates Foundation and the Open Society Foundations, and by many NGOs and think tanks.

The increased diversity of participants is accompanied by growing diversity in the sources of development finance. As shown in a recent Council of the European Union document, mobilization of domestic resources, trade and investment, debt reduction, and workers' remittances have come to play an increasingly important role, far exceeding in aggregate the volume of official development assistance.<sup>44</sup> The Hudson Institute's *Index of Global Philanthropy and Remittances* concludes that the evolution in financial flows from developed to developing countries is fundamentally changing the context for development cooperation.<sup>45</sup>

The evolving structure is more of a network than a hierarchy, and progress will depend more on persuasion than on direction. Persuasion will require greater knowledge and evidence to support proposed approaches and more effective communication among many

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44. European Commission, *Improving EU Support to Developing Countries in Mobilising Financing for Development* (Brussels: European Commission, July 2012), [http://ec.europa.eu/europeaid/what/development-policies/financing\\_for\\_development/documents/com-366.pdf](http://ec.europa.eu/europeaid/what/development-policies/financing_for_development/documents/com-366.pdf).

45. Center for Global Prosperity, *The Index for Global Philanthropy and Remittances 2012* (Washington, DC: Hudson Institute, 2012), <http://www.hudson.org/files/publications/2012IndexofGlobalPhilanthropyandRemittances.pdf>. See also OECD, "Resource Flows beyond ODA in DAC Statistics," <http://www.oecd.org/dac/stats/beyond-oda.htm>.

development actors. Within that structure, the progressive evolution of increasingly open, participatory processes that we have seen at Paris, Accra, and Busan is encouraging. The diverse array of perspectives represented at these meetings has produced an impressive framework for collaboration based on agreed principles. Broad acceptance and respect for this framework can provide the foundation for a new collaborative and flexible architecture of development cooperation.

## Governance and the Post-Busan Development Partnership Agenda

In its 2010 publication *Do No Harm: International Support for Statebuilding*,<sup>46</sup> the DAC suggested the centrality of five functions of the state: the provision of security; the establishment of the rule of law and access to justice; the ability to raise revenue, especially through taxation; the management of economic development; and the delivery of essential services.

A principal rationale for international support of good governance and the rule of law is that an effective state with adequate capacities in these five areas, sustained by accountable leaders, sound institutions, and a vigilant and empowered populace, is essential to achieving sustainable economic and social development and protecting individual rights. Among the lessons learned from experience, development partnerships are now focusing on the capacity of states to perform their central functions by integrating governance into the entire range of development cooperation efforts.

A U.S. initiative for integrating governance factors in its development cooperation programs is based on the premise that, in the words of USAID Administrator Rajiv Shah, “improving the quality of public institutions, enhancing government accountability, addressing corruption and giving citizens the opportunity to vote out ineffective leadership are all crucial to fighting poverty, eliminating hunger and improving health.”<sup>47</sup> This kind of integration is one of the four principal objectives of the USAID Strategy on Democracy, Human Rights, and Governance, adopted in June 2013.<sup>48</sup> A number of other donors as well as the World Bank are also making focused efforts to integrate governance broadly into their country programs.<sup>49</sup>

And yet, the entire governance agenda cannot be absorbed into programs intended to achieve other development objectives. There remains a need to look beyond the integration

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46. Putzel et al., *Do No Harm*.

47. Rajiv Shah, “An Expansion of Human Welfare” (remarks at Democracy, Rights, and Governance Conference 2.0, Arlington, VA, June 20, 2011), <http://iipdigital.usembassy.gov/st/english/texttrans/2011/06/20110621124021su0.7192456.html#axzz2XMOxwXAp>.

