

THE 'CAUSAL TREE': A COMPREHENSIVE ANALYSIS OF THE RELATIONSHIP BETWEEN
UNDP EXPENDITURES AND QUALITY OF GOVERNANCE IN DEVELOPING COUNTRIES

by

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DEDICATION PAGE

Dedicated to my family.

In loving memory, to Firoza Akhter Hoque, my mother (Ma), who was and forever remains my shining light – her courage and strength, an inspiration and reminder to fight, persevere, and survive each day by placing one foot ahead of the other.

My father, Azm Fazlul Hoque (Abba) – for instilling in me a passion for world travel, curiosity about the United Nations, and everything international relations.

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ABSTRACT

The effects of foreign aid on development and governance has long been a much debated subject. Some scholars have primarily focused their examinations on the correlation between foreign aid and the democratization of states, while others have suggested that both bilateral and multilateral aid are allocated based on pre-existing governance policies including economic liberalization, political liberalization and democratization. More optimistic scholars have argued that increased aid and funding would lead to more investments and savings, which would ultimately lead to higher growth rates. On the other hand, more skeptical scholars have argued that foreign aid has had an adverse effect on development due to an overreliance on aid and corrupt governments. While there is an abundance of anecdotes in the literature, there is an apparent absence of sufficient empirical data specifically examining the connections between governance in developing countries and the subsequent contribution and role of IDOs. Scholars are only recently starting to recognize the lack of empirical research and analysis on the links between foreign aid and governance over time and across countries around the world. Despite the status and reputation that the UNDP carries as a catalytic development agency, there so far have been no studies put forward that empirically examine whether any links exist between UNDP expenditures towards developing countries, and shifts in their overall quality of governance. Building upon the empirical methodologies of other relevant studies, this dissertation's contribution to the development discourse is two-fold: i) the construction of a unique and comprehensive dataset, compiled using new and updated sources; and ii) a methodologically robust and unprecedented empirical study on the possible relationship between financial resources expended by a major international development organization and the governance quality of its programme countries. This dissertation tests which theoretical camp (optimists vs. skeptics) best explains whether or not UNDP's demand-led approach to programming, operating within the development framework and priorities set by the countries themselves, translates to overall improvements in their governance quality. In short, the overarching conclusion is that aid funding – like those expended by UNDP – do not necessarily translate into positive governance outcomes.

LIST OF ABBREVIATIONS USED

ADR	Assessment of Development Results
AEI	Alliance for European Integration
AIDDEP	Aid Dependency
APAC	Asia and the Pacific
APR	Alliance for the Republic Party
BRIDGE	Building of Resources in Democracy, Governance and Elections
CC	Control of Corruption
CENA	Autonomous National Electoral Commission
CIS	Commonwealth of Independent States
COMNACC	Senegal's National Committee on Climate Change
CPI	Corruption Perception Index
CSO	Civil Society Organizations
DAC	Development Assistance Committee
DEM	Democracy Scores
DREAT	Delegation for State Reform and Technical Assistance
ECIS	Europe and the Commonwealth of Independent States
EGPRSP	Economic Growth and Poverty Reduction Strategy Paper
ENP	European Neighbourhood Policy
EPTA	Expanded Programme of Technical Assistance
EU	European Union
FRAG	Fragmentation Scores
GDP	Gross Domestic Product
GE	Government Effectiveness
GNI	Gross National Income per capita
HDR	Human Development Report
HIPC	Heavily Indebted Poor Countries
HIPC	Heavily Indebted Poor Countries
IATI	International Aid Transparency Initiative
ICRG	International Country Risk Guide
IDOS	International Development Organizations
IMF	International Monetary Fund
IO	International Organization
LATCAR	Latin America and the Caribbean
MDGS	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MDRI	Multilateral Debt Relief Initiative
MFDC	Movement of the Democratic Forces of Casamance
NEPAD	New Partnership for Africa's Development
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OLS	Ordinary Least Squares
ONEL	National Election Observatory
PCRM	Party of Communists of Moldova

PDS	Senegalese Democratic Party
PRSP	Poverty Reduction Strategy Paper
PSAV	Political Stability and Absence of Violence
RL	Rule of Law
RQ	Regulatory Quality
SBAA	Standard Basic Assistance Agreement
UNDAF	UN Development Assistance Framework
UNDP	United Nations Development Programme
UNEG	UN Evaluation Group
UNEMP	Youth Unemployment Rates
UNESCO	United Nations Educational, Scientific, and Cultural Organization
USAID	US Agency for International Development
VA	Voice and Accountability
WGI	Worldwide Governance Indicators

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CHAPTER 1 INTRODUCTION

Member states of the United Nations came together in 2000 to pledge their commitments towards poverty eradication, promotion of sustainable environment, and democratic governance, as part of the Millennium Development Goals (MDGs) to be achieved by 2015. Recognizing that governance was not incorporated as one of the MDGs, the concept has since been highlighted by the development community as an integral factor contributing to sustainable human development, poverty reduction and the achievement of other development goals. Through the 2005 Paris Declaration on Aid Effectiveness, member states re-emphasized the importance of foreign aid and the need for increased resources in order to achieve development goals.

“We, Ministers of developed and developing countries responsible for promoting development and Heads of multilateral and bilateral development institutions...resolve to take far-reaching and monitorable actions to reform the ways we deliver and manage aid as we look ahead...we recognize that while the volumes of aid and other development resources must increase to achieve these goals, aid effectiveness must increase significantly as well to support partner country efforts to strengthen governance and improve development performance.”¹

Major donors and international development organizations (IDOs) have been known to base their aid, loans and/or trade agreements on the condition that measures of good governance are undertaken by beneficiary states. This is primarily because there is now widespread belief in the connection between the success of development programmes and aid effectiveness with the quality of governance in beneficiary countries.²

1 Organization for Economic Co-operation and Development. The Paris declaration on aid effectiveness and the Accra agenda for action. Paris: Organization for Economic Co-operation and Development, 2005 & 2008. Available online: <http://www.oecd.org/development/aideffectiveness/34428351.pdf>, [accessed 18 May 2016].

2 Scholars who have set the debate on the relationship between aid effectiveness and governance include, North, Douglass C. Institutions, institutional change and economic performance. Cambridge university press, 1990; Knack, Stephen, and Philip Keefer. "Institutions and economic performance: cross-country tests using alternative institutional measures." *Economics & Politics* 7.3 (1995): 207-227; and Knack, Stephen, and Philip

Without evaluating the outcomes and effectiveness of IDO programmes in developing countries, this dissertation statistically examines whether or not IDO expenditures have a relationship with improvements in the quality of governance within the countries in which they are operating.

The effects of foreign aid has long been a much debated subject. Some scholars have primarily focused their examinations on the correlation between foreign aid and the democratization of states, while others have suggested that both bilateral and multilateral aid are allocated based on pre-existing governance policies including economic liberalization, political liberalization and democratization.³ However, “democratization studies still lack core theories and, a fortiori, empirical evidence on the precise mechanisms and pathways of influence linking external factors with domestic causes, whether structural or actor based.”⁴ More optimistic scholars have argued that increased aid would lead to more investments and savings, which would ultimately lead to higher growth rates. Less optimistic scholars have argued that foreign aid has actually had an adverse effect on development due to corruption and an overreliance on aid. The debate between these two camps is discussed in Chapter 2.

While there have been several studies in the development literature examining the relationship between foreign aid and governance, most have focused on identifying common traits seen either within recipient states, donors, or the multilateral means through which they channel aid resources (ie Official Development

Keefer. "Why don't poor countries catch up? A cross-national test of an institutional explanation." *Economic inquiry* 35.3 (1997): 590-602.

3 Aronow, Peter M., Allison Sovey Carnegie, and Nikolay Marinov. "The effects of aid on rights and governance: Evidence from a natural experiment." August 2012. Available online: http://www.columbia.edu/~ajc2241/The%20effect%20of%20foreign%20aid%204_9.pdf, [accessed 18 May 2016], examines the effect of EU aid conditionality on the quality of governance in recipient states; Busse, Matthias, and Steffen Gröning. "Does foreign aid improve governance?" *Economics Letters* 104.2 (2009): 76-78; Knack, Stephen. "Aid dependence and the quality of governance: cross-country empirical tests." *Southern Economic Journal* (2001): 310-329.

4 McFaul, Michael, Amichai Magen, and Kathryn Stoner-Weiss. "Evaluating international influences on democratic transitions: Concept paper." (2007).

Assistance). In such studies, 'governance' is treated as an independent variable.⁵ Even with the abundance of studies examining the aid-governance nexus, there continues to be "insufficient systematic examinations of the effectiveness of international organizations as actors in their own right."⁶ Scholars are only recently starting to recognize the lack of empirical research and analysis on the links between foreign aid and governance over time and across countries around the world.⁷

Moreover, the literature has predominantly focused on the region of Africa,⁸ where most of the world's 'bottom billion'⁹ are confronted with continued developmental challenges and governance shortcomings. "Africa is the poorest region of the world...[and] is notorious for its poor levels of institutional quality..."¹⁰ Such issues were initially highlighted by a report published in 1989 by the World Bank, *Sub-Saharan Africa: From Crisis to Sustainable Growth*. Indeed, the term 'good' governance was conceptually popularized as a result of this report depicting Africa to be facing a 'crisis of governance'. While relevant, this focus on governance issues in Africa has nonetheless resulted in insufficient empirical analysis of how foreign aid affects governance in other regions of the world. Indeed, over 120 countries have committed to transform their systems of governance, taking steps to implement more 'good' governing practices.

5 Neumayer, Eric. "Is good governance rewarded? A cross-national analysis of debt forgiveness." *World Development*, 30.6 (2002): 913-930. Neumayer puts forward the argument that In order to create the right incentives and to ensure effectiveness of scarce financial resources, countries with good governance should be rewarded with a higher share of total debt forgiveness in the future.

6 Biermann, Frank, and Steffen Bauer. "Assessing the effectiveness of intergovernmental organisations in international environmental politics." *Global Environmental Change* 14.2 (2004): 189-193.

7 Busse, Matthias, and Steffen Gröning. "Does foreign aid improve governance?" *Economics Letters* 104.2 (2009): 76-78.

8 This includes scholars like Diarra, Gaoussou. "Aid unpredictability and absorptive capacity: analyzing disbursement delays in Africa." *Economics Bulletin* 31.1 (2011): 1004-1017.

9 Collier, Paul. *The Bottom Billion: Why the poorest countries are failing and what can be done about it*. Oxford University Press, USA, (2008).

10 Nillesen, Eleonora EM. "Shocks, civil war and economic development in Sub-Saharan Africa." Wageningen University, Wageningen, Netherlands, (2010). Available online: <http://edepot.wur.nl/139056>, [accessed 18 May 2016].

It was not long before development experts realized that the 2015 deadline for MDGs would not be met by all countries. Several developing countries struggled with the transition in the midst of overwhelming development constraints. Despite years of multilateral efforts and resources spent addressing such challenges, problems of governance continue to plague developing countries. Subsequently, “good governance has grown rapidly to become a major ingredient in the analyses of what's missing in countries struggling for economic and political development.”¹¹ Applying this mindset and working within a tight timeline, the international development community steadily campaigned to have a stronger and narrower focus on governance in the post-2015 development agenda.¹²

In a global effort to assist developing countries in their efforts to overcome development and governance challenges, IDOs have spent billions of dollars supporting research, publications, and development programmes related to governance, recognizing its importance for sustainable economic, social and human development. Indeed, IDOs are increasingly being recognized as agenda-setting principals rather than agents; playing a pivotal role as key actors in addressing global development challenges. There has been a constant flow of capital from developed to developing countries with the objective of improving governance conditions and overcoming development challenges. IDOs have “created departments of governance, employed a small army of governance advisers and researchers, included governance components in their assistance packages, and increased funding for good governance initiatives.”¹³ And yet, development experts are concerned that little has changed in terms of improved development and governance conditions in aid recipient countries.

11 Grindle, Merilee S. “Good Governance: The Inflation of an Idea.” *HKS Faculty Research Working Paper Series*, RWP10-023, John F. Kennedy School of Government, Harvard University, (2010).

12 Bergh, Gina, et al. "Building governance into a post-2015 framework: Exploring transparency and accountability as an entry point." *London: Overseas Development Institute* (2012). Available online: <http://www.odi.org.uk/sites/odi.org.uk/files/odi-assets/publications-opinion-files/7875.pdf>, [accessed 18 May 2016].

13 Grindle, Merilee S. “Good Governance: The Inflation of an Idea.” *HKS Faculty Research Working Paper Series*, RWP10-023, John F. Kennedy School of Government, Harvard University, (2010).

This dissertation focuses specifically on a major international development organization, namely the United Nations Development Programme (UNDP). The UNDP was the product of a 1965 merger between the Expanded Programme of Technical Assistance (EPTA) and the UN Special Fund. The agency had a specific mandate to address development challenges and provide technical assistance to developing countries that particularly sought their support.¹⁴ The UNDP defined its parameters for good governance in a 1994 policy document entitled ‘Initiatives for Change’:¹⁵

The goal of governance initiatives should be to develop capacities that are needed to realize development that gives priority to the poor, advances women, sustains the environment and creates needed opportunities for employment and other livelihoods.

The agency has lead discussions highlighting the inter-relationships between governance and sustainable human development, particularly through the publication of their annual Human Development Reports. The UNDP is now the UN’s principal development agency, highlighting the strong linkages between sustainable human development and governance.

With annual expenditures of US\$4.4 billion,¹⁶ the UNDP is recognized as the “UN’s global development network, an organization advocating for change and connecting countries to knowledge, experience and resources to help people build a better life.”¹⁷ What positions the UNDP “ahead of the curve”¹⁸ from other

14 EPTA was created in 1949 responsible for helping developing countries address political and economic issues, while the UN Special Fund, established in 1958 was created to fund the UN’s technical assistance programmes. These two organizations primarily provided assistance with funding and technical expertise, helping newly independent states in their efforts to build infrastructure and institutions.

15 “UNDP and Governance,” Management Development and Governance Division: Lessons Learned Series No. 1, June 2006. Available online: <http://www.pogar.org/publications/other/undp/governance/lessonslearned-e.pdf>, [accessed 18 May 2016].

16 “UNDP in Action, Annual Report 2010-2011: People-centred development,” UNDP, June 2011. Available online: http://www.undp.org/content/undp/en/home/librarypage/corporate/undp_in_action_2011.html, [accessed 18 May 2016].

17 UNDP Website: Available online: <http://hdr.undp.org/>, [accessed 18 May 2016].

18 Emmerij, Louis, Richard Jolly, and Thomas George Weiss. Ahead of the curve?: UN ideas and global challenges. Vol. 1. Indiana University Press, 2001.

international development organizations is the significance it places on putting the needs of the developing countries at the centre of the development process, and contextualizing agency support in a manner that encourages self-reliance and national ownership. It is argued that, “national capacity-building at the institutional level on its own is no longer sufficient. Attention must also be given to the connections among and between governance actors.”¹⁹ This implies that matters related to a country’s governance quality are no longer confined within their national borders. Rather, there is a strong association between development, governance conditions, and varying foreign aid levels.

UNDP also plays a role that is different from other UN agencies and international organizations, directly impacting countries with its “[unique position] to help mobilize public and private sector resources directly to the development priorities of programme countries.”²⁰ The “privileged relationship” which UNDP shares with partner governments due to its neutrality allows the agency to operate within countries and “environments where other development actors do not have a presence or cannot undertake activities.”²¹ This positions the organization as a key contributor of development knowledge, playing a lead role in influencing the priorities and development policies of other organizations with vested interest in the countries within which UNDP operates. Indeed, “UNDP’s annual human development report (and index) is an important knowledge and policy tool used by a wide range of development agencies and practitioners across the world.”²²

19 “UNDP and Governance,” Management Development and Governance Division: Lessons Learned Series No. 1, June 2006. Available online: <http://www.pogar.org/publications/other/undp/governance/lessonslearned-e.pdf>, [accessed 18 May 2016].

²⁰ Hasegawa, Sukehiro. “A New Role for Development Institutions in the 21st Century.” Presentation at the Conference on ‘The Kyusuhu-Okinawa Summit: the challenges and opportunities for the developing world in the 21st century. July 17, 2000. Available online: <https://tspace.library.utoronto.ca/retrieve/1131/hasegawa20000717.html>, [accessed November 27, 2016].

²¹ Australian Multilateral Assessment of the United Nations Development Programme (UNDP), Australian Government & Australian AID. March 2012. Available online: <https://dfat.gov.au/about-us/publications/Documents/undp-assessment.pdf>, [accessed 27 Nov 2016].

²² Ibid.

As a key provider of technical assistance and mentorship, UNDP channels the high levels of funds they mobilize from donors to governments seeking assistance to strengthen development agendas and build more effective institutions, with the aim of improving their overall quality of governance. As a decentralized, demand-driven agency, UNDP only operates within countries who have requested technical assistance, referred to as programme countries. According to a 2003 UN Development Effectiveness Report, UNDP's contribution to the development agenda is measured by how effective the organization is in promoting sustainable governance, as it ultimately leads to national policy implementation or reform of UNDP's own development strategies.²³ By promoting national ownership and encouraging weak governments to take the lead in governance programmes and sustainable reform processes, UNDP aims to play a vital role in helping beneficiary states build their own capacities to govern effectively. This dissertation tests whether or not UNDP's "demand-led approach to programming,"²⁴ operating within the development framework and priorities set by the countries themselves, translates to overall improvements in their governance quality.

Some scholars have found that when allocated to governments with clear development agendas, such aid funding promotes economic growth and can generate revenue, which in turn "can be used to improve the quality of the civil service, strengthen policy and planning capacity, and establish strong central institutions."²⁵ Indeed, foreign aid "can release governments from binding revenue constraints, enabling them to strengthen domestic institutions and pay higher salaries to civil servants. Aid can provide training and technical assistance

23 UNDP Evaluation Office. "UNDP Development Effectiveness Report: Partnerships for Results," New York, 2003. Available online:

<http://reliefweb.int/sites/reliefweb.int/files/resources/B5ACB72DC2E30C418525705000741FAA-Development%20effectiveness%20report%20-%20UNDP.pdf>, [accessed 18 May 2016].

24 UNDP, "Evaluation of UNDP Contribution to South-South and Triangular Cooperation (2008-2011)." Annual Session March 2013. Available online:

http://www.undp.org/content/dam/undp/documents/partners/civil_society/miscellaneous/2013_UNDP_Evaluation-of-UNDP-contribution-to-SSC-and-TrC.pdf, [accessed 18 May 2016].

25 Bräutigam, Deborah A. and Stephen Knack. "Foreign Aid, Institutions, and Governance in Sub-Saharan Africa." *Economic Development and Cultural Change* 52.2, (2004): 255-285.

to build legal systems and accounting offices.”²⁶ This would then allow them to divert national resources towards addressing targeted governance challenges. Whether or not this occurs in actual practice will be further examined in this study.

Recognizing that countries with what UNDP qualifies as ‘good’ governing practices in place have a higher chance of overcoming their development challenges, the UN development agency allocates a third of its resources towards achieving results in democratic governance, making it the agency’s largest focus area.²⁷ In 2011, UNDP provided democratic governance assistance to over 130 countries, allocating US\$1.5 billion in resources.²⁸ Such allocations also set UNDP apart from other development organizations. The development agency is now recognized as the world’s largest multilateral provider of democratic governance assistance.

UNDP is mandated to support countries in their efforts to build capacity and develop national ownership of governance initiatives in order to realize their development goals, which include implementing measures that prioritize the poor, empower women and civil society, sustain the environment and enhance the overall quality of governance. What gives the UNDP further comparative advantage over other development organizations is its field-based presence in developing countries through the establishment of programmatic country offices. UNDP’s intervention strategies for governance programmes are highly contextualized and depend considerably on the assessment of the needs and strategic planning of the UNDP country [offices] rather than a global comparative approach. These country offices have allowed the UNDP to experience and witness development challenges first-hand, thereby gaining a better understanding and knowledge of the country context and its development needs. “It is within the country context where...local initiatives are transformed into broader policy

26 Ibid.

27 UNDP Annual Report 2001, “UNDP Resources.” Available online: <http://www.undp.org/content/dam/undp/library/corporate/UNDP-in-action/2001/English/Resources.pdf>, [accessed 18 May 2016].

28 UNDP Democratic Governance website. Available online: http://www.un.org/en/globalissues/democracy/human_rights.shtml

reforms.”²⁹ UNDP assists states with attracting and effectively using aid, and building core institutions at all levels: national, regional and local.

While there is an abundance of anecdotes in the literature, there is an apparent absence of sufficient empirical data specifically examining the connections between developing countries and IDOs. Despite the status and reputation of UNDP, there so far has been no study put forward (to the best of my knowledge) that empirically examines whether any links exist between IDO expenditures towards developing countries, and shifts in their overall quality of governance. This gap is primarily due to the lack of accessible comprehensive data, particularly on UNDP expenditures and the governance conditions of the countries within which it operates. Some scholars have highlighted that without a full comprehension of the state-IDO relationship, when “translating research into principles for action, international organizations may have contributed to misleading practice”³⁰ when implementing governance intervention programmes in developing countries.

The obvious need for impact evaluation is to help policy makers decide whether programs are generating intended effects; to promote accountability in the allocation of resources across public programs; and to fill gaps in understanding what works, what does not, and how measured changes in well-being are attributable to a particular project or policy intervention.³¹

As there is insufficient empirical analysis examining the effects of resources expended by individual development agencies, this ‘need’ continues to go unaddressed in the development literature. Engaged in

29 UNDP, “Peacebuilding from the ground-up: a case study of the UNDP’s CAREERE programme in Cambodia 1991-2000.” Emergency Response Division, (March 2001). Available online:

<http://siteresources.worldbank.org/INTLICUS/Resources/388758-1187275938350/4101054-1187277377932/CambodiaCAREERE.pdf>, [accessed 18 May 2016].

30 Grindle, Merilee S. “Good Governance: The Inflation of an Idea.” *HKS Faculty Research Working Paper Series*, RWP10-023, John F. Kennedy School of Government, Harvard University, (2010).

31 Khandker, Shahidur R., Gayatri B. Koolwal, and Hussain A. Samad. “Handbook on impact evaluation: quantitative methods and practices.” World Bank Publications, 2010.

promoting the 2005 Paris Declaration and 2008 Accra Agenda for Action,³² and as a signatory to the International Aid Transparency Initiative (IATI),³³ UNDP is committed to publishing information about its aid flows and programme results. However, unlike several other international development agencies like the World Bank, International Monetary Fund, Organization for Economic Cooperation and Development, and the UN Industrial Development Organization, the UNDP lacks a comprehensive, accessible research database offering details of its financial resources allocated towards the countries within which it operates. In 2007, UNDP faced much scrutiny and criticism due to its alleged financial mismanagement and lack of oversight over the financial management of the agency's expenditures, particularly in North Korea. It was argued that, "American officials have had to fight for even the most basic information on the UNDP's activities in North Korea."³⁴ The organization has subsequently come under fire in recent years over the lack of transparency and accessibility of data related to its expenditures and financial management.

With renewed importance placed on proper monitoring, evaluation, and accountability of expenditures, the recent launch of UNDP's website "<http://open.undp.org>" in November 2012 further demonstrates the timeliness, significance and value for such data. This site is now the "central point of access to detailed information about UNDP," providing expenditure data on the agency's 6,000+ development projects in 179 countries and territories worldwide. This data is critical for scholars conducting time-series analyses on the long-

32 "The Paris Declaration lays out a practical, action-oriented roadmap to improve the quality of aid and its impact on development. It puts in place a series of specific implementation measures and establishes a monitoring system to assess progress and ensure that donors and recipients hold each other accountable for their commitments. It is now the norm for aid recipients to forge their own national development strategies with their parliaments and electorates (ownership); for donors to support these strategies (alignment) and work to streamline their efforts in-country (harmonisation); for development policies to be directed to achieving clear goals and for progress towards these goals to be monitored (results); and for donors and recipients alike to be jointly responsible for achieving these goals (mutual accountability)." Quote available online:

<http://www.oecd.org/dac/effectiveness/thehighlevelforaonaideffectivenessahistory.htm>, [accessed 18 May 2016]

33 International Aid Transparency Initiative, <http://www.aidtransparency.net/about>, [accessed 18 May 2016]

34 Kirkpatrick, Melanie. "United Nations Dictators Program," *Wall Street Journal*, Eastern Edition (New York), January 19, 2007. Available online: <http://www.wsj.com/articles/SB116918095254881312>, [accessed 18 May 2016].

term impact of UNDP expenditures. This dataset allows researchers and development experts to “use the data for building applications that help to access, visualize, analyze and share information on UNDP development interventions and their results.”³⁵ The website only provides detailed information on relatively new and active development projects that were financially closed in 2011. This newly released dataset will surely be useful ten years from now to development scholars researching trends on the long-term impact of UNDP’s programme and project expenditures. For today, however, data on previously closed projects are unavailable on this website. Nonetheless, this should not dissuade academics from conducting an empirical analysis with what little data *is* available. Though not included in this database, the wealth of expenditure data on projects ending before 2011 is spread out across UNDP’s various reports.³⁶

Navigating through the reports proved to be challenging, as accurate data was hard to come by with majority of the available reports primarily consisting of rough programme cycle expenditure estimates (total expenditures over cycle periods of three to five years). An additional challenge was that annual data was not consistently available, as some developing countries lacked the resources necessary to compile and complete the reports. This supports existing conclusions in the literature that “agencies are not nearly as transparent as they need to be, making consistent and accurate monitoring all the more difficult.”³⁷ This lack of transparency regarding expenditures has been quite unfortunate for researchers studying the financial processes of international development organizations like the UNDP, and for those who are looking to empirically examine

35 UNDP Projects. Available online: <http://open.undp.org>, [accessed 18 May 2016]

36 For example, reports include: Country Office Resident Coordinator Annual Reports, Country Cooperation Framework documents, Common Country Assessments, UN Development Assistance Framework Action Plan documents, Country Project Documents, Country Programme Documents, Country Programme Action Plan reports, and the UN Evaluation Office’s Assessment of Development Results. A few of these documents available online: http://web.undp.org/asia/country_programme.html, [accessed 18 May 2016]

37 Easterly, William, and Claudia R. Williamson. "Rhetoric versus reality: the best and worst of aid agency practices." *World Development* 39.11 (2011): 1930-1949.

the correlation between development aid and governance. It is nevertheless important to look at what lessons can be learned from the past ten years, examining whatever data is currently available, minimal as it may be.

During my time as an employee at UNDP (2012-2015), I was provided access to data required to perform the much-needed analyses contained in this dissertation. This information was available through Atlas, a centralized project management database that was launched in 2004.³⁸ Using the Atlas system, I compiled country-specific data for 179 countries, spread across 5 regions as per UNDP's regional classifications, and UNDP's annual expenditures in each respective country between 2004-2012. I inputted these figures into my own dataset and coded the integers to complement the data collected from other databases for my control variables. More details regarding UNDP's classification of regions, the dataset and variables, and the methodological steps taken to compile it, are discussed in Chapter 3.

Building upon the empirical methodologies of other relevant studies, this dissertation's contribution to the development discourse surrounding the aid-governance nexus is two-fold: i) the construction of a unique and comprehensive dataset, compiled using new and updated sources; and ii) a methodologically robust and unprecedented empirical study on the possible relationship between financial resources expended by a major international development organization and the governance quality of its programme countries.

Recognizing that only so much material can be covered in this study given time constraints and space limitations, this dissertation does not address the omnipresent issue of aid effectiveness, nor does it evaluate whether IDO policies, practices and foreign aid dollars are effectively meeting their targets of poverty reduction, improvement of governance conditions, and other development goals. I leave it to others to address these questions. Rather, while recognizing the effects of external variables, this dissertation provides a more holistic understanding of the opportunity costs and return on investments of the substantial funds allocated every year

38 Melito, Thomas. United States Government Accountability Office, Report to the Permanent Subcommittee on Investigations, Committee on Homeland Security and Governmental Affairs, US Senate, GAO-10-168. UN Office for Project Services: Management Reforms Proceeding but Effectiveness Not Assessed, and USAID's Oversight of Grant Has Weaknesses, November 2009.

towards developing countries. Employing theory-testing methodologies from earlier development studies, this dissertation identifies the theory that best explains the governance outcomes resulting from the relationship between UNDP expenditures and developing countries: positive, negative or no relationship at all.

Such studies are crucial as they influence how aid agreements and partnerships are formed between governments and foreign aid agencies, and identify where resources are to be allocated for effective development assistance. This then feeds into community-driven capacity development and skill-building programmes, working to build capacity at all levels (including the government, civil society groups, media and the private sector). These programmes are set in motion by foreign aid agencies in conjunction with aid recipient states, working together towards economic recovery, effective resource management and sustainable governance policies. A better appreciation of this relationship is therefore important as it bring us one step closer to implementing more effective and sustainable practices in development aid.

1.1 DISSERTATION PLAN

This dissertation is comprised of seven subsequent chapters. **Chapter 2** provides a literature review of other relevant studies that have examined the aid-governance nexus. The chapter engages the debate in the development literature between two key theoretical perspectives: the skeptic camp and the optimist camp. The objective of this chapter is to set the dissertation up as a test of these two dominant international organization (IO) theories regarding the relationship between IDO programmes and shifts in governance quality within developing countries. Following a literature review laying out the expectations of each theory regarding this research question, each are tested against the empirical evidence that was compiled in the dataset, and further revealed through a mixed methods analysis. The purpose of this dissertation is not to disprove any one theory over the other, but rather to identify which of the two offers the better explanation of whether any links exist between UNDP expenditures and shifts in the quality of governance in developing countries.

Chapter 3 presents the research methodology of this dissertation, outlining how the compiled data and variables are statistically coded and how the theoretical hypotheses are tested. This chapter details how the study addresses gaps in the development literature with the construction of a unique dataset, and a mixed-methods approach that combines both quantitative and qualitative methods to study the relationship between development aid organizations and governance quality. The dataset provides information on annual UNDP expenditures for 179 developing countries, and whether their governance quality shifted over a period of nine years, between 2004 and 2012. The chapter also provides an overview of the World Bank's Worldwide Governance Indicators (WGI) dimensions that are used to measure the individual country governance quality scores, as well as accounts for other control variables.

Chapter 4 and **Chapter 5** outline the Quantitative Analysis of the dataset, presenting the results of both descriptive and inferential statistical testing. This large-N approach examines all 179 developing countries within which UNDP operates, over a span of nine years (2004-2012). The chapters address questions, providing insight into how international development organizations, like the UNDP, financially operate, customize development programmes based on recipient government priorities, and disburse funds accordingly – and whether this has an influence on shifts in governance quality. Findings are discussed after running basic correlations, time series analysis, regressions, and completing diagnostics to identify a model that fits most appropriately with the dataset.

Chapter 6 and **7** take a different methodological approach, using small-n case study analyses to focus on individual country case studies. Following a literature review of previous small-n studies examining international development organizations, two case studies stand out: Senegal and the Republic of Moldova. The methodology used to select these two case studies was to examine the correlation between all the countries that had data on UNDP expenditures and governance scores available for a full set of nine years. Out of the total 179 in the dataset, full data was available for 147 countries. Correlation results for these two countries stand out as

two extremes: one of the countries with deteriorating governance quality, the other experiencing a more positive relationship with UNDP governance intervention programmes. Indeed, the small-n case study analyses further examines the domestic context of each state within which UNDP's governance programmes intervened, and the agency's role in relation to any shifts in the overall quality of governance within the countries.

Chapter 8 is the concluding chapter of this dissertation, summarizing how the key research findings correspond with the two main theoretical orientations being tested. This final chapter also addresses the key lessons learned from the trend analysis and offers policy recommendations, and places the findings of this dissertation in broader theoretical context. The chapter provides a summary of the study's results, outlines the theoretical and policy implications, and provides suggestions for further research. The overarching conclusion of this dissertation is that IDO aid funding – like those expended by UNDP – do not necessarily translate into positive governance outcomes, as was once anticipated by the development community. That being said, the efforts of UNDP and other such organizations to influence and promote improved governance conditions are not futile. It appears that certain circumstances, where state interests are in alignment with the governance agenda of the IDO, allow for more favorable development outcomes and progress than would be the case in the absence of their intervention. It is therefore necessary to identify and bridge the gap between what IDOs can offer in terms of aid and funding, what recipient countries in turn require, and the surrounding circumstances – be they political and/or economic – that frame the relationship between these key actors.

CHAPTER 2 LITERATURE REVIEW

Although there have been numerous studies examining IDO-state interactions, most either focus solely on organizational operations or highlight how specific policies within countries are influenced by foreign interventions (bilateral or multilateral).³⁹ While the IR literature has recently begun to acknowledge the relevance of IDOs, they are primarily viewed as supporting actors and not as key determinants of any policy change. The resulting analyses are arguably incomplete as studies have either been dismissive of the UN, or concentrate solely on bureaucratic operations taking place within the UN. To bridge the gap between theorists and practitioners, it is imperative to engage in policy-relevant discourse surrounding the interactions that take place between states and international organizations like the UNDP.

The following chapter provides a review of the literature and theoretical debates surrounding the significance of international development organizations and aid delivered by such agencies towards improving governance conditions. Following a discussion on the conceptualization of 'governance', an outline is presented of two opposing camps in the aid-governance debate and their views on the IO-state relationship, namely the optimists vs. skeptics. This chapter sets the stage to test varying theoretical hypotheses that have for decades sparked debate amongst scholars analysing the aid-governance nexus.

2.1 CONCEPTUALIZATION OF GOVERNANCE

The importance of 'governance' and campaigns to incorporate the concept into the development agenda have been gaining traction within the international development literature since the 1990s, with scholars

39 Bauhr, Monika, and Naghmeh Nasiritousi. "Towards better Governments? A theoretical framework for the Influence of International Organizations." *QoG Working Paper Series* 2009 (2009): 31. Available online: http://cmspres-vir-1.it.gu.se/digitalAssets/1350/1350725_2009_31_bauhr_nasiritousi.pdf, [accessed 18 May 2016].

highlighting its “instrumental developmental value”⁴⁰ and strong correlation with economic growth and development. In the early 1990s, development scholars put forward various definitions of ‘governance’, all with a running theme of: reciprocal interactions between the state and society working to achieve collective goals.⁴¹ However, the development literature has yet to reach a consensus on the conceptualization of the term or the means by which to measure it. Joachim Ahrens (1999) asserted that developing countries can narrow the gaps between their actual and potential rate of development through committed political leadership and the implementation of sustainable policies.⁴² Merilee S. Grindle (2007) also called attention to the fact that while there is general agreement on the significance of governance, identifying what type of intervention or interaction between IDOs and states best promoted growth and development in developing countries has largely been left unanswered.⁴³ This thesis addresses this question by taking a closer look at IDOs and developing countries, and whether the relationship shared has an impact on shifts in governance quality.

The idea of ‘good’ governance was eventually embraced by the international donor community when the World Bank began pushing adjustment packages onto developing countries with specific conditions attached to the aid being provided. This ‘conditional aid’ particularly emphasized the need for countries to address

40 Earle, Lucy and Zoë Scott. Governance and Social Development Resource Centre. “Assessing the Evidence of the Impact of Governance on Development Outcomes and Poverty Reduction.” Issue Paper, March (2010). Available online: <http://www.gsdrc.org/docs/open/EIRS9.pdf>, [accessed 18 May 2016].

