

Can we make a difference?

A donor perspective on governance and development

Andrew Preston, Senior Governance Adviser, UN & Commonwealth Department, DFID

When friends and acquaintances casually ask me about the Department for International Development (DFID) and my work, it is easy to explain DFID's role in international development and why I think this is worthwhile. But I find it much harder to describe my work as a Governance Adviser. The term 'governance' is itself esoteric and broad. DFID has defined it as:

...the use of power and authority and how a country manages its affairs... It concerns the way people mediate their differences, make decisions, and enact policies that affect public life and social and economic development'.

To my friends I talk in more fundamental terms – that for progress on poverty reduction, people need to feel safe and secure and have the basic services, rights and freedoms that we in the West take for granted: laws, water and electricity, and much more. Our governance work is about striving towards these things. And my friends generally agree on this. They might look at the Arab Spring and the crisis in the Horn of Africa and immediately agree that without security or legitimate governments that respond to the needs of their citizens, the path towards development will be rocky.

But they'll often ask whether DFID's work can really make a difference in countering corrupt dictators or self-interested elites. Given the scale of governance challenges, they ask, can an agency like DFID really make a difference? I think governance work by its very nature must be long term, context specific and multidimensional, involving actions locally, nationally and internationally. And very different approaches are needed in conflict-affected and fragile states. So, yes, DFID alone cannot drive transformational governance change. We need to be realistic about our contribution to broader and more complex processes.

But we should not lose sight of the fact that well-targeted interventions can make a real difference for the lives of ordinary people. Andrew Mitchell, the Secretary of State for International Development, in a recent speech on 'Results for Change', gave a good illustration of this.

In Bangladesh, we are working with the government to open new and inexpensive channels for people to access their legal rights. This system has brought justice within the reach of poor people – the landless labourers, the slum dwellers, the very people who often need it the most.

68% of women surveyed said that there had been less violence and abuse within the home six months after

mediation was complete. And just under £1.3 million worth of assets have been returned to poor people – most of them women.

The balance of power will also shift, meaning that poor people are safe to accumulate wealth and live their lives free from violence.

In short, there is a range of practical approaches that do make a real difference in the short term, and that will contribute towards longer-term sustainable change.

This paper describes how DFID is seeking to maximise the effectiveness of its governance work. I then briefly touch on how these ideas may be relevant to the Commonwealth's governance work.

Lessons from DFID's recent governance practice

DFID's approach to governance has evolved over the last 15 years from a focus on the formal institutions of the state, towards a much greater focus on both citizens and the state. This was a core element of DFID's 'CAR framework', which focused on Capability, Accountability and Responsiveness. This has helped shape DFID's understanding and engagement with governance in partner countries. More recent work around peacebuilding and state-building has focused on the importance of political settlements and citizen-state compacts as a starting point for progress towards development in fragile and conflict-affected states.

Colleagues in DFID have summarised some of the key lessons from a recent review of DFID's governance portfolio and from four major research programmes that were undertaken between 2001 and 2011. These are:

- **Recognise that governance change is internally driven and long term:** Donors need to be realistic about their ability to significantly transform governance in developing countries over three to five-year programming cycles. The World Development Report has shown that even the strongest performers take between 15–30 years to shift from fragile to more resilient institutions.
- **Support best fit rather than best practice solutions:** The evidence suggests that best practice models based on Western experience frequently fail when applied in developing countries. Donors should instead be looking for 'good enough' or 'best fit' solutions that are rooted in the country context, and take into account informal as well as formal institutions.



Poverty reduction is a fundamental aim of DFID's governance work

- **Think and work politically:** The limitations of technical solutions to development problems, and the centrality of politics, are now well understood. But while take-up of political economy analysis has expanded significantly in recent years, there are still relatively few examples of how this understanding is being translated into operational practice on the ground. There is further scope for donors to embed thinking and practice on politics in their day-to-day work.
- **Focus on state–society relations:** Growing evidence suggests that donors need to pay more attention to legitimacy and to broaden their work to foster greater trust between states and citizens, particularly in fragile states. This represents an important shift from earlier thinking that focused largely on capacity development of state institutions. The assumption that legitimacy would flow unproblematically from improved state performance has been thrown into sharp relief by events in countries like Egypt and Tunisia.
- **Take account of international drivers:** Elite incentives to pursue development aims are critical. But research has shown that the global environment can create perverse incentives for elites to undermine state capacity and ignore the needs of citizens. This is due in part to the unprecedented opportunities for corruption through the export of scarce commodities (including oil, gas, diamonds and narcotics). Donors may have more scope to influence these incentives through action at the international level (for example, on corruption, money laundering, tax evasion and revenue transparency) than through country level programmes.

DFID's approach looking forward

In line with this learning, DFID is reviewing and refreshing its approach to governance. I would like to focus on three strands that are emerging as priorities.

1. Strengthening the evidence base around what works and why

This will remain a major focus of DFID's work. We will maintain our strong focus on research. Eight new major multi-year programmes have been launched. A defining characteristic of these programmes is their 'operational edge', that is their stronger linkages to development programmes on the ground. DFID's recent peacebuilding and state-building strategies are testament to the existing influence of research on DFID practice.

