



Development Assistance Committee
Network on Governance (GOVNET)

Revised CONCEPT NOTE-TERMS OF REFERENCE (TORs)

INTERNATIONAL MEETING ON DONOR APPROACHES TO GOVERNANCE ASSESSMENTS

I Background

1. Governance has gained prominence within donor agencies over the last twenty years, evolving from narrow concerns with public sector management to encompass a broad set of interconnected issues including the role of formal and informal institutions, security, human rights, corruption, and politics, amongst others. Governance has emerged as integral to poverty reduction and growth and, although many debates about causality remain, evidence about the conditions in which aid is likely to be effective has persuaded donors of the centrality of governance.

2. In parallel, a range of tools to assess governance have been developed, accompanied by increasing numbers of quantitative indicators. The focus on assessment has been driven by a number of factors. These include: increased concerns with accountability and transparency in the use of aid resources (hence the need to closely track and scrutinise the quality of governance); to determine (at least in part) aid priorities, modalities and volumes, including incentive arrangements for improved governance; to inform a rapidly increasing number of donor interventions designed to support governance reforms; and the increased recognition of the need to understand the historical and socio-political context in which aid interventions are planned.

3. In this context, members of the OECD DAC's GOVNET members have agreed to organise an international meeting in February 2008 to share their own experience with assessing governance and to learn from others. A GOVNET steering group has now been established to advance the proposal. The international meeting on governance assessment will allow the GOVNET to systematically build on its past and current work in the areas of anti-corruption, capacity development, human rights and 'power and drivers of change'. In addition, the meeting will provide an opportunity to draw in relevant experience from other parts of the OECD, for example, the work of the Metagora project.

4. To assist in the preparation of this event and to deliver a number of subsequent outputs, this note sets out terms of reference for a suitably qualified institution to support the GOVNET's requirements for a two day international meeting on governance assessment and to deliver subsequent outputs, including a virtual sourcebook or compendium of methodologies and good practice principles or guidance on harmonisation of the practice of assessing governance.

II Objectives of the international meeting on governance assessments

5. The GOVNET has agreed the objective of the international meeting is to:

- Promote peer learning among donors.
- Identify appropriate practice for harmonization between donors and involvement of partner country when assessing governance.

6. In particular, donors would like to examine:

a) When and how to undertake assessments¹:

7. Donor agencies undertake assessments for a variety of reasons in a partner country. These motivations influence the breadth and depth of assessment, as well as the methodology used. It would be useful to discuss what determines donors' primary motivation, how this translates into an assessment methodology, and the main outcomes desired from differently motivated assessments.

8. Timing is also an important consideration, for example when taking account of key milestones and events in a partner country (such as elections) or when donor plans are being designed (such as country assistance plans).

9. A key topic for discussion will be assessment methodologies designed to illuminate the condition of governance at the country or state level. This will include the pros and cons in terms of resource requirements, analytical rigour, availability of necessary information, ease of use, robustness of results, potential for collaboration with other stakeholders and suitability for a variety of situations. Although the focus should be on donor assessments, relevant methodologies used by partner countries, the private sector, NGOs and think tanks will also be discussed, in terms of their potential and/or actual contribution to governance assessments by donors. (The private sector, for example, has a range of tools to assess political and investment risk).

10. Building on the outcomes and recommendations of an international conference organised by the UNDP and CMI in Bergen on 23-25 September 2007 will be important. This event was partner country focused, with three themes: being assessed by others; assessing yourself; and peer review.

b) Usage and impact of donor governance assessments

11. A key sign of the 'success' of an assessment is the extent to which it contributes to either the confirmation or improvement of existing donor strategies or in setting objectives and expectations for development assistance at the appropriate level. The event could incorporate discussion of examples of operational changes resulting from governance assessments, or examples of where existing activities have been validated by governance assessments. Participants could also discuss barriers to the use of governance assessments. For example, 2005-06 work by the PDoC task team in GOVNET found that donors' corporate objectives can sometimes clash with the implications of assessments.

