

Democratic Governance and Poverty Reduction: Two sides of the same coin

As much as peace is a precondition for any sustainable development, fair management of public funds also contribute and attract private investment. Bad governance of natural resources such as crude oil, diamonds or gold have lead to serious violations of human rights and even armed conflict in several regions. In short: in the fight against poverty, promoting effective democratic governance is a crucial element. Consequently, the EU has put democratic governance in its economic, social, political and environmental dimensions at the heart of its development cooperation strategy: The aim is to reduce poverty and achieve the Millennium Development Goals (MDGs).

To support governance in developing countries, the EC is basing itself on political dialogue *with* and ownership *by* partner countries. It has also made a financial incentive envelope of 3 billion EUR available to support democratic governance efforts in ACP-countries during the period of 2008-2013.

Increasing Funds for Development is not enough

The EU will increase its Official Development Assistance (ODA) considerably over the next few years and provide more than €20 billion additionally per annum. Half of this sum is earmarked for Africa. This substantial increase in the volume of aid will require the implementation of governance policies which can ensure efficient and effective impact of this new European aid effort; financial resources alone will not be sufficient for reaching the Millennium Development Goals (MDGs). For this purpose, the Commission will support partner countries that wish to progress towards better governance. Community action alone is however not sufficient. This is why both the Commission, Member States and other donors must work together to provide joint support to partner countries' efforts in this area. The objective is to develop a coherent approach in promoting all aspects of democratic governance for the advantage of development.

Democratic Governance: A broad approach

Democratic governance means more than just the fight against corruption. Democratic Governance relates both to the political, economic, social and environmental spheres. Since corruption often is a symptom of poor governance and of a lack of transparent, accountable management and control systems, strategies to

fight corruption must be integrated into development and poverty reduction strategies and into support for the processes of democratic governance. In general, the Commission proposes a broad approach to governance related to both the political, economic, social and environmental spheres and based on commonly agreed principles that apply to the main functions of government and to the interaction between public institutions and citizens. Its approach to governance includes multiple aspects such as: *security; the respect of human rights and fundamental freedoms; access to basic social services; the support for democratisation processes and the involvement of citizens in choosing and overseeing those who govern them; respect for the rule of law and access for all to an independent justice system; access to information; effective institutions; a government that governs transparently and is accountable to the electorate; sustainable management of natural resources and the promotion of sustainable economic growth and social cohesion in a climate conducive to private investment.*

Ownership and Dialogue

The processes of democratic governance can not be imposed from the outside. In relations between partner countries and donors, it is vital that ownership of the reform processes be respected. Only the countries concerned can decide and implement their own reforms. If there



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is no political will inside the country, outside support is unlikely to deliver results. Dialogue must be the preferred means of encouraging countries to embark on reforms and it must have a substantial preventive dimension and permit the discussion of politically sensitive issues. As reform processes can be slow and complex, the dialogue on good governance must be based on realistic expectations and involve a commitment to support the country's efforts politically as well as financially.

ACP countries: €3 billion to stimulate democratic governance reforms

The Commission will grant additional financial support to those countries that have adopted or are ready to commit to a credible plan of concrete actions and reforms to improve governance. In financial terms, to set up this incentive allocation, a sum of €3 billion (1) has been earmarked in the 10th EDF (European Development Fund). Access to these incentive resources will depend on the outcome of a dialogue between the Commission and the partner country on the ambition, pertinence and credibility of its commitments to reform. The basis of this dialogue will be a *Governance Profile* for each ACP country which will assess the country situation as well as identify the main difficulties and facilitate the identification of areas for cooperation. It will be based largely on existing criteria such as, for example, those developed by the African Union's *Africa Peer Review Mechanism*, which the Commission wishes to support in the future at Pan-African, regional and national levels, as well as by the World Bank Institute and by Transparency International.

(1) The total amount of the 10th EDF amounts to €22.682 billion for the period 2008-2013.

... WHERE CAN I READ MORE?

All documents that explain the EU Strategy for Africa in greater detail (as well as the full text of the Strategy itself) can be consulted at the following website: www.europe-cares.org/africa
Special webpage governance initiative: http://www.europe-cares.org/africa/governance_en.html

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PRESS CONTACTS

Amadeu ALTAFAJ,
Spokesman of Louis Michel, Commissioner
for Development and Humanitarian Aid
E-Mail: amadeu.atafaj-tardio@ec.europa.eu
Tel: +32 2 295 2658

Norbert SAGSTETTER,
Press Officer DG Development and relations with
ACP States, Information and Communication Unit
E-Mail: norbert.sagstetter@ec.europa.eu
Tel: +32 2 299 28 48

DEMOCRATIC REPUBLIC OF CONGO (DRC)

The support programme to the judicial system in the Democratic Republic of Congo (€28 million) aims to contribute to the re-establishment of the rule of law and the physical rehabilitation of tribunals and courts. It also provides for the publication and distribution of major legal texts, the training of the judicial and para-legal staff and at the promotion of related activities such as radio transmissions, conferences, seminars and street shows aiming to facilitate the access to justice by the population.

GHANA

The project Support to the Ghana Audit Service (€10.2 million) focuses on the promotion of transparency and accountability in the audit sector. This project is an example of Community aid supporting the integration of anti-corruption strategies in poverty reduction and in institutional reform programmes, instead of approaching corruption in an isolated way through specific projects.

Democracy