

Governance Profile

Annex 1

Aid allocation criteria for the geographic cooperation with the ACP countries in the framework of the 10th European Development Fund covering the period 2008-2013

Introduction

Under the ACP-EC partnership Agreement (Cotonou Agreement)¹, the Commission can intervene at the national, regional and intra-ACP level. The intra-ACP envelope having been fixed², the present document covers the criteria for aid allocations at national and regional level.

	EDF10 Amount in M€*
1. National and regional cooperation	19.516
1.1 National indicative programmes (NIP)	
⇒ A-envelopes (programmable funds)	
- initial indicative amount	10.800
- incentive tranche	2.700
⇒ B-envelopes (for unforeseen needs)	
- initial allocation	600
- reserve for B-envelope replenishment and FLEX	1.200
1.2 Regional indicative programmes (RIP) (~13% of A-envelopes)	1.765
1.3 Reserve for NIP/RIP reallocations after reviews	701
2. Intra-ACP cooperation	2.700
Sub-total operational credits for the ACP managed by the Commission	20.466
3. Investment facility (managed by the EIB)	1.500
Total operational credits for the ACP	21.966

(*) The amounts in bold are those adopted by the Joint Council (02 June 2005)

At the national level, the Cotonou Agreement distinguishes (Annex IV, Article 3.2) an envelope for programmable aid (said "A-envelope") and an envelope (said "B-envelope") to cover unforeseen needs such as emergency assistance where such support cannot be financed from the Community budget, contributions to internationally agreed debt relief initiatives and support intended to mitigate adverse effects of instability in short-term export earnings (the FLEX mechanism).

- Given the number of ACP countries concerned (77) and their heterogeneity both in terms of size and of development level, the exercise consists in determining the allocation of the resources for the A-envelopes while ensuring a balance between needs and performance criteria in order to maximize the effectiveness of aid in light of the primary objective of poverty alleviation.
- The optimal size of the B-envelopes for unforeseen needs is by nature difficult to anticipate and an operational proposal is made to create more flexibility.

The Cotonou Agreement, in its Annex IV, Article 3 (1) gives indications on the needs and performance criteria for the allocation of resources between national indicative programmes (NIP). In addition the "European consensus" on the EU Development Policy³ recommends the use of "**standard, objective and transparent criteria**" and to take the particular difficulties into account faced by countries in crisis, in conflict or disaster-prone.

¹ OJ L 2009, 11.8.2005, p. 27.

² OJ L 247, 9.9.2006, p. 22.

³ OJ C 46, 24.2.2006, p. 1.

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A two-step approach is proposed to determine the A-envelope allocations:

- An initial allocation based on a quantitative approach which takes as starting point the initial allocation of the 9th EDF, thus ensuring continuity, supplemented by a statistical model which takes up and develops the needs and performance criteria, based on data published by recognized international institutions;
- A possible additional "incentive tranche" based on more qualitative criteria of democratic governance which cannot easily be fed in a quantitative model.

Regional cooperation is centered on regional integration and in particular on the economic partnership agreements (EPA) whose implementation will coincide with the start of the 10th EDF. The configuration of the regions is consequently guided by the configuration of the EPA, without however excluding *ad hoc* functional cooperation outside the EPA configurations that, when relating to matters concerning regional integration, shall be coherent with the EPA. The size of the regional allocations is based on the underlying national allocations, while taking into account some statistical elements of differentiation.

1. NATIONAL INDICATIVE PROGRAMMES (A-ENVELOPES)

The 10th EDF is significantly larger than the 9th EDF. That makes it possible to ensure minimum **continuity and predictability** by allocating to each country a potential programmable amount which, on annual basis, will not be lower than that under the 9th EDF, while introducing differentiation according to needs and performances.

The allocation of the amount available (€ 13.5 billion) for the A-envelopes of the NIP is done in **two phases**:

1. **Initial allocation**, according to quantitative needs and performance criteria (€ 10.8 billion);
2. **Governance incentive tranche**, based on the quality of the partner country's reform agenda, assessed on the basis of its relevance, ambition and credibility (€ 2.7 billion).

1.1. Initial allocation

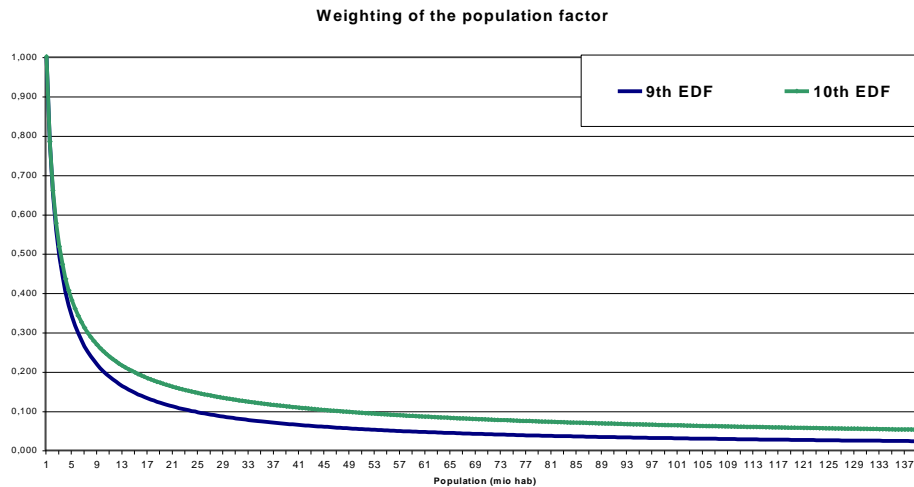
First stage

As a starting point half of the available funds are allocated *pro rata* the initial 9th EDF allocations, the other half being allocated according to population and income criteria updated compared to the 9th EDF.

