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Paper No. 20
Governance for sustainable human development

A UNDP policy document
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 recognize 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 Gustav Speth
Administrator
United Nations Development Programme
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.

G. Shabbir Cheema
Director
Management Development and Governance Division
Bureau for Policy and Programme Support
New York, January 1997
Contents

Foreword i
Preface ii
Executive summary iv

1. Good governance—and sustainable human development
   So, what is sustainable human development? 1
   What, then, is governance? And what is good governance? 2
   Relationships between governance and human development 5
   The global context 9
   What role can UNDP play in this? 11

2. UNDP priorities in support of good governance
   Governing institutions: legislature, judiciary and electoral bodies 14
   Public and private sector management 15
   Decentralisation and local governance 19
   Civil society organisations 20
   Governance in special circumstances 21

3. Implementation of governance programmes
   Contextual factors relevant to governance programmes 25
   Division of responsibility within UNDP 28
   Partnerships 30

Glossary of key terms 31
Governance-related UNDP documents 37
Recommendations for further reading 39
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 poli­
cies, laws and resource priorities that directly affect people-centred
development. Electoral bodies ensure independent and trans­
parent elections. Judiciaries uphold the rule of law, bringing secu­
rity 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 leader­
ship development and management of change cuts across gover­
nance efforts. Reform of state institutions to make them more effi­
cient, accountable and transparent is a cornerstone of good gover­
nance. 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 pro­
gammes 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 peo­
ple, particularly the disadvantaged. Recognising that the responsi­
bility 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.