¹ GOVNET started to shed light on this topic with its Power and Drivers of Change work (PDoC), with a review of 12 studies in 4 countries (Kenya, Bangladesh, Bolivia and Tanzania). The review noted that while PDoC studies shared a common core of political economy analysis, they employed different analytical lenses, aligned to their agency mandate and overall approach to development.

12. Other issues for discussion will be how assessments are used to determine aid allocations and partner country selection.

c) Progressing donor harmonisation:

13. The Paris Declaration calls for increased harmonisation and coordination of donor activities in partner countries. In practice, this commits donors to work together to reduce the number of separate, duplicative field missions and diagnostic reviews. Yet, in 2005, two thirds of missions and half of country analytical work were still uncoordinated. Although it is unlikely that a single unifying DAC-endorsed governance assessment methodology is either feasible or desirable, improved harmonisation and closer coordination and dialogue on governance assessments, and in the sharing and use of results, are feasible objectives. In addition, a common understanding amongst donors of the governance context in which they are operating will help to make joint donor strategies and division of labour more effective.

14. A discussion of donor experiences with joint assessments will highlight where joint assessments have led to the development of joint activities and strategies on governance. One of the main goals of the meeting should be to identify some appropriate practice principles or guidance concerning harmonisation.

d) Involving partner countries:

15. One challenge for donors is to ensure their own concerns with governance do not cut across partner countries efforts to assess their own governance trends and trajectories. One important question is how assessments (whether donor or partner country driven) can mobilise or add momentum to reform processes through dialogue and buy-in by local stakeholders and as a basis for policy development. There are potential tensions and trade-offs between donor-driven assessments and the principle of country ownership which need to be explored. In addition, national ownership of the process of governance assessment requires more than simply "involving" partner countries in donors' initiatives. Donors should discuss how ownership can be strengthened in collaboration with partners. In particular, the difficulties encountered while sharing 'sensitive' assessments with partner countries, and how this has affected relationships, or led donors to nuance their analysis, will be discussed.

16. The meeting will provide opportunities to share their experiences in engaging partner countries in governance assessment exercises, drawing out good practices and highlighting those cases that have been particularly successful in terms of fostering partner country ownership or in creating incentives and pressure points for domestic change. Looking into these concrete examples of joint donor-partner assessments will lead to drawing preliminary lessons (or principles) on how to involve partner countries effectively when conducting governance assessments.

17. Finally, the event should discuss how donors' assessment work might contribute to helping partner countries develop their own assessment capacities. The Africa Peer Review Mechanism (APRM) could provide an example of how locally-owned assessments can contribute to promoting a more systematic dialogue between donors and local stakeholders.

III Scope of the event

18. The event will be focused on the approaches that donors take to governance assessments, from macro-level country assessments to more focused thematic ones.

These include:

- Descriptive and analytical state/country-level assessments (studies of political economy and drivers of change) and

- Thematic assessments (‘spotlight issues’)

a) Macro level country analysis

19. Over the last 15 years, donors have evolved from formal organisational towards broader institutional and political economy oriented assessments. The conference will look into ‘macro level’ country analysis, which range from more descriptive assessments (snapshot) to more analytical approaches (political economy analysis).

b) Thematic assessments

20. The GOVNET has agreed that the meeting will also re specific assessments in areas that are crucial from a governance perspective, including:

- Corruption assessments,
- Human rights assessments
- Capacity assessments, and
- Conflict assessments

Corruption Assessments

21. Corruption assessments, which are conducted using the broader framework of a governance assessment or using a more tailored methodology, allow donors to make better sense of the formal and informal power structures that influence behaviour, and to identify the key sectors to be targeted to formulate optimal anti-corruption strategies and activities. These types of assessments include corruption risk assessments which look into mitigation measures that can be linked to a "power assessment" at the institutional or public sector level. Given the proliferation of tools in this area (including indicators), exploring entry points to improve donor harmonisation around corruption assessments will be essential. The GOVNET anti-corruption task team will contribute to the design of this session of the conference.