41 Scholars who have put forward their conceptualizations of ‘governance’ include: Bratton, Michael, and Nicolas Van de Walle. "Toward governance in Africa: popular demands and state responses." In Hyden, Goran and Michael Bratton, eds. *Governance and politics in Africa* (1992): 27-55; Hyden, Goran. "Governance and the study of politics." In Hyden, Goran and Michael Bratton, eds. *Governance and politics in Africa* (1992): 1-26; Chazan, Naomi. “Liberalization, Governance and Political Space in Ghana” in Goran Hyden and Michael Bratton, eds. *Governance and Politics in Africa*, pp. 121-142 Boulder, CO: Lynne Rienner, 1992; Kjaer, Mette Anne. “Governance—Making It Tangible.” Paper presented at the “Good Governance,” Working Group at the EADI Conference, Vienna, September 11-14 1996.

42 Ahrens, Joachim. "Toward a post-Washington consensus: the importance of governance structures in less developed countries and economies in transition." *Journal for Institutional Innovation, Development and Transition* 4 (2000): 78-96.

43 Grindle, Merilee S. "Good enough governance revisited." *Development Policy Review* 25.5 (2007): 533-574.

“governance issues such as transparency, accountability, and judicial reform.”⁴⁴ The proposed model of good governance advocated by the international development agencies emphasized participation and freedom of choice, features akin to liberal or Western versions of democracy.⁴⁵ Indeed, democracy and ‘good’ governance have often been regarded as synonymous concepts, going hand in hand as essential conditions for successful developmental and economic growth.

On the other hand, reports put out by agencies like the Committee on the Evaluation of USAID Democracy Assistance Programs,⁴⁶ have revealed the “record of democratic regimes’ commitment to pro-poor social policies is mixed, and there are a number of examples of authoritarian regimes that have high human development indicators and that have made impressive reductions in national poverty levels.”⁴⁷ The ‘conditional aid’ debate initially dominated the development literature, though critics have since responded with suggestions that political and strategic aid conditions had potentially detrimental consequences, and have been largely ineffective, even in countries that are more democratic.⁴⁸ This question of whether or not a country’s inclinations towards democratic principles is linked to its relationship with IDOs and governance conditions is

44 United Nations Economic and Social Council, “Definition of Basic concepts and terminologies in governance and public administration.” Committee of Experts on Public Administration, Fifth Session, Agenda item 5, April 16, 2006. Available online: <http://unpan1.un.org/intradoc/groups/public/documents/un/unpan022332.pdf>, [accessed 18 May 2016].

45 Hyden, Göran and John Samuel, “Making the State Responsive: Experience with Democratic Governance assessments.” UNDP: New York, 2011.

46 Goldstone, Jack Andrew, et al. "Improving Democracy Assistance: Building Knowledge Through Evaluations and Research: A National Research Council Report," Committee on Evaluation of USAID Democracy Assistance Programs. National Research Council of the Academies. (2008). Available online: http://pdf.usaid.gov/pdf_docs/Pnad1231.pdf, [accessed 18 May 2016].

47 South Korea, Taiwan and Singapore are some examples of authoritarian regimes who have been successful in meeting their development goals, namely poverty reduction. Earle, Lucy and Zoë Scott. Governance and Social Development Resource Centre. “Assessing the Evidence of the Impact of Governance on Development Outcomes and Poverty Reduction.” Issue Paper, March (2010). Available online: <http://www.gsdrc.org/docs/open/EIRS9.pdf>, [accessed 18 May 2016].

48 Kapur, Devesh and Richard Webb, “Governance-related Conditionalities of International Financial Institutions.” G-24 Discussion Paper Series, No. 6, United Nations Conference on Trade and Development (2000); Bearce, David H., “Why Foreign Aid May be Less Effective at Promoting Economic Growth in More Democratic Countries.” Paper presentation at the International Political Economy Society conference, November 2008.

also addressed in this thesis (with methodology outlined in Chapter 3).

As highlighted in Chapter 1, the general consensus held by most development scholars is that improvements to governance would promote and ultimately enhance economic growth and development in individual countries. While there is some controversy within the development literature about the conceptualization of the term ‘governance’, the objective of this dissertation is neither to discuss the concept at length nor to engage current debates concerning the accuracy of governance indicator measurements. Instead, this dissertation employs the UNDP’s working definition outlined in its policy document, as it is consistent with conventional usage and methodologically practical for the purposes of this dissertation.

‘Governance’ was explicitly adopted as a UNDP programming objective in a 1997 policy document, *Governance for Sustainable Human Development*, which detailed the role UNDP would have in supporting governance programmes, advancing human development and the agency’s relationships with other governance actors involved in the development process.⁴⁹ UNDP’s definition accurately reflects the governance goals which international development agencies commonly strive to achieve through their intervention programmes, namely: to improve the institutional processes and policies surrounding authoritative decision-making.⁵⁰

Governance can be seen as the exercise of economic, political and administrative authority to manage a country’s affairs at all levels. It comprises the mechanisms, processes, and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences. Good governance is, among other things, participatory, transparent and accountable. It is also effective and equitable. And it promotes the rule of law.

Good governance ensures that political, social and economic priorities are based on broad

49 “UNDP and Governance,” Management Development and Governance Division: Lessons Learned Series No. 1, June 2006. Available online: <http://www.pogarp.org/publications/other/undp/governance/lessonslearned-e.pdf>, [accessed 18 May 2016].

50 UNDP Policy Document, “Governance for Sustainable Human Development,” January 1997. Available online: <ftp://pogarp.org/LocalUser/pogarp/other/undp/governance/To-Adel/5-ChapterOne.htm>, [accessed 18 May 2016].

consensus in society and that the voices of the poorest and the most vulnerable are heard in decision-making over the allocation of development resources.

The key driver for the introduction of the ‘governance’ concept into the development agenda was to unpack and better understand the complexities surrounding aid effectiveness and governance.⁵¹ The question remains: can IDOs actually improve governance in recipient states? For example, does promoting more efficient and transparent aid allocation by IDOs affect change in governance conditions? Indeed, there is a growing appreciation within the aid community on the need for more accountable, open and transparent mechanisms surrounding aid allocation, delivery and spending.⁵² Scholars examining the impact of aid on beneficiaries recognized that IDOs are “frequently confronted [by] a gap between their starting assumptions and [the] countervailing realities on the ground.”⁵³ It is therefore all the more necessary to identify and bridge the gap between what IDOs can offer in terms of aid and funding, what recipient countries in turn require, and the surrounding circumstances that frame the relationship between these key actors – be they political and/or economic. The findings could reveal the impact of development aid on achieving sustainable governance outcomes in beneficiary states. Unpacking these questions, and focusing specifically on this last point, is precisely the aim of this dissertation.

51 Santiso, Carlos. "Good governance and Aid Effectiveness: the World Bank and Conditionality." *Georgetown Public Policy Review*. 7, 1 (2001): 1-22.

52 This awareness and recognition for the need of improved monitoring and delivery mechanisms surrounding development aid was highlighted and reflected in the 2005 Paris Declaration on Aid Effectiveness and the 2008 Accra Agenda for Action.

53 Carothers, Thomas, and Diane de Gramont. *Aiding governance in developing countries: progress amid uncertainties*. Vol. 1. Carnegie Endowment for International Peace, 2011. Available online: http://carnegieendowment.org/files/aiding_governance.pdf, [accessed 18 May 2016].

2.2 LITERATURE REVIEW

State interactions with international organizations have long been the subject of much analysis by scholars from a variety of disciplines.⁵⁴ Early academic focus on the relevance of IOs were critiqued for being overly descriptive and insufficiently reflective of their global significance.⁵⁵ Conventional thinking within mainstream IO literature has generally focused on the UN as an institution driven fundamentally by state decisions.⁵⁶ Traditional development scholars primarily focused on the question of whether IOs had any significance at all. The debate on the influence of IOs has increasingly become more sophisticated and complex over time, taking into account the effects of numerous variables: types of development aid, foreign direct investments, donor partner relations, intra-and-inter-agency competitiveness for financial resources, and donor fatigue amongst others. Needless to say, attempts to gain clarity on the aid-governance nexus have only further divided scholars in their views on the significance of IOs.

Development scholars debating whether international aid has any linkages with governance quality essentially fall somewhere on a scale between two opposing theoretical camps: the optimists and the skeptics. The most notable difference between the optimist and skeptic perspectives of IO-state interactions is the former's approach to how IOs structure and constitute identities and preferences.⁵⁷ Outlining the theoretical debate between the opposing camps, this next section addresses two key questions: the significance of IOs in

54 Such studies include Dollar, David, and Jakob Svensson. "What explains the success or failure of structural adjustment programmes?" *The Economic Journal* 110.466 (2000): 894-917. Another similar study examining IO-state interactions illustrates how IOs can influence the levels of corruption within states: Sandholtz, Wayne, and Mark M. Gray. "International integration and national corruption." *International Organization* 57.04 (2003): 761-800.

55 Aggarwal, Vinod K., ed. Institutional Designs for a Complex World: Bargaining, Linkages, and Nesting. Cornell University Press, 1998.

56 Biermann, Frank, and Steffen Bauer. "Assessing the effectiveness of intergovernmental organisations in international environmental politics." *Global Environmental Change* 14.2 (2004): 189-193.

57 Jupille, Joseph, James A. Caporaso, and Jeffrey T. Checkel. "Integrating institutions rationalism, constructivism, and the study of the European Union." *Comparative Political Studies* 36.1-2 (2003): 7-40.

influencing state behaviour; and the subsequent impact IOs have on affecting change in the governance conditions of developing countries.

2.2.1 Significance of IOs

2.2.1.1 Optimists

Most development scholars within the optimist camp believe that IOs can affect change in governance outcomes. These scholars share a common sociological approach using a constructivist lens when examining IO-state relations. This camp argues that state behaviour is process-driven, whereby states tend to endorse the international norms and standards proposed by IOs. Scholars from the optimist camp assert that as states interact with one another within a social and collective environment, they share a sense of obligation, responsibility and commitment to the IO itself.⁵⁸

Gareth Williams (2011) pointed out that developing countries have generally responded to published international rankings based on cross-country comparisons of indicators, and often take active steps to improve their rankings through specific reform measures.⁵⁹ Eric Neumayer (2003) highlighted that the ‘selectivity strategy’ employed within an IO framework “creates star performers, inducing many non-reforming governments to change their policies through the pressure of emulation.”⁶⁰ Therefore, this ‘rank-based’ approach to development has arguably provided IOs with a sense of purpose and significance, playing the role of judge when evaluating states against one another according to specific development criteria.

58 Jupille, Joseph, James A. Caporaso, and Jeffrey T. Checkel. "Integrating institutions rationalism, constructivism, and the study of the European Union." *Comparative Political Studies* 36.1-2 (2003): 7-40.

59 Williams, Gareth. "What makes a good governance indicator." *Policy Practice Brief* 6 (2011). Available online: <http://thepolicypractice.com/wp-content/uploads/2014/09/PolicyBrief6.pdf>, [accessed 18 May 2016].

60 Neumayer, Eric. "Is good governance rewarded? A cross-national analysis of debt forgiveness." *World Development*, 30.6 (2002): 913-930.

While scholars have traditionally studied international organizations more broadly, Martha Finnemore (1993) took a different approach by focusing her study on the ability of a single IO, namely the United Nations Educational, Scientific, and Cultural Organization (UNESCO), in influencing state behaviour – i.e., compliance with international norms and standards. Finnemore outlines how UNESCO played a key role influencing the governance agenda of states by mentoring and ‘teaching’ them to incorporate specific policy relevant issues (ie science) into their respective national agendas.⁶¹ She states that, “organizational innovation was supplied to states from outside, from an international organization, rather than being the product of any characteristics internal to or inherent in the state itself.”⁶² Finnemore maintains that institutions can socialize states in a way that changes their “inter-subjective understanding” of appropriate state behaviour.

Jeffrey Checkel (2001) argued along similar lines, claiming that states were automatically ‘socialized’ within their institutional environments. These scholars argued that in certain types of institutions, social interactions could induce actors to change their priorities, interests and overall agenda.⁶³ “Decision-makers typically enter policy processes with imperfect information and tentative preferences.”⁶⁴ As state interests are shaped by socially constructed norms and ideas, their preferences are always evolving.⁶⁵ States therefore form new interests, ideas and preferences based on new knowledge acquired through their social interactions with other external actors, including IOs.⁶⁶

61 Finnemore, Martha. "International organizations as teachers of norms: the United Nations Educational, Scientific, and Cultural Organization and science policy." *International Organization* 47.04 (1993): 565-597.

62 Ibid.

63 Checkel, Jeffrey T. "Why comply? Social learning and European identity change." *International Organization* 55.03 (2001): 553-588.

64 Underdal, Arild. "Explaining Compliance and Defection: Three Models." *European Journal of International Relations*, 4.1, (1998): 5-30.

65 See for example: Katzenstein, Peter J. (ed). The Culture of National Security: Norms and Identity in World Politics. Columbia University Press, (1996).

66 Checkel, Jeffrey T. "Social construction and integration." *Journal of European Public Policy* 6.4 (1999): 545-560; and Checkel, Jeffrey T. "International Institutions and Socialization in Europe: Introduction and Framework." *International Organization* 59.04 (2005): 801-826.

While these constructivist scholars concede that IOs are created through movements of state voluntarism, they expand on state-centric approaches by arguing that once created, IOs have a mind of their own and form their own agendas that are autonomous from states.⁶⁷ While actors may shape the agenda of the institution, they argue that it is just as important to recognize that IOs can also influence state interests and agendas.⁶⁸ It is important to note here that not all constructivists are necessarily as optimistic about the impact that IOs have on influencing governance conditions within developing countries, as highlighted in the next section.

2.2.1.2 Skeptics

In contrast to the optimists, scholars from the skeptic camp can range between arguing that IO interventions have no effect at all, to stating that IOs can have a potentially detrimental impact on governance conditions.⁶⁹ Similar to IR realists, these scholars view the UN as epiphenomenal, its programmes lacking the capacity to have any significant effect on the policy and governance conditions of developing countries.⁷⁰ They argue that international organizations, such as the UN, are only as engaged and involved in national development projects as the recipient governments allow them to be.

Several scholars have argued that IOs can only be as effective as developing countries allow them to be. Indeed, there is not much room for IO influence in countries experiencing high-level corruption within

67 Barnett, Michael N., and Martha Finnemore. "The politics, power, and pathologies of international organizations." *International organization* 53.04 (1999): 699-732.

68 Kratochwil, Friedrich, and John Gerard Ruggie. "International Organization: A State of the Art on an Art of the State." *International Organization* 40.04 (1986): 753-775.

69 de Mesquita, Bruce Bueno, and Alastair Smith. "Political Survival and Endogenous Institutional Change." *Comparative Political Studies* 42.2 (2009): 167-197; Smith, Alastair. "The Perils of Unearned Income." *The Journal of Politics* 70.3 (2008): 780-793; Djankov, Simeon, Jose G. Montalvo, and Marta Reynal-Querol. "The curse of aid." *Journal of Economic Growth* 13.3 (2008): 169-194; Rajan, Raghuram, and Arvind Subramanian. "Does aid affect governance?" *The American Economic Review* 97.2 (2007): 322-327; and Bräutigam, Deborah A. and Stephen Knack. "Foreign Aid, Institutions, and Governance in Sub-Saharan Africa." *Economic Development and Cultural Change* 52.2, (2004): 255-285.

70 Grieco, Joseph M. "Anarchy and the Limits of Cooperation: A Realist Critique of the Newest Liberal Institutionalism." *International Organization* (1988): 485-507.

government. For example, the Swedish International Development Cooperation Agency provided aid funding to Tanzania for over 15 years in order to develop the country's auditing capacity. Aid expenditures had "no impact on public sector accountability, [as] the Auditor General's office [was] not [using] auditing firms to audit government expenditures."⁷¹ Dating back to Milton Friedman (1958) and Peter Bauer (1971), some scholars have argued against foreign aid programmes due to the possibilities of it propagating corruption and the misappropriation of funds as political elites benefit from such aid flows.⁷² Indeed, in a 1989 report, the World Bank highlighted the urgent need for political renewal if aid were to be effective in states suffering from corrupt systems of governance.⁷³ Any adjustments in policy, change in political regimes, or shifts in the quality of governance in developing countries would only occur if it served the immediate interests of the ruling government of those developing countries.

Craig Burnside and David Dollar (2000) have argued that IO influence is highly improbable in circumstances of high corruption and minimal transparency, where funding is inefficiently spent by recipient governments lacking sound governance policies.⁷⁴ Taking an empirical approach, Burnside and Dollar used a World Bank database to examine the circumstances surrounding the potentially positive relationships between foreign aid, economic policies and GDP growth per capita. They ran panel regressions for 56 countries over six cycles of four-year periods (from 1970-1973 through to 1990-1993). Their findings illustrated that IO

71 Knack, Stephen. "Aid Dependence and the Quality of Governance: Cross-Country Empirical Tests." *Southern Economic Journal* 68.2 (2001): 310-329.

72 Boone, Peter. "Politics and the Effectiveness of Foreign Aid." *European Economic Review* 40.2 (1996): 289-329.

73 World Bank. "From Crisis to Sustainable Growth – Sub Saharan Africa: a long-term perspective study." Washington, DC: The World Bank (1989). Available online: <http://documents.worldbank.org/curated/en/1989/11/439705/crisis-sustainable-growth-sub-saharan-africa-long-term-perspective-study>, [accessed 18 May 2016].

74 Burnside, Craig, and David Dollar. "Aid, policies, and growth: reply." *The American Economic Review* 94.3 (2004): 781-784.

interventions and foreign aid *can* lead to positive outcomes like economic growth, but only when implemented in welcoming environments of sound policy-making and pre-existing good governance.⁷⁵

This dissertation tests the opposing views in two steps. First, I examine whether UNDP intervention programmes had any influence at all on the governance conditions of states. I then test to determine whether developing countries were more inclined to improve governance conditions as a result of being socialized. For example, were IO interventions and global rankings effective in influencing states to comply with IO norms and standards of governance?

2.2.2 Impact of IOs on Governance Conditions

2.2.2.1 Optimists

A 1998 World Bank report on *Assessing Aid: What Works, What Doesn't and Why*, maintained that the successful outcomes resulting from foreign aid expenditures were contingent upon the type of policy regime that was in place within recipient countries.⁷⁶ Durberry, Gemmell and Greenaway (1998) found that when allocated to countries with sustainable macroeconomic policies, high levels of foreign aid led to improved governance conditions and enhanced economic growth.⁷⁷ Others have identified common characteristics shared amongst countries with good governance, highlighting that quality of governance was closely connected to its level of democratic content.⁷⁸ Indeed, in his 1999 *Economics and Politics* article, "Aid, Growth and Democracy," Jacob

⁷⁵ Ibid.

⁷⁶ Dollar, David; Pritchett, Lant. "Assessing aid - what works, what doesn't, and why." World Bank Policy Research Report. Washington, D.C. (1998): The World Bank. Available online: <http://ina.bnu.edu.cn/docs/20140606091638538682.pdf>, [accessed 18 May 2016].

⁷⁷ Durberry, Ramesh, Norman Gemmell, and David Greenaway. "New evidence on the impact of foreign aid on economic growth." *Nottingham: Centre for Research in Economic Development and International Trade*, University of Nottingham, (1998).

⁷⁸ Santiso, Carlos. "Good governance and Aid Effectiveness: the World Bank and Conditionality." *Georgetown Public Policy Review*. 7, 1 (2001): 1-22.

Svensson asserted that aid had a higher probability of influencing economic growth in more democratic countries, as opposed to those lacking institutionalized checks on governmental power.⁷⁹

Bloom *et al.* (2004) conducted a study of the Asia Pacific region, arguing that the region had “served as something of a test case for governance theories... ‘good governance’ has been hailed as the key driver of East Asia’s rapid economic development. Bad governance, conversely, has been blamed by many for the relatively slow pace with which South Asia is catching up with the world economy.”⁸⁰ In particular, the 1997 Asian financial crisis and ensuing widespread prevalence of poverty triggered the development community to refocus development aid flows away from the market. Such funds were instead redirected towards building stronger institutions in countries vulnerable to exogenous shocks in order to help improve their socio-economic welfare.⁸¹

There is a large body of literature in support of the positive role played by IOs in promoting democracy and having a positive impact on economic growth. Development experts have long promoted technocratic measures and market-based development as the means for improving government effectiveness.⁸² Aid policies have traditionally had a particularly narrow view of governance and its linkages with the market economy. Jeffrey Sachs (2005) famously argued that increased aid transfers and investing in financial aid incentive packages would promote good governance and lead to economic growth.⁸³ While Sachs may not have been

79 Svensson, Jakob. "Aid, Growth and Democracy." *Economics & Politics* 11.3 (1999): 275-297.

80 Bloom, David, David Steven, and Mark Weston. "Governance matters: The role of governance in Asian economic development." *World Economics* 5.4 (2004): 53-61. Available online: <http://www.riverpath.com/wp-content/uploads/2009/11/Governance-Matters.pdf>, [accessed 18 May 2016].

81 Thorbecke, Erik. "The Evolution of the Development Doctrine and the Role of Foreign Aid, 1950-2000." *UNU-World Institute for Development Economics Research, Research Paper*, Vol 155, December 2006. Available online: <http://www.econstor.eu/bitstream/10419/63545/1/523678851.pdf> [accessed 18 May 2016].

82 Hout, Wil, and Richard Robison, eds. *Governance and the Depoliticisation of Development*. Routledge: London, (2009).

83 Sachs, Jeffrey D. *The End of Poverty: Economic Possibilities for Our Time*. Penguin Press HC, (2006).

speaking specifically about the significance of IOs, scholars of the optimist camp have argued along similar lines, stating that foreign aid from IOs can promote improvements in overall governance conditions.⁸⁴

Heckelman & Knack (2008) illustrate how development aid fosters economic growth through improved democracy, governance and economic freedom. Easterly (2003) highlighted how IO aid assisted with the implementation of painful yet necessary reforms in economic policies for several countries. Doucouliagos and Paldam (2011) argue that certain components of aid can have a positive impact on growth and governance. Riddell (2014) argued that “aid’s impact may well have been harmed by focussing too narrowly on trying to make short-term aid work better, and that the main focus of attention needs to widen to assess how aid can contribute more to a recipient’s own development goals.”⁸⁵ More recently, Askarov and Doucouliagos (2015) conducted an empirical study of transitional economies and found that on average, development aid has had a positive impact on their economic growth.

An example of the positive effects that foreign aid can have on governance is when “a \$100,000 US Agency for International Development (USAID) project resulted in a dramatic increase in the number of cases heard annually by the Costa Rican constitutional chamber, by purchasing computers for a new case tracking system and hiring court clerks to support the seven judges.”⁸⁶ Positive effects of IOs on improved governance conditions are apparent when IOs provide technical assistance to developing countries to build new institutions and strengthen governing practices, or when conditional aid allocations serve as incentives for developing

84 Lipset, Seymour Martin. “Some Social Requisites of Democracy: Economic Development and Political Legitimacy.” *American Political Science Review*, 53, (1959): 69-105; Glaeser, Edward et al. “Do Institutions Cause Growth?” *Journal of Economic Growth*, 9, (2004): 271-303; (2004); and Glaeser, Edward, Andrei Shleifer, et al. “Why Does Democracy Need Education?” *Journal of Economic Growth*, 12.2, (2007): 77-99, who argue on the correlation between democratic transitions and economic growth.

⁸⁵ Riddell, Roger C. “Does Foreign Aid Really Work? An Updated Assessment.” *Oxford Policy Journal*, Development Policy Centre Discussion Paper No. 33, March 2014.

⁸⁶ Knack, Stephen. “Aid Dependence and the Quality of Governance: Cross-Country Empirical Tests.” *Southern Economic Journal* 68.2 (2001): 310-329.

countries to improve their quality of governance.⁸⁷ On the other hand, there is now a shift in the development literature, with a growing number of experts calling attention to the negative repercussions of aid.

2.2.2.2 Skeptics

Development experts and academics found that in Sub-Saharan Africa, the quality of governance and economic growth deteriorated as aid flows increased; “regions receiving increasing amounts of aid are doing the least well.”⁸⁸ Despite the large flow of foreign aid, there was no delivery of concrete developmental outcomes.⁸⁹ These scholars have conducted cross-country analyses and empirical research identifying the linkages between aid, aid dependence and the weakening of governance quality in developing countries.⁹⁰ Indeed, Peter Boone (1995), recognized as a pioneer for his empirical analysis of the relationship between aid and governance, found that declining governance conditions were not necessarily a result of insufficient aid funds. Boone argued that “aid does not promote economic development for two reasons: poverty is not caused by capital shortage, and it

87 Dunning, 2004 article examining the positive effects of foreign aid on democracy in the Post-Cold War period –Dunning, Thad. "Conditioning the effects of aid: Cold War politics, donor credibility, and democracy in Africa." *International Organization* 58.2 (2004): 409-423; Goldsmith, Arthur A. "Foreign aid and statehood in Africa." *International Organization* 55.01 (2001): 123-148, who conducts an empirical study concluding that there is little to suggest that foreign aid has had a negative impact on democracy and regime type; and Bermeo, Sarah Blodgett. "Foreign aid and regime change: a role for donor intent." *World Development* 39.11 (2011): 2021-2031, who argues that aid is allocated based on donor characteristics and that democratic donors are often found to be associated with an increased likelihood of democratic transitions.

88 Aubut, Julie. “The Good Governance Agenda: Who Wins and Who Loses.” *Development Studies Institute*, Working Paper Series, (2004). Available online:

<http://www.lse.ac.uk/internationalDevelopment/pdf/WP/WP48.pdf>, [accessed 18 May 2016].

89 Ibid.

90 Scholars arguing this point include: Deborah Bräutigam, “Aid Dependence and Governance.” *Expert Group on Development Issues*, (2000): 1. Available online:

http://www.sti.ch/fileadmin/user_upload/Pdfs/swap/swap404.pdf, [accessed 18 May 2016]; Knack, Stephen. "Aid Dependence and the Quality of Governance: Cross-Country Empirical Tests." *Southern Economic Journal* 68.2 (2001): 310-329; Bräutigam, Deborah A. and Stephen Knack. “Foreign Aid, Institutions and Governance in Sub-Saharan Africa.” *Economic Development and Cultural Change*, 52.2, (2004), 255-285; and Heckelman, Jac C., and Stephen Knack. "Foreign Aid and Market-Liberalizing Reform." *Economica* 75.299 (2008): 524-548.

is not optimal for politicians to adjust distortionary policies when they receive aid flows.”⁹¹ Moreover, he argued that an increase in IO funding does not by any means lead to economic growth or improved governance conditions.

Scholars within the skeptic camp suggest that IOs can also “undercut the governance capacities of developing countries – the agenda is imposed, the number of reforms thought necessary is overwhelming...and foreign experts take on the task of administering policies, programs, and projects.”⁹² In such circumstances, developing countries are pressured to abide by specified criteria of ‘good’ governance before they could receive any financial or technical assistance from their development partners.⁹³ In addition, fragmentation amongst demanding donors with varying governance agendas and high transaction costs⁹⁴ could also potentially undermine development and lead to a deterioration in the overall quality of governance.⁹⁵

Bräutigam (2000) conducted a study examining the aid dependency of developing countries and how aid flows have impacted long-term growth and development. Bräutigam ran a series of regressions, using OECD data to measure aid intensity and ICRG data to measure governance quality, and found a negative and highly significant relationship between high aid flows and the quality of governance in recipient states. Further tests confirmed there were no tendencies of reverse causality, where donors were directing aid towards countries with deteriorating governance conditions.⁹⁶ Rather, results from Bräutigam’s study indicated that higher levels of aid

91 Boone, Peter. "Politics and the Effectiveness of Foreign Aid." *European Economic Review* 40.2 (1996): 289-329.

92 Grindle, Merilee S. “Good Governance: The Inflation of an Idea.” *HKS Faculty Research Working Paper Series*, RWP10-023, John F. Kennedy School of Government, Harvard University, (2010).

93 Neumayer, Eric. "Is good governance rewarded? A cross-national analysis of debt forgiveness." *World Development*, 30.6 (2002): 913-930.

94 Beneficiaries can sometimes find themselves faced with high transaction costs as a result of sacrifices they made in other programs in order to meet the donor demands.

95 Busse, Matthias, and Steffen Gröning. "Does foreign aid improve governance?" *Economics Letters* 104.2 (2009): 76-78.

96 Bräutigam, Deborah A. “Aid Dependence and Governance.” *Expert Group on Development Issues*, (2000): 1. Available online: http://www.sti.ch/fileadmin/user_upload/Pdfs/swap/swap404.pdf, [accessed 18 May 2016].

funding led to an increased dependency on IOs, which ultimately had long-term detrimental effects on sustainable development, economic growth and the overall quality of governance.

This view was further corroborated by Sophal Ear (2012), who has published extensively on the impact of aid on Cambodia. Referring to Cambodia as the “poster-child for UN interventions, [Ear] argues that the UN mission ‘sowed the seeds of failure for democracy in Cambodia.’”⁹⁷ Ear has argued that as a result of “unintended consequences of trial-and-error donor experiments,” Cambodia is now unwilling – rather incapable – of refusing aid. According to Ear, “international intervention and foreign aid perverted Cambodia’s democracy and helped create today’s corrupt state.”⁹⁸ Basing his research on extensive field interviews and focused case studies, Ear concludes that despite billions of dollars spent in aid, Cambodia’s dependency on IO interventions and aid funding has had negative and arguably crippling implications for the country’s overall governance quality.

Deborah Bräutigam and Knack (2004) collaborated on a cross-sectional study of 32 African states between 1982 and 1997, and similarly found that aid could have detrimental effects on the quality of governance. That being said, they did point out that, “high levels of aid channeled to governments with clear development agendas can be used to improve the quality of the civil service, strengthen policy and planning capacity, and establish strong central institutions.”⁹⁹ Indeed, donor countries are hesitant to allocate aid and resources to weak or potentially corrupt governments. This is likely the case when aid agencies expend large amounts of resources over a long period, and yet find that minimal positive development results are produced.

97 Book Review by Strangio, Sebastian. Quoting Ear, Sophal. [Aid Dependency in Cambodia: How Foreign Assistance Undermines Democracy](http://dogmaandgeopolitics.wordpress.com/2012/10/27/aid-dependency-in-cambodia-how-foreign-assistance-undermines-democracy-by-sophal-ear/). Columbia University Press: New York, October 2012. Available online: <http://dogmaandgeopolitics.wordpress.com/2012/10/27/aid-dependency-in-cambodia-how-foreign-assistance-undermines-democracy-by-sophal-ear/>, [accessed 18 May 2016].

98 World Policy, “How Aid Dependence Derailed Cambodian Democracy: A Book Discussion with Sophal Ear” October 2012. Available online: <http://www.worldpolicy.org/events/how-aid-dependence-derailed-cambodian-democracy-book-discussion-sophal-ear>, [accessed 18 May 2016].

99 Bräutigam, Deborah A. and Stephen Knack. “Foreign Aid, Institutions and Governance in Sub-Saharan Africa.” *Economic Development and Cultural Change*, 52.2, (2004): 255-285.

Bräutigam and Knack argued that while there were numerous explanations for poor governance, the downward spiral would easily create a “vicious cycle of inadequate revenues, low morale, and poor performance.”¹⁰⁰ Governments could very well “create the image of compliance with the conditions imposed and revert to their old policies”¹⁰¹ once international attention shifted away. The lack of any long term IDO impact on overall governance quality would then be seen through governance projects either not being nationally implemented or possibly terminated due to lack of prioritization by the national government.¹⁰²

Comparable arguments have been put forward by Alesina and Weder (2002), who conducted a study examining whether donors were discriminatory when allocating aid by rewarding countries with ‘good’ governing practices versus those with corrupt governments. After performing cross-country regressions for over 80 countries, they found no evidence to suggest that aid was allocated based on concerns for good governing conditions. Their findings demonstrated that some aid allocations were rather motivated by the political and strategic interests of donor parties,¹⁰³ instead of the well-being and specific development needs of the developing countries. Alesina and Weder concluded that, with the absence of discrimination in aid allocation, the continued flow of aid funds to ‘bad’ governments only perpetuated corruption. Moreover, their study found a statistically significant relationship between an increase in aid funding and an increase in corruption, arguably leading to the country’s eventual decline in governance quality.¹⁰⁴ Studies like the ones highlighted here drive home the point that increases in aid funding do not necessarily guarantee positive outcomes, as was once anticipated by the development community and argued by the optimist camp.

This dissertation builds on a study previously conducted by Stephen Knack (2001), who calls attention to

100 Ibid.

101 Neumayer, Eric. "Is good governance rewarded? A cross-national analysis of debt forgiveness." *World Development*, 30.6 (2002): 913-930.

102 Ibid, and Strange, Susan. "Cave! hic dragones: a Critique of Regime Analysis." *International Organization* 36.02 (1982): 479-496.

103 Alesina, Alberto and Beatrice Weder. “Do Corrupt Governments Receive Less Foreign Aid?” *The American Economic Review*, Vol. 92, 4, (2002): 1126-1137.

104 Ibid.

the negative implications of high aid levels. Knack conducted a statistical study empirically examining cross-country data to determine how aid funding influenced quality of governance. He used data from the Organization for Economic Cooperation and Development (OECD) to measure aid flow levels and the International Country Risk Guide's (ICRG) index for governance quality covering the years 1982-95.¹⁰⁵ Evidence suggested that, "higher aid levels [eroded] the quality of governance, as measured by indices of bureaucratic quality, corruption, and the rule of law."¹⁰⁶ His results illustrated a statistically significant and negative correlation between aid flows and quality of governance.

Knack gives the example of a series of failed donor-funded institution-building projects in the Dominican Republic, which served short-term donor interests rather than addressing domestic needs. This was argued to be a by-product of recipient states aiming to satisfy the strategic interests and being held accountable primarily by donors as opposed to their own citizens. "The payoff to government officials of building institutions according to donor specifications exceeded their payoff from building them according to domestic demands. When external funding ended, the new institutions broke down."¹⁰⁷ The role of IOs is further complicated by the fact that aiding states with poor governance conditions also carries high stakes. It is therefore relevant to test whether IDO interventions have any effect (positive or negative) on the governance agendas of states. It is also important to identify the specific political, social or economic variables which influence whether UNDP expenditures have an effect or not on the overall quality of governance in states.

2.3 CONCLUSION

105 Knack, Stephen. "Aid Dependence and the Quality of Governance: Cross-Country Empirical Tests." *Southern Economic Journal* 68.2 (2001): 310-329.

106 Ibid.

107 Ibid.

Questions relevant to my study that have previously been addressed in the literature include: Do IOs improve democratic systems? Do IOs and foreign aid amplify the status of existing political regimes?¹⁰⁸ Is aid allocated as a reward for good governance?¹⁰⁹ Does quality of governance improve based on who the donors are?¹¹⁰ How do existing governance systems impact the quality and performance of IO interventions? How are IOs linked to good governance and economic growth?¹¹¹ As it would be beyond the scope of this dissertation to address all of these points, I focus on the most fundamental question. The central theme of these questions, and what remains inconclusive in the literature on this debate as highlighted in this chapter, is whether any linkages exist between aid allocations by IDOs and shifts in overall governance conditions.