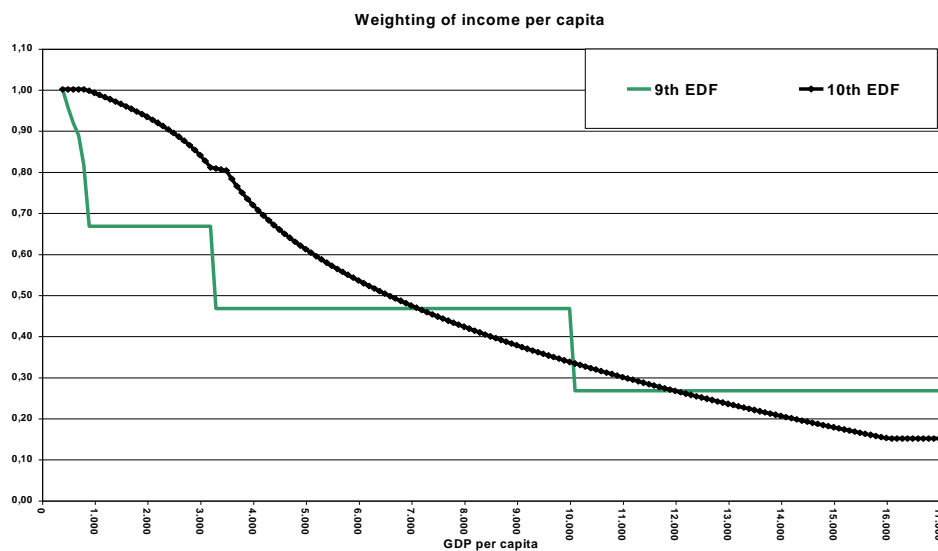
The **population** is an indicator of the potential extent of poverty. The existence of important economies of scale and the fragility and larger sensitivity of small economies to exogenous shocks justify the gradual reduction of aid per capita. Under the 9th EDF, this phased reduction was very strong, the most populated ACP country receiving, everything else being equal, 30 times less per capita aid than the countries having a population of less than 1.5 million inhabitants. A double correction was carried out, by

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reducing the minimum threshold where the economies of scale set in from 1.5 to 0.5 million inhabitants and by reducing the maximum divergence in per capita aid to a ratio 1/20. This is more in line with what other donors are doing and limits the penalization of the larger countries.



The average **income per capita**, expressed in purchasing power parity, indicates the potential intensity of poverty but measures also the means that the government can theoretically mobilize to fight poverty, to correct inequalities and to promote social cohesion. Therefore, per capita aid decreases gradually as the per capita income increases. This phased reduction was discontinuous under the 9th EDF, with a maximum divergence of 1 to 4 between the poorest countries and the richest countries. Under the 10th EDF the phased reduction follows a smoother path, whereby the decrease is slow for the lower middle-income countries but more accentuated for the higher middle-income countries, so as to better reflect the relative wealth of the countries concerned, the maximum divergence increasing to a ratio 1/6.



Second stage

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Following **additional needs criteria** have been taken into account:

- The **demographic dynamics**, measured as the share of the young (less than 15 years) in the population, which determine some basic social needs (education, mother-child health, etc.) over the medium term.
- The prevalence rate of **AIDS** among adults from 15 to 45 years.
- The **human poverty index**, developed by the UNDP. It takes into account the probability at birth of not surviving beyond 40 years, the level of adult illiteracy, the number of people who do not have access to a source of improved water and the number of children of less than 5 years moderately or severely malnourished. In order to compensate for the phasing out as from 2007 of Community budget funded programmable activities at country level in the field of food security, the "severe malnutrition" component has been given a supplementary weighting compared to the UNDP human poverty index.
- The **vulnerability** of the country is taken into account via the volatility of the growth rate of gross domestic product (GDP) around its average over the last 25 years. In line with the Cotonou Agreement, more specific criteria are added to this instability measure in order to take into account the structural handicaps of the least developed countries (+ 5%) and of the landlocked or insular countries (+ 10%). Other indicators of geographic isolation integrated in the model are: the relative weight of transport costs in international trade and weak urbanization and low population density which increase the cost of access to basic social services.

The available envelope having been entirely allocated in a virtual way as from the first stage, these corrections translate in reallocations between countries. The cumulative effect is situated between a maximum reduction of 29% and a maximum increase of 15% in the virtual allocation compared to the amount resulting from the first stage.

Third stage

Contrary to the 9th EDF, performance in the field of the democratic governance is not taken into account at this stage given the existence of an incentive tranche. The **performance criteria** are regrouped in four parts:

- **Financial performance**. The aid absorption capacity is measured by a combined factor of the commitment rate halfway the 9th EDF and the ratio between what "remains to be disbursed" and the average annual payments over the last three years. The absorption capacity is corrected by an aid dependency factor reflecting decreasing marginal utility of aid.
- **Economic performance** is subdivided in two parts:
 - The **investment climate**, which takes into account the business climate (measured as the time required to start a business, to register property and to enforce a commercial contract), the average external tariff protection level and the share of external direct investments and of gross fixed capital formation in the GDP of the country.