48. The fourth objective of the new strategic framework is to “improve development outcomes through the integration of DRG principles and practices across USAID’s development portfolio.” See “USAID’s DRG Strategic Framework” in *Strategy on Democracy, Human Rights, and Governance*, (Washington: USAID, June 2013, p. 4.) [http://www.usaid.gov/sites/default/files/documents/1866/USAID%20DRG\\_%20final%20final%206-24%203%20\(1\).pdf](http://www.usaid.gov/sites/default/files/documents/1866/USAID%20DRG_%20final%20final%206-24%203%20(1).pdf).

49. See, for example, World Bank, *Strengthening Governance*, pp. 70–72.

of governance into economic development and service delivery and to address those basic aspects of peace and security and the capable and accountable performance of public institutions that otherwise are not likely to be adequately addressed. There is a need to make the case—with budget and policy decisionmakers in developed countries and in partnership dialogues with developing countries—that successful development will depend on the evolution of states characterized by political stability, cohesive political institutions with strong legal and fiscal capacity, and empowered citizens. We will need to improve our tools for measuring impacts, measure what we can, monitor progress, and demonstrate how investments in good governance and the rule of law lead to country-specific, long-term results.

The Busan Partnership Declaration acknowledges “that promoting human rights, democracy and good governance are an integral part of our development efforts.” However, specific references in the document to governance activities are selective and somewhat fragmented. There are references to the critical roles of some institutions and functions: parliaments, local governments, and civil society organizations; public access to information and transparent public financial management; and combating corruption. The Declaration does not explicitly call for a coherent emphasis on governance and the rule of law as a foundation for international cooperation in support of effective development.

Only in the context of fragile and conflict-affected states does the Busan Declaration speak comprehensively of peacebuilding and state-building, referring to “Peacebuilding and Statebuilding Goals (PSGs)—which prioritize legitimate politics, people’s security, justice, economic foundations and revenues and fair services—as an important foundation to enable progress toward the MDGs [Millennium Development Goals] to guide our work in fragile and conflict-affected states.”<sup>50</sup> The emphasis in the Partnership Declaration on state-building in fragile states is hardly surprising. Participants in the International Dialogue on Peacebuilding and Statebuilding were actively engaged in the Busan process, providing a focus on fragile states.

More generally, the Busan Partnership Declaration addresses governance indirectly through the theme of effective institutions and policies to facilitate resource mobilization and service delivery. The Declaration acknowledges that “effective institutions and policies are essential for sustainable development” and that “institutions fulfilling core state functions should, where necessary, be further strengthened” (through efforts led by developing countries).

An in-depth treatment was left to a subordinate document subscribed to by 11 countries and 11 international organizations at Busan: the New Consensus on More “Effective

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50. The Peacebuilding and Statebuilding Goals are the product of the dialogue initiated at Dili in 2010 by a group of fragile states and their development partners. The goals, which were presented at the Busan Conference, embrace legitimate politics, inclusive political settlements and conflict resolution, security, justice, economic foundations, and revenues and services. Information about the International Dialogue on Peacebuilding and Statebuilding and the G7 plus is available at <http://www.g7plus.org/news-articles/2010/4/9/the-first-international-dialogue-on-peacebuilding-and-stateb.html>.

Institutions” for Development. The New Consensus builds on the Partnership Declaration’s acknowledgment of the value of effective institutions and policies. It endorses a “reinvigorated approach” to support the strengthening of institutions and policies with emphasis on “factors that make reforms and capacity development happen, including political economy, country leadership, a focus on results, change management, sequencing of institutional and policy change, sub-national institutions, the role of parliaments, civil society, better domestic resource mobilization; and the strategic roles of public financial management, procurement and oversight functions.” The signers of the New Consensus pledged to support this work by linking “existing networks and organizations sharing the goal of making institutions more effective and increasing capacity to implement reforms and deliver services.”<sup>51</sup>

The post-Busan work on effective institutions and policies is now being pursued within the framework of the Global Partnership for Effective Development Cooperation.<sup>52</sup> More than 70 governments, parliamentarians, civil society representatives, and development partners are participating in the work of an Effective Institutions Platform, addressing issues of institutional effectiveness and measurement.<sup>53</sup> This seems the most promising way to address the place of good governance and the rule of law in the global partnership agenda. Working within the participatory Busan framework should provide some assurance that international interest in improved governance will not threaten the leadership role of developing countries. Proponents of international support for good governance and the rule of law need to be especially diligent about adhering to the Busan principles of diversity, transparency, and respect for local context.