Indication of a positive effect would support claims put forward by scholars from the optimist camp. More specifically, the scholars would be accurate in their suggestions that IO interventions improve the quality of governance in developing countries. On the other hand, if IDO expenditures have a negative or no relationship with the quality of governance in developing countries, then it would cast doubt on the very purpose of development organizations (like the UNDP) and their ability to meet objectives of improving governance conditions in recipient states. This chapter has outlined the literature from both camps on the significance of IDOs and their relationship and influence on governance quality. The next chapter focuses primarily on the methodology employed in this dissertation, providing details of the variables examined and the unique dataset built for the purposes of this study.

108 Dutta, Nabamita, Peter T. Leeson, and Claudia R. Williamson. "The Amplification Effect: Foreign Aid's Impact on Political Institutions." *KYKLOS* 66.2 (2013): 208-228.

109 Neumayer, Eric. "Is good governance rewarded? A cross-national analysis of debt forgiveness." *World Development*, 30.6 (2002): 913-930. Neumayer puts forward the argument that In order to create the right incentives and to ensure effectiveness of scarce financial resources, countries with good governance should be rewarded with a higher share of total debt forgiveness in the future.

110 Dunning, Thad. "Conditioning the Effects of Aid: Cold War Politics, Donor Credibility and Democracy in Africa." *International Organization*, 58, 2, (2004): 409-23.

111 Feeny, Simon, and Matthew Clarke. "Achieving the millennium development goals in the Asia-Pacific region: the role of international assistance." *Asia Pacific viewpoint* 49.2 (2008): 198-212; Collier, Paul, and David Dollar. "Aid allocation and poverty reduction." *European Economic Review* 46.8 (2002): 1475-1500.

CHAPTER 3 METHODOLOGY

The material collected for the purposes of this dissertation details how much UNDP spent (referred to here as ‘UNDP expenditures’), over a period of nine years (2004-2012), on development projects across 179 developing countries around the world.¹¹² The dataset also includes scores reflecting the governance conditions of these same countries. More specifically, these conditions are measured by a composite score of six Worldwide Governance Indicators. These are the dependent and independent variables of this dissertation, and are described in further detail in this chapter. To account for other determining factors that could potentially have an effect on governance quality, this dissertation also examines control variables, including: gross national income, GDP, and aid dependency, amongst others discussed in this chapter.

This dissertation builds upon earlier research and advances the debate on the aid-governance nexus, using a unique dataset and a robust methodology to focus on the relationship between international development agencies and the countries within which they operate. The project adopts a mixed-methods approach to examine, both quantitatively and qualitatively, whether UNDP expenditures have had any relationship with governance quality. A mixed-methods approach offers the potential to uncover useful and unique findings. First, a large-N component will identify any potential correlation between governance quality and UNDP expenditures in recipient countries. Second, a small-N study will closely examine two case studies to draw out two key points: a) identifying the causal relationship and examining the causal mechanisms between governance outcomes and UNDP expenditures; and b) the contextual constraints imposed by the surrounding socioeconomic environment of each country, and the resulting strengths and weaknesses of the IO-state relationships. Together, these complementary approaches will provide confidence to our validation or rejection of the main hypotheses offered by the current literature on this topic.

¹¹² This excludes funds being disbursed for management purposes (costs for staffing, overhead, administrative, etc).

3.1 THEORETICAL HYPOTHESES

To recap the theoretical debate discussed in the previous chapter, scholars from the ‘optimist’ camp maintain that international organizations and foreign aid can facilitate long-term improvement in the governance conditions of developing countries. By contrast, those from the ‘skeptic’ camp contend that IO interventions either have no influence or worse—that they in fact *hinder* efforts to improve the quality of governance. The central question being asked in this dissertation is drawn from this very literature: are there any identifiable correlations between UNDP expenditures and the overall quality of governance in the developing countries within which UNDP operates? More specifically, are improvements in governance scores synced with increasing or decreasing UNDP expenditures?

To address this question, I first outline a series of testable hypotheses. This is followed by a definition of the related metrics used to identify whether or not there is any correlation between the independent and dependent variables. Put in more practical terms, if countries with steadily increasing UNDP expenditures – simultaneously experience improved governance scores, the argument can be made that UNDP expenditures indeed had an association with the overall quality of governance (**H1**). This would support the argument put forward by scholars of the optimist camp. However, if there was a decline in the quality of governance, this implication would be that UNDP expenditures have a negative relationship (**H2**). Such results would bolster the arguments from the skeptics camp. Lastly, the null hypothesis is validated if results show that despite UNDP expenditures, the governance scores of Country X remained essentially unchanged (**H0**). By applying Karl Popper’s popular falsification strategy¹¹³ this dissertation aims to confirm or disconfirm all alternative hypotheses set forward by the two opposing camps.

113 Popper, Karl. Conjectures and Refutations: the growth of scientific knowledge, London: Routledge, (1963).

3.2 DATASET TIMELINE

Financial planning frameworks are decided upon by UNDP working in collaboration with and at the request of national governments. Strategies on how development aid is to be spent are devised on the basis of the state's medium to long-term development goals. These strategies define the timeline and horizon period to achieve specific outcomes, otherwise known as 'programme cycles'. Within these processes, "a series of actions are carried out including the definition of a clear hierarchy of results (outputs contributing to outcomes) and continuous monitoring of progress towards these specified results."¹¹⁴ UNDP's programme cycles typically run three to five years, depending on the national priorities, capacity and resources of the programme countries.¹¹⁵ The impact of these programmes is expected to manifest itself by the end of the cycle. At most, then, the effects of the independent variable on the dependent variable should be lagged five years.

An example of such planning can be found in UNDP's work with Bangladesh. Bangladesh's *Preparation of Electoral Roll with Photographs* project cycle lasted four years (2007-2010) and had a UNDP budget of US \$84,672,262.¹¹⁶ Over a period of 11 months, UNDP supported Bangladesh's Election Commission in developing a new computerized photographic voter list for over 80 million voters. This was part of a broader effort to hold free and fair national parliamentary elections, following two years of emergency rule. The results were highly successful, with a record 87% in voter turnout and a widely-held conclusion that the polls were conducted in an acceptably democratic fashion.

The panel dataset put together here includes this and many other programme cycles, aggregated into annual UNDP expenditures over a period of nine years (2004-2012). It also includes measures of governance

114 UNDP, "Programmes and Projects." November 20 2011. Available online: [http://www.undp.org/content/dam/undp/library/corporate/Programme and Operations Policies and Procedures/Programmes-and-Projects-20-Nov-2011.pdf](http://www.undp.org/content/dam/undp/library/corporate/Programme_and_Operations_Policies_and_Procedures/Programmes-and-Projects-20-Nov-2011.pdf), [accessed 18 May 2016].

115 UNDP, "The UNDP Results Management User Guide: Programming for Results (draft)." October 11 2006. Available online: http://toolkit-elections.unteamworks.org/?q=webfm_send/64, [accessed 18 May 2016].

116 UNDP Bangladesh, "Report on the Preparation of Electoral Roll with Photographs (PERP)." (2010) Available online: http://www.undp.org.bd/projects/proj_detail.php?pid=59, [accessed 18 May 2016].

quality for the same time span, which at the time of writing were the latest figures available. This breadth allows us to identify whether there are any observable shifts both within and beyond the timeline of UNDP's programme cycles. Additionally, the study determines whether UNDP programme cycle goals of relatively improved governance conditions are being met within the same timeline. While the World Bank's *Worldwide Governance Indicators* have data available from 1996 to 2014, this thesis deals with only those years for which UNDP expenditure data is available — a series that begins only in 2004. In total, 179 countries are covered by these variables; that is, all the developing countries within which UNDP operates, and for which governance data is available.

3.3 REGIONAL CLASSIFICATION

The countries examined for this dissertation are grouped into regions following UNDP classifications. These are based on the geographical areas serviced by UNDP's five regional bureaux: Africa, Asia and the Pacific ('APAC'), the Arab region, Europe and the Commonwealth of Independent States ('ECIS'), and Latin America and the Caribbean ('LatCar').¹¹⁷ See Table 1 for a list of the countries that were examined and for which data was collected, categorized as per UNDP Regional Bureaux classifications.

117 UNDP, "Annex II. Terms of Reference for the Evaluation of the Impact of Global, Interregional, and Regional Programmes." Available online: <http://web.undp.org/evaluation/documents/annex2.htm>, [accessed 18 May 2016].

Table 1 List of Countries in Dataset and Regional Classifications

Regional Code	List of Countries within Region
Africa code = '1'	Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Republic of Cape Verde, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of Congo, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, South Africa, Republic of South Sudan, Swaziland, Togo, Uganda, United Republic of Tanzania, Zambia, Zimbabwe
Arab States code = '2'	Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Qatar, Saudi Arabia, Somalia, Republic of the Sudan, Syria, Tunisia, United Arab Emirates, Yemen
Asia and the Pacific code = '3'	Afghanistan, Bangladesh, Bhutan, Cambodia, China, Cook Islands, Democratic People's Republic of Korea, Fiji, India, Indonesia, Islamic Republic of Iran, Kiribati, Republic of Korea, Lao People's Democracy, Malaysia, Maldives, Marshall Islands, Federate of Micronesia, Mongolia, Myanmar, Nauru, Nepal, Niue, Pakistan, Papua New Guinea, Philippines, Republic of Palau, Samoa, Solomon Islands, Sri Lanka, Thailand, Timor-Leste, Tonga, Tuvalu, Vanuatu, Viet Nam

Regional Code	List of Countries within Region
Europe and the Commonwealth of Independent States code = '4'	Albania, Armenia, Azerbaijan, Republic of Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Kazakhstan, Kosovo, Kyrgyzstan, Republic of Latvia, Republic of Lithuania, former Yugoslav Macedonia, Republic of Moldova, Montenegro, Poland, Romania, Russian Federation, Serbia, Tajikistan, Turkey, Turkmenistan, Ukraine, Uzbekistan
Latin America and the Caribbean code = '5'	Anguilla, Antigua and Barbuda, Argentina, Aruba, Bahamas, Barbados, Belize, Bermuda, Bolivia, Brazil, Cayman Islands, Chile, Colombia, Costa Rica, Cuba, Curacao, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Montserrat, Netherlands Antilles, Nicaragua, Panama, Paraguay, Peru, Saint Maarten, St. Kitts and Nevis, St. Lucia, St. Vincent and the Suriname, Trinidad and Tobago, Turks and Caicos Islands, Uruguay, Venezuela, Virgin Islands

Examining all five regions in the world (as per UNDP classifications) allowed me to analyse countries that vastly differ in size, as well as developmentally, geographically, economically, politically, and democratically. Included in the dataset are countries housing a majority of the world's poor, countries experiencing some of the fastest economic growth rates in the world, and others who have seemingly plateaued as middle income countries. Together, this study presents an impressively representative sample of virtually any location or circumstance within which a modern international organization would operate. The inferences made here could therefore be deemed applicable elsewhere.

3.4 DATASET VARIABLES

3.4.1 Dependent Variable: WGI scores measuring 'Quality of Governance'

This dissertation employs the World Bank's *Worldwide Governance Indicators* (WGI)¹¹⁸ as it is considered to be the most comprehensive, reliable and widely-used indicator database measuring various dimensions of governance over a reasonable period of time. The aggregated governance scores of countries were first recorded in 1996 and initially updated every two years; in 2002, measurements became annual. Only the years 2004-2012 are covered in this study to maintain consistency with the limited availability of UNDP expenditure data. The aggregated WGI scores are calculated based on a compilation of data summaries for over 350 variables produced from over 30 existing sources. This includes both subjective and objective data, comprised of "views and experiences of citizens, entrepreneurs, and experts in the public, private and NGO sectors from around the world, on the quality of various aspects of governance."¹¹⁹ Scores range from -2.5 to 2.5, representing the spectrum between 'poor' and 'good' governance qualities. The WGI database is a useful tool for the purposes of this research as governance scores help to identify shifts and the progress/regress that individual countries are experiencing over time with their respective governance conditions.

The pioneers behind the WGI database, Kaufmann *et al.*, selected the indicators according to a broad definition of governance based on the traditions and institutions by which authority is exercised in a country.

118 Also known as the Kaufmann, Kraay and Mastruzzi indicators of good governance, the WGI have been used by a number of scholars employing the indicators as explanatory variables. This includes works by Neumayer, Eric. "Is good governance rewarded? A cross-national analysis of debt forgiveness." *World Development*, 30.6 (2002): 913-930; Bloom, David, David Steven and Mark Weston. "Governance Matters: the role of governance in Asian economic development." *World Economics*, Vol. 5, 4, (2004): 53-78; and more recently by Sittha, Pornpen Vora. "Governance and Poverty Reduction in Thailand." *Modern Economy*, Vol. 3, 5, (2012): 487-97.

119 Thomas, Melissa A. "What do the worldwide governance indicators measure?" *The European Journal of Development Research* 22.1 (2010): 31-54.

The database reflects “the views and reports of tens of thousands of stakeholders worldwide,”¹²⁰ including survey responses from households and subject matter experts from NGOs and public sector agencies, amongst others. While recognizing the limitations of such subjective data, it is nonetheless the most comprehensive and widely-used database available, offering a baseline metric for cross-country and inter-temporal comparison.

The indicators assess ranking scores based on:¹²¹

- 1) the process by which governments are selected, monitored and replaced,
- 2) the capacity of the government to effectively formulate and implement sound policies,
- 3) the respect of citizens and the state for the institutions that govern economic and social interactions among them.

The authors of the WGI database offer a detailed description of the six composite indicators, which are used in this dissertation to measure governance quality:¹²²

- *Voice and Accountability (VA)*: capturing perceptions of the extent to which a country’s citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association and a free media.
- *Political Stability and Absence of Violence (PSAV)*: capturing perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically-motivated violence and terrorism.

120 Kaufmann, Daniel. “Poverty in the Midst of Abundance: Governance Matters for Overcoming the Resource Curse.” *The Brookings Institution*, September 13 2012. Available online: <http://www.brookings.edu/research/opinions/2012/09/13-poverty-governance-kaufmann?rssid=social+policy>, [accessed 18 May 2016].

121 Kaufmann, Daniel, Aart Kraay, and Pablo Zoido-Lobaton. "Governance matters." *Finance & Development* 37.2 (2000): 10-13.

122 Kaufmann, Daniel, Aart Kraay, and Pablo Zoido. "Governance Matters II: Updated Indicators for 2000-01." *World Bank Policy Research Working Paper 2772* (2002).

- *Government Effectiveness (GE)*: capturing perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.
- *Regulatory Quality (RQ)*: capturing perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.
- *Rule of Law (RL)*: capturing perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.
- *Control of Corruption (CC)*: capturing perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as 'capture' of the state by elites and private interests.

Indicators are useful tools to gauge interest and political will with the delivery of governance, and examine its linkages with institutional and political decisions. Bräutigam and Knack also used indicators to measure governance quality in their study of governance in sub-Saharan Africa from 1982-1997.¹²³ Recognizing that other factors could also have an influence on governance quality, Bräutigam and Knack used the change in governance scores as the dependent variable and claimed that factors like religion or legal traditions are “invariant over very long periods of time and [are] unlikely to matter much.”¹²⁴ Here a similar methodology as

123 Bräutigam and Stephen Knack measured quality of governance by subjective indexes from the International Country Risk Guide (ICRG), which in 2004 was recognized for being unique and offering the most comprehensive data coverage of nations in Africa.

124 Bräutigam, Deborah A. and Stephen Knack. “Foreign Aid, Institutions and Governance in Sub-Saharan Africa.” *Economic Development and Cultural Change*, 52.2, (2004): 255-285.

previously mentioned studies¹²⁵ is applied to test the drawn out theoretical expectations. This is done by identifying any observable trends and patterns when examining how much UNDP has spent in countries within which the agency operates and whether this relates to whether WGI scores of those same countries change over the period of nine years. The composite governance score is used in this dissertation as an indicator for the dependent or outcome variable, namely the quality of governance.

The annual WGI score for each country examined is calculated by consolidating the aggregated scores of the six dimensions of governance to calculate a composite score. Validity concerns may potentially arise when consolidating previously aggregated scores into one index variable, resulting in data errors or loss of information. To address this concern, my study confirmed through statistical testing the strong correlation between the aggregates scores for each dimension of governance and the consolidated score which combines the six scores.

Table 2 WGI Correlation (%)

	WGI	CC	GE	PSAV	RQ	RL	VA
WGI	100%	93%	92%	78%	88%	96%	84%

As Table 2 shows, there is a strong relationship between the consolidated scores and the scores for each of the aggregated dimensions of governance. Moreover, further inferential tests are run to allay any additional validity concerns of combining the aggregated scores, which will be elaborated in greater detail in the next chapter.

125 Studies include: Finnemore, Martha. "International organizations as teachers of norms: the United Nations Educational, Scientific, and Cultural Organization and science policy." *International Organization* 47.04 (1993): 565-597; Knack, Stephen. "Aid Dependence and the Quality of Governance: Cross-Country Empirical Tests." *Southern Economic Journal* 68.2 (2001): 310-329; and Easterly, William. "Can Foreign Aid Buy Growth?" *The Journal of Economic Perspectives* 17.3 (2003): 23-48.

3.4.2 Independent Variable: UNDP Expenditures

UNDP expenditures are measured by observing the annual amount of funds the development agency has spent in each of the developing countries within which it has operated over the period of nine years. To account for variations amongst the different countries and the potential influence they could have on the dependent variable, I also include control variables in the dataset analysis, which is further discussed in this section. Data on UNDP expenditures was primarily collected from ATLAS, UNDP's centralized project management database, launched in 2004 to "systematically consolidate and track project data worldwide, including financial transactions."¹²⁶ Data collected from ATLAS is unique in that it provides specific information on UNDP annual expenditures on a per country basis, with the option of excluding costs associated with management and administration. This is unlike existing data available through the World Bank's World Development Indicators database on Net official flows from UN Agencies (including the UNDP), which consists of "gross disbursements of grants and loans minus repayments of principal on earlier loans."¹²⁷ While both variables provide information on the levels of aid funding transferred from UNDP to recipient countries, the figures vary because they cover different costs, namely administrative and management.

This study also drew information from evaluation reports known as 'Assessment of Development Results' (ADR), independently conducted by the UN Evaluation Group (UNEG). The ADRs are independently conducted at the country-level, contain cycle-specific data including programme budget and expenditures, and conclude with an evaluation of UNDP's attainment of the intended and achieved results and the overall

126 Melito, Thomas. United States Government Accountability Office, Report to the Permanent Subcommittee on Investigations, Committee on Homeland Security and Governmental Affairs, US Senate, GAO-10-168. UN Office for Project Services: Management Reforms Proceeding but Effectiveness Not Assessed, and USAID's Oversight of Grants Has Weaknesses, December 2009. Available online: <http://www.gao.gov/assets/300/298810.html>, [accessed 18 May 2016].

127 World Development Indicators, World Bank. Available online: <http://data.worldbank.org/indicator/DT.NFL.UNDP.CD>, [accessed 18 May 2016].

contribution the agency has made towards development goals.¹²⁸ Data to support the dataset was also drawn from official documents produced by UNDP's country offices, namely: Annual Reports, Common Country Framework reports, Country Programme Documents, and UN Development Action Framework reports (previously known as UN Development Assistance Framework).

To forestall any methodological limitations, this study conducts both large-n and small-n empirical tests. Examining a large sample of cases through large-n testing has enabled me to identify common trends across different countries. Meanwhile, the additional step of conducting small-n analysis builds upon the large-n findings, allowing for a closer examination of the specific circumstances surrounding UNDP's relationship with select case studies. Indeed, a large-n study reveals what trends emerge when examining the correlation between IOs and shifts in governance quality across a large sample of countries, as well as incorporating the potential influence of control variables. Countries at both ends of a spectrum – a positive and negative relationship – are identified through the large-n study. A small-n study, however, provides a more thorough examination of specific causal characteristics (be it economic, political, geographic, etc) that provide a deeper analysis of the characteristics and circumstances that influence the IO-governance relationship within specific countries. The next section outlines the control variables used in this study to capture alternate factors that could also potentially affect the quality of governance.

3.4.3 Control Variables

As other scholars have shown, a country's quality of governance is affected by numerous determinants; aid is not the sole determining element (Knack 2001). This dissertation employs the same control variables that were used in similar studies, reviewed in the previous chapter. As outlined by the literature review, several

128 "Guidelines for an Assessment of Development Results," UNDP Evaluation Office, January 2007. Available online: <http://www.oecd.org/derec/undp/38141451.pdf>, [accessed 18 May 2016].

studies have debated whether a positive or negative relationship exists between aid and governance. It has been argued that smaller countries tend to receive relatively larger portions of aid than larger countries do, as it is arguably easier to hold them accountable.¹²⁹ For this reason, population (*'Pop'*) and GDP per capita constant 2000 \$US (*'GDPpc'*) are also employed as control variables, examining whether the trajectory of a country's population growth has any impact on its governance quality.

Concerns may arise regarding variation in country characteristics (ie geographic size, population, aid dependency, etc). Development aid can have varying effects across different countries. For example, funds spent in Tuvalu, with a population of less than 10,000, would have an invariably different effect than if those same funds were spent in Afghanistan (with a population of nearly 30 million). To control for differences in spending based on varying country sizes, population was taken into account by also including adjusted per capita UNDP spending (adjusted for purchasing power parity) in the data analyses. Additional correlations and regressions were run to account for varying population size and to test the relationship between governance scores and UNDP expenditures per capita.

Gross National Income per capita (*'GNI'*) data is collected from the World Bank World Development Indicators database. GNI is:¹³⁰

The sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad.

GNI per capita was selected as a control variable as an indicator of a country's income level. Countries with varying income levels typically experience differing governance conditions. For example, richer countries generally enjoy access to better education, infrastructure, institutional effectiveness and overall enhanced

129 Bräutigam, Deborah A. and Stephen Knack. "Foreign Aid, Institutions and Governance in Sub-Saharan Africa." *Economic Development and Cultural Change*, 52.2, (2004): 255-285.

130 World Development Indicators, World Bank. Available online: <http://data.worldbank.org/indicator/DT.NFL.UNDP.CD>, [accessed 18 May 2016].

governance conditions, while poorer countries tend to be more dependent on development aid in order to address their governance challenges.

Relevant to national income, official development assistance (*'ODA'*) is also included as a control variable to observe how much each country receives in total foreign aid flows. Aid dependency (*'AidDep'*) is also employed as another control variable, calculating how much of the country's GDP is made up of the ODA that it receives. Our analysis of aid dependence examines how much a country relies on development aid from UNDP. This dissertation also controls for youth unemployment rates (*'Unemp'*) collected from the World Bank database, providing data on the "share of the labor force ages 15-24 without work but available for and seeking employment (modeled ILO estimate)."¹³¹ This is because high youth unemployment rates could potentially prompt frustrations with the political system and governing institutions, thereby impacting existing governance conditions. The Polity IV database is also studied as control variables, as it includes data on state polity and fragmentation as defining political characteristics of the governing institutions. Specifically, how democratic each country is (*'Dem'*) and how fragmented (*'Frag'*) they are, is examined based on the existence of separate polities.

Lastly, data from Transparency International's Corruption Perception Index (*'CPI'*) is included as a proxy measure for quality of governance. CPI ranks countries based on how corrupt their public sector is perceived to be. Indeed, as outlined in the literature review, several scholars have argued that declining governance conditions go hand in hand with corruption.¹³² This relationship is confirmed by testing the association between CPI and WGI. Results show that they are highly correlated at 88%. Table 3 provides a detailed summary of the variables used for the purposes of this study.

131 Ibid.

132 This includes, amongst others, Bauer, Peter T. "Economic history as theory." *Economica* 38.150 (1971): 163-179; Friedman, Milton. Foreign economic aid: Means and objectives. Hoover Press, 1995; and Burnside, Craig, and David Dollar. "Aid, policies, and growth: reply." *The American Economic Review* 94.3 (2004): 781-784.

Table 3 Summary of Variables

Key Variables			
Variable Name	Description	Measurement	Source
WGI	<i>Dependent Variable: Quality of Governance</i> Aggregated scores for six dimensions of governance: Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law, Control of Corruption	Scores range between -2.5 and 2.5 Average annual composite score of 6 dimensions of governance	World Bank World Governance Indicators (http://info.worldbank.org/governance/wgi)
Exp	<i>Independent Variable: United Nations Development Programme Expenditures</i>	Total annual UNDP Expenditures per country	ATLAS Executive Financial Summary, v. 4.8

Control Variables			
Variable Name	Description	Measurement	Source
Region	UNDP classifies developing countries under 5 regional bureaux: Africa, Arab states, Asia and the Pacific states, Europe and the Commonwealth of Independent States, and Latin America and the Caribbean	Coded in the dataset as: Africa = 1; Arab = 2; APAC = 3; ECIS = 4; LatCar = 5	http://www.undp.org
GNI	<i>Gross National Income (GNI) per capita (Atlas method, current US\$) Income Levels</i> Sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary	GNI, converted to U.S. dollars using the World Bank Atlas method, divided by the midyear	World Bank Development Index http://data.worldbank.org/

	income (compensation of employees and property income) from abroad	population	
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Control Variables			
Variable Name	Description	Measurement	Source
Oda	<p><i>Net Official Development Assistance received (per capita current \$)</i></p> <p>Disbursements of loans made on concessional terms and grants by official agencies of the members of the Development Assistance Committee (DAC), by multilateral institutions, and by non-DAC countries to promote economic development and welfare in countries and territories in the DAC list of ODA recipients</p>	Net ODA received per country	World Bank Development Index

Control Variables			
Variable Name	Description	Measurement	Source
GDPpc	<p><i>Gross Domestic Product (per capita constant 2000 \$ US)</i></p> <p>GDP per capita is gross domestic product divided by midyear population. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products.</p>	Average GDP per year	World Development Index
AidDep	<p><i>Aid Dependence</i></p> <p>Calculation of how dependent programme countries are on foreign aid</p>	Net ODA per capita current \$US per country/GDP per capita	World Development Index

		constant 2000 \$US	
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Control Variables			
Variable Name	Description	Measurement	Source
NetUNDP	<i>Net Official Flows from UN Agencies, UNDP (current \$US)</i> Net disbursements of total official flows from the UN agencies.	Net annual funds received from UNDP per country	World Development Index
Pop	<i>Population</i> Total population, which counts all residents regardless of legal status or citizenship (with the exception of refugees)	Annual population per country	World Development Index
Unemp	<i>Unemployment, youth total (% of total labour force ages 15-24) (modeled ILO estimate)</i> Share of the labor force ages 15-24 without work but available for	Youth Unemployment %	World Development Index

	and seeking employment.		
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Control Variables			
Variable Name	Description	Measurement	Source
CPI	<i>Perception of Corruption</i> A country/territory's score indicates the perceived level of public sector corruption <i>*Proxy measure for WGI*</i>	Scale of 0 - 10, with 0 indicating perception of high corruption, and vs. 10 = perceived as clean.	Transparency International - The Corruption Perceptions Index: http://www.transparency.org/
Dem	<i>Polity Democracy Scores</i> Examines the concomitant qualities of democratic and autocratic authority in governing institutions	Polity scores per country	POLITY IV: Political Regime Characteristics and Transitions, 1800-2010 http://www.systemicpeace.org/polity/polity4.htm

	"Autocracies" (-10 to -6)		
	"Anocracies" (-5 to +5)		
	"Democracies" (+6 to +10)		

Control Variables			
Variable Name	Description	Measurement	Source
Frag	<p><i>Polity IV Fragmentation Scores</i></p> <p>This variable codes the operational existence of a separate polity, or polities, comprising substantial territory and population within the recognized borders of the state and over which the coded polity exercises no effective authority (effective authority may be participatory or coercive)</p>	<p>State Fragility</p> <p>Score:</p> <p>(0) No overt fragmentation</p> <p>(1) Slight fragmentation</p> <p>(2) Moderate fragmentation</p> <p>(3) Serious fragmentation</p>	<p>http://www.systemicpeace.org/inscr/p4manualv2012.pdf</p>

3.5 MIXED METHODS APPROACH

3.5.1 Large-N Methodology

A proponent for longitudinal case studies, Michael Coppedge argues that time series analysis allows all unmeasured conditions, that do not change from year to year, to be held constant across countries being compared. This is crucial when documenting the sequencing of events, as “every case is always far more similar to itself at a different time than it is to any other case.”¹³³ This large-n methodology employed in this thesis summarizes and describes the information collected in the thesis’ quantitative dataset. Time series analysis and inferential statistics to test the hypotheses is used to determine whether any relationship exists between UNDP expenditures and governance quality in the developing countries within which UNDP operates. The empirical findings from the thesis’ dataset are presented through a series of statistical analyses.

The large-N study is divided into two parts. The first part is primarily explanatory and presents preliminary observations using descriptive statistical analysis to quantitatively explain the main characteristics of the data collected, identifying basic observations of frequency, measures of central tendency (particularly average expenditures and governance scores), variance and dispersion (including the range of UNDP expenditures and governance scores). The benefit of using descriptive statistics is it allows researchers to make a large mass of research material easier to read. This is done by converting a large set of data into a few key statistics that are presented in a clear and concise manner.¹³⁴ This analysis facilitates the interpretation of dataset results and helps identify whether any relationship exists between shifts in UNDP expenditures and fluctuations in the governance conditions in developing countries. The second part of the study examines the strength of the relationship between the two central variables in question. Using inferential statistics, correlations and simple ordinary least squares (OLS) linear regression analyses are used to test the data. Further methodological details about the large-n analyses and its findings are explained in detail in Chapters 4 and 5.

133 Coppedge, Michael. "Theory Building and Hypothesis Testing: Large-N Versus Small-N Research on Democratization." Regimes and Democracy in Latin America: Theories and Methods: Theories and Methods (2007).

134 Argyrous, George. Statistics for Research: with a guide to SPSS. Sage Publications Inc: London, 2011.

3.5.2 Small-N Methodology

Through the narrative presented in this thesis, I identify the strength of the relationship between UNDP expenditures and WGI scores for two country case studies (Senegal and Moldova), while controlling for political and religious background, population, aid dependency levels, and varying economic, geographic and governance conditions over time. The small-n study extensively examines the ‘on-the-ground’ presence and resources spent by UNDP in the two countries, and does so using data from the thesis’ dataset and secondary research, including UNDP annual reports, country programme documents, country backgrounders, and national human development reports. International organizations and agencies from which multiple reports were sourced include the UNDP, Canadian International Development Agency, the Bertelsmann Transformation Index, USAID, Organizations for Economic Cooperation and Development, the World Bank, Central Intelligence Agency, TiZiR, African Development Bank, Freedom House, Open Society Foundation, Library of Congress, and the UN Evaluation Office.

When selecting cases for this level of detailed evaluation, the *dual extreme* case selection approach was considered the most useful for this project. This approach allows for a comparison between two extremes – one in which governance conditions improved as UNDP expenditures steadily increased, and the other case illustrating a decline in governance conditions. Such a method provides the opportunity to make, using Popper’s terminology, “risky predictions.”¹³⁵ More specifically, the factors uncovered in the case of improved governance should not be similarly witnessed in the case at the opposite end of the spectrum. This is the value of choosing cases so disparate; causal forces can be immediately identified. Furthermore, when selecting the cases we must

¹³⁵ Popper, Karl. Conjectures and Refutations: the growth of scientific knowledge, London: Routledge, (1963).

also ensure that they address conceptual completeness and evidence sufficiency¹³⁶ — meaning that the case must address all the concepts under discussion, and to do so with enough data to track variation over the full time period covered in this study.

To meet these criteria the list of countries was limited to approximately 153 of a total 179 in the dataset – those that offered data for all nine years (totaling over 1,370 observations). From here, the extreme high and low values were looked at which, as Table 4 shows, left us with Senegal ($r = -0.93$) and the Republic of Moldova ($r = 0.95$). These are therefore the two cases we will examine in more detail in Chapters 6 and 7 (case-study chapters).

Table 4 Regional Correlations

Region	Obs	Country	PCMin	ExpMin	Country	PCMax	ExpMax
AFR	45	Senegal	-0.931	-0.9299	Malawi	0.88961	0.9377
ARAB	17	Bahrain	0.3311	-0.7758	United Arab Emirates	0.1487	0.2111
APAC	33	Timor- Leste	-0.818	-0.8762	Bangladesh	0.8579	0.8678
ECIS	25	Poland	-0.73608	-0.73646	Moldova	0.94599	0.9458
LATCAR	33	Brazil	-0.8868	-0.8705	Uruguay	0.723	0.7390
OVERALL	153	Senegal	-0.931	-0.9300	Moldova	0.94599	0.9458

¹³⁶ George, Alexander L., and Andrew Bennett. Case Studies and Theory Development in the Social Sciences. MIT Press, 2005.

3.5.2.1 Theoretical Model

This section presents a theoretical roadmap through the cases, outlining the logic behind the findings and subsequent analyses. As previously described, UNDP establishes a relationship and presence only within countries that have specifically requested assistance and technical support. The context that frames this relationship is driven primarily by the development agenda and national priorities determined by the ruling party in government. When examining the two specific countries in more detail, I uncovered a pattern of behaviour that was consistent across both cases. A common causal tree emerged in both circumstances, explaining why UNDP expenditures resulted in positive governance outcomes in one country, while failing to achieve progress in the other. This set of causal relationships comprises the central model of my study, and is fully described below.

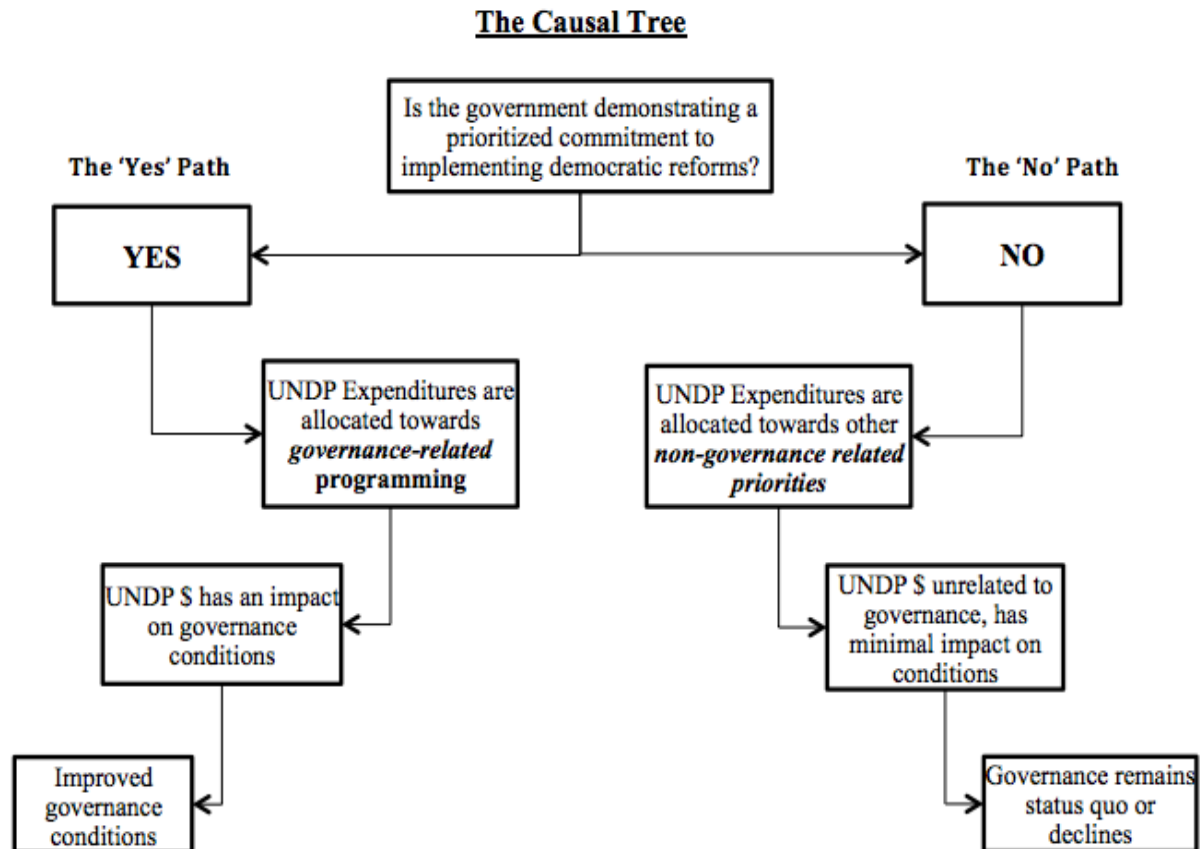


Figure 1 The Causal Tree

The critical juncture in the causal tree is where one is identifying whether the existing government of the day has consistently demonstrated a commitment to implement democratic reforms in the name of improving governance conditions. In other words, is the government demonstrating to the international community, including IOs, a commitment towards democratic reform? A country's national development agenda is shaped by its economic and political priorities, and whether or not a country illustrates a commitment to democratic reform affects how UNDP funds are to be allocated in accordance. If governance reform is not highlighted as a priority, incoming UNDP programme funds would be allocated to other projects (e.g. infrastructure). This 'commitment' is demonstrated by the country's level of international cooperation (e.g. active membership and participant of international organizations and global dialogues), institutional integrity and compliance with democratic principles (respecting constitutional term limits, consistent, free and transparent electoral processes,

and ensuring voice and accountability to citizens, civil society, and opposition parties. Where and how UNDP expenditures are allocated is primarily determined by the national issues the country government has prioritized.