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- The **macroeconomic performance** which takes into account recent economic growth corrected by a combined factor of external debt and ecological sustainability (non renewable use of natural resources and pressure on arable land) to ensure the medium-term viability of this economic growth.
- **Social performance.** At policy level, one compares the relative share of the public expenditure devoted to education (corrected by the budget share dedicated to primary education and by the gender ratio in primary education) and health relative to military expenditure. At sectoral level, the progress made in reaching the millennium development goals (MDGs) in the sectors of education (primary education for all in 2015) and health (reduction by 2/3 of child mortality by 2015) is taken into account.
- **The mid-term review.** A final correction is based on the relative size of the A-envelope reallocations at the time of the mid-term review under the 9th EDF (in 2004). This correction reflects the Commission's evaluation of the partner country's performance, including regarding the commitments integrated in the initial 9th EDF strategy paper. For "post-conflict" countries that had not signed a country strategy paper (CSP) at the end of 2005, the relative increase of the B-envelope during the mid-term review is taken into account.

The performance indicators have a reallocation impact situated in a range between a reduction of 30% and an increase of 42% in virtual allocation compared to the amount obtained at the second stage.

Fourth stage

The results obtained so far are corrected in order to limit excessive aid volatility by using minimum and maximum progression threshold in relation to the 9th EDF.

In order to ensure continuity and the necessary predictability of the EC's commitments, the allocated amount will not be lower in nominal terms than the initial amount under the 9th EDF extrapolated over 6 years.

For **Africa**, the increase in initial country allocation compared to the 9th EDF extrapolated over 6 years is capped at 50%. An exception is made for the countries where annual aid per capita under the 10th EDF does not reach € 1,25.

Regarding the countries of **the Caribbean and the Pacific region**, the increase is capped at 20% except for the countries where annual aid per capita under the 10th EDF does not reach € 3,75. The theoretical allocations exceeding this more restrictive ceiling are transferred to the respective Regional Indicative Programmes (RIP) as a move towards further regionalization of aid in regions where particularly important regional economies of scale can be made.

The countries under Article 96 have their allocation limited to the initial 9th EDF amount extrapolated over 6 years. The difference compared to the theoretical amount resulting from the model is "frozen" in a reserve and can be mobilized once they move out of the crisis situation.

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1.2. Governance incentive tranche

The quantitative model does not integrate in a comprehensive way in-country democratic governance processes which are critical for aid effectiveness in fighting poverty. The introduction of a "governance incentive tranche" enables the ACP states to top up the initial allocation according to their willingness to undertake reforms in this area.

First step

An analysis of the democratic governance situation in each ACP country is made, based on a detailed questionnaire allowing the establishment of a "**governance profile**" by the Commission in close cooperation with the Member States locally represented. Democratic governance is defined in a broad way and encompasses nine areas⁴. The analysis covers both the current situation and the recent trends. The EC delegations, in coordination with the Member States locally represented, identify the main weaknesses. In order to ensure a standardized process and the comparability of the results, the analyses are then harmonized by the Commission at headquarter level⁵.

Second step

The delegation shares the outcome of the analysis, i.e. the main weaknesses identified and possible priorities for reform, with the partner country. In the context of the programming dialogue, the government is invited to draw up a list of commitments (a "governance action plan"), to be attached to the CSP. These commitments can be based, at least partially, on already existing reform plans such as those included in the poverty reduction strategy papers or identified in the framework of the "African Peer review mechanism" or similar initiatives.

The commitments in turn are evaluated by the Commission in co-operation with the Member States represented locally according to the three following criteria:

- **Relevance:** do the proposed reforms address the principal weaknesses identified within the framework of the governance profile?
- **Ambition:** are the various dimensions of the identified problems addressed or does the answer only have a limited, partial scope, reflecting weak political willingness to tackle the root causes of the problem?
- **Credibility:** are there intermediate and final, objectively measurable, results-oriented indicators and is there a precise timetable for the implementation of the reforms which makes it possible to monitor progress achieved? Possibly this criterion can also integrate past performance and recent trends in governance in order to assess the political credibility and the political willingness to implement the proposed reforms.

⁴ Political/democratic governance; Political governance and rule of law; Control of corruption; Effectiveness of the government (including public finance management); Economic governance (including investment climate and management of natural resources); Internal and external safety; Social governance; International and regional context; Quality of the partnership.

⁵ As a reference point, the Commission used the composite "KKZ governance index" developed by the World Bank Institute, which provides useful information on the first six governance areas.

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Quantification of the incentive tranche

The qualitative assessment of governance is supported by quantitative elements, in the form of scores, in order again to standardize the process and to facilitate comparability across countries. Each of the main weaknesses identified and that should be addressed is given a country specific weighting, reflecting their relative importance on the basis of the analysis of the situation. The level of relevance of the reform agenda of the partner country's governance action plan can be assessed as basic, intermediate, high or exceptional. A similar evaluation can then be made for the ambition and credibility criteria.

When assessing the governance action plan, special attention shall be given to countries coming out of a crisis or in a situation of fragility. The scope and the depth of the problems to address are so broad that numerous fields of governance can be considered as relevant, even though some issues may deserve more attention than others. While the ambition of the governance plan of action may appear weak or intermediate in absolute terms, they may be ambitious in relative terms, taking into account a particularly difficult and challenging environment, and merit specific support. Similarly, while the internal consistency and credibility of such a plan may appear disappointing, allowance has to be made for the context of structural fragility within which the governance action plan will have to be implemented.