The continuing dialogue on refining the post-Busan agenda might usefully explore in depth two promising aspects of international support for good governance and the rule of law:

The first is the ongoing effort, discussed above, to integrate governance work into the broad development cooperation agenda. Helping people to know their rights and to have access to information and the ability to use their knowledge to obtain fair treatment should increase the effectiveness of investments in any sector. In the same spirit, results in education, health, agriculture, and other sectors should be enhanced by an increased capacity of public institutions to operate efficiently and effectively in providing services, managing resources, resolving disputes peacefully, and being accountable to an empowered populace.

Second, the Busan Partnership Declaration highlights the relationship of good governance to the mobilization of resources as a theme of particular interest. This means attention

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51. “New Consensus on More Effective Institutions for Development,” 4th High Level Forum on Aid Effectiveness, December 1, 2011, <http://capacity4dev.ec.europa.eu/busan/document/new-consensus-effective-institutions-development>.

52. The Global Partnership was established pursuant to the Busan Partnership Declaration. It is co-chaired by ministerial-level representatives of Indonesia, Nigeria, and the United Kingdom. A steering committee has held three meetings and a ministerial-level meeting is to be held in Mexico in 2014. See the Global Partnership website at <http://effectivecooperation.org>. See also Kharas, *The Global Partnership for Effective Development Cooperation*.

53. See the Effective Institutions Platform website, <http://www.oecd.org/site/effectiveinstitutions>.

not only to the capacity to manage resources for international cooperation programs. It also includes the relationship of good governance and the rule of law to private investment and private sector activities. Thus, respectful collaboration to strengthen institutions and policies for creating and maintaining effective, development-oriented states should look beyond governance issues related to development cooperation programs to address as well core functions, such as public financial management, the preservation of human security and access to justice, and the allocation of resources and responsibilities among institutions. The monitoring framework developed by the Global Partnership's Steering Committee to track the implementation of Busan commitments appears to have adopted this approach.<sup>54</sup>

In refining decisions about subject matter concentration, it will also be necessary to address related issues of how to organize at the global level to support this sensitive and inherently political work. This can be expected to be a significant item on the agenda of the Global Partnership ministerial-level meeting in Mexico in 2014. In addition to the work of the Steering Committee and the Effective Institutions Platform, the Global Partnership can benefit from the international experiences of the Working Party on Aid Effectiveness,<sup>55</sup> the International Dialogue on Peacebuilding and Statebuilding,<sup>56</sup> and the International Network on Conflict and Fragility.<sup>57</sup>

At the country level, strategies for effectively integrating good governance and the rule of law in development partnerships can draw on an extensive body of case studies, analyses, and evaluations. The starting point, consistently emphasized throughout this accumulated body of knowledge, is to set partnership objectives and activities that are compatible with a country's priority development needs, the capacities and commitments of local actors and their external partners, and the readiness for change of stakeholders in the particular local environment.

Identifying appropriate country-level objectives and activities requires a careful, participatory assessment to determine those priority development needs, identify stakeholders and their interests, judge capacities and commitments, and estimate the level and duration of needed efforts and resources. It is especially important at the outset to ascertain readiness for change: the receptivity of the society, the commitment of leaders and stakeholders, the adequacy of knowledge and capacity, and the availability of measures to address the concerns of those adversely affected or otherwise opposed to change.

This kind of initial analysis can do a lot to improve the prospects for establishing realistic, context-specific objectives and designing activities that can achieve desired

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54. See *Guide to the Monitoring Framework of the Global Partnership* (Paris: Global Partnership for Effective Development Cooperation, July 2013), [http://effectivecooperation.org/files/20130701%20Busan%20Global%20Monitoring%20Guidance\\_ENG\\_FINAL.pdf](http://effectivecooperation.org/files/20130701%20Busan%20Global%20Monitoring%20Guidance_ENG_FINAL.pdf).