Human Rights Assessments

22. Another area is human rights where, for example, stocktaking of partner and donors’ human rights treaty commitments, and a focus on priorities signalled in country-specific recommendations of the human rights Treaty Bodies and Special Procedures, can be used as an analytical tool preceding programming. However, it is not clear what the best way is to include ‘thematic spotlight issues’ within governance assessments, so as to be able to draw recommendations of sufficient specificity. Drawing on country experiences, it would be useful to discuss ways to incorporate or link the 4 specific thematic areas identified above to broader governance assessments, and the depth of knowledge and specific recommendations that can be gained from different approaches to this. The GOVNET human rights task team will be consulted and provide suggestions for the design of this session of the conference

Capacity Assessments

23. Capacity development is an area of great interest to donors, particularly in the context of fulfilling Paris Declaration commitments. However, successful efforts to promote capacity development require attention not only to individuals’ skills, existing capacities and gaps at the organizational and institutional level but also to the wider governance perspective. Therefore, successful capacity

development efforts should be underlined by capacity assessments and if possible by broader governance assessments, in order to understand the enabling environment for capacity development which can help put into light the formal and informal rules that influence the creation and use of capacity. In addition, understanding a country's governance situation is essential to devising capacity development strategies, and donors could discuss how governance assessments may be used to inform activities on capacity development. The GOVNET Secretariat will directly assist the Consultants in the design of this session of the conference

Conflict Assessments

24. Conflict assessments aim at improving the effectiveness of development policy and programmes in contributing to conflict prevention and reduction. Conflict assessments can be used to assess:

- Risks of negative effects of conflict on programmes;
- Risks of programmes or policies exacerbating conflict;

25. Opportunities to improve the effectiveness of development interventions in contributing to conflict prevention and reduction². Conflict assessments also need to take the broader governance situation into account, either built into the methodology itself or by using parts of existing governance assessments. Discussion will explore complementarities and synergies of these two kinds of assessments, and the possibility to conduct them jointly (taking the DFID experience into account). The DAC CPDC network will be consulted and provide suggestions for the design of this session of the conference.

INCORPORATING GOVERNANCE INTO SECTORS

26. Finally, the issue of how governance issues can be assessed within different sectors will be addressed (e.g. education or health sector assessments). More thought is needed into how the meeting can accommodate this important point, and to what extent the thematic issues mentioned above, will tackle sectoral issues (e.g. assessing corruption in the health sector or assessing capacity in the education sector).

27. The GOVNET has concluded that the topics and themes mentioned above represent an ambitious agenda for an international meeting and a number of other issues will not be addressed. While important in their own right, the event will not focus on the topics of quantitative indicators, or on tools to examine the international aspects of governance (those that deal with the supply-side of corruption for example) or sector-specific measurement tools (such as PEFA for public financial management or the OECD-DAC Benchmarking and Assessment Methodology for Public Procurement Systems). The conference will not look into fragile state assessments either since many concerns with state fragility are covered by existing governance assessment methodologies.

IV Management and financing of the work

28. An ad hoc Steering Group of GOVNET members has been formed to deliver the workshop supported by the DAC GOVNET Secretariat. A Core Group, drawn from Steering Group members was responsible for negotiating these terms of reference with a consultant.

29. Donors will fund the consultants directly for specific aspects of the work on the basis of the TORs agreed by the Steering Group. Day to Day management of the consultants will be handled by the

² Source: DFID, 2002

DAC Secretariat in liaison with the Core Group, which will be specified in the contract with the consultants.

30. Within the broad technical parameters set out above, the detailed design of the meeting and related outputs will be contracted out to a suitably qualified institution (hereinafter named ‘‘the consultants’’).