One can reasonably conclude that UNDP expenditures are less likely to have a role in improving governance conditions in those countries that fail to prioritize democratic reform. UNDP programming in such countries, designed to be country context-specific and aligned with national priorities, would subsequently not be implemented with governance goals in mind. If a country is experiencing poor governance conditions, this lack of commitment can quickly result in further decline. This perpetuates a cycle, whereby a country with poor governance conditions continues to seek international assistance, and allocates the funds elsewhere based on other government priorities. The result, unsurprisingly, is little improvement in the country's quality of governance. On the other hand, if a country's national development goals are aligned with improving its governance conditions, UNDP funding is allocated accordingly and improvements subsequently witnessed.

3.6 CONCLUSION

Previous studies have been hesitant to engage in empirical analysis surrounding UNDP's work, leaning more heavily towards anecdotal and non-empirical, qualitative approaches.¹³⁷ This dissertation maintains that a more empirically-focused analysis is now required, if for no other reason than to highlight the crucial need for increased accountability amongst international development organizations. As showcased by UNDP's commitment to improving the effectiveness and value of aid and development cooperation, this movement entails increasing the transparency of international development organizations on data reflecting expenditures.

137 Such scholars include Kaufmann, Johan. "The Capacity of the United Nations Development Program: The Jackson Report: Comment." *International Organization* 25.4 (1971): 938-49; Murphy, Craig N. The United Nations Development Programme: a better way?. Cambridge University Press, 2006; and Browne, Stephen, and Thomas G. Weiss. "The future UN development agenda: contrasting visions, contrasting operations." *Third World Quarterly* 35.7 (2014): 1326-1340.

Indeed, it is UNDP's own goal to publish detailed information about its global activities in order to "strengthen the organization's ability to achieve positive development results through better accountability, efficient resource management, and sustainable partnerships."¹³⁸ This dissertation fills the empirical gap in the development literature with the construction of a new user-friendly, accessible, and comprehensive empirical dataset. The dataset provides a systematic and rigorous account detailing UNDP expenditures in 179 countries, spread across five regions.

Decision makers and academics have built innumerable datasets in their attempts to measure governance and its tangible effects on daily lives.¹³⁹ This study follows in the footsteps of their work, relying on objective indicators "collected through standards, codes, treaties, and various administrative documents, based on quantifiable inputs or outputs."¹⁴⁰ The limitation in using such data, however, is that they are not always readily available or easily accessible, and are often times of questionable quality – particularly in the case of developing countries.

A further methodological limitation is the presence of ideological biases, where UNDP and WGI have their own biases incorporated into their evaluation techniques and governance scores. Nevertheless, academics and practitioners all agree that, "the risk of dealing with biased data decreases when all the major sources are strongly and positively correlated."¹⁴¹ I aim to allay methodological fears in the pages below in much the same manner, incorporating alternative metrics and evaluating the strength and direction of their correlation. In addition, I seek to diminish the risk for errors and subjectivity bias of the individuals collecting the data by relying, in most cases, on data that is publicly accessible online. The value of this is having the data be subject to

138 UNDP Projects. Available online: <http://open.undp.org>, [accessed 18 May 2016].

139 Malik, Adeel. "State of the art in governance indicators," Occasional paper, Background paper for the Human Development Report 2002, United Nations Development Programme, 2002.

140 "Public Governance Indicators: a Literature Review," Department of Economic and Social Affairs, United Nations, New York, 2007. Available Online:

<http://unpan1.un.org/intradoc/groups/public/documents/un/unpan027075.pdf>, [accessed 18 May 2016].

141 Ibid.

rigorous public scrutiny, if not also validated and approved through a rigorous and sophisticated evaluation process prior to its release.

It is only when these reports are finalized and submitted to the UNDP Executive Board for approval that the use of financial resources and the processes surrounding implementation of any development programmes begin. Nonetheless, data limitations like the ones mentioned above are also unavoidable, and are therefore consistent across all other relevant UN literature. There are also methodological challenges associated with appropriate attribution and identifying the specific impact and contribution of UNDP programmes (in isolation from other national and external actors who also play a key contributing role). Especially challenging methodologically is the expectation that “attribution would fall principally on national actors who had brought the transformational change,”¹⁴² whereby credit is not necessarily attributed to international players. Indeed, a substantial proportion of UNDP’s development cooperation is channeled through project-specific cost-sharing partnerships. In such circumstances, however, narrow institutional attribution is neither possible nor helpful. In the end, this study serves not only as an empirical test of an important theoretical debate, but also offers a methodological toolkit and a comprehensive, easily-accessible empirical resource that may be of use to subsequent scholars interested in examining UNDP expenditures and governance quality of developing countries over time and across the various regions in the world, or for those who study international development organizations more broadly.

142 UNDP. “Supporting Transformational Change: case studies of sustained and successful development cooperation,” November 2011, pp. 12. Available online: http://www.undp.org/content/undp/en/home/librarypage/poverty-reduction/case_studies_of_sustainedandsuccessfuldevelopmentcooperation-sup.html, [accessed 18 May 2016].

Chapter 4 Large-N Study: Descriptive Statistics

“Good Governance is perhaps the single most important factor in eradicating poverty and promoting development” – UN Secretary General Kofi Annan, 1998.

This chapter addresses questions including: *where has UNDP primarily operated in over the course of the nine years? On average, how much has UNDP allocated towards individual countries? How much has UNDP spent in total over the course of the nine years? Are there any visible shifts in UNDP expenditures? Where and when has UNDP spent the most, and how does this compare to countries where its expenditures are on the lower end of the spectrum? Is there a distinct region, country, or number of years where UNDP was found to have spent more than its average expenditure?*

As discussed in previous chapters, there are serious debates regarding whether or not IGO funding allocations are determined primarily on the basis of the quality of governance in recipient states. This chapter links the two variables together by addressing questions relevant to the quality of governance: *what are the average governance scores in each of the five regions and how do they compare to one another? Which countries achieved the highest governance scores, and which countries scored the lowest? How have governance scores shifted over the course of nine years? And lastly, how do the governance scores of countries within each of the five regions compare to one another?* Before beginning our analysis, we must first explore the data.

4.1 QUANTITATIVE ANALYSES USING DESCRIPTIVE STATISTICS

4.1.1 Descriptive Statistics: The Data

The dependent variable in this study is the quality of governance as measured by annual WGI scores, while the independent variable is UNDP’s annual expenditures in each of the respective countries. As shown in Table 5, annual governance scores ranged from the lowest score of -2.49, which Somalia obtained in 2008, to

the highest score achieved by the Netherlands Antilles in 2004 (1.73 out of a range of -2.5 to +2.5). The second highest governance score was achieved by Anguilla in 2011 of 1.37, followed by Aruba in 2009 with a governance score of 1.28, both of which are situated in LatCar.¹⁴³ UNDP expenditures range from having under spent its 2011 budget in Poland by US\$203,000, to spending less than US\$100,000 in Qatar. Most of UNDP expenditures went towards Afghanistan, approximately US\$65 million for 34 projects in a single year – the most the agency spent was US\$789,487,000 while in Afghanistan in 2010. Setting the Afghanistan outlier aside, second highest expenditures were in Argentina, where UNDP expenditures were approximately US\$310 million though the organization was involved in considerably more projects (120 in 2012 alone).

In addition to the focal dependent and independent variables, we also need to account for spurious relationships, which can be done using control variables. As previously discussed in Chapter 3, the value of control variables is that they measure the impact of any given determinant above and beyond the effects of the other variables.¹⁴⁴ Analyzing control variables allow us to observe possible associations between the variables. Further descriptive details about each of the variables are shown in Table 5.

143 Note again that the sample is limited to developing countries, given the UNDP's mandate.

144 Sweet, Stephen A. and Karen A. Grace-Martin, Data Analysis with SPSS: A First Course in Applied Statistics, 4th Edition, Boston: Pearson, December 2010.

Table 5 Dataset Summary Statistics

Variable	N	Mean	Std. Deviation	Min Case	Max Case
<i>Dependent Variable:</i>					
Average Annual WGI Scores	1,467	-0.32	0.74	-2.49 (Somalia, 2008)	1.73 (Netherlands Antilles, 2004)
<i>Independent Variables:</i>					
UNDP Expenditures	1,426	US\$25.56M	53.30	US\$-203,000 (Poland, 2011)	US\$789.5M (Afghanistan, 2010)
UNDP Expenditures per capita	1,391	US\$4.5	8.91	US\$-0.006 (Poland, 2011)	\$132.8 (Tuvalu, 2010)
<i>Control Variables:</i>					
GNI per capita	1,350	5,657.83	10,873.94	90 (Liberia, 2004)	120,490 (Bermuda, 2008)
Net ODA received (constant 2011 US\$)	1,290	US\$659M	US\$1.25M	US\$-789M (Thailand, 2008)	US\$26B (Egypt, 2005)

Variable	N	Mean	Std. Deviation	Min Case	Max Case
<i>Control Variables:</i>					
GDP per capita	1,353	11,107	16,245	348.51 (Democratic Republic of Congo, 2004)	136,859 (Qatar, 2004)
Aid Dependence	1,353	4%	8.4%	-1.31% (St. Lucia, 2004)	113% (Tuvalu, 2011)
Net Official UNDP flows	1,167	US\$3.38M	US\$3.85M	US\$-240,000 (Zambia, 2009)	US\$23.6M (Democratic Republic of Congo, 2008)
Population	1,458	35.6M	141,000,00 0	9,646 (Tuvalu, 2004)	1.35B (China, 2012)
Unemployment Rate	1,242	17.80	11.92	0.7 (Rwanda)	65 (Macedonia, 2004)
Democracy Scores	1,019	4.83	3.68	0	10
State Fragmentation Scores	1,072	0.22	0.711	0	3

Variable	N	Mean	Std. Deviation	Min Case	Max Case
<i>Control Variables:</i>					
Corruption Perception (alternative measure for quality of governance)	1,220	3.28	1.34	0.8	9

4.1.2 Descriptive Statistics: UNDP Expenditures¹⁴⁵

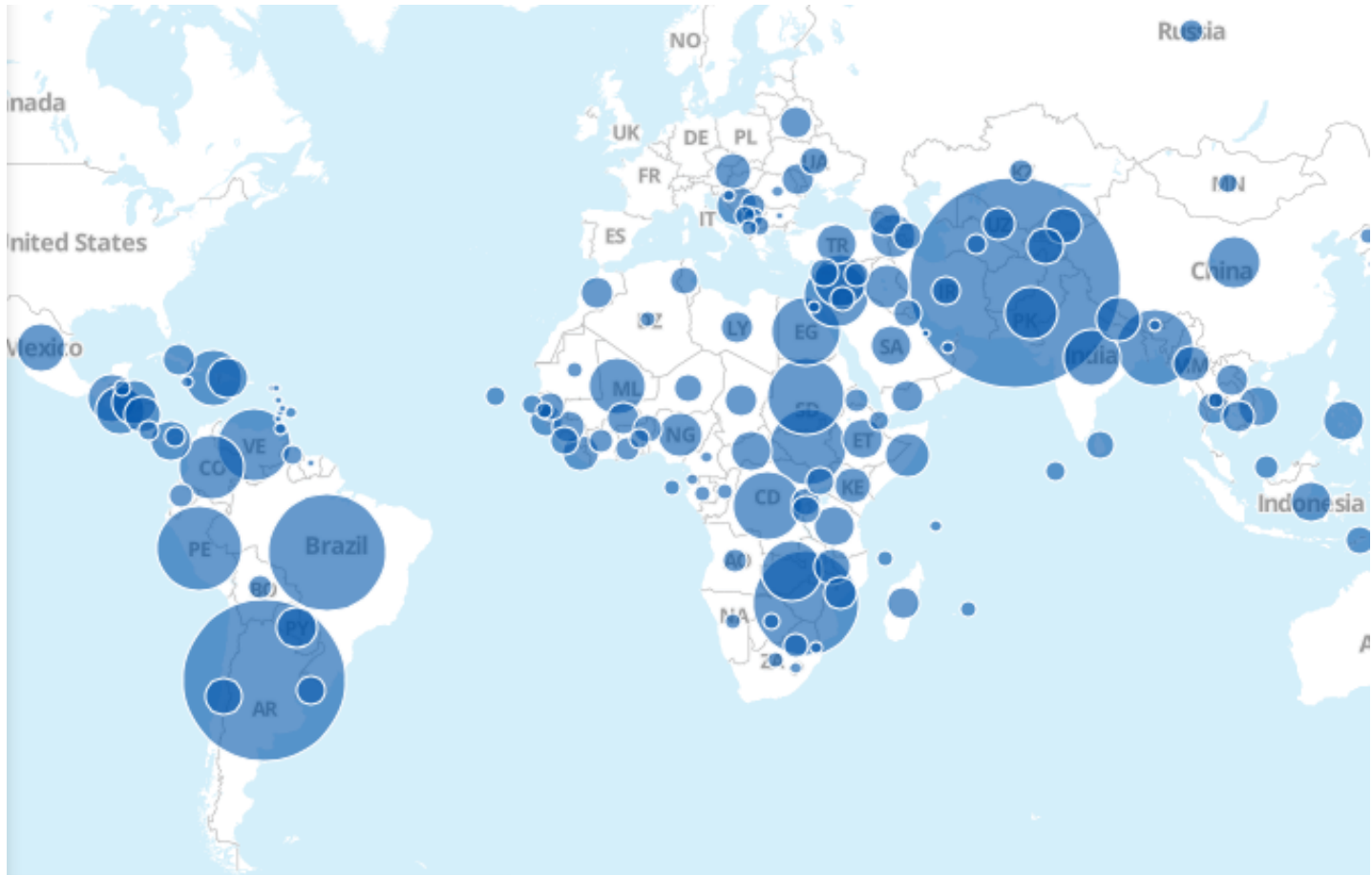
The dataset consists of 1,611 total observations of UNDP expenditures, with data coverage of nine years (2004-2012). During this time, the UNDP operated in 179 countries across five regions.¹⁴⁶ As an illustration of how many projects UNDP was involved in a typical year, the IDO was working with 5,713 projects in 2012 alone.¹⁴⁷ Figure 2 offers an infographic detailing UNDP expenditures per country for the year 2012. UNDP presence in the smaller developing countries, like St. Kitts, Grenada, and Dominica in the Caribbean region and the Republic of Palau, Micronesia, Marshall Islands, and Vanuatu in the Pacific region, are not as strong – with no more than five projects in each, and estimated expenditures of about US\$100,000.¹⁴⁸ It is apparent that UNDP expenditures are highest in LatCar and APac, though this may not necessarily be where UNDP has the most number of projects in place.

¹⁴⁵ Graph source: UNDP ATLAS Executive Snapshot v 4.8, Financial Summary, 2014.

¹⁴⁶ Countries are categorized as per UNDP’s regional bureaux classifications: Africa, Arab states, Asia and the Pacific, Europe and the Commonwealth of Independent States, Latin America and the Caribbean.

¹⁴⁷ UNDP Projects in 2012, Available online: <http://open.undp.org/#2012>, [accessed 18 May 2016].

¹⁴⁸ Ibid.



Source: <http://open.undp.org/#2012>

Figure 2 UNDP Global Presence in 2012

As shown in Table 6 below, the region of Africa has the most extensive UNDP presence, with operations in approximately 46 countries. In other words, although UNDP has spent more in APac, the agency has actually operated in more countries within Africa. This is followed by UNDP operations in 36 countries across the regions of APac and LatCar; 24 in ECis; and 18 in the Arab states region. These deployments were not static, however, as UNDP presence shifted in LatCar, increasing the number of countries it operated in from 33 in 2004 to 36 countries by 2012. APac experienced a similar type of shift, with 33 countries in 2004 and increasing its support to 36 countries by 2005.

Table 6 Countries with UNDP Operations (by Region and Year)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Africa	45	45	46	46	46	46	46	46	46
Arab	17	17	17	17	17	17	18	18	18
Asia Pacific	33	36	36	36	36	36	36	35	35
Eur & CIS	25	25	25	26	26	26	26	25	24
LatCar	33	33	34	34	34	35	34	35	36
TOTAL	153	156	158	159	159	160	160	159	159

UNDP regional presence peaked between 2009 and 2010, as the development organization was involved with projects in approximately 160 countries. Such shifts in UNDP expenditures are significant, as they not only imply a rising number of countries seeking support and technical assistance from the UNDP, but also an increase in the financial commitments of the agency.

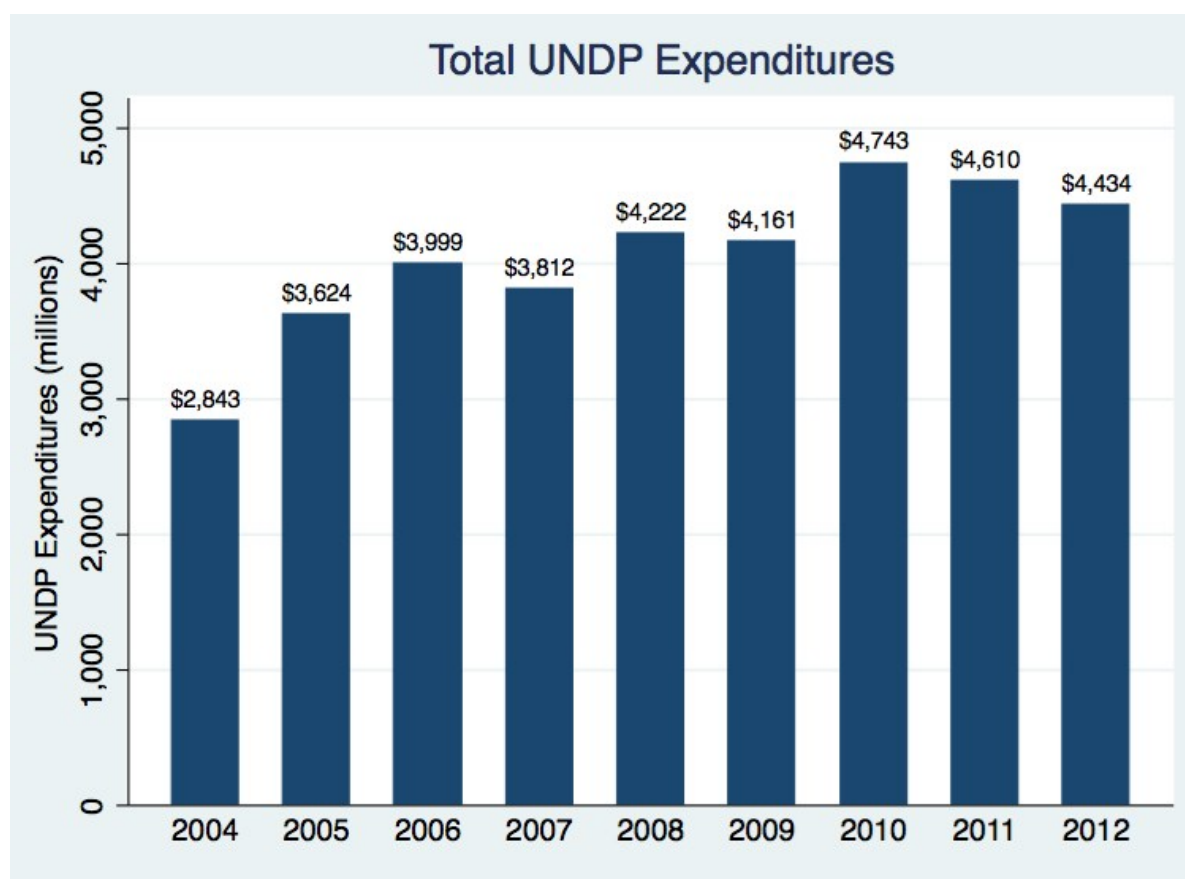


Figure 3 Total UNDP Expenditures (by year)

Over the course of nine years and across the 179 countries, average annual UNDP expenditures per country were approximately US\$25.6 million. As shown in Figure 3, UNDP spending steadily grew, with total expenditures increasing every year by approximately US\$500 million with the exception of 2007 and 2009, where UNDP expenditures decreased each year by US\$186 million and US\$61 million, respectively.

UNDP expenditures started decreasing in 2010, dropping by US\$309 million over the following two years. This decline in the “positive resources trend” was primarily a result of diminishing resources, a decrease in regular contributions, and the “absence of multi-year commitments in the context of continued fiscal constraints of a number of key donors.”¹⁴⁹ This was in line with a significant drop that took place in the volume

149 Executive Board Meeting of the UNDP, “Status of regular funding commitments to the United Nations Development Programme and its associated funds and programmes for 2012 and onward.” Annual Session

of ODA delivered to developing countries at the time. “Out of the 23 donors that are DAC members of the [OECD], 16 reduced their aid in 2011, mainly as a result of fiscal constraints related to the economic crisis, which had negatively affected their ODA budgets.”¹⁵⁰ Delivery of ODA peaked in 2010, but dropped by 3 percent in 2011 due to these financial constraints and limitations.¹⁵¹

Figure 4 demonstrates the variation in UNDP expenditures, comparing average spending with countries where expenses increased and decreased the most. We see that the median point of expenditures remained relatively consistent throughout the nine years at US\$12 million (about \$2.1 per capita). However, we found that on average UNDP spent US\$25.6 million (\$4.5 per capita), which is well above the median. This suggests that the large figures in specific countries were skewing results of the overall programme expenditures. As shown, although initial spending in Afghanistan and Honduras rose steadily, Afghanistan expenditures increased at an exponential rate well above the median by 2007. While spending in Afghanistan exploded (an increase of US \$210 million between 2007 and 2008 – approximately \$8 per capita), expenditures in Honduras initially maintained relative status quo and started to steadily decline (dropping US\$40 million between 2007 and 2012 – approximately \$6 per capita). Meanwhile, the median and average remained relatively unchanged, which suggests that there was a rebalancing of UNDP funds in the works to ensure sufficient support was being delivered by the development agency to its programme countries.

2012, Item 3 of the provisional agenda: Funding Commitments to UNDP, 25 to 29 June 2012, Geneva. May 17, 2012.

150 UN Department of Economic and Social Affairs, “Significant MDG gains risk slowing under declining aid.” September 20 2012. Available online: <http://www.un.org/en/development/desa/news/policy/mdg-gains-risk-slowng.html>, [accessed 18 May 2016].

151 Ibid.

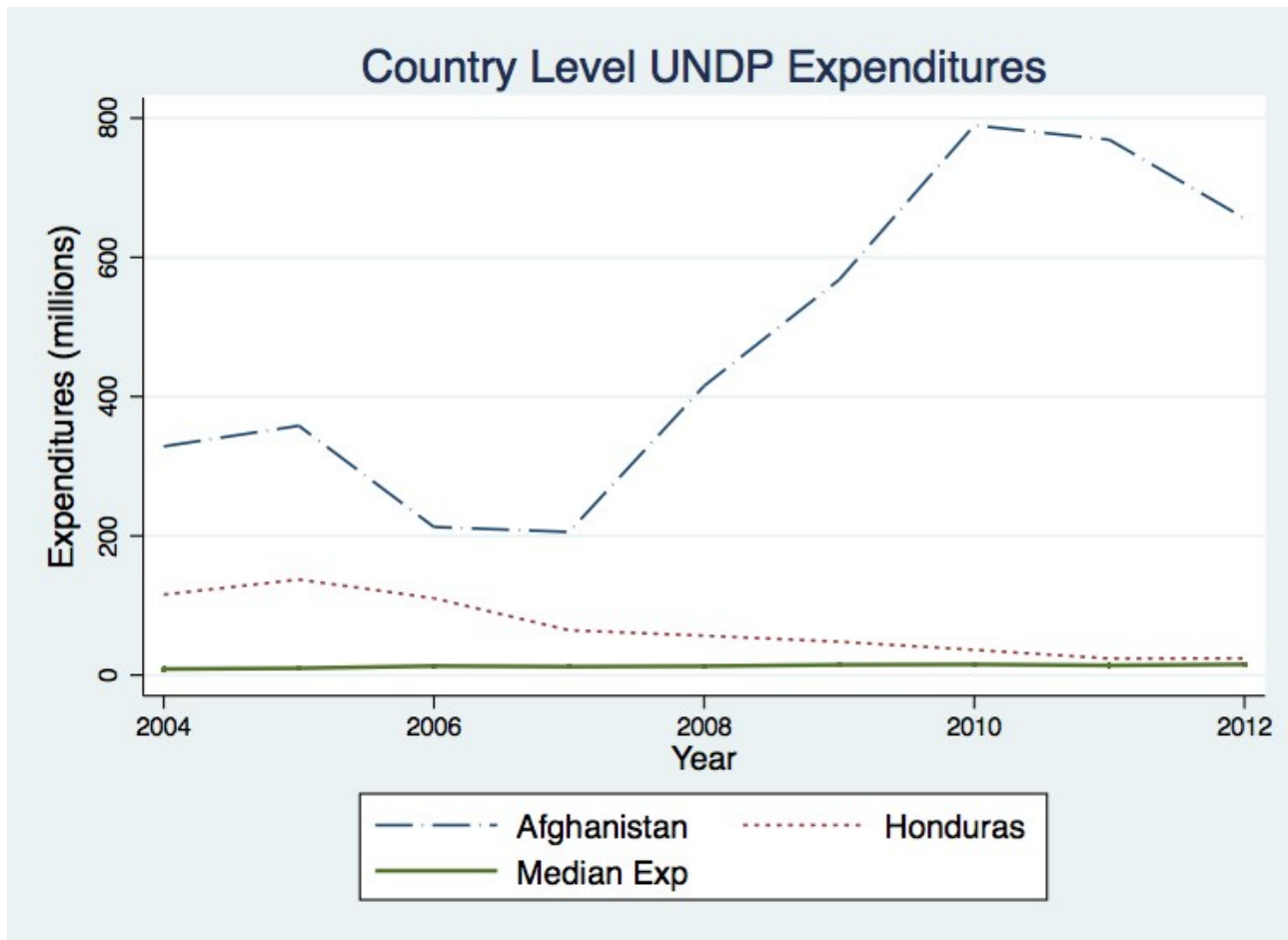


Figure 4 Country Level UNDP Expenditures

When comparing across the five regions, Figure 5 illustrates the steady incline in spending during the first few years of observation. As spending significantly increased in APac, there is an apparent sudden drop in LatCar expenditures. This further illustrates the rebalancing effect, which was previously demonstrated. UNDP funding remained relatively steady. This means that to maintain status quo expenditures, the gains of UNDP funding for some countries must come at the cost of others in the support they receive from the development agency. It remains for this thesis to test and examine whether or not this rebalancing effect has helped the agency's quest for improved governance conditions in the countries within which it operates.

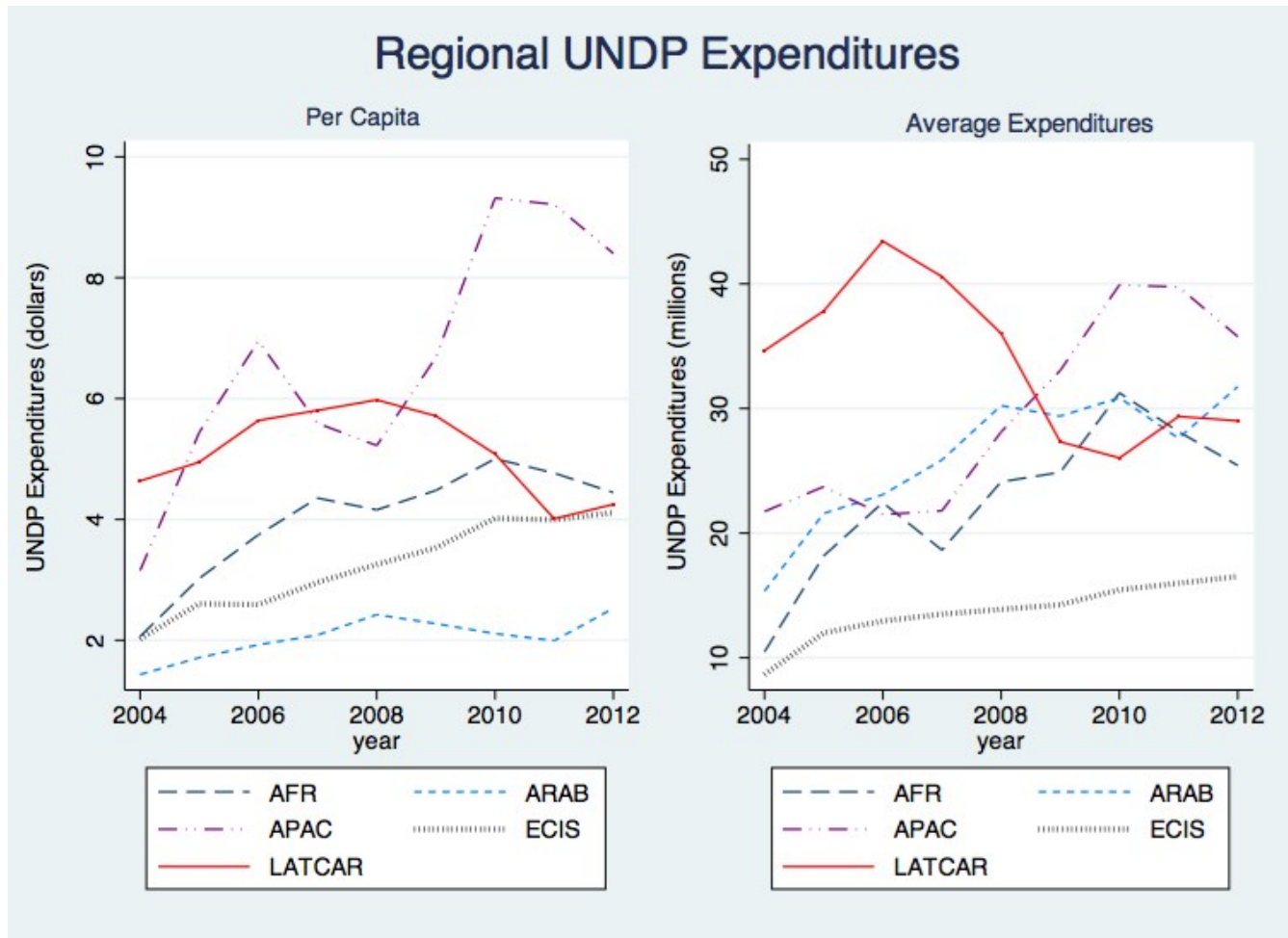


Figure 5 UNDP Expenditures: by Regions

As seen in Figure 6 below, UNDP initially spent the most on a per capita basis in the APAC region in 2006. However, when looking at total expenditures, UNDP initially spent the most in LatCar with expenditures peaking in 2006. This was around the same time that the agency’s spending started increasing towards other regions. The most notable of shifts can be seen in APac, between 2007 and 2010, when UNDP substantially increased expenditures towards Afghanistan. On the other hand, while UNDP expenditures were relatively lower in ECis, with an average spending of US\$13.7 million across the 25 countries, UNDP expenditures in the region overall have steadily been increasing.

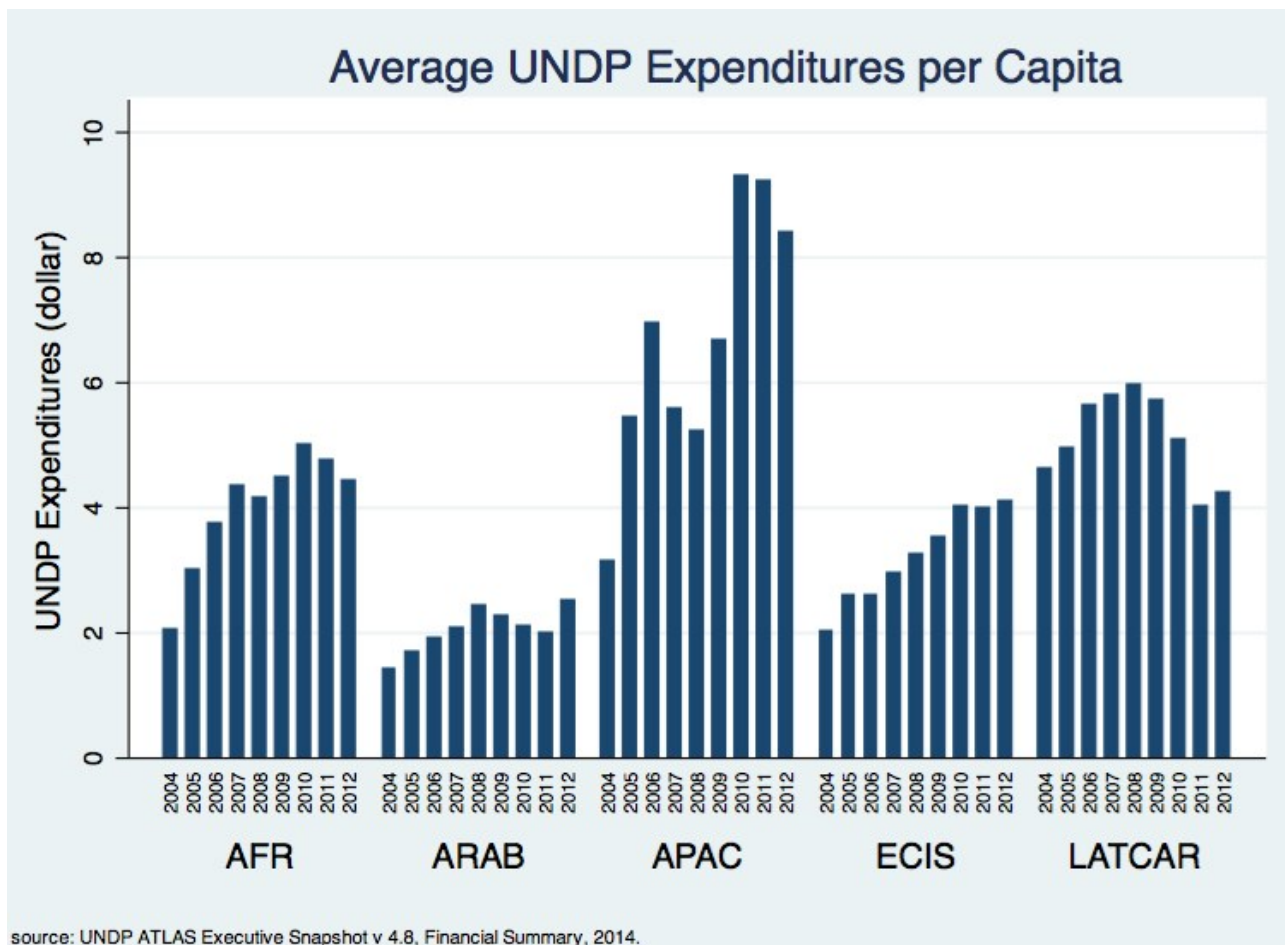


Figure 6 UNDP Expenditures per capita

These shifts illustrate how resources channeled through UNDP are regionally distributed, whereby an increase of expenditures in one region has a direct impact on how much UNDP can then afford to allocate to other regions. A shift in UNDP priorities is apparent, as there was a drastic change in regional expenditures between 2006-2010, with UNDP focusing less on the LatCar region and more so in Africa, the Arab states, and particularly in APac. Indeed, the release of funds committed to the LatCar region allowed UNDP to re-allocate such funds towards regions suffering from relatively poorer governance conditions. This was likely the case as governance conditions steadily improved in LatCar, and requests for UNDP technical support significantly increased from other regions.