DFID more broadly is strengthening its focus on evaluation and results. It is pursuing a more strongly decentralised approach to evaluation and so all new governance projects will build in a strong evaluation dimension. The new Independent Commission on Aid Impact (in effect, an evaluation watchdog) has been established, and will be undertaking a range of studies of DFID's work. This will include an investigation into DFID's approach to anti-corruption and a joint evaluation with the United Nations Development Programme (UNDP) of its support to elections. DFID also has a number of other evaluations in train on governance issues: for example, on public sector reform. DFID's focus on strengthening results entails putting robust analysis and better monitoring, evaluation and lesson learning at the heart of everything we do.

2. Continued work in conflict-affected states

The World Bank's 2011 World Development Report (WDR) on Conflict, Security and Development is another landmark publication, confirming these as priority governance challenges. Conflict-affected and fragile states now constitute 20 of DFID's 27 priority countries, and progress towards state-building and development goals will depend on addressing weak institutions and unresponsive politics. The WDR highlights the centrality of politics and legitimate institutions to overcoming repeated cycles of state fragility, conflict and violence. These new understandings are only just beginning to be properly reflected in the policy and practice of DFID and other donors.

3. Work on international drivers of bad governance

It is generally recognised that governance problems cannot be resolved simply at a country level. Increasingly, as a result of globalisation, new international factors are driving and influencing governance, both negatively – for example, transnational organised crime – and positively – the rise of new technologies. DFID has a good track record of supporting the emergence of multi-stakeholder initiatives such as the Extractive Industries Transparency Initiative (EITI), and will continue to back the development of new democratic norms through regional organisations such as the African Union (AU) and the African Peer Review. These and other approaches have the potential to shift elite incentives and promote new forms of accountability. DFID will also navigate this increasing complexity in the coming period as old aid models for reforming governance become less relevant, and as new approaches, relationships and ways of working are increasingly required.

There are also implications for our ways of working. Within DFID we are trying to be realistic about feasible change and aim to set goals and objectives that are pragmatic and achievable. We are also shifting away from best practice models towards a more selective, incremental and 'best fit' approach. We recognise that sound political analysis is central to success and so have a range of mechanisms to embed this in our programmes. Finally, we are looking to deepen collaboration with others across government, with key bilateral and multilateral agencies, as well as increasingly with emerging powers and new aid donors.

Implications for the Commonwealth

Let's dwell on the relevance of this for the Commonwealth family. Governance is clearly central to its make-up and role. The Commonwealth Secretariat and broader family is a values-based association underpinned by governance principles such as the Harare and Aberdeen Declarations, and supported by a range of mechanisms to uphold those values. This includes the Good Offices role of the Secretary-General, the Commonwealth Ministerial Action Group, peer pressure from across its membership, and more. It has a strong track record in the area of election observation, and in using respected figures from across the Commonwealth in these missions ensures greater access. The Commonwealth

also has a unique comparative advantage that DFID and many other international actors lack, namely a degree of openness and trust between its member countries. This serves to open doors and allows a frank exchange of ideas and views that donors such as DFID struggle to match. The recent launch of an anti-corruption network to facilitate peer-to-peer exchange of experience illustrates this. By virtue of its branding and the common legal traditions of its member states, the Commonwealth offers far greater potential to support worthwhile experience sharing.

It is important, however, that the Commonwealth recognises what it is not. It is simply too small to play a significant role in the large-scale delivery of governance or other programmes. In short, it should not aim to be the World Bank, but should rather focus on those areas in which it can add real value. From a DFID perspective, this is especially around making better use of its multiple networks and the potential for practitioner exchanges. It is also around its role internationally in representing and giving voice to the priorities of its member states, especially small states.

DFID and the Foreign and Commonwealth Office (FCO) are in discussions with the Commonwealth Secretariat and its member states about a number of these areas, exploring the scope for collaboration and whether there is potential for the Commonwealth to piggy-back on the larger initiatives of others. One example of this dialogue is the discussions that are starting about strengthening the Commonwealth's work on conflict and fragility. A conference on this topic is planned for the new year. We judge that the Commonwealth will have the greatest impact when it works with other organisations, bringing its niche skills to a bigger process. The Commonwealth might do more to demonstrate its unique comparative advantage and I think organisations such as my own need to give greater recognition to the Commonwealth's value added.

DFID's Multilateral Aid Review assessed the value for money of the funding we provide to a number of multilateral organisations. It was judged that the Commonwealth Secretariat spreads itself too thinly and so dilutes its impact. A number of organisational weaknesses were also identified. Given this, however, it is pleasing to see that the Commonwealth Secretariat recognises the need to modernise, and has put significant processes in train to drive change. I am hopeful that the Eminent Persons Group, which reported to the Commonwealth Heads of Government Meeting (CHOGM) in October, will help towards making the Commonwealth stronger and more relevant in the 21st century. It is likely that governance will be central to any future strategic purpose. At a more operational level, I am also optimistic that the preparation of a new Strategic Plan will provide opportunities to strengthen focus and impact.

Governance and development are integrally connected, and while it is challenging to catalyse transformation in governance systems, there is much that can be done. Both DFID and the Commonwealth family have important and complementary contributions to make.

Endnote

1 *Governance, Development and Democratic Politics (2007)*, p.6.