Governance for sustainable development : a
UNDP policy document

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Foreword

Change is sweeping the developing countries. Market opportunities are opening. Governments are becoming more accountable to their people. And men and women are enjoying more choices to reach their full potential. The result? Economies are booming. Societies are becoming more cohesive. And there is a sense of hope and opportunity for present and future generations.

Regrettably, the end of the century also brings heightened insecurities for another group of countries—those facing historical inequities, mounting debt, economic recession, declining trade, natural resource depletion, social disintegration and natural emergencies. In today's interdependent world, their success —or their failure—affects everyone.

Wherever change is for the better, wherever the human condition is improving, people point to good governance as the key. This better governance is not just national—it is local, it is regional and it is global.

Few things are more sensitive—and more challenging—than improving governance and helping countries manage development in a world that does not recognise borders. For it is only with good governance that we can find solutions to poverty, inequity and insecurity.

UNDP believes that building the capacity for governance is central to sustainable human development. We aim to be an impartial partner to governments, to civil society and to the private sector—creating opportunities for interacting to find people-centred solutions for the long term.

This policy document provides the framework for UNDP's partnerships in good governance for sustainable human development. I would like to thank our Management Development and Governance Division, the Inter-Bureaux Governance Task Force and the many UNDP country offices that collaborated in its preparation.

James Gustave Speth
Administrator
United Nations Development Programme

Preface

UNDP, at the request of governments and in support of its areas of focus, assists in building capacity for good governance, popular participation, private and public sector development and growth with equity, stressing that national plans and priorities constitute the only viable frame of reference for the national programming of operational activities for development within the United Nations system.

UNDP Mission Statement

This policy document, *Governance for Sustainable Human Development,* has been prepared to guide our country offices and inform our key partners in programme countries. It is the result of extensive consultation and collaboration—led by the Management Development and Governance Division of the Bureau for Policy and Programme Support, in close cooperation with the Regional Bureaux of UNDP. It started with the evaluation of management development programmes funded under previous and current UNDP cycles, which led to a memorandum outlining key governance issues. That formed the basis for a global workshop of leading experts in governance and UNDP staff from country offices and headquarters and helped to shape the structure of this document. After a comprehensive review of the literature on governance, a discussion paper entitled "Reconceptualising Governance", available separately, was prepared. Finally, we prepared the draft of a policy document on governance, which was shared with 40 country offices and ten leading governance experts for their comments. It was extensively discussed by staff at UNDP headquarters, particularly the Inter-Bureaux Task Force on Governance and was approved by the Executive Committee of UNDP.

Because this policy document will be periodically reviewed and updated, we welcome your feedback and comments, particularly on programme country experiences.

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Bureau for Policy and Programme Support
New York, January 1997

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Executive summary

Governance and human development—the two are indivisible. Human development cannot be sustained without good governance. Governance cannot be sound unless it sustains human development. The United Nations Development Programme (UNDP) has been at the forefront of this growing consensus, stressing that developing the capacity for good governance should be a primary means of eradicating poverty.

UNDP defines governance as the exercise of political, economic and administrative authority in the management of a country's affairs at all levels. Governance comprises the complex mechanisms, processes and institutions through which citizens and groups articulate their interests, mediate their differences and exercise their legal rights and obligations. Good governance has many attributes. It is participatory, transparent and accountable. It is effective in making the best use of resources and is equitable. And it promotes the rule of law.

Governance includes the state, but transcends it by taking in the private sector and civil society. All three are critical for sustaining human development. The state creates a conducive political and legal environment. The private sector generates jobs and income. And civil society facilitates political and social interaction—mobilising groups to participate in economic, social and political activities. Because each has weaknesses and strengths, a major objective of our support for good governance is to promote constructive interaction among all three.

Governance can no longer be considered a closed system. Changes in the world's economic, political and social systems have brought unprecedented improvements in human living conditions. But these changes also bring new uncertainties and challenges. The state's task is to find a balance between taking advantage of globalisation and providing a secure and stable social and economic domestic environment.

Our policy in governance programming is driven by three forces: our mandate, our mission for sustainable human development and our comparative advantage. We have many institutional strengths that facilitate our working on governance issues. These include our impartiality, our customer orientation and

our long-term perspective—as well as our experience and the trust that countries place in us.

UNDP adds value to national poverty programmes by helping countries develop capacities for good governance. We plan to target our assistance and build core competencies in the following areas:

• *Governing institutions*—legislatures, judiciaries and electoral bodies. Legislatures mediate differing interests and establish policies, laws and resource priorities that directly affect people-centred development. Electoral bodies ensure independent and transparent elections. Judiciaries uphold the rule of law, bringing security and predictability to social, political and economic relations.

• *Public and private sector management*—including leadership and management of changes, civil service reform, economic and financial management and urban management. Support for leadership development and management of change cuts across governance efforts. Reform of state institutions to make them more efficient, accountable and transparent is a cornerstone of good governance. All countries want to develop frameworks that provide incentives for broad-based, sustainable growth. Finally, effective functioning of cities and towns is essential for sustainable growth.

• *Decentralisation and support to local governance*— Decentralising government enables people to participate more directly in governance processes and can help empower people previously excluded from decision-making.

• *Civil society organisations (CSOs)* are the wellspring of social capital—people working together for a common purpose— that is essential for good governance. CSOs can advocate and monitor reform that fosters sustainable human development.

• *Countries in special circumstances*—While good governance programmes can reduce the risk of crisis generally, UNDP can support specific efforts before, during and after crises. Another category of countries—called transition economies—in most cases have unique governance problems.

Different environments naturally will call for different programmes and different combinations of programme elements. The challenge for UNDP will be to take a strategic systemwide approach to governance that meets national priorities.

In the design and implementation of governance programmes and projects, we will emphasize participation and consensus-building. We will also emphasize flexibility with a long-term view of development. And in building strategic, national capacities, we will focus on programmes that are sustainable and centred on people, particularly the disadvantaged. Recognising that the responsibility for developing and implementing governance programmes is national, UNDP will play a role in facilitating the coordination of assistance for governance and sustainable human development.

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