Average UNDP spending was consistent across the five regions. However, when examining the regional outliers as shown in Figure 7 below, the marked variation taking place in APac is apparent, and to a lesser extent in LatCar. This is a clear visualization of how UNDP rebalanced its priorities and financial commitments from one region to the other. The graph also reveals the fiscal constraints that the development agency faced. The increase of requests for UNDP assistance was not sufficiently matched by donor funding. This suggests that UNDP had to make do with existing funds, in addition to drawing back the support it provided to other regions.

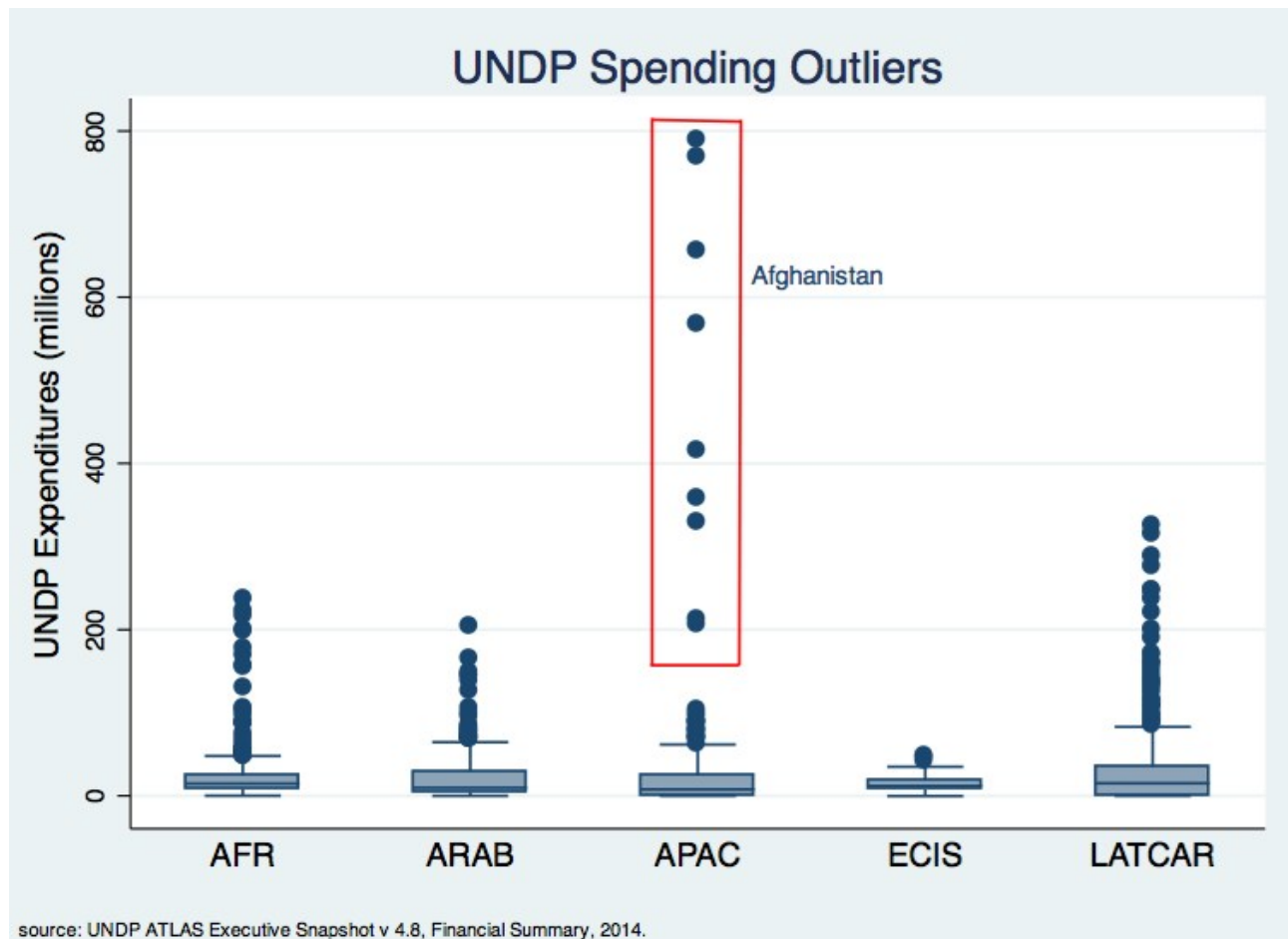


Figure 7 UNDP Spending Outliers

The outliers in APac were consistently found to be Afghanistan, deviating on several occasions from average UNDP spending towards the rest of the region. Average spending in Afghanistan was US \$478.1 million (\$17 per capita) compared to US \$29.5 million (\$7 per capita), which was the average spending for the

whole of the APac region. On the other hand, the region with the least number of outliers, illustrating steady expenditures and minimal shift in the allocation of expenditures is in ECis, where average spending was approximately US \$13.7 million (\$3 per capita), and remained steadily so with marginal variability of US \$8.8 million.

When examining UNDP expenditure outliers more closely, we look at a typical year after the 2007 drop in spending: specifically, 2008. Figure 8 takes a closer look at the outlier countries where UNDP spent more than its regional average. We find that spending in Afghanistan remains the extreme outlier in APac. Other outliers in the region, though to a lesser extent and not as consistent, are Bangladesh, Indonesia and China. The box-plots in Figure 8 demonstrate the dispersion of UNDP spending within each of the five regions, at the 25th, 50th, 75th percentiles, and upper value. The box plots show the median spending to be relatively consistent across the regions. However, there are noticeably wide variations in UNDP spending within the Arab region, particularly between the 50th and 75th percentile, and then again between the 75th and upper value.

This is in sharp contrast to the uniform level of spending that UNDP practiced within the ECIS region. This is indicative of UNDP prioritizing the Arab region, where spending levels appear to be more case-dependent whereas countries in other regions were treated in a more uniform manner. These illustrations are consistent throughout the three box-plots, whether the outliers are included or not in the results.

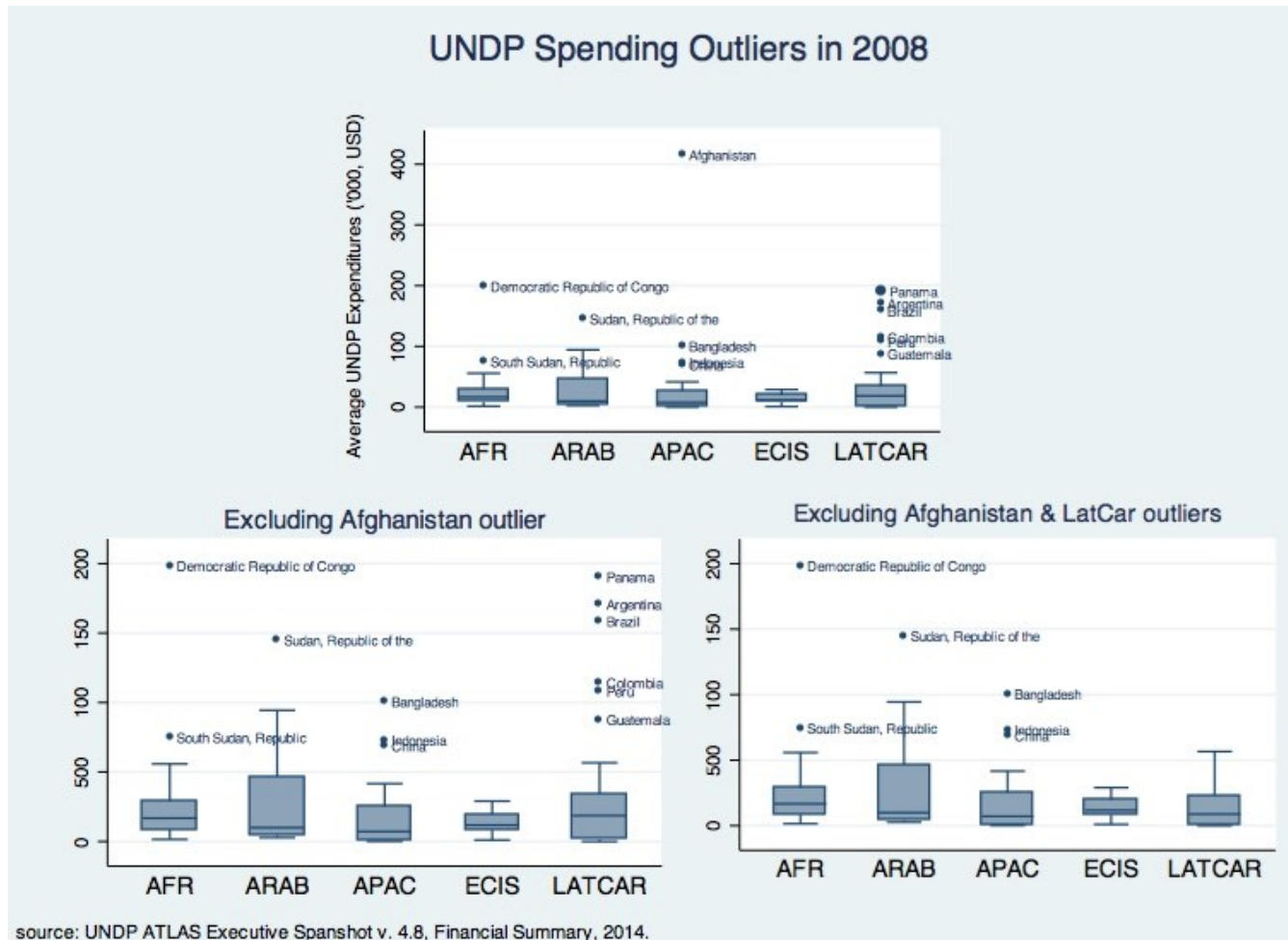


Figure 8 UNDP Spending Outliers in 2008

Through the period of nine years, the following countries continuously remained outliers: Democratic Republic of Congo (Africa), Republic of Sudan (Arab), Afghanistan (APac), Argentina and Panama (LatCar). Recognizing that outliers could potentially distort the results, I also removed the outliers to determine if it would reveal a different pattern with the rest of the data. As Figure 8 shows, excluding first Afghanistan, and then the major LatCar outliers did not produce a different outcome – rather the box-plot trends appear unaffected. In each of the outlier countries, governance scores declined to its lowest point by 2008/2009. One potential hypothesis of why this was the case is that UNDP had standing financial commitments and obligations to meet donor expectations in the countries that continuously experienced poor governance conditions (as indicated by

relatively low governance scores). Whether the two variables (governance conditions and UNDP expenditures) have any correlation with one another will be further examined in the next chapter.

Increasing UNDP expenditures despite fluctuating governance conditions intensifies the need to understand whether there is any identifiable correlation between UNDP expenditures and shifts in the quality of governance in recipient states. If no such correlation exists, what else are international development organizations aiming to achieve through programme funding if not to improve development and governance conditions? The circumstances surrounding variation in UNDP expenditures during these years will be addressed in the next chapter through an analysis of two case studies. The next section presents findings of an examination of how regions fared in their overall quality of governance over the years, and whether there is a visible correlation with governance and how UNDP resources are regionally distributed.

4.1.3 Descriptive Statistics: WGI Scores¹⁵²

As previously highlighted in Chapter 3, the quality of governance for each country is measured by the composite score of 6 governance indicators (control of corruption, rule of law, regulatory quality, political stability and violence, voice and accountability, and government effectiveness) as calculated on an annual basis by the World Bank. The Netherlands Antilles in the Caribbean has consistently maintained the highest quality of governance at the 99th percentile, with an average governance score of 1.63 and achieving the highest governance score of 1.73 in 2004 (with a scale of -2.5 to 2.5).

The country with the most improved governance score over the nine years is Liberia, having improved its governance score from -1.52 to -0.76 (total improvement by 0.76 units). On the other hand, the Republic of Palau's governance scores appear to have deteriorated the most, dropping from a score of 1.04 in 2004 to 0.22 in 2012 (total drop by 0.83 units). Meanwhile, the Comoros' governance score appeared to have not shifted at all

152 World Bank Worldwide Governance Indicators (composite of 6 indicators).

with an unchanging score of -0.94. The average governance score for all 179 countries over the course of nine years was calculated to be negative at -0.32. This tells us that the typical country within which UNDP has operated has consistently experienced relatively poor governance conditions.

As shown in Figure 9, there have been some visible shifts in the overall governance scores when comparing across the five regions within which UNDP was operating between 2004 and 2012. The LatCar region is noticeably distinct from the other regions, consistently maintaining relative status quo with regional governance scores annually averaging above 0. This is primarily driven by several high-scoring countries like Chile and Barbados (with average governance scores of 1.2), which experienced higher growth rates, better economic performance, and stronger inclinations towards democratic governance than others within the region struggling to keep up (ie Equatorial Guinea, Haiti, and Venezuela with average governance scores below -1.2).

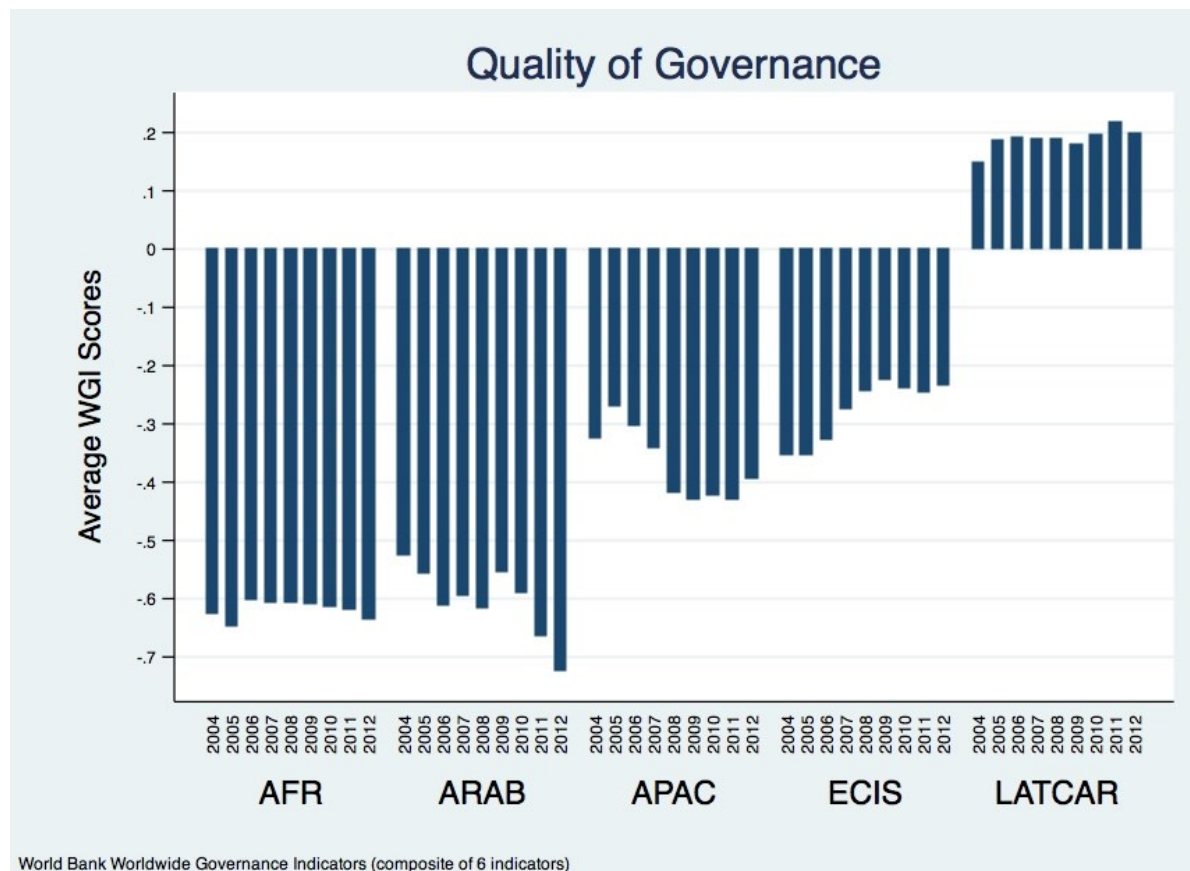


Figure 9 Quality of Governance – Regional Comparisons

On the other hand, the regions of Africa, the Arab states, APac, and ECis all consistently maintain negative governance scores. While the region of ECis fares relatively better, with scores indicating a positive incline, Africa and the Arab states are at the lower end of the spectrum. Governance scores do not appear to change much in Africa, which has a regional average score of -0.62, illustrating minimal shifts in the overall quality of governance in the region over the period of nine years. Mauritius had the region's best quality of governance, having achieved an average governance score of 0.76. Meanwhile, poorer governance conditions in the Democratic Republic of Congo resulted in an average governance score of -1.63.

While ECis improved its governance conditions, as did LatCar, Africa's governance scores remained relatively constant, and governance in the Arab region worsened. Since 2009, the rate of decline in the quality of governance in the Arab states left the region with scores dropping well below the annual average score in Africa by 2012, as shown in Figure 10 depicting shifts in governance quality in all 18 countries of the Arab states region. These results weaken the null hypothesis, discussed in further detail below.

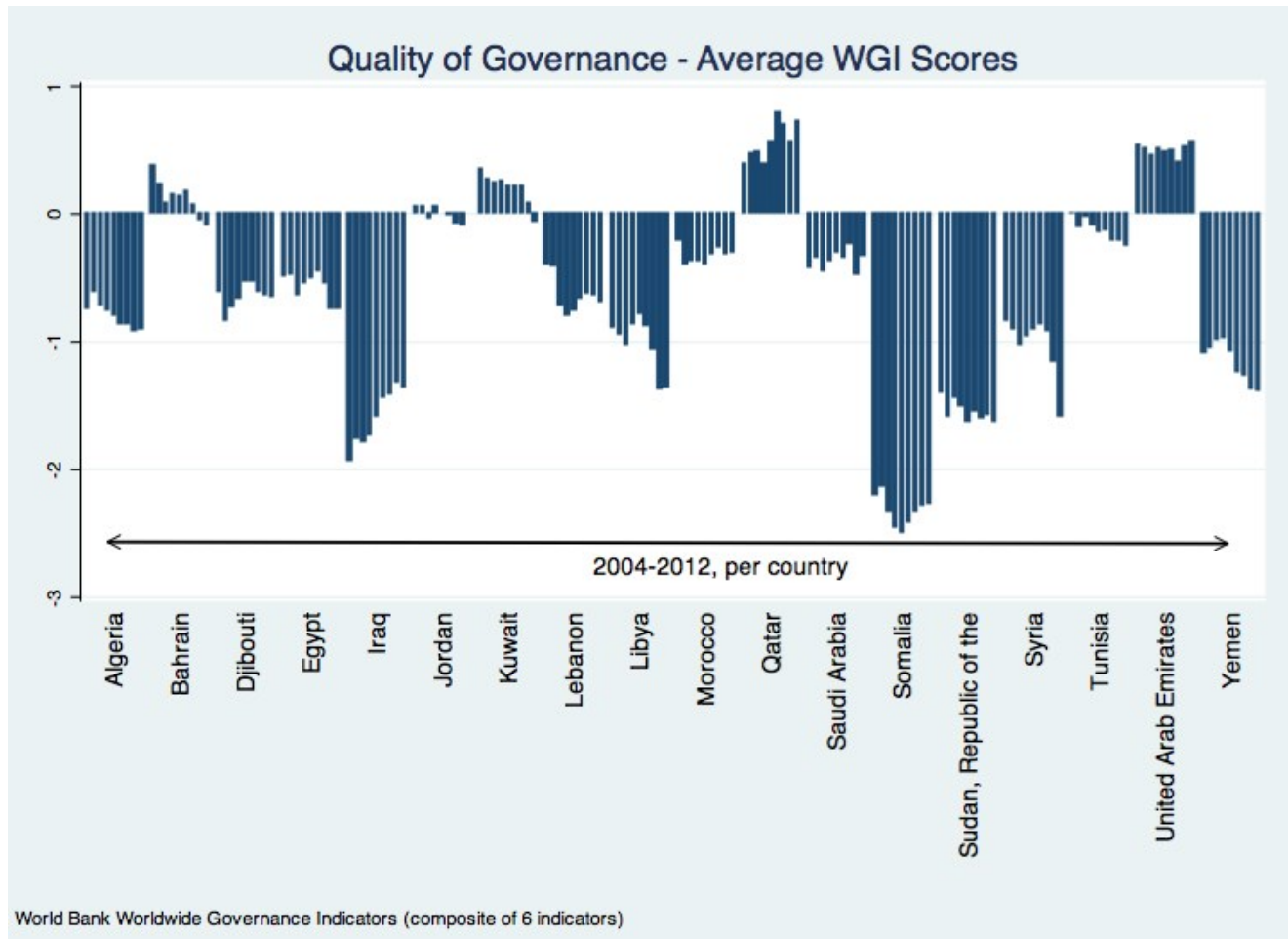


Figure 10 Arab Region: Average WGI Scores Cross-Country Comparison

While recognizing that several countries may be making significant progress in specific components of their individual governance scores, a region's overall average is brought down by countries with deteriorating qualities of governance (or in the case of LATCAR, brought up by high-scoring countries). For example, Somalia was consistently the bottom value scoring the lowest in the region over the period of nine years, with an average governance score of -2.32. It achieved the lowest governance score of -2.49 in 2008. This brought the regional average for the Arab states down to -0.60, despite countries like Qatar maintaining an average governance score of 0.57.

Despite high governance scores in Bahrain, Kuwait, Qatar, and the United Arab Emirates, the regional average governance score in the Arab states region is brought down due to declining governance conditions in the other 14 countries. Countries with poorer governance conditions drag down the overall governance average, despite other countries enjoying higher or improved governance conditions. This shift in governance scores and declining conditions is likely a reflection of the chaos and instability leading up to and throughout the political upheaval of the ‘Arab Spring’ in 2011. The lesson from all this is that as outliers appear to have a large impact, examinations of overall average governance scores cannot be relied on to tell us the full story of the aid-governance nexus.

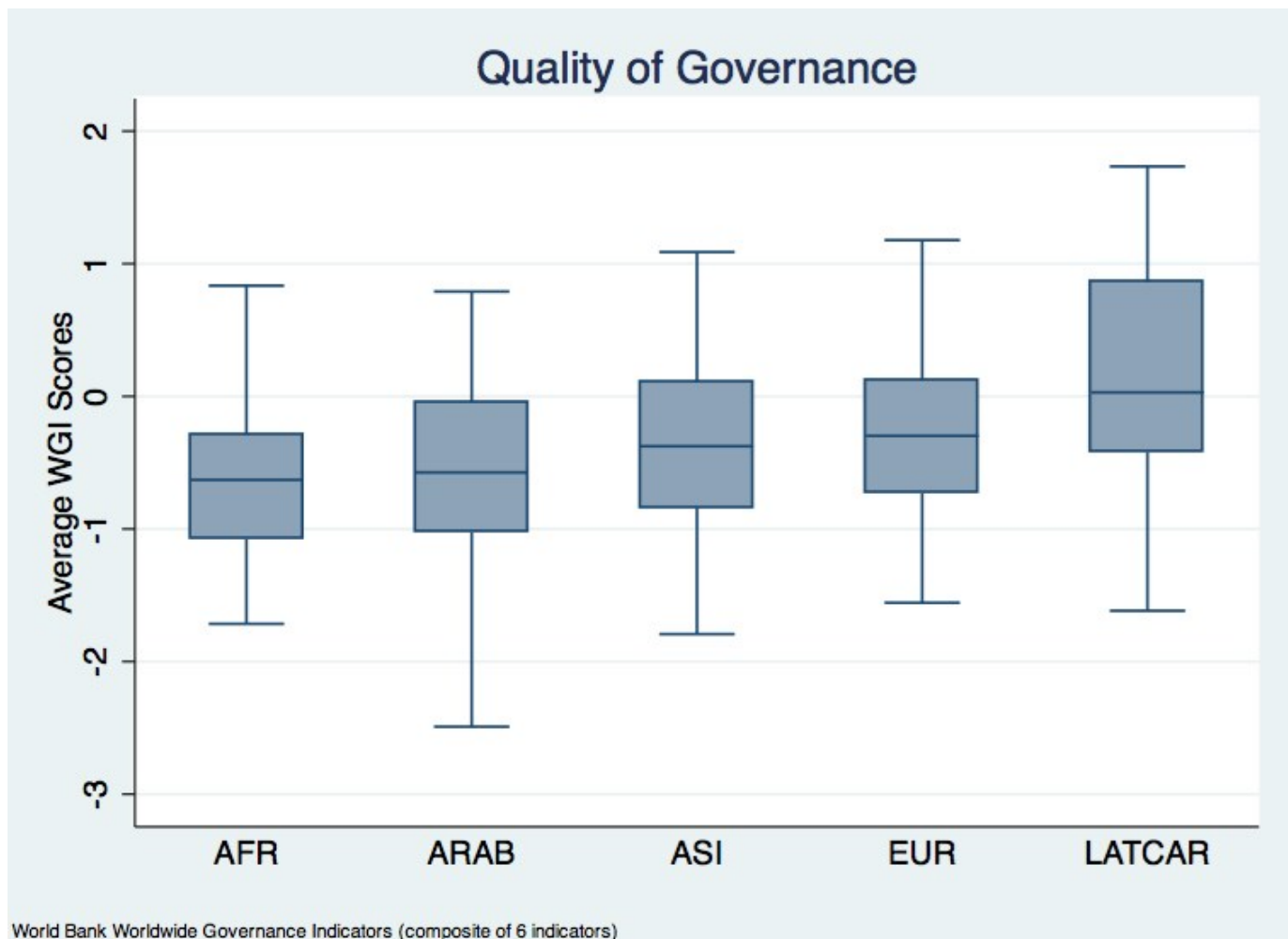


Figure 11 Box-Plot: Quality of Governance

The point of individual countries bringing regional averages down is further illustrated with box-plot graphs. Figure 11 shows that there is a level of consistency with the average governance scores within each of the five regions, though there are noticeably wide dispersions between the 25th and 50th percentiles in the Arab and LatCar regions. LatCar also has a slightly higher governance average than the other regions, validating earlier findings. The box-plot graph is consistent with previous graphs, which indicated that the Arab region was doing somewhat better in its governance scores – on average – when compared to Africa. When comparing each region’s poorest governance scores, we find that Somalia’s score of -2.49 is much lower than that of Africa’s Democratic Republic of Congo, with a low score of -1.72. The findings are similar when comparing the regions’ best average governance scores: Qatar in 2009 with a governance score of 0.79 versus Mauritius with a governance score in 2012 of 0.83.

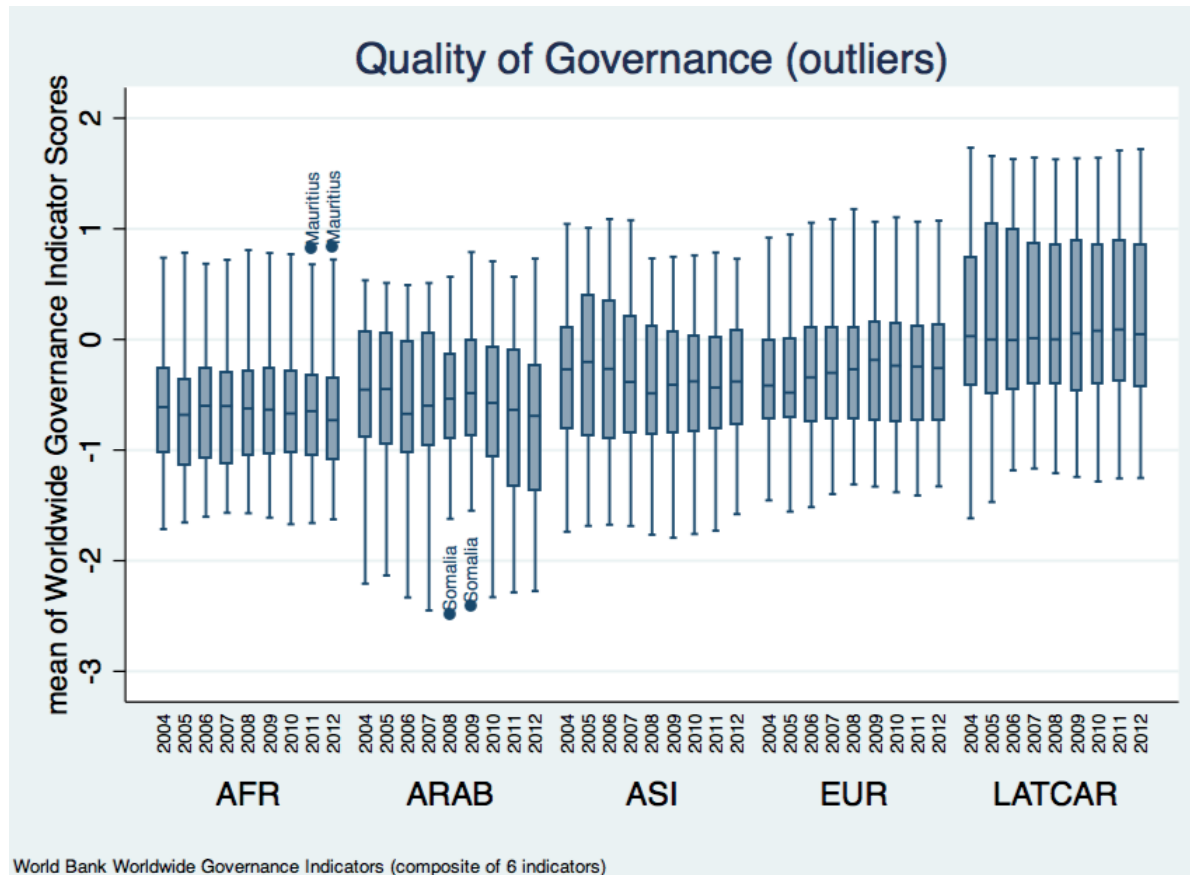


Figure 12 Quality of Governance (outliers)

As shown in Figure 12, when looking closely at average governance scores for the individual years between 2004 and 2012, Mauritius and Somalia are seen as the outliers with governance scores markedly higher or lower than the regional average for that particular year. It is important to recognize that annual average governance scores appear to stay relatively stable, with no steady improvement throughout the five regions. This suggests that despite fluctuations in UNDP expenditures, as previously discussed, there are no identifiable shifts simultaneously taking place in governance conditions. This is a red flag for scholars from both optimist and skeptic camps, as it weakens the hypothesis of development aid having any impact at all.

We now look at what general relationships have emerged through our analysis. When observing how average UNDP expenditures have changed over time, and comparing it with how average governance scores have shifted, we find each region has its own unique story to tell. For example, in LatCar (Figure 13 below), 2008 is seen as a turning point.

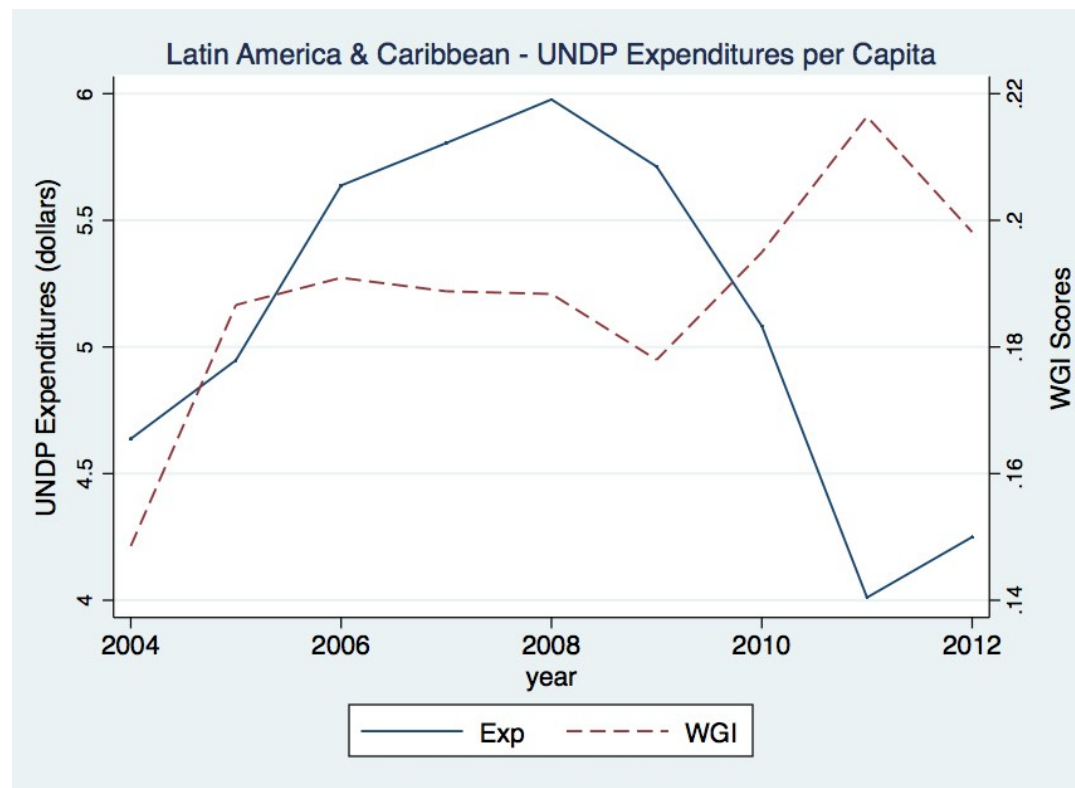


Figure 13 Latin America and the Caribbean WGI-Exp Nexus

Average regional governance scores and UNDP expenditures per capita initially had a positive relationship, both improving between 2004 till 2008. However, as governance scores continue to improve from 2009 onwards, UNDP expenditures declined. This is primarily due to UNDP refocusing its regional development priorities, shifting its attention and limited resources, and increasing its per capita expenditures towards other regions struggling with poorer governance conditions – ie the African and Arab regions.