V Scope of Work

a) Working arrangements

31. The role of the Consultant(s) is to support and assist in the conceptualisation and preparation of the conference preliminary survey, to participate in the delivery of the conference and to develop follow-up products (conference summary and principles on harmonisation). The Consultants will be directly managed by the Core Group under the leadership of the DAC Secretariat. All communications and documents will be sent to the DAC/GOVNET Secretariat who will liaise with the core group (and Steering Group, as appropriate). The key contact is Ms Bathylle Missika (bathylle.missika@oecd.org)

32. The Consultants will take guidance and liaise regularly with the Core Group and adjust the design of the event and related process on an iterative basis. They will have to adapt the deliverables according to preliminary findings, discussions with the group and key conclusions of the conference.

b) Scoping the issue: preliminary survey

33. The Steering Group agreed that a preliminary survey will be developed to inform the design of the conference. The survey will be developed primarily through GOVNET contacts in capitals. It will be designed to identify:

- All available governance assessment methodologies of GOVNET members
- Where, how and why these methodologies are being deployed
- The role of partner countries and other stakeholders in the process
- A limited number of cases of where joint assessments are taking place, which could be explored later and presented at the conference.

34. The Survey, once completed, will be used by the Consultants to design the event’s background note and final agenda. The Consultants will use donor methodologies and examples described in the survey as underlying case material for the conference. The survey will also constitute the basis on which the Sourcebook (in collaboration with UNDP) will be developed after the Conference.

c) Conference organisation

35. The conference will take place in London. It is agreed that the host donor (DFID) will cover the costs of the conference and assist with the logistics (providing meeting venue, helping with invitations, funding selected field participants, assisting with visas and accommodation, funding meals and providing documentation).

36. The conference will take place on 20-21 February 2008. The conference should not exceed 100 participants and will be by invitation only.

Conference participants will include:

- Representatives and advisers from DAC donor agencies from Headquarters and field offices that are involved in governance assessments, at both senior and working level
- Partner country representatives that have been involved in assessing governance (either in collaboration with donors or as part of a nationally driven effort).

Selected academics and civil society representatives will be invited as resource persons.

The selected Consultant(s) will attend the conference, assist with facilitation of the event and make presentations as necessary.

A half-day follow-up meeting will be organised with the Consultants, GOVNET and Steering Group members who attended the event to formulate an action agenda, discuss preliminary principles on harmonisation and agree on next steps based on the previous two days' discussions.

d) Conference Summary

37. After the event, a conference summary will be drafted, highlighting main points and conclusions discussed during the event, providing selected relevant examples from the case studies presented and identifying areas for further work. The summary should be finalised no later than 2 weeks after the conference. It should contain an executive summary.

e) Sourcebook on governance assessments

38. The Sourcebook (possibly virtual) will be developed as a joint OECD DAC-UNDP product, and will complement the existing UNDP Publication: *a User's Guide on Governance Indicators*.

39. Using the initial survey of governance assessments, the Sourcebook will provide a compilation of the methodologies used by donor agencies, illustrated with specific examples. The Sourcebook will contain the currently available donor (and possibly selected non-donor) methodologies, their scope, usage, purpose and how they have been used with other stakeholders (including partner governments). It will include selected "thematic" governance assessment methodologies for corruption, human rights, conflict and capacity assessments. More detailed Terms of Reference will be developed for this product, based on agreement between selected Consultants, the DAC Secretariat and UNDP after the results of the preliminary survey have been assessed.

f) Principles on donor harmonisation

40. Using some of the background material presented at the conference and drawing from its conclusions as well as from selected case studies on donor assessments presented and/or used as background material at the conference, the Consultants will draw some action-oriented guidelines/principles on donor harmonisation, which will constitute the core of this output. The principles will look into entry points and optimal ways to enhance donor collaboration and harmonisation when conducting governance assessments. Different ways to involve partners will also be looked into, with particular emphasis on ownership and using assessments to trigger reform and country-led support for change. The follow up meeting between the Consultants and the Steering Group that will take place immediately after the conference will discuss preliminary ideas for the principles. The consultants will elaborate and fine tune these principles and share them with the steering group (for discussion). A final

version for discussion and approval at the GOVNET will be issued on time for the next GOVNET meeting (Summer 2008). This information will be made accessible on the web.

VII Consultant Selection and Working Days

41. The core group selected the consultant team lead by Nils Boesen based on a call to relevant organizations and after considering the technical and financial merits of proposal received.