By combining the scoring for each of the three criteria, four levels of incentive tranche have been determined:

- An initial level of 10% for those countries which, by the simple fact of accepting to attach a governance plan of action to the country strategy paper, have confirmed their willingness to enter into a dialogue with the EC on this issue, even though the relevance, ambition and credibility of the plan itself are only of basic or intermediate quality;
- A second level of 20% for those countries whose governance plan of action is of high quality on at least one or two of the evaluation criteria, confirming that some of the issues identified as priorities are at least partially addressed;
- A third level of 25% for those countries whose governance action plans are of high or exceptional quality for all criteria: the plans are relevant, ambitious and credible and can be used as framework for the dialogue on and monitoring of the democratic governance reforms;
- A fourth level of 30% for those countries whose governance action plans are of exceptional quality for all criteria.

Countries with second or third level governance plans that have taken additional measures to further strengthen their governance agenda, such as the finalization of the "African Peer Review Mechanism", deserve a bonus, set at 5%. Similarly, countries that make additional commitments in the framework of functional cooperation arrangements among ACP countries in the area of democratic governance, may also access a topping up of their incentive tranche, which shall not exceed 5% and which shall be funded from the incentive tranche reserve.

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This approach puts the entire weight of the allocation decision on the quality of the commitments, assessed by taking the present governance situation and the main weaknesses identified as starting point, thereby confirming its incentive character.

The incentive tranche comes on top of the initial allocation and will in principle be allocated to the sectors already identified in the NIP on the basis of the principles of unity of programming, of concentration and of complementarity among donors. Similarly the monitoring will be done in an integrated way at mid-term review, whereby possible reallocations will result from a global assessment of various performance criteria (financial, sectoral, macro-economic, governance related) and affect the consolidated A-envelope and not the incentive tranche alone.

2. NATIONAL INDICATIVE PROGRAMMES (B-ENVELOPE)

It is difficult to envisage the unforeseeable and therefore to anticipate the amounts to be allocated to each national B-envelope. Therefore, rather than to fix the budget B of each country from the beginning for the duration of the 10th EDF with the risk of seeing certain envelopes exhausting quickly and others remaining largely un-utilized, only € 600 million will be allocated to the B-envelopes. This minimum amount should meet the estimated needs for the first 2 years of the 10th EDF. As from the first annual review, it will be possible to replenish the B-envelopes of the countries having to cope with important unforeseen needs, from resources put in reserve specifically for the renewal of the B-envelopes (€ 1.2 billion).

Distribution by country of the initial amount of € 600 million will be made as follows:

- A minimum allocation of 1.5% of the consolidated A-envelope, with a minimum of € 0.2 million.
- This amount is supplemented pro rata by the relative use made by the various countries of the B-envelope during the 9th EDF until the end-of-term review (end 2006), limited to the amount of the initial B-envelope for countries without signed CSP.

3. REGIONAL INDICATIVE PROGRAMMES

Regional integration and the EPA are at the heart of regional programming. In this context it is important to ensure close interaction between national and regional programming. Given the strategic importance of the envisaged regional actions, the regional allocation was increased by two thirds on an annual basis compared to the 9th EDF, reaching € 1.75 billion.

The regional integration objectives and constraints vary from one region to another and it is consequently difficult to quantify specific allocation criteria related to these regional integration processes. While the initial idea had been to follow a two-step approach similar to the method followed for the NIP, including a "regional integration incentive tranche", this idea was therefore finally abandoned. As the interaction between the constituent countries and the regional bodies are critical for successful regional integration, the initial allocations have in stead been topped up by 25% in order to ensure

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that enough means can be mobilised to support timely implementation of the EPA, notably to ensure sufficient funding for the building of institutional capacity.

The regional allocations are determined on the basis of a simplified quantitative model that takes as starting point the underlying national allocations, amended to take into account specific regional needs and performance criteria:

- A correction taking into account the part of each region in the theoretical use of the B-envelopes under the 9th EDF to cater for the unforeseen events. This correction aims at reflecting **the structural** vulnerability of certain regions to external shocks and natural disasters.
- A correction, fixed at 10%, to reflect **the insular character** of certain regions. The Caribbean and the Pacific have indeed specific small island economies constraints and have to cope with specific environmental challenges that justify a specific treatment.
- A correction reflecting the relative importance of **intra-regional trade** in the total trade of the region as proxy for a performance indicator of progress in regional integration.
- A correction reflecting **the performance in the implementation of the 9th EDF RIP** based on the relative size of the reallocations made within the framework of the mid-term review.
- A **NIP-RIP transfer** for the Caribbean and the Pacific regions (cf. the 4th stage of the allocation process of the NIP).

These corrective measures make it possible to modulate the RIP allocation in a corrective range from -23% to + 73% of the starting point.

Given the fragility of the peace and stability process in Central Africa, specific support for the consolidation of sub-regional functional integration is proposed in the context of the "Communauté Economique des Pays des Grands Lacs" (CEPGL, made up of the DRC, Rwanda and Burundi), financed in part by a flat increase of the RIP of the East African region by € 10 million and of the Central African RIP by € 5 million, funded from the reserves for long-term development.

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Annex 2

Explanatory Note

The governance profile should provide a qualitative, extensive and detailed assessment that helps identifying the main constraints in governance related areas in the broad sense. It is not meant to be exhaustive but focuses on some core issues of governance. Some governance-related issues are not fully covered by the governance profile, because they are already addressed in other relevant documents (annex on non state actors /local authorities consultation on the CSP, MDG indicators, environmental profile, ...).