The biggest decline in overall UNDP expenditures occurred in Honduras as spending steadily declined, dropping by US \$91.6 million from having spent US \$115.6 million in 2004 to \$24.1 million in 2012. This could arguably be because Honduras' GDP and youth employment rates steadily improved over the course of the nine years, with rates rising above the regional LatCar average, while simultaneously decreasing its dependency on aid funding. This occurred despite the instability of the country's overall quality of governance (as depicted by its fluctuating governance scores). It would be fair, therefore, to infer that Honduras became less of a UNDP priority. In the case of LatCar region, it could be argued that as governance conditions improved in the region, the international development organization adjusted its regional focus in order to spread its resources across the other regions. If through further examination, findings confirm this argument, then the null hypothesis is rejected as a potential correlation is revealed.

A close second in significant funding decline was Colombia, with expenditures dropping by US \$90 million between 2004 and 2012 (from US \$153.3 million to US \$63.3 million). Unlike Honduras, Colombia's overall quality of governance improved (albeit gradually and minimally) alongside increasing GDP and youth employment rates, and a decreased dependency on official development assistance. Although the country consistently remained under conditions of "serious fragmentation"¹⁵³ due to decades of internal armed conflict, guerrilla movements, and instability, its overall governance scores improved over the period of nine years.

153 As per Polity V scores. (3): Over twenty-five percent (and up to fifty percent) of the country's territory is effectively ruled by local authority and actively separated from the central authority of the regime.

Honduras and Colombia are examples of two countries where UNDP funding has significantly dropped, and yet the qualities of their governance conditions remain quite different from one another. On the other hand, the highest increase in overall UNDP expenditures over the nine years took place in Afghanistan (by US \$327,468,000), followed by the Republic of Sudan (by US \$137,456,000) and the Democratic Republic of Congo (by US \$137,053,000). In all of these cases, the overall quality of governance remained unstable despite the increase in spending. Meanwhile, the country where UNDP expenditures remained the most constant was Kiribati, with expenditures minimally shifting from US\$206,000 in 2004 to US\$211,000 in 2012 (increase of US\$5,000). The suggestion of this data is that UNDP expenditures have no relationship with the governance conditions of the developing countries within which it operates. However, we still want to confirm and test this relationship further through inferential statistics.

The shift in UNDP's regional spending is evident in the other regional graphs provided below, all which illustrate an increase. For example, in Figure 14, there appears to be some correlation between what UNDP has spent and shifting governance scores. While average governance scores in Africa start improving in 2005, average regional expenses simultaneously increase. Similarly, as governance scores decline in 2006, so too do UNDP expenditures drop with the pattern continuing onward to 2012.

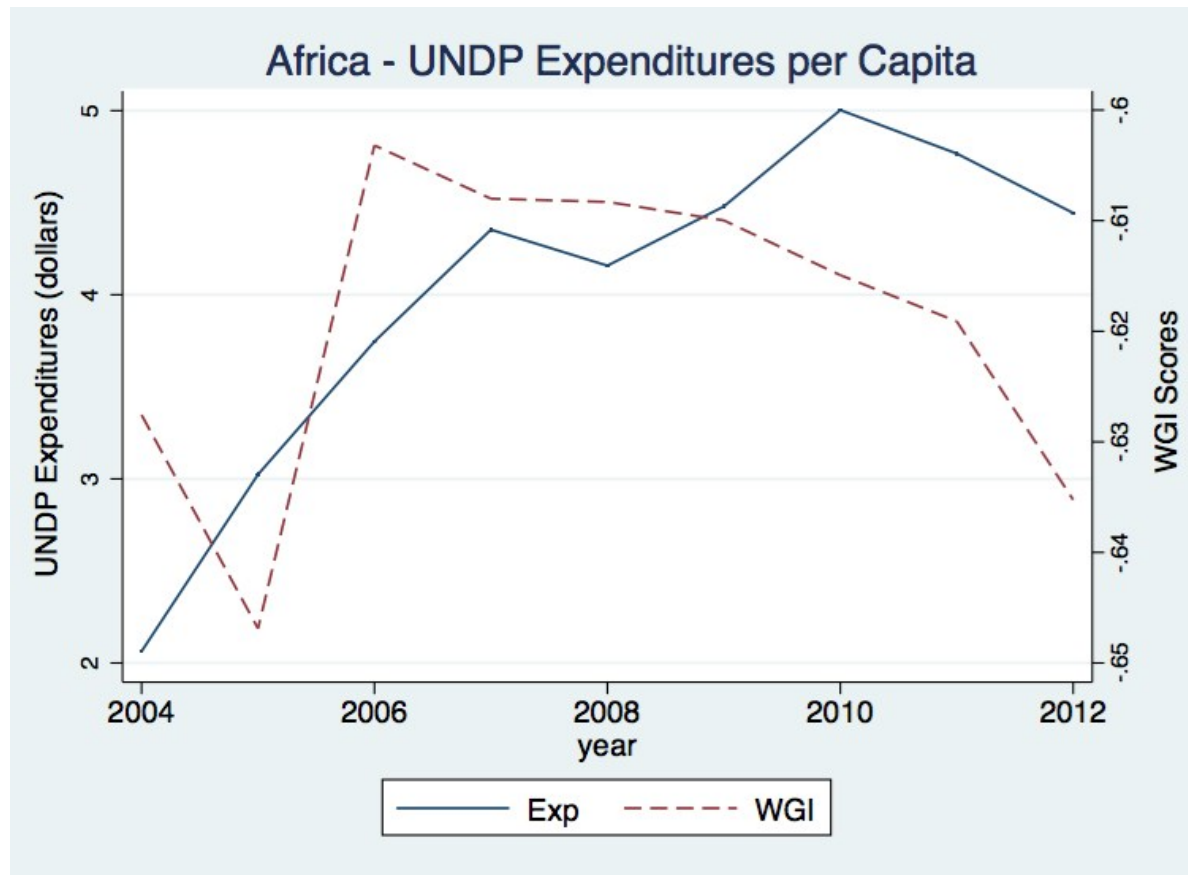


Figure 14 Africa WGI-Exp Nexus

The correlation appears even stronger in the region of ECIs (Figure 15), with UNDP regional spending increasing alongside the improvement of the region’s average governance scores. In both cases, UNDP expenditures are on a positive incline, illustrating a continued momentum of increased expenses in the regions. It is noteworthy that despite UNDP expenditures continuing to rise beyond 2009, both regions nonetheless experience a decline in their governance scores – indicative of the lack of influence UNDP expenditures have on the overall governance conditions in developing countries. This is also a reflection of the plausible impact of the 2008 global financial crisis, which resulted in weakened market economies, declining remittance flows, slowed growth in domestic revenue leading to limited capital resources being available for public services.¹⁵⁴

¹⁵⁴ World Bank. “The Global Financial Crisis and its Impact on Developing Countries,” *Global Monitoring Report*, 2009. Available online:

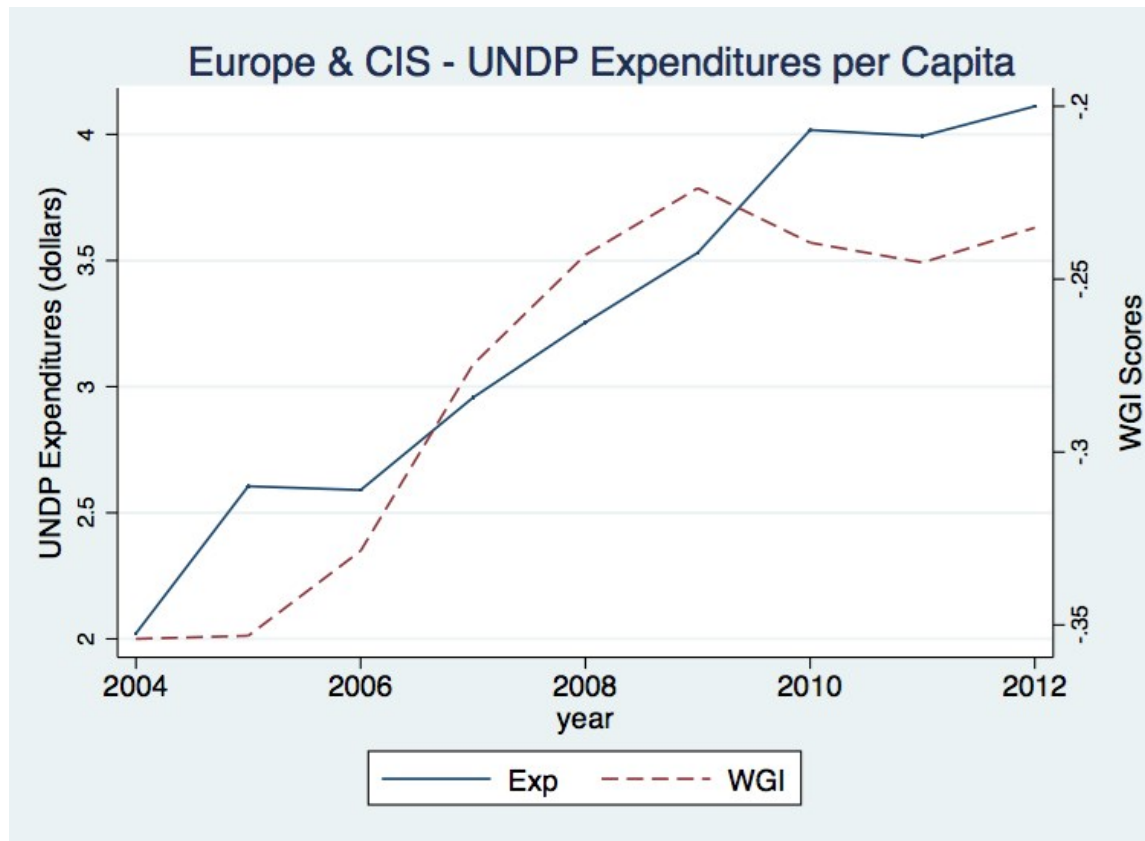


Figure 15 ECIS WGI-Exp Nexus

The relationship particularly starts deviating in the Arab region, and even more noticeably in APac, from the trends found in the previously discussed three regions (LatCar, Africa, and ECis). As illustrated in Figure 16, the Arab region is an example of how increases in UNDP expenditures do not necessarily result in improved governance conditions – other variables are at play here. What those other variables precisely are will be addressed in the next chapter.

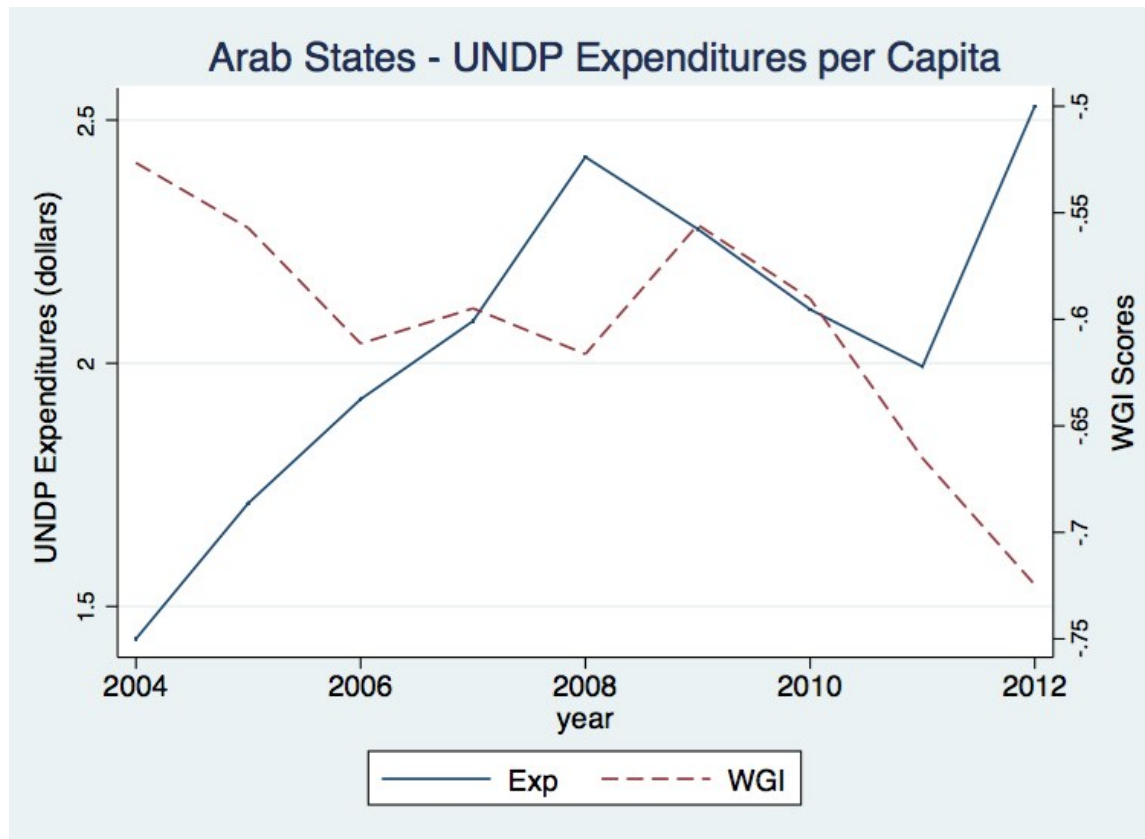


Figure 16 Arab States WGI-Exp Nexus

In the other regions, UNDP expenditures appear to have a relatively strong correlation with how the regions fared in their average governance scores. However, other regions like the Arab states and APac regions illustrate cases of the causal arrow running in the opposite direction.

While average governance scores steadily declined over the course of nine years due to democratic backsliding, average UNDP expenditures significantly increased as these regions were deemed potentially explosive and strategically vital. This is in line with the reflections made earlier in this section, calling attention to the relatively high UNDP expenditures towards Afghanistan in APac, and towards Somalia in the Arab states, and the consistently poor governance scores in both countries. It is also important to note that governance conditions appeared to steadily improve until the region was hit by the global financial crisis in 2008 and

subsequent political chaos and tensions leading up to the Arab Spring, which resulted in a significant drop in the regions' governance scores by 2012.

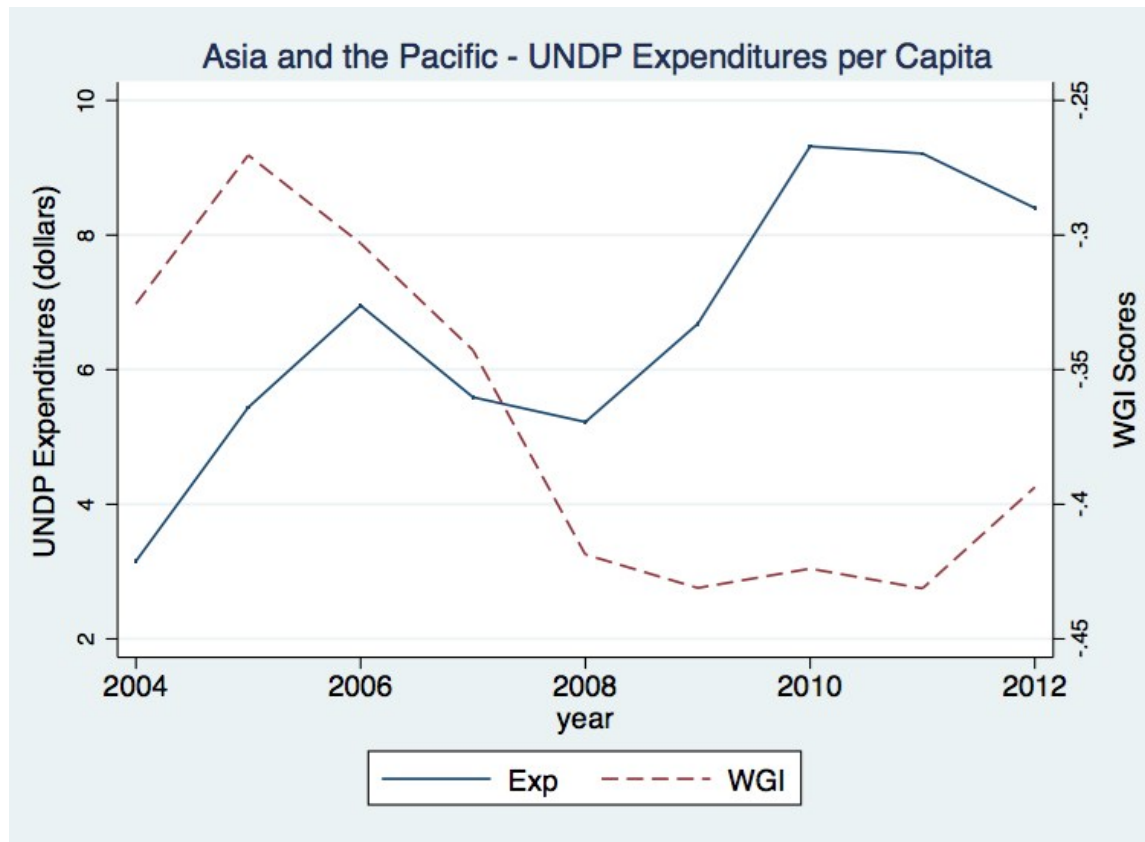


Figure 17 APAC WGI-Exp Nexus

The examples of the Arab and APAC regions weaken the arguments put forward by the optimist camp. Indeed, through such basic observations, UNDP expenditures arguably have an *inverse* relationship with the quality of governance in these two specific regions. This is problematic for UNDP, as it suggests that an increase of project spending has had little to no impact on improving development conditions in countries suffering from poor governance.

4.1.4 Descriptive Statistics: Section Summary

This section provided an analysis of the quantitative data using descriptive statistics, where observations regarding frequencies, measures of central tendency and dispersion demonstrated the need for this study. They have uncovered an important piece of the puzzle. I found that UNDP expenditures have steadily increased over the period of nine years (by US \$1.6 billion). In the meantime, governance scores within the countries that UNDP conducted its operations have either remained predominantly constant with minimal shifts, or declined illustrating an inverse relationship. That is, UNDP expenditures increased even as governance conditions either remained stable or worsened.

Preliminary observations, such as the ones presented in this section, do not reveal the causal relationship between the two variables. However, the overall patterns of these preliminary findings are not in favour of the null hypothesis, as it does uncover a haphazard relationship between the variables. A more in-depth analysis is therefore required to closely examine the relationship between the two variables. The circumstances behind the governance conditions, and how each of the regions vary and compare to one another, are further analyzed in the next section when the expenditure-governance relationship is tested. The next chapter will focus more on examining UNDP expenditures and shifting governance scores, moving beyond basic descriptive observations and testing the relationship with inferential statistics.

Chapter 5 Large-N Study: Inferential Statistics

5.1 QUANTITATIVE ANALYSES USING INFERENCE STATISTICS

This chapter addresses questions, including: *How do UNDP expenditures vary across countries or regions with low versus high governance scores? Have countries or regions with relatively lower governance scores been receiving more or less UNDP funding than other countries/regions? Are there any identifiable patterns linking changes in UNDP expenditures to shifts in governance scores?* Answers to these questions are important as they help us gain a better understanding of how international development organizations, like the UNDP, financially operate, customize development programmes based on recipient government priorities, and disburse funds accordingly.

While this is not the sole objective of the chapter, it brings us one step closer to identifying whether UNDP expenditures have an influence of improving governance conditions. This chapter builds upon the general observations and findings from our descriptive analysis, and uses inferential statistics to examine the relationship between the variables on a country-by-country basis (UNDP expenditures per country and individual country WGI scores) in order to be more precise with the consideration of our measurements. The previous chapter provided descriptive statistical analysis on a region-by-region basis to ensure brevity as not all 179 countries could be addressed due to time and space limitations. Indeed, the regional descriptive analysis essentially sets the stage, highlighting the overall trends within the countries as reflected by their broader regional averages.

Moreover, while descriptive statistical analyses *explains* and *summarizes* the data and variables, inferential statistics allows us to draw further conclusions about the relationship between the two variables, extending beyond the data collected for the dissertation's dataset. In other words, inferential statistics allows us to make assumptions from the dataset that could be applicable to a larger population and other conditions more generally. Tests and their corresponding results in this section are divided into five sub-sections. Each presents

the results from running correlations and regressions with five methodological and modeling techniques in order to subject the hypotheses to the comprehensive range of inferential tools at our disposal. As we move ahead with the other modeling techniques, we go through multiple regression tests using increasingly sophisticated versions of the test. Consistent results found through such testing ensure that there can be high confidence in rejecting the hypothesis.

The statistical tests begin with a bi-variate analysis through a series of tests including: Pearson's correlation coefficient, ordinary least squares regressions, regression and reverse regressions, and lagged variable analysis. Such analysis primarily examines the strength of the association between the dependent and independent variable. We start here, as it is the simplest test to run between two variables. Recognizing that the effects of an impact could potentially take time, we test for this possibility by running regressions on lagged variables. For example, this tests whether expenditures spent in one year has any identifiable impact between one to five years later.

As discussed in the previous chapter, we make use of control variables to account for the 'noise' of other variables that could have a determining effect on the dependent variable. We therefore do a multivariate analysis of the dependent, independent and other control variables to uncover which combination of factors best explains the relationship between UNDP expenditures and governance quality. The fourth sub-section tests to see if there is a variation in the models by running dummy variable analysis, while the final sub-section applies the best fit model findings to predict the outlier cases.

5.1.1 Inferential Statistics: Bi-variate Analysis

5.1.1.1 Pearson's Correlation Coefficient

A basic inferential test commonly used in statistics is the Pearson correlation coefficient, or Pearson's r , which measures the strength and direction of the linear relationship between the variables. Correlations test

whether variables are linked with one another. In this study, correlations are run to identify whether UNDP expenditures are systematically associated with the quality of governance in the developing countries within which UNDP operates. The scale ranges from -1, representing a perfectly weak and negative relationship between the two variables, to +1, representing a significantly strong, positive relationship. Zero or a negative figure indicates a weaker linear relationship.

The weakness of the relationship is confirmed through scatterplot graphs. Figure 18 illustrates the association between the variables of change in governance quality and UNDP expenditures, offering a visualization of the correlation between the two. A perfect linear correlation would show plots scattered in a straight diagonal line falling within the 95% confidence interval grey zone (CI), with either a positive or negative slope. In this case, the slopes for four of the five regions indicate a positive incline – except for the Arab states. However, as the majority of the plots fall outside of the 95% CI, the possible relationship between the two variables is deemed negligible and offers little explanatory power. The implications of this are presented in two possible scenarios: a) with the increase of UNDP expenditures, governance conditions decline; or alternately b) UNDP expenditures drop as governance scores appear to improve. As shown in Figure 18, this finding was consistent when examining annual data for over 170 countries across all five regions over the period of nine years.

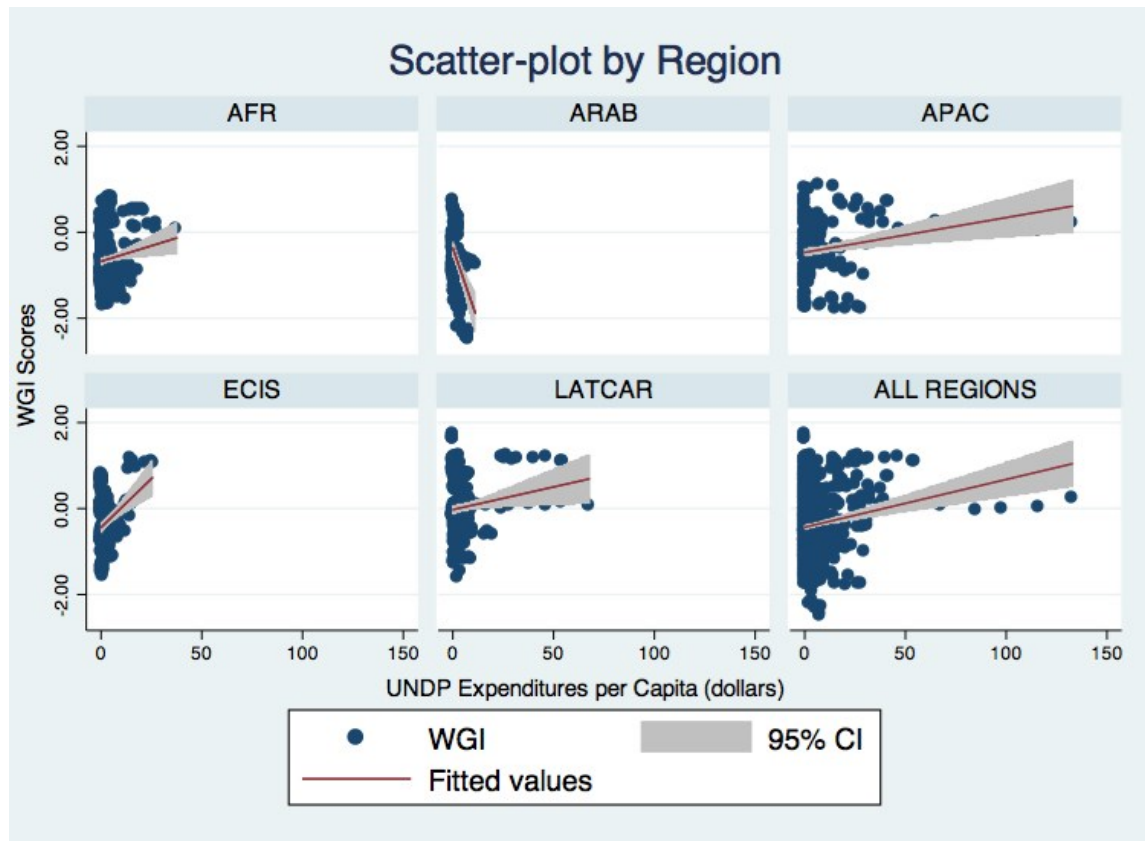


Figure 18 Scatterplot Graph, by Region

When testing the linear links between UNDP Expenditures per capita and quality of governance scores across 1,400 observations, the result showed $r = 0.14$. Further correlations were done with the exclusion of outliers, like Afghanistan, and the difference in results was negligible ($r = 0.17$). As previous tests have consistently shown minimal difference in results between models including and excluding outliers, the study continues with the inclusion of all outliers. The cause and effect of the relationship cannot be determined through Pearson correlation coefficients. Nonetheless, this result tells us that a linear association *does* exist, although the relationship is seen to be weak.

Table 7 Pearson Correlation Coefficient

REGION	OBSERVATIONS	r	OBSERVATIONS	r (w/ ExpPC)
AFRICA	408	-0.37	408	0.13

REGION	OBSERVATIONS	r	OBSERVATIONS	r (w/ ExpPC)
ARAB	154	-0.59	154	-0.42
ASIA & PACIFIC	312	-0.41	295	0.19
EUROPE & CIS	226	-0.28	226	0.31
LAT & CAR	300	-0.29	300	0.13
TOTAL	1400	-0.29	1383	0.14

The linear correlation between UNDP expenditures and quality of governance scores is seen to be consistently positive, albeit weak. When comparing across all the countries, the Arab states had the strongest linear relationship – and one that is negative – of the five regions with $r = -0.42$, followed by ECIS with a more positive strong correlation of $r = 0.31$.

5.1.1.2 Ordinary Least Squares Regression Analysis

An ordinary least squares regression is the simplest and most commonly used form of regression in statistical studies. It is important to note that regression results primarily highlight the strength of the association between variables with no inferences of a causal relationship. That being said, regression coefficients do provide an estimate of the unknown effects an independent variable has on the dependent variable. Statistically, the p-value indicates how reliable the inference of a relation between independent and dependent variables is. It is more precisely the probability of the relationship simply being the product of random coincidence. A highly statistically significant relationship between the variables would result in a p-value of less than 0.05 (95% being

the standard benchmark used in statistical studies).¹⁵⁵ In such cases, the null hypothesis of no relationship represents an unlikely occurrence and may be rejected. On the other hand, a p-value of greater than 0.05 implies the greater frequency of which the observed results could occur by chance. In this case, the null hypothesis should not be rejected, as it is still a possibility.¹⁵⁶

The explanatory power of this association between the two variables is demonstrated by the adjusted R^2 value produced when running regression tests. The adjusted R^2 is a way of assessing how much of the changes in the dependent variable (in this case, WGI scores) are explained by the independent variables. In statistical terms, adjusted $R^2 = 1.0$ represents a model which has accounted for all variations in the dependent variable, whereas adjusted $R^2 = 0$ denotes no apparent relationship. The closer to 0 the adjusted R^2 value is, the less the model offers in explanatory power. In this study, a simple cross-sectional ordinary least squares regression was run on the relationship between UNDP expenditures and the respective governance scores to determine if the results are consistent with the correlation findings.

Following the same logic as when I ran correlations, I completed the regressions using bi-variate analysis due to the simplicity of testing the focal variables. I started the regressions by testing the null hypothesis, with WGI scores as the dependent variable and UNDP expenditures as the independent variable. Table 8 shows results when completing a regression analysis between governance scores and UNDP expenditures, not taking population size into account. Note here that the expenditure coefficients¹⁵⁷ for change in WGI scores indicate a negative relationship, whereby a shift in the independent variable (UNDP expenditures) is associated with a drop in governance scores by -0.004 points. It is important to emphasize that such regression results do not infer

155 It is important to keep in mind that even with a 95% confidence level, errors or missed detections can still occur.

156 Note that there is still the 5% chance of Type I (false positive; a rejection of the null hypothesis when in fact it is true) and Type II (false negative; failure to reject the null hypothesis when it is false) errors. Any scientific finding is therefore inherently tenuous.

157 Coefficients indicate that for every unit change in the independent variable, there is a systematic shift in the dependent variable (holding all other variables constant).

the direction of any causal arrows, but rather support previous arguments made towards the negative association between aid funding and governance conditions. These results validate earlier findings that although the relationship is weak and negligible, it is nonetheless a negative one.

Table 8 Bi-variate Regression: Governance Scores and UNDP Expenditures

Source	SS	Df	MS	Number of Observations = 1400		
Model	54.7073195	1	54.7073195	F(1, 1398) = 123.94		
Residual	617.097475	1398	0.441414503	Prob > F = 0.0000		
Total	671.804794	1399	-0.48020357	R-squared = 0.0814		
				Adj R-squared = 0.0808		
				Root MSE = 0.66439		
WGI	Coef.	Std. Error.	t	P > t	[95% Conf. Interval	
Exp	-0.0036853	0.000331	-11.13	0.000	-0.004335	-0.003036
_cons	-0.2834062	0.0197089	-14.38	0.000	-0.322068	-0.244744

Table 9, however, paints a different picture when examining the association between governance scores and UNDP expenditures – accounting for population size on an expenditure per capita basis. Indeed, the regression results in Table 9 indicate that when examining the association between governance scores and UNDP expenditures measured on a per capita basis, we see a more positive relationship, albeit one that is still weak. Table 9 shows that for every dollar spent of the independent variable (UNDP expenditures per capita), there is an increase in governance scores by 0.011. Put into practical terms, an incremental spending of an extra five dollars per person say in Bangladesh in 2004 (an amount of \$706M with a population of 141,235,035) would improve the country’s governance score of -1.07 by 0.06 with a result of -1.01. This, for comparison, is what Pakistan scored in the same year. In other words, UNDP would have had to spend over \$700M to help

Bangladesh in essence “catch up” to the governance levels of Pakistan in 2004. This example illustrates the problem of the weak relationship between the two variables. The regression results highlight the reality that, contrary to popular belief, increasing IO funds do not necessarily guarantee overall positive governance outcomes. With over 1,350 observations covered for both regression tests, the p-values from the regressions were clearly and consistently at 0.000. This indicates that the likelihood of these results occurring by pure random chance is approaching zero, and the results are statistically significant.

Table 9 Bi-variate Regression: Governance Scores and UNDP Expenditures per Capita

Source	SS	Df	MS	Number of Observations = 1383		
Model	13.635756	1	13.635756	F(1, 1398) = 29.03		
Residual	648.722171	1381	0.469748132	Prob > F = 0.0000		
Total	662.357927	1382	0.479274911	R-squared = 0.0206		
				Adj R-squared = 0.0199		
				Root MSE = 0.68538		
WGI	Coef.	Std. Error.	t	P > t	[95% Conf. Interval]	
ExpPC	0.0111161	0.00206	5.39	0.000	0.0070687	0.015163
_cons	-0.4345578	0.0206037	-21.09	0.000	-0.4749758	-0.394140

The low adjusted R^2 values of 0.08 further confirm the weakness of the relationship between the variables. Indeed, the explanatory power of the correlation between UNDP expenditures and the variation in WGI scores is consistently weak. Additional regressions were run to test if UNDP expenditures per capita had a stronger association with disaggregated governance scores (see results in Table 10). The results varied in that when

viewing total UNDP expenditures – the relationship was found to be negative, whereas the associations between expenditures per capita were more positive – though both consistently remained weak.

Table 10 Disaggregated Regression Results with Exp (*p < 0.05, **p < 0.01, ***p < 0.001)

Indp. Var	Dep. Var: Worldwide Governance Indicator Scores					
<i>UNDP \$</i>	<i>Control of Corruption</i>	<i>Govt. Effectiveness</i>	<i>Pol. Stability & Violence</i>	<i>Reg. Quality</i>	<i>Rule of Law</i>	<i>Voice & Account.</i>
Obs	1398	1386	1385	1385	1394	1391
Coef.	-0.003	-0.003	-0.007	-0.002	-0.004	-0.002
R-squared	-0.06***	0.04***	0.15***	0.03***	0.09***	0.02***

Table 11 Disaggregated Regression Results with ExpPC (*p < 0.05, **p < 0.01, ***p < 0.001)

Indp. Var	Dep. Var: Worldwide Governance Indicator Scores					
<i>UNDP \$ per capita</i>	<i>Control of Corruption</i>	<i>Govt. Effectiveness</i>	<i>Pol. Stability & Violence</i>	<i>Reg. Quality</i>	<i>Rule of Law</i>	<i>Voice & Account.</i>
Obs	1374	1371	1373	1370	1377	1377
Coef.	0.007	0.003	0.019	-0.002	0.011	0.02
R-squared	0.008***	0.013*	0.03***	0.00*	0.02***	0.04***

The results continue to be statistically significant, illustrating a weak and negative relationship between UNDP expenditures and the disaggregated WGI scores – and a positive (though still weak) relationship between

the governance scores and UNDP expenditures per capita. The very low adjusted R^2 value is also consistent with both the correlation results and with previous studies, confirming the lack of relationship between aid, or in this case UNDP expenditures, and in the quality of governance in states. These results are consistent with the findings of previous studies done by scholars like Knack (2001) and Ear (2006), in that long-term shifts in governance conditions – even when disaggregating the WGI scores – cannot be explained much by development aid. Recognizing that differences in the relationship strength – between using expenditures versus expenditures per capita – was marginal, and to maintain consistency with the popular methodology in the IO literature of measuring aid on a per capita basis, the remaining analyses focuses on tests conducted with UNDP expenditures per capita as the independent variable.