55. OECD, "Improving Partnerships for Effective Development: The Working Party on Aid Effectiveness," [http://www.oecd.org/document/35/0,3343,en\\_2649\\_3236398\\_43382307\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/35/0,3343,en_2649_3236398_43382307_1_1_1_1,00.html).

56. International Dialogue on Peacebuilding and Statebuilding, "About the International Dialogue," <http://www.pbsdialogue.org/about/>.

57. OECD, "Conflict and Stability," [www.oecd.org/dac/incaf](http://www.oecd.org/dac/incaf).

results, while avoiding the promotion of inappropriate imported models or “one-size-fits-all” approaches. Respecting local context usually means working with legitimate existing institutions rather than creating new ones or importing foreign models that have been found to work well somewhere else. As stated in recent DAC guidance, “emphasis should be on taking context as the starting point, and developing programming options which represent ‘best fit’ rather than standardized ‘best practice.’ Build on institutions that are already up and running effectively.”<sup>58</sup>

The specific ways in which a development partnership should address good governance and the rule of law, if at all, must be determined on the basis of the facts of each case. Countries that have demonstrated sound economic and social policies, capable and accountable institutions, enlightened leadership, and engaged civil society may benefit the most from financial transfers to support positive trends and enhance results.<sup>59</sup> Other models and approaches may be more appropriate for countries with different conditions. In one country, the emphasis might be on government actors and, in another, on civil society and the private sector. The quality of the initial assessment will be an important factor in making appropriate judgments on these sensitive and difficult issues.<sup>60</sup>

Based on my own experience and familiarity with the literature, and with the foregoing considerations in mind, my synthesis of the elements of successful partnership includes

- Participatory analysis to establish long-term goals, articulate a compelling vision that will communicate those goals, identify realistic program objectives, determine accountability for implementation, and provide safeguards against predation.
- A broad range of stakeholders and networks of transparent supportive relationships with concerned elements throughout the society, including reform constituencies, women, youths, and disadvantaged populations.
- Persistence of effort, with continuous monitoring of progress and adjustments where necessary to meet changing conditions over time.

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58. OECD, *DAC Orientations on Development Cooperation, Accountability and Democratic Governance* (Paris: OECD, July 2012), [http://search.oecd.org/officialdocuments/displaydocumentpdf/?cote=DCD/DAC\(2012\)28&docLanguage=En](http://search.oecd.org/officialdocuments/displaydocumentpdf/?cote=DCD/DAC(2012)28&docLanguage=En).

59. See David Dollar and Lant Pritchett, *Assessing Aid: What Works, What Doesn't, and Why* (Washington, DC: World Bank, 1998), [http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2000/02/23/000094946\\_99030406212262/Rendered/PDF/multi\\_page.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2000/02/23/000094946_99030406212262/Rendered/PDF/multi_page.pdf). These are the countries that may qualify for Millennium Challenge Corporation compacts on grounds that they are ruled justly, invest in their people, and encourage economic freedom. See the MCC compact eligibility criteria set out in Section 607(b) of the Millennium Challenge Act of 2003, as amended, 22 U.S.C. 7706(b). See also *Report on the Criteria and Methodology for Determining the Eligibility of Candidate Countries for Millennium Challenge Account Assistance in Fiscal Year 2013*, MCC, September 2012, <http://www.mcc.gov/documents/reports/report-2012001114201-fy13-selection-criteria.pdf>.