The governance profile is a programming tool. Its main objective is to help identifying specific areas of cooperation (weaknesses) and agreeing on benchmarks and targets for reform (Government commitments), or on sectoral performance indicators, if governance is a focal area. It will help to assess the extent to which commitments undertaken by partner country are relevant, ambitious and credible for the “incentive tranche”.

The governance profile is not meant to be done necessarily jointly with the partner country but its content should be shared (but not negotiated and agreed) with partner country during the programming dialogue. EU Member States should be associated.

The governance profile is divided in nine sections

- (1) Political /democratic governance
- (2) Political governance/rule of law
- (3) Control of corruption
- (4) Government effectiveness
- (5) Economic governance
- (6) Internal and external security
- (7) Social governance
- (8) International and regional context
- (9) Quality of partnership

The profile, to be updated regularly, should be done for all country situations including, effective and stable partnerships, difficult partnerships and fragile states, post-conflict situations. Depending on the country situation other relevant issues can be addressed in the profile. In countries having completed the African Peer Review Mechanism Process, the profile will be based on the report of this review process.

Relevant sources of information and useful internet links are joined in Annex.

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4. POLITICAL/ DEMOCRATIC GOVERNANCE (VOICE AND ACCOUNTABILITY FOR WBI)

4.1.Human Rights

<p>Does the government have any particular problem to sign, ratify or transpose to domestic law human rights related global/regional conventions⁶? If so, why? Please provide comments on implementation of human rights ratified conventions.</p>	
<p>Has the government signed and ratified the statute of the International Criminal Court? Has it signed bilateral immunity agreements with third countries (USA)?</p>	
<p>If death penalty has not been abolished, under which circumstances and grounds it is applied (military, sharia courts..)?</p>	
<p>Do the watchdog public institutions (Ombudsman, Human Rights Commission), in case they exist, have problems in exercising effective power?</p>	
<p>Is the principle of non discrimination based on sex, race, colour, language, religion, political or other opinion, national or social origin foreseen by the law and effectively guaranteed? If not</p>	

⁶ **Global instruments:** The Universal Declaration of Human Rights (1948), the International Covenant on Civil and Political Rights (1966), and the International Covenant on Economic, Social and Cultural Rights (1966), plus a number of specific conventions, such as the International Convention on the Elimination of Racial Discrimination (1965), the Convention on the Elimination of Discrimination Against Women (1979), the Convention Against Torture (1984), and the Convention on the Rights of the Child (1989). **Regional instruments: African countries:** African Charter on Human and Peoples Rights (1990), Grand Bay (Mauritius) Declaration and Plan of Action for the Promotion and Protection of Human Rights (1999), African Charter on the Rights and Welfare of the Child (1990), African Platform on the Right to Education (1999), OAU Refugee Convention (1969), Protocol on the Rights of Women in Africa (2003). **Caribbean countries** (to be completed), **Pacific countries** (to be completed)

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what are the main problems?	
Are minorities' and indigenous peoples' political and cultural rights effectively protected? What are the main controversial issues (land rights, political rights,..)?	
<i>Other relevant information, overall appreciation and summary of the main problems identified in this area</i>	

4.2.Fundamental Freedoms

<p>Are the following fundamental freedoms recognised and effectively exercised by citizens (what are mains restrictions and problems if not respected)</p> <p>- freedom of movement, including entering and leaving the country</p>	
- the freedom of thought, conscience and religion	
- freedom of expression	
- freedom of information (are there restrictions to international media and to access to internet?)	
- freedom of assembly and association (including meetings held by political opposition, demonstrations). Is the regulatory environment conducive for civil society organisations, professional associations, trade unions, political parties to operate	
<i>Other relevant information, overall appreciation and summary of the main problems identified in this area</i>	

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C. Electoral Process

Were the last Presidential, parliamentary and/or local electoral processes considered free and fair by EU and/or other international bodies? If not, what are the main obstacles? Please refer to the following elements to assess the electoral process.	
- specific problems that undermine the independence, impartiality and credibility of the authority in charge of supervising the electoral processes	
- electoral census and the voters' registration system	
- specific problems that undermine the principle of equal campaigning opportunities (equal access for all contesting parties to the state-controlled media, availability of published and broadcast media in all constituencies, transparency of financing of political groups / candidates)	
- existence of mechanisms for checking and validating election results - possibility to use recourse procedures	
- possibility of requesting an authorised international election observation - possibility for local observers (from independent NGOs or political parties) to operate	
<i>Other relevant information, overall appreciation and summary of the main problems identified in this area</i>	

D. Principles of constitutional democracy

Does the Constitution contain the principle of the separation of	
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powers?	
How does Parliament exercise its main powers? (legislative functions, power to decide the national Budget, oversight of the executive/government's action and capacity to dismiss the executive)	
Are there any political parties or similar structures? If not, what are the main obstacles for their formation and functioning?	
How the political parties ensure political pluralism? (their capability of being representative, their budget, ...)	
Is the security system, including law enforcement institutions such as police, armed forces, paramilitary forces, etc, under democratic control and oversight by Parliament and civilian authorities? If not, what are the main obstacles?	
<i>Other relevant information, overall appreciation and summary of the main problems identified in this area</i>	