5.1.1.3 Lagged Variable Analysis

Recognizing that the effect of UNDP expenditures on governance scores is unlikely to be instantaneous, the lagged variable analysis is a useful technique to test whether the variables have a stronger relationship when one of the two variables is lagged. Aid scholars have typically considered five years to be “a reasonable approximation of time delay,”¹⁵⁸ which has typically been considered to reflect the “average difference between aid delivery and its growth impact.”¹⁵⁹ This time delay and necessity for lagged variable analysis is crucial for a number of reasons, namely: it takes time to develop capacity through training and workshops in order to facilitate national ownership, to detect and resolve challenges like corruption, and to monitor and evaluate whether individual project benchmarks are being met. Indeed, there is a process behind how UNDP funds, and

158 Bearce, David H. and Daniel C. Tirone. “Foreign Aid Effectiveness and the Strategic Goals of Donor Governments,” *The Journal of Politics*, 72, 3, (2010): 837-851.

159 Headey, Derek. “Geopolitics and the Effect of Foreign Aid on Economic Growth: 1970—2001,” *Journal of International Development*, 20, 2, (2008): 161–80.

development aid more generally, are spent. It is therefore understandable if the effect of such funding is not immediately identifiable.

Therefore, to provide the independent variable with time to take effect over a longer period and to control for endogeneity, I employed a time lag for up to eight years (over the full nine years being studied, results shown in Table 12).

Table 12 WGI Correlation with Lagged Effects of UNDP Expenditures per Capita

ExpPC	No Lag	1 yr	2 yrs	3 yrs	4 yrs	5 yrs	6 yrs	7 yrs	8 yrs
Obs.	1383	1231	1077	921	766	613	458	304	151
r	0.144	0.137	0.134	0.143	0.144	0.134	0.124	0.143	0.183

This means I examined whether UNDP expenditures spent in 2004 had a stronger relationship with governance scores from 2005 onwards. When lagging the effect of UNDP expenditures on WGI scores, correlation results consistently produced positive and poor r-values, with small variation ranging between 0.18 (effect lagged eight years) to 0.13 (lagged two years). The results indicate minimal variation in the relationship strength between WGI scores and UNDP expenditures per capita – regardless of how many years the effects of expenditures are lagged. Although the most popular lag amount is typically five years, I continue the analysis using the no-lag modeling technique to maintain a large and comprehensive sample size with the lowest range for standard errors (see Table 13 for results of standard deviation and standard errors when lagging UNDP expenditures per capita).

Table 13 Lagging UNDP Expenditures per Capita: Standard Deviation and Errors

ExpPC	No Lag	1 yr	2 yrs	3 yrs	4 yrs	5 yrs	6 yrs	7 yrs	8 yrs
Obs.	1385	1233	1079	923	767	613	458	304	151
Std. Dev.	8.91	8.64	8.37	7.50	7.28	7.31	7.02	5.64	4.7
Std. Err.	0.2395	0.245	0.255	0.247	0.264	0.295	0.328	0.324	0.383

To test the argument that governance scores could have a pre-determining effect on UNDP spending, we also ran reverse correlations and instead lagged the effect of WGI scores. The results were similar when lagging governance scores, thereby confirming once again, that the relationship between the two variables, even when lagging the effects of either variable by up to eight years, remains weak (correlation r ranging between 0.15 when lagged 2 years, and 0.18 when lagged 8 years).

We take the analysis one step further by seeing if the relationship holds the same when lagging WGI across all the regions, and whether the strength of the correlations remain weak. This relationship is tested to determine whether UNDP expenditures have a stronger effect in one region over the others. Results continue to be similar to that of non-lag regressions: weak. However, what is interesting is the increase in the strength of the association as represented by the r -values. As shown in Table 14, the Arab states region has the strongest negative association at -0.42, particularly with no lag effect of UNDP expenditures. If anything, this reveals that a very strong relationship exists between how much UNDP spent and the deteriorating governance conditions in the Arab region.

Table 14 Lagged Effects of Expenditures per Capita, correlation by Region

ExpPC	No Lag	1 yr	2 yrs	3 yrs	4 yrs	5 yrs	6 yrs	7 yrs	8 yrs
AFR	0.13	0.13	0.12	0.13	0.14	0.13	0.08	0.01	0.05
ARAB	-0.42	-0.40	-0.38	-0.34	-0.31	-0.29	-0.22	-0.13	-0.01
APAC	0.19	0.17	0.14	0.16	0.16	0.15	0.13	0.13	0.17
ECIS	0.31	0.30	0.30	0.30	0.32	0.32	0.32	0.35	0.35
LATCAR	0.13	0.13	0.13	0.12	0.09	0.06	0.05	0.07	0.08

To visualize this relationship, we graph a scatterplot of WGI and the effect of UNDP expenditures in the Arab region, lagged by 5 years. Figure 19 shows that while most country plots are scattered outside the 95% CI, there are still a few that fall within the model's grey precision band. Not only does this scatterplot graph coincide with the r-value of -0.42 from the correlation results, the most important take-away from this test is the negative slope that we continue to see.

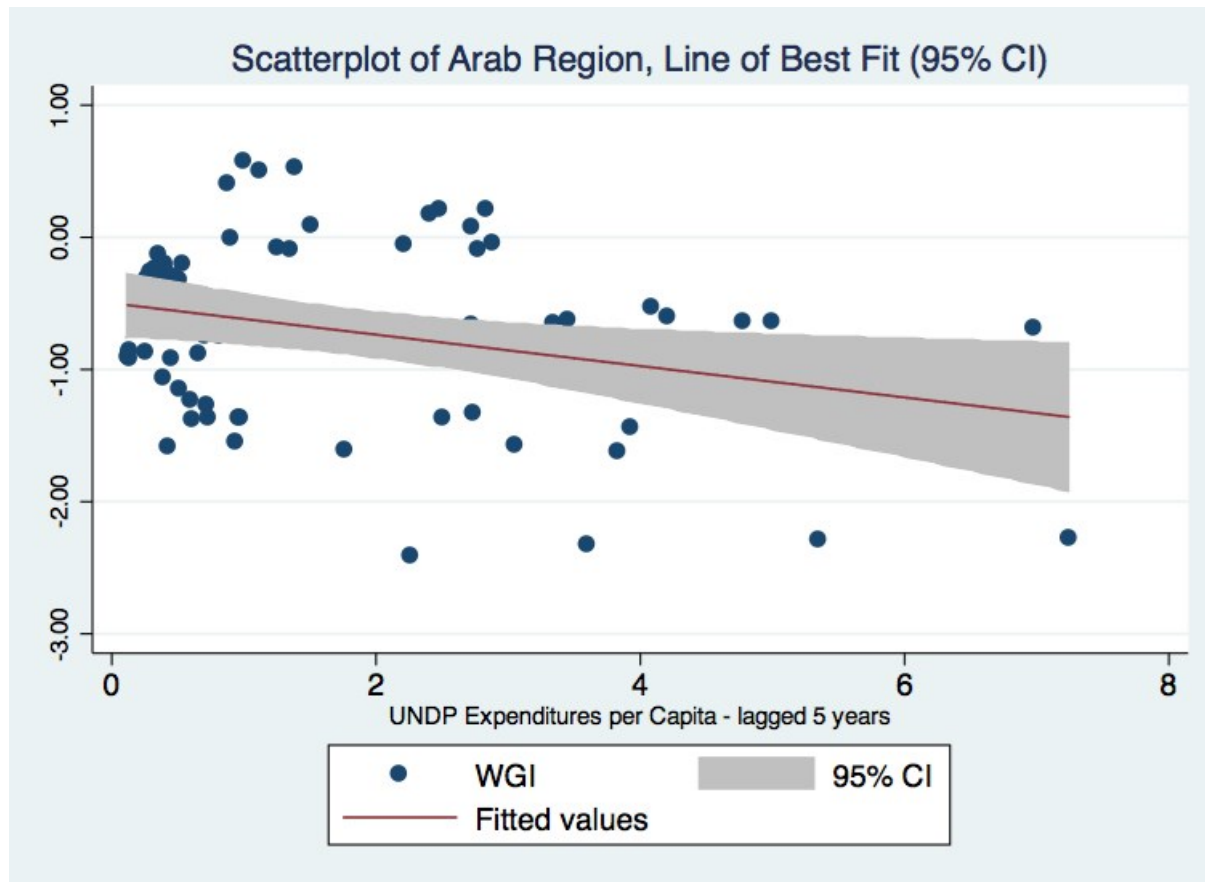


Figure 19 Scatterplot of the Arab Region, Line of Best Fit (95% CI)

Regressing the lagged variables does not produce any differing results, with adjusted R^2 values of 0.02 confirming the weakness of the relationship. When breaking the regressions down by region, the association between governance quality and UNDP expenditures in the Arab region in particular remains negative. The next chapter examines country case studies more closely, and their respective circumstances surrounding UNDP expenditures and governance conditions.

5.1.1.4 Change in Variable Analysis

Another modeling technique employed was Knack and Bräutigam's (2004) method of calculating overall change in the dependent variable over the time being studied. This was calculated by subtracting the governance quality value at the initial year of observation (1982) from the quality of governance value at the end of the period (1997). Unlike my study, Knack and Bräutigam's cross-sectional analysis solely focused on the region of Africa with 32 observations. They argued that, "A convenient implication of using the change in the ICRG index from 1982 to 1997 as the dependent variable is that factors such as these that are invariant over very long periods of time are unlikely to matter much."¹⁶⁰ My study looks at how much UNDP spending changed between the initial year of observation in 2004 and 2012, and whether it had any relationship with shifts in governance quality during the same time-frame.

Knack and Bräutigam's technique have faced some recent criticism, with scholars arguing that the method was flawed in that they "make no use of the data between the initial and final years being rated...and do not lag the aid variable, using instead a contemporaneous 13 to 15 year stretch of time to examine change (1982-1995 and 1982-1997). This leaves aid potentially vulnerable to endogeneity and reverse causality."¹⁶¹ With my study producing high p-value results, the findings from testing the relationship between change in UNDP expenditure and change in governance quality were deemed random and inconclusive, thereby rendering this model unreliable and lacking utility.

160 Bräutigam, Deborah A. and Stephen Knack. "Foreign Aid, Institutions and Governance in Sub-Saharan Africa." *Economic Development and Cultural Change*, 52.2, (2004): 255-285.

161 Ear, Sophal. 'The Political Economy of Aid, Governance, and Policy-Making: Cambodia As Seen from Global, National, and Sectoral Perspectives', PhD dissertation, Department of Political Science, University of California, Berkeley, 2006. Available online:

<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.613.5312&rep=rep1&type=pdf>, [accessed 18 May 2016].

5.1.1.5 Multivariate Analysis

Unlike bi-variate analyses, which looks at the level of association between only two variables, multivariate analyses examines the estimated *partial* impact of several control variables on the dependent variable. Running a multiple-regression on all the variables allows us to examine the statistical significance of the relationship between the dependent variable and independent control variables, while holding movement in the variables constant. Practically speaking, this means that the determining effects of varying aid dependency and GDP per capita, for example, are taken into consideration and held constant in order to identify the strength of the relationship between the two focal variables.

UNDP expenditures per capita continue to demonstrate weak correlations with the control variables as well. WGI scores, on the other hand, appear to have strong positive relationships with democracy scores ($r = 0.55$), indicating that countries with better governance conditions are primarily associated with higher democracy scores. Interestingly enough, when examining the data collected from the World Bank on net official flows from UNDP, I found it had a strong negative correlation with gross domestic product per capita ($r = -0.57$) and gross national income ($r = -0.53$).

We find that UNDP's aid policies are arguably in sync with that of other foreign aid agencies, most notably in Africa. With 414 observations over a period of nine years in Africa, UNDP expenditures per capita continued to have a weak positive association with governance scores. Governance scores in Africa also shared a strong positive correlation with democracy scores ($r = .55$), supporting the argument that countries with higher democracy scores experienced better governance conditions. While there were fewer observations to examine in the Arab states region (162 over a period of nine years), I found strong negative correlations between WGI and UNDP expenditures per capita ($r = -.42$), and WGI with NetUNDP ($r = -.43$). This association reveals that UNDP expenditures in the Arab states were negatively associated with declining governance scores.

In APAC, out of 324 observations, WGI was positively correlated with UNDP expenditures per capita ($r = 0.19$). In the ECIS region, I found that WGI scores have a strong and highly positive correlation with democracy scores ($r = 84$), though its correlation with UNDP expenditures remains moderate and positive ($r = 0.31$). I found similar results in LatCar as that of APAC ($r = 0.13$). A graphical representation of the correlation matrix between all the variables is graphed below in the scatterplot Figure 20, where it can be seen that there are minimal connections between the dependent and independent variables. This is visible through the random mass of scatterplots, whereby a perfect correlation would present plots laid out in a diagonal slope. The closest illustration of this is seen in the correlation between WGI and CPI.

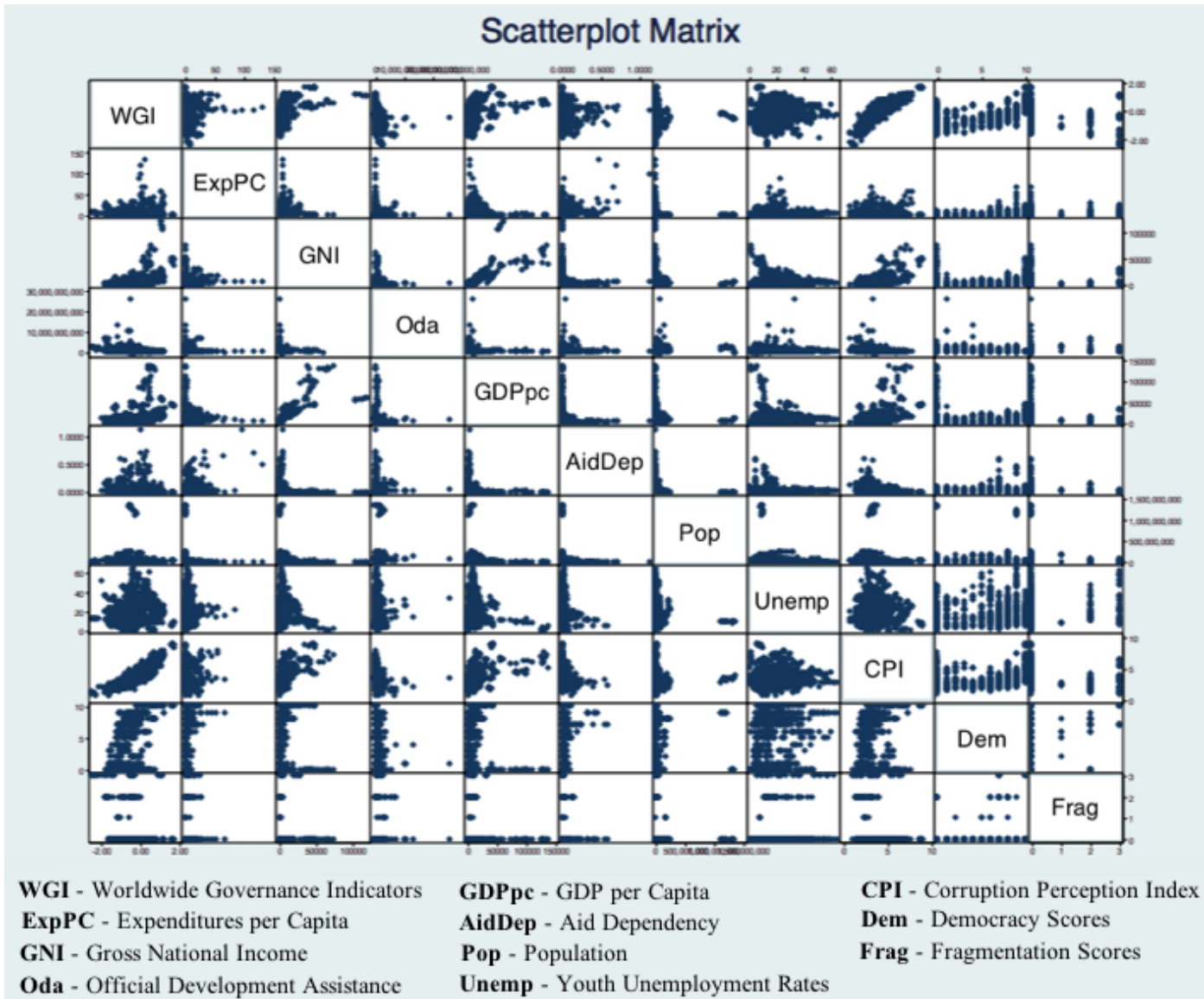


Figure 20 Scatterplot Matrix

Figure 21 demonstrates what happens when major outliers are excluded from the correlations – we see minimal change in the relationships. Identified outliers include Afghanistan, China, Egypt, India, Netherlands, Qatar, Somalia and Democratic Republic of Congo, based on extreme values of the bottom and top five countries for each of the respective variables. By delving deeper into my analysis of the relationships between the dependent and each of the respective control variables, I was able to determine which of the other variables have more of a potential effect on governance conditions.

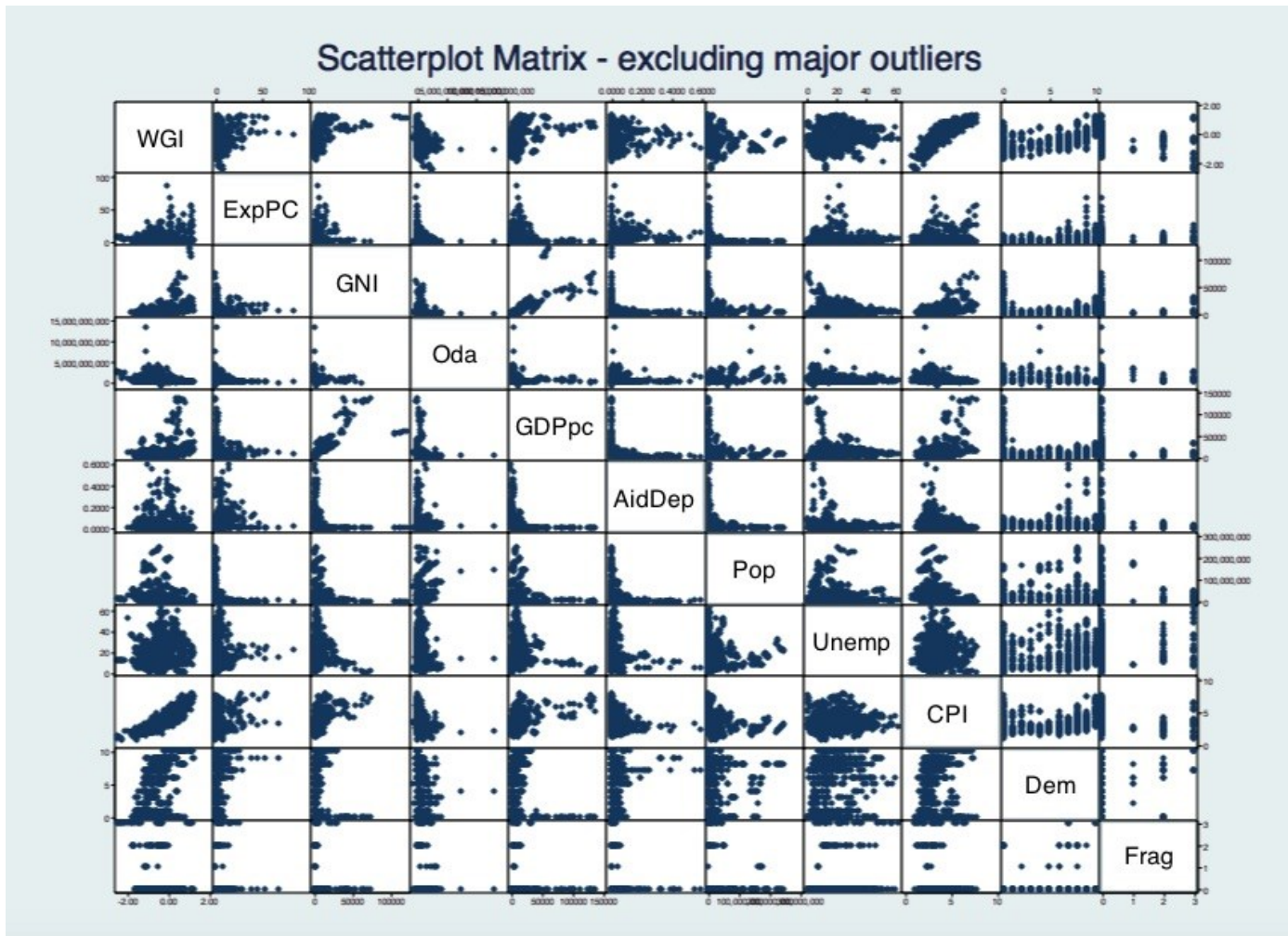


Figure 21 Scatterplot Matrix – excluding major outliers

The two independent control variables I looked at are ODA and GDP per capita. ODA is examined to determine whether a similar correlation exists as to that shared between WGI and UNDP expenditures. *Is there a difference when examining larger, aggregate measures of aid and quality of governance scores versus focused analysis on the expenditures of individual agencies?* I found the answer to be ‘no’; ODA has a similarly weak correlation with WGI scores (Figure 22). This validates arguments put forward by the skeptic camp about the negative association between governance quality and foreign aid.

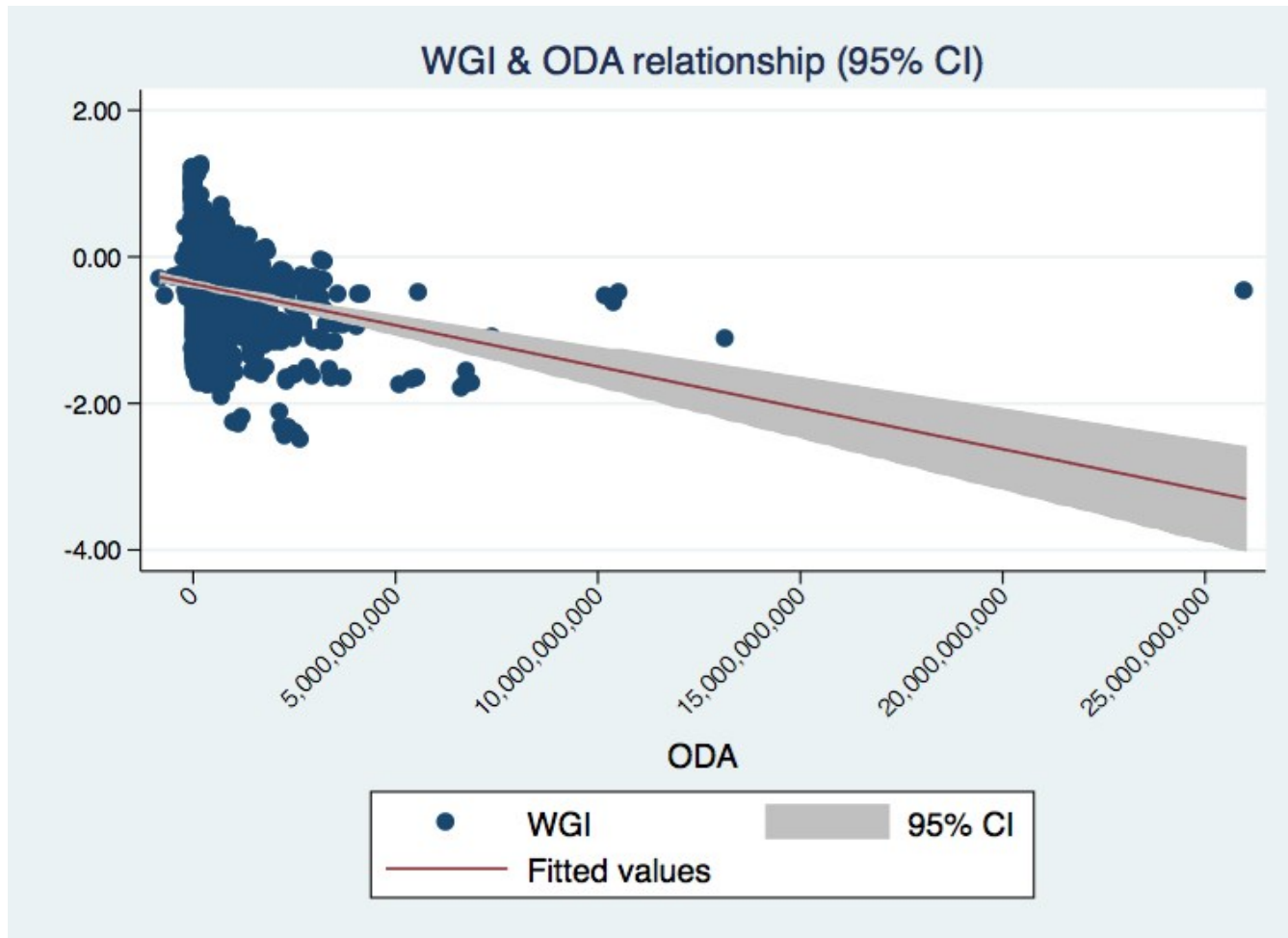


Figure 22 WGI & ODA Relationship

The WGI-GDPpc scatterplot graph (Figure 23) shows a relatively stronger association, though a majority of the plots remain randomly scattered. The positive incline indicates that with improved governance scores, the economy grows with increased GDP per capita. I found that breaking the scatterplot graph analysis down allowed me to determine that the relationship was stronger in some regions over others. While WGI and GDPpc do not seem to have much association in the other regions of the world, there appears to be a notably stronger correlation in the Arab region. How well these variables explain one another is further examined by running regressions.

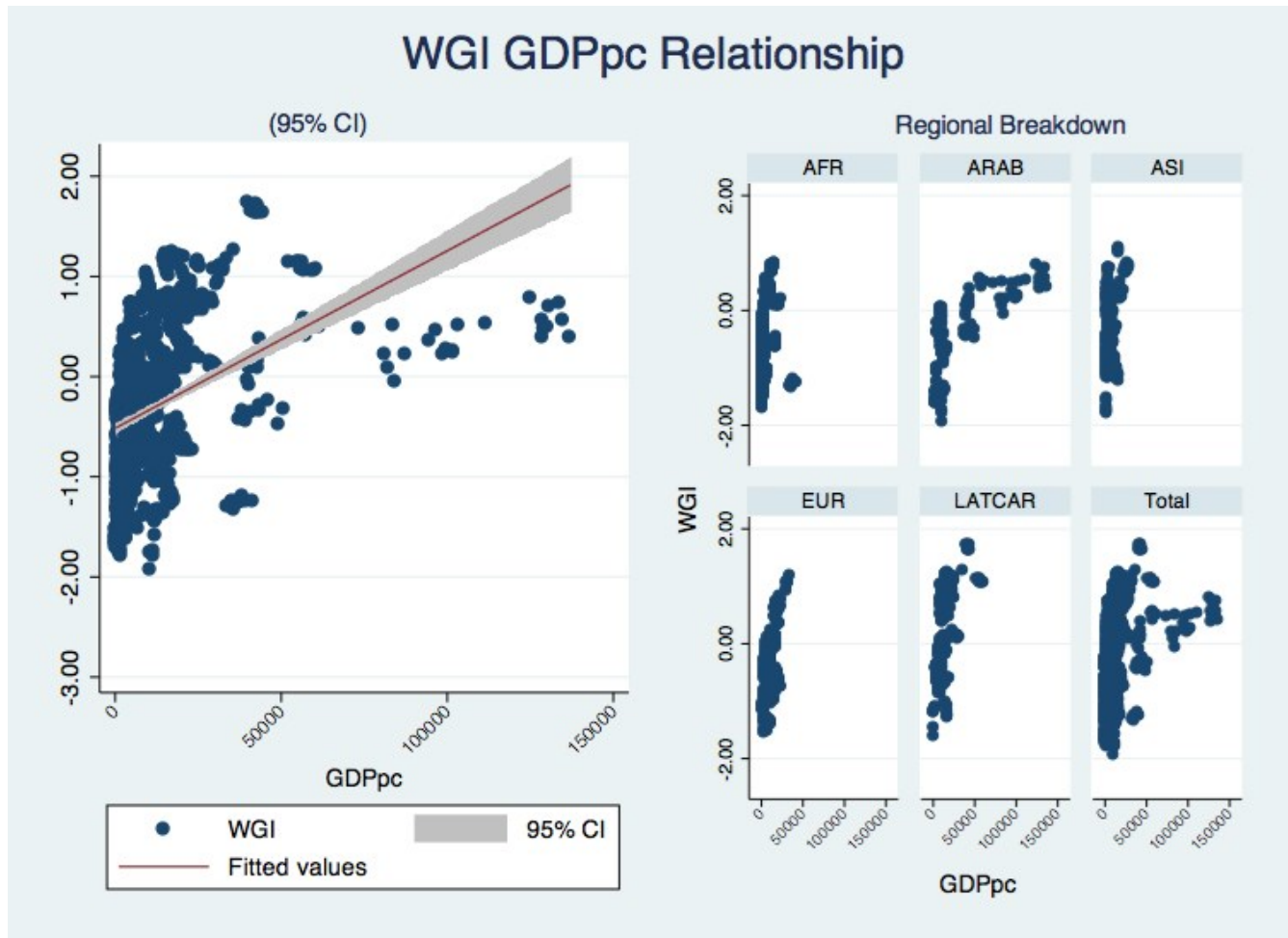


Figure 23 WGI GDPpc Relationship

After removing the proxy measure for WGI, I ran regressions to test the relationship between the dependent variable and the independent variables. With 833 observations, results provided a relatively high-adjusted R^2 value of 0.48, indicating a moderate fit of the regression model. Table 15 (Multivariate Regression Results by Model) presents the coefficients resulting from the regressions running all the models. Model 1 consists of the regression run with the dependent variable (WGI) and UNDP expenditures per capita (independent variable), producing a statistically significant relationship with a coefficient of 0.011. With each model, another independent control variable is added to the regression tests, with Model 9 showing results from running a regression with all 10 variables. We see that WGI continues to have a weak correlation with UNDP

expenditures through all the models. Table 15 also shows us that the R^2 value increases with the inclusion of more variables, thereby improving the fit of the model.

Model 9 presents the best-fit model with the stronger R^2 value of 0.48, offering the best potential combination of explanatory factors. However, this does not necessarily mean that the relationship is statistically significant between all the variables or that Model 9 is any more theoretically robust than the other models. A stronger R^2 value with the inclusion of additional independent control variables uncovers the possibility that the other variables are having a causal effect on the dependent variable under study. The AidDep variable is not statistically significant as its p-value is greater than 0.05. In this case, it is entirely possible that the added explanatory power AidDep offers is a product of random chance. The next step in this case is to identify which of the regression models offers the best fit, influenced by the least amount of *noise* or irrelevant variables.

Table 15 Multivariate Regression Results by Model (*p < 0.05, **p < 0.01, ***p < 0.001)

Model #:	Regression Results	
Model 1: WGI & ExpPC***	Obs: 1383 Coef: 0.011	R^2 : 0.0206 p-value: 0.000
Model 2: WGI & ExpPC, Oda***	Obs: 1277 Coef: -1.05e-10	R^2 : 0.0671 p-value: 0.000

Model #:	Regression Results	
Model 3: WGI & ExpPC, Oda, GNI***	Obs: 1271 Coef: 0.0001	R ² : 0.2329 p-value: 0.000
Model 4: WGI & ExpPC, Oda, GNI, GDPpc***	Obs: 1202 Coef: -0.00004	R ² : 0.2904 p-value: 0.000
Model 5: WGI & ExpPC, Oda, GNI, GDPpc, AidDep	Obs: 1202 Coef: 0.1065	R ² : 0.2905 p-value: 0.594
Model 6: WGI & ExpPC, Oda, GNI, GDPpc, AidDep, NetUNDP***	Obs: 1083 Coef: -4.27e-08	R ² : 0.3743 p-value: 0.000
Model 7: WGI & ExpPC, Oda, GNI, GDPpc, AidDep, NetUNDP, Unemp***	Obs: 1015 Coef: 0.003	R ² : 0.3445 p-value: 0.021
Model 8: WGI & ExpPC, Oda, GNI, GDPpc, AidDep, NetUNDP, Unemp, Dem***	Obs: 833 Coef: 0.074	R ² : 0.4776 p-value: 0.000
Model 9: WGI & ExpPC, Oda, GNI, GDPpc, AidDep, NetUNDP, Unemp, Dem, Frag***	Obs: 833 Coef: -0.058	R ² : 0.4804 p-value: 0.036

Identifying the best fitting collection of variables to be included in the regression model can be accomplished through stepwise regression. The best fit regression model includes only the relevant independent variables, which have a statistically significant level of association with the dependent variable (WGI scores). Achieving this model entails cleaning up the regression model and removing all irrelevant regressor variables, as they needlessly complicate the model. This study tests two approaches to select variables through stepwise

regression: backward and forward selection. Backward selection begins by including all the variables in the model, and step-by-step, removing those with the least significance. Variables are removed until only those with high statistical significance remain – where the p-value is equal to or less than 0.05. As Table 16 (Stepwise Regression – Backwards Model) shows, the variables that remain with high statistical significance include UNDP Expenditures per capita, Youth unemployment rates, GNI, and Democracy scores. The relatively high-adjusted R^2 value of 0.48 indicates that this combination of variables does a decent job of explaining WGI variance.

The Stepwise Forward Model takes a reverse approach, starting with an empty model and adding variables one by one. The variable with the highest R^2 value is the first to be added, after which only variables that significantly add to the R^2 value. Variables that do not add any value during the regression are therefore excluded from the regression model. The results are the same as that found through the Stepwise Backwards model. Moreover, we find that variables added are ordered in sequence of their significance with democracy scores being the most statistically significant variable, followed by GNI, UNDP expenditures and finally youth unemployment rates.

Table 16 Stepwise Regression – Backwards Model

begin with full model				Number of obs = 833		
p = . >= 0.0500 removing Oda				F(6, 826) = 122.79		
p = 0.7619 >= 0.0500 removing AidDep				Prob > F = 0.0000		
p = 0.1111 >= 0.0500 removing GDPpc				R-squared = 0.5072		
				Adj R-squared = 0.4676		
				Root MSE = 0.39239		
Source		SS	df	MS		
Model		113.435774	6	18.9059623		
Residual		127.180793	826	0.153971904		
Total		240.616567	832	0.289202604		
WGI	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
ExpPC	-0.008	0.003	-2.73	0.006	-0.0131	-0.002
Frag	-0.061	0.028	-2.16	0.031	-0.116	-0.005
GNI	0.00005	5.75e-06	9.00	0.000	0.00004	0.00006
Unemp	0.004	0.0012	3.29	0.001	0.0016	0.0065
Dem	0.076	0.004	18.55	0.000	0.0634	0.085
NetUNDP	-1.43e-08	4.52e-09	-3.16	0.002	-2.31e-08	-5.40e-09
_cons	-1.011	0.042	-24.2	0.000	-1.093	-0.93

Table 17 (Regression Using Beta Scores) standardizes the comparison between different units. Using beta scores allows us to compare the magnitude of the potential effect independent variables have on the

dependent variable. For example, we see that with a beta coefficient of 0.5, democracy scores not only has the greatest impact on WGI scores, but that it is four times greater than the impact of UNDP expenditures per capita.

Not only is the impact of UNDP expenditures on WGI scores minimal, that the association is negative is a cause for concern as it implies that the UNDP funding formula requires some re-evaluation. Moreover, the low p-values (less than 0.05) highlight the strength of these relationships as statistically significant – thereby not likely caused by random chance. The strong association between Democracy and WGI scores validate our earlier findings of the positive linkages between more democratic countries enjoying higher governance quality. We also see that Aid Dependency has the largest *negative* effect on WGI scores (with a beta coefficient of -0.16). While this may support arguments that countries with lower governance scores have higher levels of aid dependency, the greater than 0.05 p-value of 0.63 leads us to conclude that the explanatory power of this variable is likely a result of random chance.