60. See the UNDP Governance Assessment Portal, <http://www.gaportal.org>. See also guidance in USAID, *Conducting a Democracy, Human Rights, and Governance Assessment: A Framework for Strategy Development* (Washington, DC: USAID, December 2011). One significant regional study begins its list of lessons learned with the following sobering observation: “In most countries, creating effective democratic governance has proven far more difficult than most analysts anticipated in the early 1990s.” Scott Manwaring and Timothy R. Scully, eds., *Democratic Governance in Latin America* (Palo Alto, CA: Stanford University Press, 2010), 365.

- Flexibility in pursuit of the long-term goals, while achieving and publicizing interim results where helpful to sustain momentum.
- Effective institutionalization of reforms so that they are seen as integral to internal incentive structures, operational norms, institutional and human development systems, and public awareness and expectations.

Finally, experience has shown that development cooperation in furtherance of good governance and the rule of law requires a willingness to maintain a long-term view and stay the course, often over many years. As noted in the preceding discussion of measurement, the evolution of a society that can sustain effective governance is a complex process in which internal factors will be far more important than external support.

## Concluding Observations

There is a broad and enduring international consensus that good governance and the rule of law are important for the attainment of sustainable development results. It seems logical that international cooperation efforts intended to help achieve such results should include programmatic support for these important elements. During the past 30 years, the development cooperation agenda has expanded to include programs to strengthen a broad range of public institutions—parliaments, judicial systems, election bodies, municipal governments, anticorruption agencies, and human rights defenders—along with the related roles of civil society and the private sector. Over that time, lessons have been learned about working effectively in these sensitive areas at the intersection of economics, law, and politics. However, in many cases, progress has been disappointing or the impact uncertain.

In policy declarations, and increasingly in practice, there is growing acceptance of a changed environment for development cooperation. Development actors recognize a need to adapt their efforts to a number of current trends that constitute challenges but also hold promise for achieving better outcomes: the imperative of inclusive local ownership and responsibility, the focus on measurement of results and on monitoring and evaluation, the participation of additional state and nonstate actors, the increased diversity of development finance, the increased competition for resources, and the reliance on the effectiveness principles confirmed at Busan.

In this challenging contemporary environment, good governance and the rule of law remain vital factors in the common pursuit of an expanding community of stable, just, and prosperous societies in which people benefit from increased freedom, security, and rising standards of living. There is a greater need than ever before to enhance the value of international support for these key elements through increased knowledge, better evidence-based decisions, more consistent adherence to known approaches for effective development cooperation, and better utilization of the lessons that are being learned.

The Busan Partnership Declaration provides the context for effectively integrating good governance and the rule of law in development cooperation—adapting to local context,

aligning with local ownership, building confidence, demonstrating results, and harmonizing with a diverse and expanding universe of participants and financing sources. Although the route is not entirely clear, Busan lays down the outlines of a path for including these important elements in the ongoing efforts to achieve sustainable results through inclusive partnership and the collaborative work of the Global Partnership is now giving those outlines greater definition. This is the path on which we should proceed.

# About the Author

James Michel, a nonresident senior adviser at CSIS, is an independent consultant in international development cooperation, specializing in support for good governance and the rule of law. Previously, Mr. Michel served in a number of senior positions during a long career in public service with the U.S. government and the Organization for Economic Cooperation and Development (OECD). His assignments in the U.S. Department of State included service as deputy legal adviser (1977–1982) and as principal deputy assistant secretary of state for inter-American affairs (1983–1987). After an assignment as U.S. ambassador to Guatemala (1987–1989), he joined the U.S. Agency for International Development (USAID) in 1990 as assistant administrator for Latin America and the Caribbean. He later served as counselor, acting deputy administrator, and acting administrator of USAID. From 1994 until 1999, he was chair of the Development Assistance Committee of the OECD, where he presided over the principal international forum for coordinating development cooperation policies. After leaving government service in 2000, Mr. Michel was senior counsel to Tetra Tech DPK, an international consulting firm. He returned to USAID temporarily in 2009 and 2010 to assist in the agency’s management during its transition to new leadership, serving again as the agency’s counselor. He holds a J.D., cum laude, from Saint Louis University.





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