5. POLITICAL GOVERNANCE/RULE OF LAW: JUDICIAL AND LAW ENFORCEMENT SYSTEM

What type of judicial systems (modern, religious, traditional,...) coexist in the country? What is their respective jurisdiction?	
Do procedures of nomination, removal, sanctions and promotion ensure the independence of judges?	
Is the current system conducive to a performing judicial system (appropriate salary, training, transparent disciplinary regulations, trained judges, equipped courts)?	
Does the judicial system guarantee the right of every citizen to a fair trial? The following elements could be taken into	

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<p>consideration:</p> <ul style="list-style-type: none"> - Is the access to justice reasonably ensured (including its geographical coverage) and judicial decision taken in a reasonable time? - Is the system for appeal deemed effective? 	
<p>In the exercise of its functions, does the law enforcement system (police, judges, penitentiary system) guarantee security of citizens and respect of law, while respecting human rights? Are penalties proportional to crimes? Do prison conditions respect human dignity?</p>	
<p><i>Other relevant information, overall appreciation and summary of the main problems identified in this area</i></p>	

6. CONTROL OF CORRUPTION

<p>What are the sectors in which cases of corruption are reported? What kind of corruption is it?</p> <p><i>(ie :customs, public procurement, revenue collection.. ?)</i></p>	
<p>Does the country have an appropriated legal framework enabling to fight against corruption?</p> <p><i>(ie Do national law criminalise active and passive corruption to/by a public official, Is an anti-corruption commission or other similar institution in place,..?)</i></p>	
<p>Is the national legal framework implemented?</p> <p>Are the institutions adequately financed to fulfil their mandate?</p>	
<p>What is the position of the country towards international law</p>	

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regarding the fight against corruption (UN conventions, Financial Action Task Force)?	
Is the country contributing to FATF-GAFI (Financial Action Task Force / Groupe d'action financière)? Is the country implementing FATF/GAFI recommendations on money laundering and terrorism financing⁷? Through which regional mechanisms⁸?	
Does the country have a strategy or reforms addressing the main weaknesses identified here above? Are these strategies / reforms integrated in the poverty reduction strategy ?	
<i>Other relevant information, overall appreciation and summary of the main problems identified in this area</i>	

7. GOVERNMENT EFFECTIVENESS

A. Institutional capacity

What are the main obstacles for public institutions (ministries, central bank, tender authority, audit) to exercise their power in an effective manner? The following elements could be taken into consideration:	
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⁷ FATF 40 recommendations on money laundering
http://www.fatf-gafi.org/document/23/0,2340,fr_32250379_32236920_34920215_1_1_1_1,00.html

FATF 9 special recommendations fighting terrorism financing
http://www.fatf-gafi.org/document/51/0,2340,fr_32250379_32236920_35280947_1_1_1_1,00.html

⁸ Such as Groupe d'action financière des Caraïbes GAFIC, [Groupe anti-blanchiment de l'Afrique orientale et australe GABAOA](#)⁸, Groupe Inter-gouvernemental d'Action contre le Blanchiment en Afrique –de l'Ouest- GIABA⁸, [Groupe Asie/Pacifique sur le blanchiment de capitaux GAP](#)⁸

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<ul style="list-style-type: none"> - is their mandate clearly defined? - do they dispose of qualified staff and adequate budgetary resources? - is there an effective coordination between the central and local level government? - is the national and local administration able to formulate and implement policy initiatives? - are they able to manage external aid? - do they have the capacity to respond effectively to natural disasters? 	
<p>If a decentralisation process is ongoing,</p> <p>Are the relevant competencies devolved to local authorities?</p> <p>Are appropriate resources (staff and budget) secured through allocations in the State's budget or through their own revenues?</p>	
<p><i>Other relevant information, overall appreciation and summary of the main problems identified in this area</i></p>	

B. Public Finance Management (PFM)

<p>Is there an up-to-date assessment of PFM in the country?</p>	
<p>Describe if there are problems with:</p> <ul style="list-style-type: none"> - the realism of the budget document? - the execution of the budget? - the comprehensiveness and the transparency of the budget ? - internal controls? 	

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- external scrutiny and audit?	
Is there a reform programme to improve the quality of PFM? - <u>If not</u>, is one being drafted? - <u>If yes</u>, Is there evidence of the authorities' commitment to its implementation	
Is there evidence of a lack of transparency and/or effective exchange of information for tax purposes? Are there harmful business tax regimes?	
<i>Other relevant information, overall appreciation and summary of the main problems identified in this area</i>	

8. ECONOMIC GOVERNANCE (REGULATORY CAPACITY FOR WBI)

8.1. Private sector/market friendly policies

Is the business climate attractive for private sector investment in particular taking into account - The time and cost to start/end a company	
-The level of access to capital market ; Inadequate bank supervision	
-The customs regulations and the application of the rule	
-The property regime	
-The labor regulations	
-The unofficial payment for firms to get things done	
<i>Other relevant information, overall appreciation and summary of</i>	

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<i>the main problems identified in this area</i>	
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B. Management of natural resources

<p>Has the country adhered to the EITI (Extractive Industries Transparency Initiative)? If not, what are the problems regarding the adhesion?</p> <p>Has the country encountered any problems in the implementation of the EITI (programme, activities, creation of a EITI specific department)?</p>	
<p>In case the country is concerned by the illicit production and trade of “conflict diamonds”, is the Government involved in and cooperative with the Kimberly Process Certification System (KPCS)?</p> <p>Has it put in place the appropriate controls to eliminate the presence of conflict diamonds in the chain of producing and exporting rough diamonds?</p>	
<p>FLEGT (Forest Law Enforcement, Governance and Trade)</p> <p>Is the country affected by illegal logging and the trade in illegally-harvested timber? If yes, what steps has the government taken to strengthen forest sector governance, and address underlying causes of illegal logging?</p> <p>Has there been dialogue between the government and the Commission concerning the EU FLEGT Action Plan, and is the country a potential candidate for a partnership under the FLEGT Action Plan?</p>	
<p>Does the country implement the FAO Code of Conduct for Responsible Fisheries (CCRF)?</p>	

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9. INTERNAL AND EXTERNAL SECURITY (POLITICAL STABILITY AND ABSENCE OF VIOLENCE FORWBI)

Internal stability/conflict

What kind of internal ethnic/regional conflict can be identified? Please specify its causes and the ongoing conflict resolution process, if any.	
Can signs of civil unrest be detected? If yes, which sectors of society are affected?	
<i>Other relevant information, overall appreciation and summary of the main problems identified in this area</i>	

9.1.External threats and global security

Is the country respecting international/regional agreements related to Antipersonnel Landmines, Explosive Remnants of War and illicit trafficking and spread of Small Arms and Light Weapons	
Does the country respect international law and its regional obligations in managing external conflicts? Is the country involved/affected by any external conflict?	
Is the country contributing positively (troop contributions to PK by UN) to the maintenance of peace in the world, continent, region?	
Is the country involved actively in peace mediations?	
Is the country committed to implement UN Security Council Resolution 1373 (2001) and UN Convention on Terrorism? Does the country have the institutional capacity/legislation to	

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contribute to the fight against terrorism?	
Does the country comply with and implement international norms and convention against the proliferation of weapons of mass destruction and their means of delivery?	
<i>Other relevant information, overall appreciation and summary of the main problems identified in this area</i>	

10. SOCIAL GOVERNANCE

Does the government have any particular problem to sign, ratify or transpose to domestic law the eight fundamental ILO Conventions⁹ ? If so, why? Please provide comments on implementation of ILO ratified conventions, in particular on children	
Does the country have a National Strategic Plan to enable it to respond to the challenges of HIV/AIDS e.g.; a national Coordination Committee etc.?	
Where national strategies and structures exist to respond to the challenges of HIV/AIDS, how far is there the political will and the commitment of domestic resources to ensure that they are effective?	
Does the government have any particular problem to sign, ratify	

⁹ Conventions on freedom of association and collective bargaining (conventions 97, 98) , on elimination of forced and compulsory labour (conventions 29, 105), on elimination of discrimination in respect of employment (Conventions 100, 111), on abolition of child labour (Conventions 138, 182)

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or transpose to domestic law the most important international conventions and declarations on gender equality?¹⁰ If so, why? Please provide comments on implementation	
Has the country put in place strategies and structures to respond to the challenges of gender equality, e.g. a national strategic plan, a coordination committee or the like?	
<i>Other relevant information, overall appreciation and summary of the main problems identified in this area</i>	

11. INTERNATIONAL AND REGIONAL CONTEXT

11.1. Regional integration

Level of implementation at national level of the economic integration agenda, particularly the creation of a free trade area or of a customs union	
Level of application of regional programmes or action plans in other regional policy areas that are part of the common regional "acquis" (transport policy, trade facilitation, etc)	
Level of engagement in the regional institutions, notably the respect of the financial commitments of the country, and respect of legal decisions taken by regional judicial bodies	
Technical and legal coherence and compatibility of the country's positions towards the various regional agendas and level of commitment towards the rationalisation of regional economic	

¹⁰ Convention on all forms of discrimination against women (CEDAW, 1979), the Cairo Programme of Action (1994), the Beijing Platform for Action (1995)

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cooperation	
<i>Other relevant information, overall appreciation and summary of the main problems identified in this area</i>	

11.2. Involvement in regional initiatives on governance and peer review mechanisms (such as APRM)

Is the country actively participating in regional initiatives on governance ?	
Has the country acceded to the Africa Peer Review (APR) process? Is the country being reviewed or has it been reviewed? Is APR programme of action integrated in the PRS, in the MTEF, etc	
<i>Other relevant information, overall appreciation and summary of the main problems identified in this area</i>	

11.3. Migration

Has the country been invited to deepen the dialogue with the EU on the broad agenda of migration related issues contained in art. 13 Cotonou ? If yes, has it responded positively? Have interlocutors been identified? Has an agenda for dialogue been proposed / agreed? Is there an open debate and good cooperation on the implementation of the readmission obligation?	
In case where development aspects of migration have been identified as an important issue (e.g. brain drain / return of qualified nationals, remittances, relation with diaspora), does the country show willingness to address them in the programming	

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<p>dialogue? Does the country pursue a pro-active approach in this policy field? What steps have been taken in this context?</p>	
<p>In case where refugee aspects of migration have been identified as an important issue (either as a host country or as a country of origin), does the country show willingness to address the position of refugees in the programming dialogue? Does the country, when appropriate, cooperate on initiatives to enhance domestic or regional protection capacity?</p> <p>Does the country pursue a pro-active approach in this policy field?</p> <p>What steps have been taken in this context?</p>	
<p>In case where illegal migration, smuggling and/or trafficking of human beings have been identified as an important issue, does the country show willingness to address these issues in the programming dialogue?</p> <p>Does the country pursue a pro-active approach in this policy field?</p> <p>What steps have been taken in this context?</p>	
<p><i>Other relevant information, overall appreciation and summary of the main problems identified in this area</i></p>	

12. QUALITY OF PARTNERSHIP

12.1. Political dialogue

<p>Are there agreed terms of reference, joint agendas and established calendar for article 8?</p>	
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Would you qualify it as open and constructive? If not, what are the main difficulties?	
Did the political dialogue lead to any concrete achievement?	
Within art. 8 is dialogue on essential elements systematic and formalised? Have specific benchmarks or targets been agreed?	

12.2. Programming dialogue

Does the government involve Parliament, non-state actors and local authorities in the programming dialogue?	
Was the programming exercise effectively a joint and open process? Did the Government actively promote co-ordination and harmonisation with other donors?	
<i>Other relevant information, overall appreciation and summary of the main problems identified in this area</i>	

12.3. Non State Actors

Participatory approaches to development: does the government involve non-state actors and local authorities in the PRS process (preparation, follow-up)?	
<i>Note: an assessment of the quality of participatory approaches should be provided in Annex 5 to CSP</i>	
<i>Other relevant information, overall appreciation and summary of the main problems identified in this area</i>	

OVERALL CONCLUSION

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GOVERNANCE DATA – EXAMPLES

Details and internet links to the tools below as well as to other guides are provided in Annex.

- Governance country diagnostics by the World Bank Institute (available for a very limited number of countries)
- Economic Commission for Africa
- International IDEA
- Africa Development Bank's Governance Profiles

ANNEXE - OUTILS – GUIDES DISPONIBLES

Websites externes

APRM - <http://www.nepad.org/2005/files/aprm.php>

Ranking of countries according to the evolution of selected governance indicators over time:

World Bank Institute - the link below present the updated aggregate governance research indicators for 209 countries for 1996–2004. Six dimensions of governance are examined: (1)Voice and Accountability (measuring political, civil and human rights), (2)Political Stability and Absence of Violence (measuring the likelihood of violent threats to, or changes in, government, including terrorism), (3)Government Effectiveness (measuring the competence of the bureaucracy and the quality of public service delivery), (4)Regulatory Quality/Burden (measuring the incidence of market-unfriendly policies), (5)Rule of Law (measuring the quality of contract enforcement, the police, and the courts, as well as the likelihood of crime and violence) and (6)Control of Corruption (measuring the exercise of public power for private gain, including both petty and grand corruption and state capture)

<http://info.worldbank.org/governance/kkz2004/>

TI Corruption Perception Index (2005 and previous years)

http://www.transparency.org/policy_and_research/surveys_indices/cpi/2005

Governance diagnostics

World Bank Institute – Governance country diagnostics

<http://www.worldbank.org/wbi/governance/capacitybuild/d-surveys.html>

African Development Bank – governance profile and other relevant data per country are available in the “African Development Report 2005”: <http://www.afdb.org>

Signature and ratification of international instruments

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Human rights – Global conventions

<http://www.ohchr.org/english/countries/ratification/index.htm>

ILO Conventions

<http://www.ilo.org/ilolex/english/convdisp2.htm>

(state of ratification of each convention - click on the reference on the left hand side)

OAU/AU Treaties, Conventions, Protocols, Charters, including the list of countries which have Signed, Ratified/Acceded

<http://www.africa-union.org/root/au/index/index.htm>

(select “documents” in the left, then click on “Treaties, Conventions & Protocols”)

Interamerican Convention Against Corruption (1996)

<http://www.oas.org/main/main.asp?sLang=E&sLink=http://www.upd.oas.org>

(select “corruption” under Sectors and topics, in the top)

ADB-OECD Anti-Corruption Initiative for Asia-Pacific

<http://www1.oecd.org/daf/asiacom/index.htm>

Sites intranet de la Commission

Nous avons développé des outils méthodologiques qui devraient faciliter l’élaboration du profil gouvernance, le dialogue de programmation ainsi que l’instruction des projets/programmes.

- Le nouveau format de CSP pour les pays ACP situe l’analyse des questions liées à la gouvernance dans le contexte plus large de l’analyse de la situation politique et fournit des indications utiles à ce sujet. Le but est de faciliter le lien entre l’analyse et la stratégie de réponse.
- Des fiches de programmation par sous-secteur (droits de l’homme et démocratie, Etat de droit -Judiciaire et Parlements-, Anti-Corruption, Décentralisation, Réformes Economiques et Institutionnelles -Appui budgétaire-) sont disponibles sur le site du iQSG. Ces fiches contiennent des éléments d’analyse plus détaillés et des indications sur des orientations possibles pour des interventions dans chacun des domaines.
<http://www.cc.cec/home/dgserv/dev/newsite/index.cfm?objectId=E20B9EA4-ABD6-296E-65D6BCC3AE40E935>
<http://www.cc.cec/home/dgserv/dev/newsite/index.cfm?objectId=E2D48344-DB4E-ED35-45155B9BE3AD8217>
- Le « handbook on Good Governance » produit par un réseau thématique de la Commission coordonné par Europe Aid facilitera l’identification de projets dans les « six clusters » (1)Support to democratisation including electoral processes and observation, (2)Promotion and protection of human rights, (3)Reinforcement of the rule of law and the administration of justice, (4)Enhancement of the role of non-state actors and their capacity building, (5)Public administration reform, management of public finances and civil service reform and (6)Decentralisation and local government reform and capacity building;
(http://europa.eu.int/comm/europeaid/projects/eidhr/themes-governance_en.htm)

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- Some of the issues examined in the Commission’s “**Check list for root-causes of conflict**” are relevant for the governance profile
http://europa.eu.int/comm/external_relations/cpcm/cp/list.htm