Table 17 Regression Using Beta Scores

Number of obs = 833				Prob > F = 0.0000	
F(9, 823) = 84.55				R-squared = 0.4804	
				Adj R-squared = 0.4747	
				Root MSE = 0.38976	
Source		SS	df	MS	
Model		115.593267	9	12.8436964	
Residual		125.023299	823	0.151911664	
Total		240.616567	832	0.289202604	
WGI	Coef.	Std. Err.	t	P> t	Beta
ExpPC	-0.006819	0.0029554	-2.31	0.021	-0.0646401
Oda	3.61e-11	1.06e-11	3.40	0.001*	0.0918203
GNI	0.000071	0.0000117	6.09	0.000*	0.3746811
GDPpc	-9.82e-06	5.16e-06	-1.90	0.058	-0.1157906
AidDep	-0.159995	0.3300018	-0.48	0.628	-0.0142453
NetUNDP	-2.00e-08	4.74e-09	-4.21	0.000*	-0.1363691
Unemp	0.0037394	0.0012347	3.03	0.003*	0.0824574
Dem	0.0747851	0.0042833	17.46	0.000*	0.492064
Frag	-0.058846	0.0280903	-2.09	0.036	-0.053403
_cons	-0.985722	0.046897	-21.02	0.000*	.

A 'good' model is determined by how well it can predict the effects on the dependent variable while controlling for errors. Having identified the best fit model with the most statistically significant and relevant

variables, the next step was to run a series of diagnostic tests to see whether normal assumptions of OLS regressions were adhered to and to identify potential errors in the model. I started with the pared down model, encompassing only those variables deemed relevant by my earlier regressions. When doing simple linear regression analysis, a line of best fit (otherwise known as the regression line) is graphed to show a pattern of plots following along a 45-degree slope, be it positive or negative, representing data that is observed (y-axis: WGI scores) and data that can be predicted by the model (x-axis: predicted impact on WGI scores).

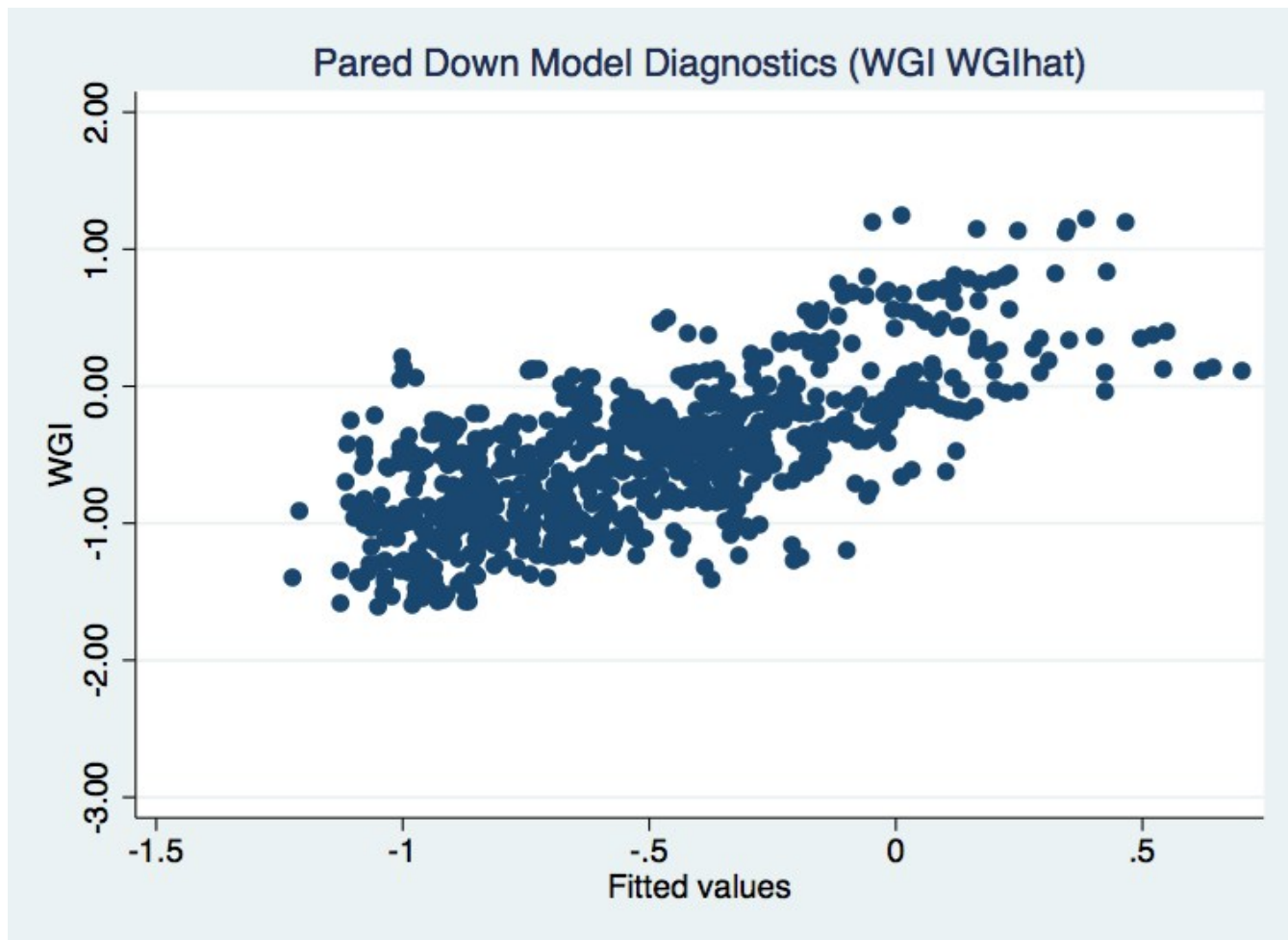


Figure 24 Pared Down Model Diagnostics

Figure 24 shows that the model has some measure of predictability as it presents a slight 45-degree slope. Nonetheless, the mass of random scatterplots does raise concerns about potential errors and the validity of

the model. An underlying OLS assumption is that the model should present data that is normally distributed. One method of determining the normality of the data is by examining the residuals found in the model. Residuals are the differences between the observed and predicted plots. As shown in Figure 25, the residual plots are spread wider across the 45-degree slope.

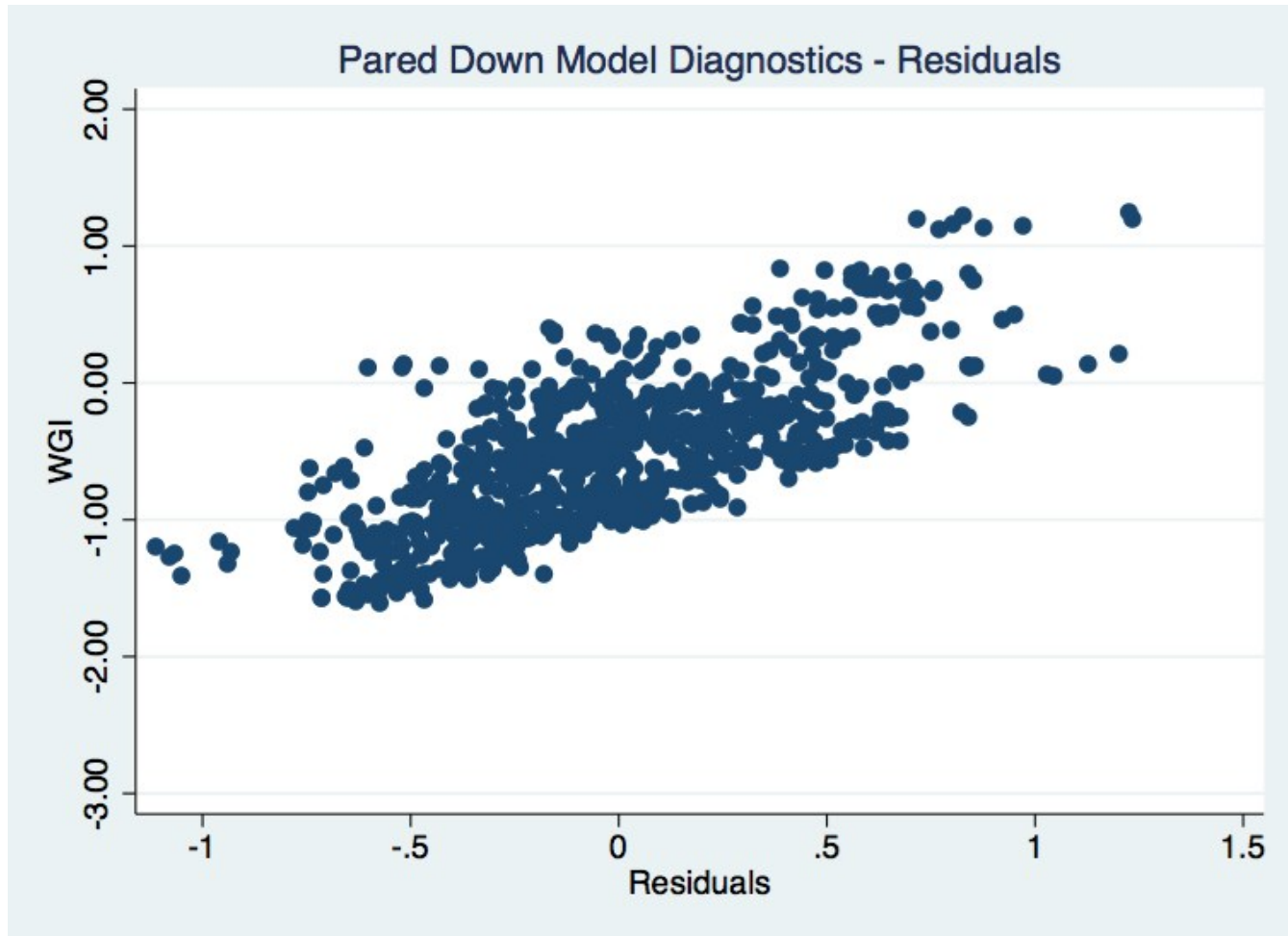


Figure 25 Pared Down Model Diagnostics - Residuals

An alternate method for testing the normality of the data is the Skewness/Kurtosis test, which examines the symmetry and peakedness of the data distribution. Results producing a Pr-Skewness value greater than 0.05 means that the model is not significantly different from normal distribution. When running my model through the Skewness/Kurtosis test, the resulting Pr(Skewness) value was 0.0034. This means the regression model with

all the variables is problematic as it is significantly different from a normal distribution, implying that much of the variation found within the relationship between the dependent and independent variable is driven by other exogenous variables that have not been accounted for through this model.

In addition to the Skewness/Kurtosis test, the Lowess graph (locally weighted scatterplot smoothing) offers a visual presentation of the model's peakedness in order to identify nonlinearities.

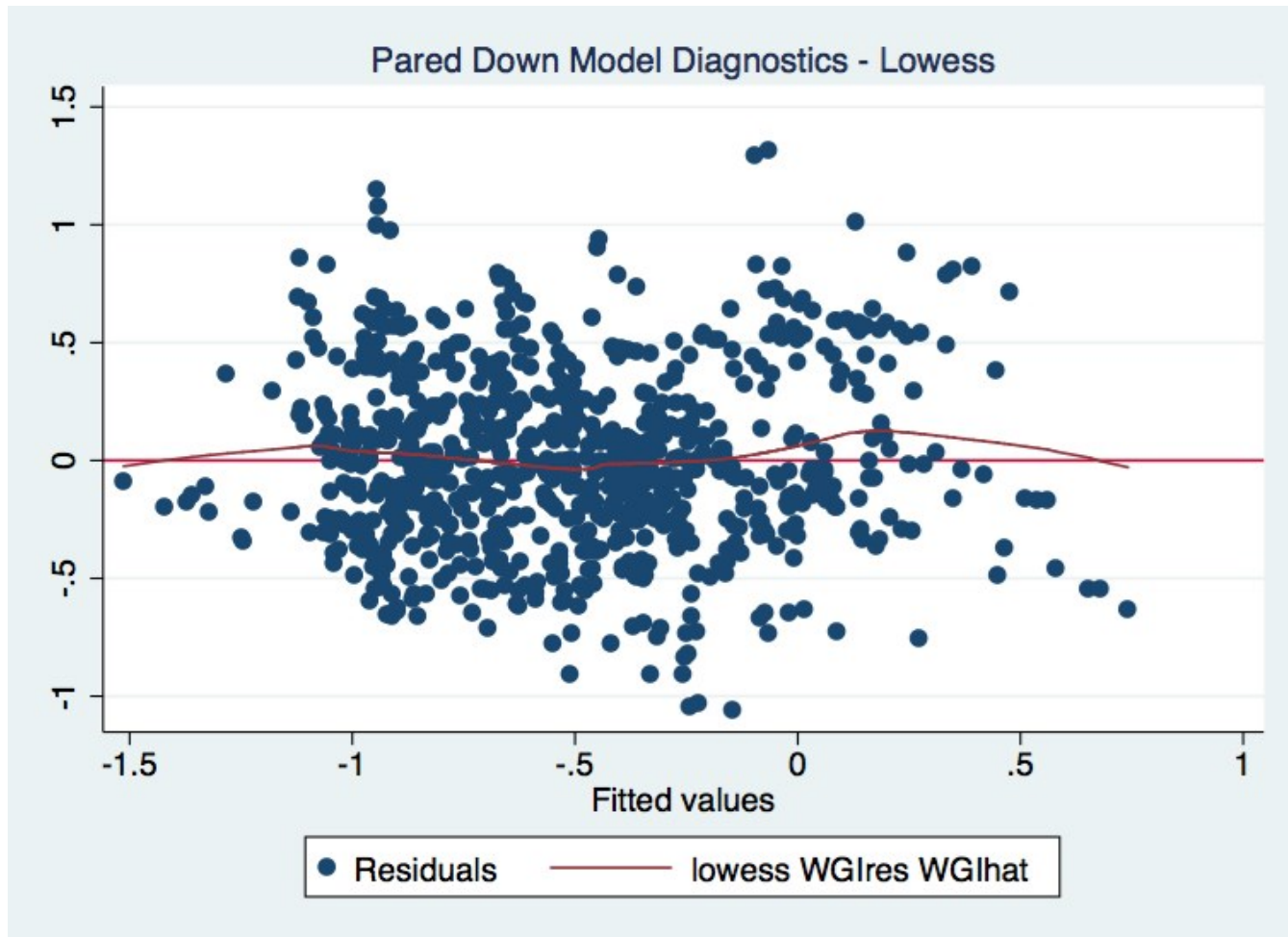


Figure 26 Pared Down Model Diagnostics - Lowess

In a perfect Lowess graph, the scattered residual plots are randomly distributed with no observable patterns. To validate the assumptions underlying the OLS model, the Lowess graph would follow along a straight horizontal line parallel to the x-axis, with no identifiable pattern. Figure 26 reveals an inconsistent

Lowess line with raised peaks validating previous findings of an unknown exogenous variable affecting the dependent variable (WGI scores). When running the diagnostics to test whether the underlying OLS assumptions of normality are met, we find that the pared down model is not appropriate for the dataset. Through this diagnostics testing, we can conclude that none of the multivariate regression models appropriately fit with the dataset.

5.1.1.6 Dummy Variable Regression

The two variables that are classified as ordinals are democracy scores, ranging from 1 to 10, and fragmentation scores, which range from 1 to 3. I recognize that ordinal variables may violate the assumptions of homoscedasticity and normal distribution. That being said, recent works (e.g. Long and Freese, Ch. 8) suggest that while dependent ordinal variables are not suited for OLS regressions, ordinal independent variables may be appropriate.¹⁶² This is particularly the case when the ordinal scores appear to have some mathematical value. For example, lower Policy IV scores characterize countries with weaker democracies. A second criterion outlined by Long and Freese is that there be at least five to seven intervals within the scale. My approach to ordinal independent variables is first to run them as a normal OLS, treating them as continuous variables. The second step taken was then to run a regression with all the variables, treating the ordinal values as dummy variables to determine if this improves the fit of the model. If the fit of the model is improved, the decision is made to proceed with the dummy regression. If not, subsequent steps involve conducting normal OLS regressions with the proper diagnostics.

We immediately recognize the stronger model, with an R^2 value of 0.56 (results in Table 19: Dummy Regression Table with Ordinal Variables). However, once again, the result could potentially be skewed given

¹⁶² Long, J.S. & J. Freese. Regression Models for Categorical Dependent Variables Using Stata (Revised Edition), College Station: TX, Stata Press, 2001.

the influence of irrelevant variables that are not statistically significant. To determine which of the two ordinal values we should keep in the model, we run additional individual regressions to assess the strength of the association between WGI scores and each of the ordinal variables.

Table 18 Regression with Dummy Variables

Number of obs = 833		Prob > F = 0.0000				
F(20, 812) = 51.50		R-squared = 0.5592				
		Adj R-squared = 0.5483				
		Root MSE = 0.36142				
Source		SS	df		MS	
Model		134.549428	20		6.72747139	
Residual		106.067139	812		0.130624555	
Total		240.616567	832		0.289202604	
WGI	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
ExpPC	-0.006815	.0028245	-2.41	0.016	-0.0123592	-0.0012707
Oda	4.57e-11	1.00e-11	4.56	0.000	2.60e-11	6.53e-11
GNI	0.0000617	0.0000111	5.57	0.000	0.00004	0.0000835
GDPpc	-0.0000134	4.94e-06	-2.71	0.007	-0.0000231	-3.71e-06
AidDep	-0.2522216	0.3145536	-0.80	0.423	-0.8696556	0.3652124
NetUNDP	-1.90e-08	4.57e-09	-4.16	0.000	-2.80e-08	-1.01e-08
Unemp	0.0049474	0.0011881	4.16	0.000	0.0026153	0.0072795
_IDem_1	-0.1807246	0.049667	-3.64	0.000	-0.2782154	-0.0832337
_IDem_2	0.3700095	0.0692807	5.34	0.000	0.2340191	0.5059999

WGI	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
_IDem_3	0.1012972	0.0678063	1.49	0.136	-0.0317991	0.2343934
_IDem_4	0.0836884	0.0736106	1.14	0.256	-0.0608011	0.2281779
_IDem_5	0.2194648	0.0648489	3.38	0.001	0.0921735	0.3467561
_IDem_6	0.343071	0.0553135	6.20	0.000	0.2344967	0.4516454
_IDem_7	0.3653634	0.0492816	7.41	0.000	0.268629	0.4620978
_IDem_8	0.4350801	0.0449201	9.69	0.000	0.3469068	0.5232534
_IDem_9	0.5566232	0.0523202	10.64	0.000	0.4539245	0.6593219
_IDem_10	1.121608	0.0628692	17.84	0.000	0.9982032	1.245014
_IFrag_1	-0.4755736	0.1677201	-2.84	0.005	-0.8047897	-0.1463575
_IFrag_2	-0.0383454	0.0664273	-0.58	0.564	-0.1687349	0.0920442
_IFrag_3	-0.1585414	0.1350518	-1.17	0.241	-0.4236333	0.1065505
_cons	-0.8850128	0.0499867	-17.70	0.000	-0.9831311	-0.7868944

When regressing WGI scores with democracy scores, we note the resulting R^2 value of 0.46, reflecting the moderate fit of the model. The regression results also highlight the statistical significance of the relationships shared between WGI scores and countries with extreme democracy scores, be they on the extreme low end of the democracy spectrum, or achieving democracy scores that are higher than 5 points. Based on the findings of this model, there is a more powerful theoretical association between UNDP Expenditures and countries enjoying higher levels of democracy. Meanwhile, the lack of statistical significance in the relationship between WGI scores and countries with lower democracy scores does raise some concerns regarding the regression results. On the other hand, while the results were statistically significant for Fragmentation scores (results in Table 20), the low R^2 value of 0.03 indicates a very weak model.

Table 19 Dummy Regression Table with Ordinal Variables (Democracy Scores)

Number of obs = 1017		Prob > F = 0.0000				
F(10, 1006) = 86.21		R-squared = 0.4615				
		Adj R-squared = 0.4561				
		Root MSE = 0.46111				
Source		SS	df		MS	
Model		183.310579	10		18.3310579	
Residual		213.898692	1006		0.212622954	
Total		397.209271	1016		0.390954007	
WGI	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
_IDem_1	-0.2719102	0.0568988	-4.78	0.000		
_IDem_2	0.1947161	0.0833663	2.34	0.020	0.0311245	0.3583078
_IDem_3	-0.0617483	0.0755469	-0.82	0.414	-0.2099959	0.0864992
_IDem_4	0.000353	0.0905915	0.997	0.997	-0.1774169	0.178123
_IDem_5	0.1068261	0.0741433	1.44	0.150	-0.0386671	0.2523194
_IDem_6	0.2446535	0.0615438	3.98	0.000	0.1238846	0.3654224
_IDem_7	0.1920773	0.0531569	3.61	0.000	0.0877661	0.2963885
_IDem_8	0.5193165	0.0477817	10.87	0.000	0.4255533	0.6130798
_IDem_9	0.5940956	0.0528253	11.25	0.000	0.4904352	0.697756
_IDem_10	1.396893	0.0578563	24.14	0.000	1.28336	1.510426
_cons	-0.7142977	0.0295803	-24.15	0.000	-0.7723438	-0.6562516

Table 20 Dummy Regression Table with Ordinal Variables (Fragmentation Scores)

Number of obs = 1070		Prob > F = 0.0000				
F(10, 1006) = 11.61		R-squared = 0.0316				
		Adj R-squared = 0.0289				
		Root MSE = 0.64571				
Source		SS	df		MS	
Model		14.5254281	3		4.84180936	
Residual		444.461946	1066		0.416943664	
Total		458.987374	1069		0.429361435	
WGI	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
_IFrag_1	-.5673177	.2644264	-2.15	0.032	-1.086173	-.0484623
_IFrag_2	-.4236334	.0895071	-4.73	0.000	-.5992635	-.2480033
_IFrag_3	-.3203241	.1029567	-3.11	0.002	-.5223449	-0.11830
_cons	-.434917	.020754	-20.96	0.000	-.4756402	-.3941937

When running the diagnostics on this model, the results further confirm our findings. With a Pr(Skewness) result of 0.0004, the model failed the Skewness/Kurtosis tests for normality. This result illustrates that the model does not appropriately fit with the dataset. The failure of the model to pass the underlying OLS assumptions of normality is further validated by the Lowess scatterplot graph (Figure 27: Dummy Var). The Lowess curve is much straighter and improved from the previous model, having taken into account the appropriate treatment of the ordinal values as dummy variables. Nonetheless, the curves and peaks indicate that the model remains problematic.

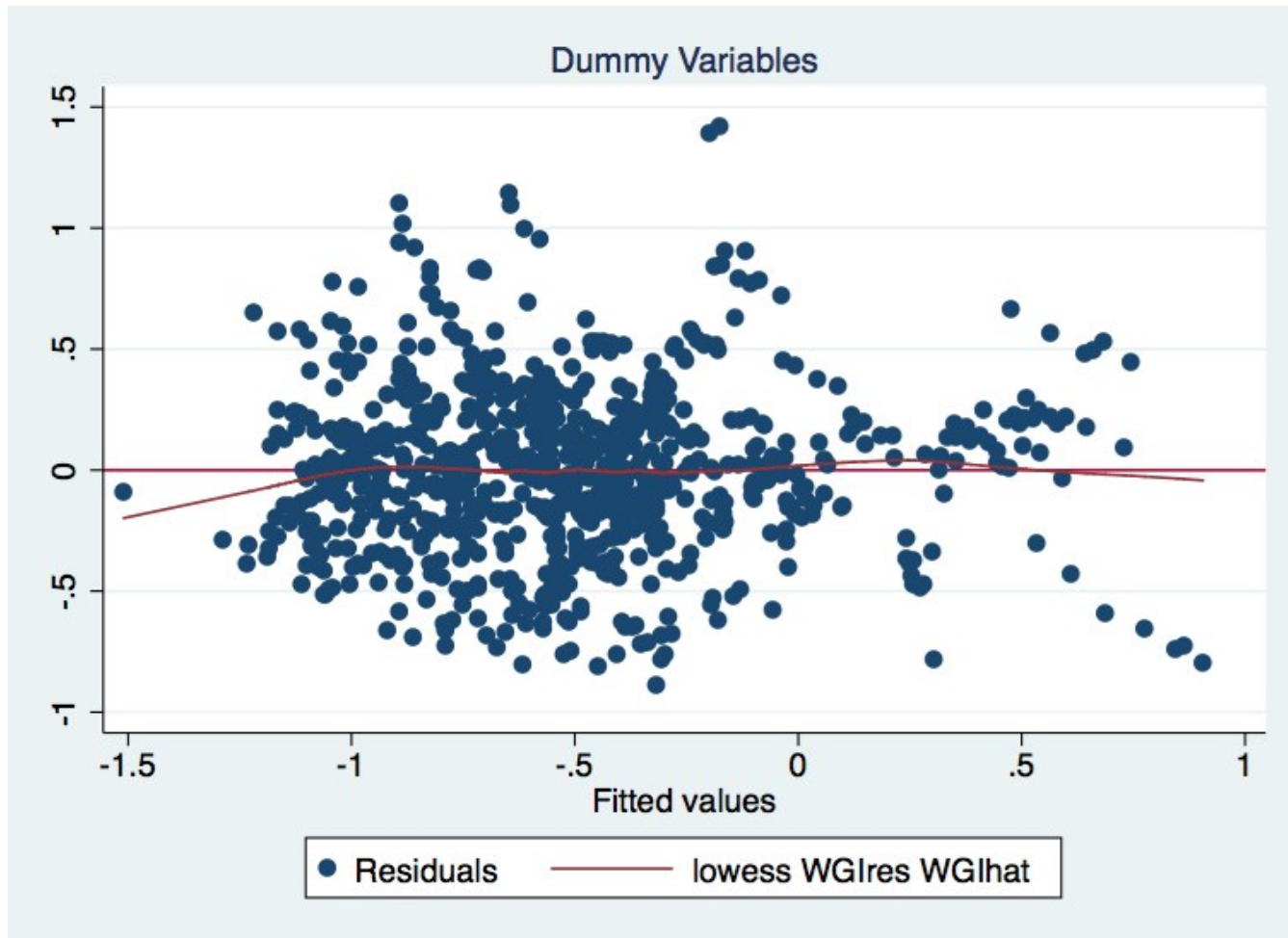


Figure 27 Dummy Variables

My next step was to follow the same logic as the step-wise approach, removing all irrelevant variables to determine if this significantly affects the strength and normality of the model. Table 21 (Regression with Relevant Variables and Dummy) presents the results from running a regression of only the relevant variables as previously determined through the step-wise approach: WGI, UNDP expenditures, youth unemployment rates, GDP per capita, aid dependency, and democracy scores. Of all the regressions that we have run, this model has produced the strongest result. With an adjusted R^2 value of 0.62 and valid statistically significant results of p-values less than 0.10, this model best fits my dataset. This particular model is further substantiated by the small-n study that I present in more detail in the next chapter.

I next run the model through a series of diagnostic tests to verify its strength and normality. The Skewness/Kurtosis test produces a Pr(Skewness) result that is greater than the required 0.05 at 0.0987, which means that the model is not significantly different from the perfect model with normal distribution. Unlike the previous models, which failed the Skewness/Kurtosis diagnostic test, we see here that the best fit model is one encompassing solely the relevant variables and democracy scores treated as dummy variables.

Table 21 Regression with Relevant Variables and Dummy

Number of obs = 951		Prob > F = 0.0000				
F(14, 936) = 112.75		R-squared = 0.6278				
		Adj R-squared = 0.6222				
		Root MSE = 0.37166				
Source		SS	df		MS	
Model		218.044684	14		15.5746203	
Residual		129.288628	936		0.138128876	
Total		347.333312	950		0.365614013	
WGI	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
Exp	-0.0023456	0.0004347	-5.40	0.000	-0.0031986	-0.0014925
Unemp	0.0050467	0.0011166	4.52	0.000	0.0028553	0.007238
GDPpc	0.0000155	9.23e-07	16.77	0.000	0.0000137	0.0000173
_IDem_1	-0.0732201	0.0487429	-1.50	0.133	-0.1688782	0.0224379
_IDem_2	0.4300233	0.0700368	6.14	0.000	0.2925761	0.5674706
_IDem_3	0.1292449	0.0685281	1.89	0.060	-0.0052416	0.2637315

WGI	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
_IDem_4	0.1553506	0.0744602	2.09	0.037	0.0092224	0.3014789
_IDem_5	0.2310575	0.0615414	3.75	0.000	0.1102825	0.3518325
_IDem_6	0.3719715	0.0521675	7.13	0.000	0.2695927	0.4743504
_IDem_7	0.449319	0.0472004	9.52	0.000	0.3566882	0.5419498
_IDem_8	0.6391108	0.0422426	15.13	0.000	0.5562097	0.722012
_IDem_9	0.6815454	0.0460181	14.81	0.000	0.5912347	0.7718561
_IDem_10	1.28957	0.0484592	26.61	0.000	1.194469	1.384671
_cons	-0.9885232	0.038914	-25.40	0.000	-1.064892	-0.9121543

The relatively straight line of the Lowess curve, shown in Graph (Figure 28 RegressVars Lowess), is further confirmation of the normality of the model. As Figure 28 shows, while this model proves to be the strongest amongst all those that have been tested, unknown exogenous variables that have not been accounted for through this model are still having an effect on WGI scores.

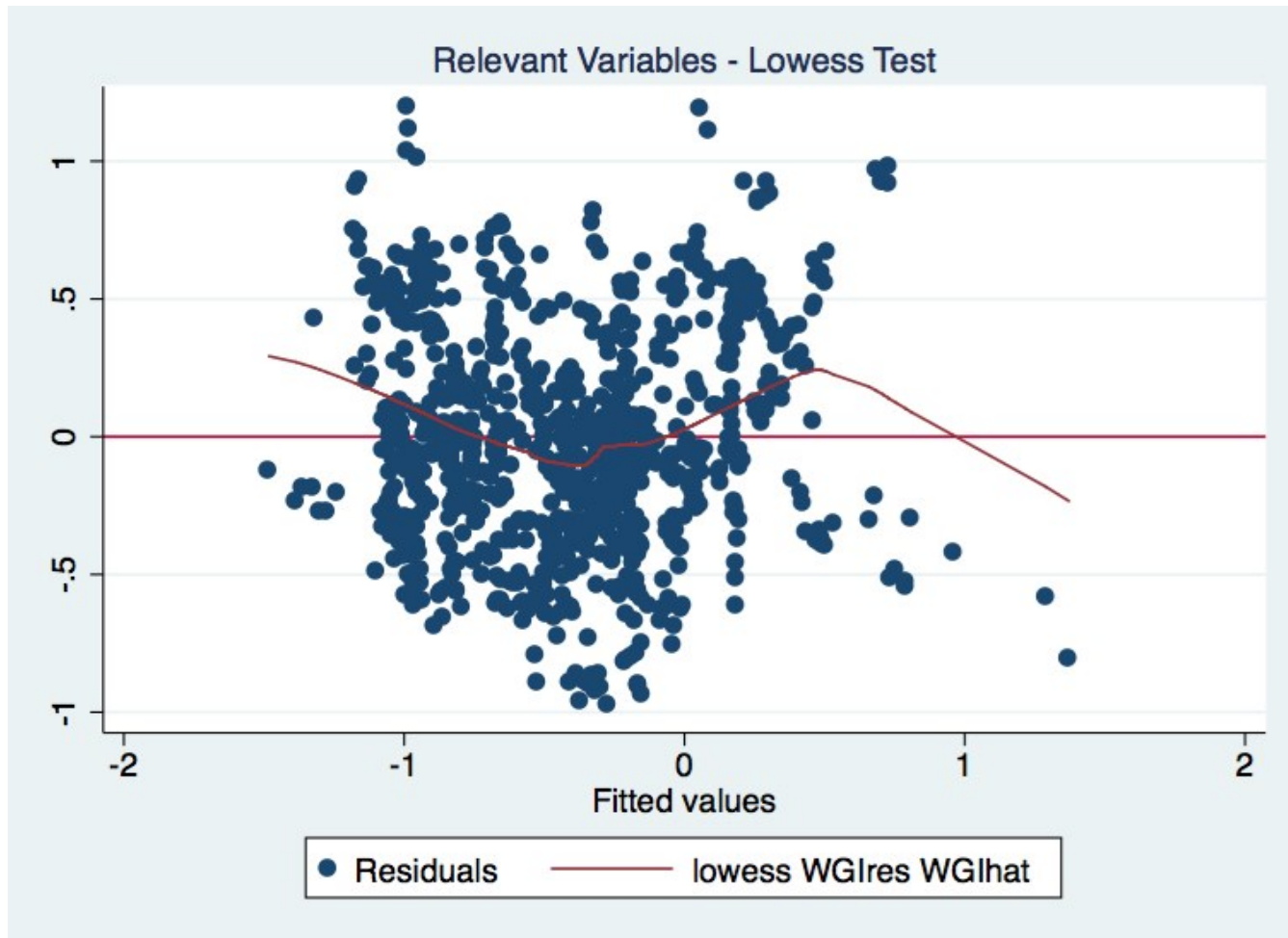


Figure 28 Relevant Variables – Lowess Test

5.1.1.7 Predicted 'Outliers' Model

The last modeling technique we tested was to calculate the predicted statistic for all the observations. This modeling technique is useful to identify which countries stand out as the outliers in the model when illustrating the relationship between governance scores and UNDP expenditures. Fitted values typically range from -3 to +3, with the best-fitted values being as close to '0' as it indicates the minimal distance from the regression line. As the predicted value results in Table 22 (Predicted 'Outliers' Model) demonstrate, Afghanistan consistently remains the outlier case study, indicating that UNDP expenditures in a country experiencing continuously poor

governance conditions were invariably different from the agency’s typical financial practice in other countries. This model brings us back to where we began our quantitative study, illustrating the fit of our model to highlight the outliers, and thereby validating earlier findings.

Table 22 Predicted ‘Outliers’ Model with Relevant Variables and Dummy Variable

	Country	Year	Exp	WGI _{hat}	WGI _{res}	WGI _{rstandard}
1	Afghanistan	2011	768.918	-3.117115	-3.117115	-3.117115
2	Afghanistan	2007	205.578	-1.041027	-1.041027	-1.041027
3	Afghanistan	2009	567.855	-2.376133	-2.376133	-2.376133
4	Afghanistan	2008	415.391	-1.814255	-1.814255	-1.814255
5	Afghanistan	2006	212.754	-1.067473	-1.067473	-1.067473
6	Afghanistan	2012	656.032	-2.701093	-2.701093	-2.701093
7	Afghanistan	2005	358.129	-1.603226	-1.603226	-1.603226
8	Afghanistan	2010	789.487	-3.192918	-3.192918	-3.192918
9	Afghanistan	2004	328.564	-1.494269	-1.494269	-1.494269

5.2 CONCLUSION

This chapter has taken a quantitative approach to examine the aid-governance nexus, building upon the research questions and methodological approaches of earlier studies in the development literature. Using descriptive analyses to summarize and explain the dataset variables, we are able to present basic observations of the relationship that exists between our dependent, independent and control variables. Through simple visualizations, we determine that a negative association exists. The precise circumstances surrounding these results are further examined through a series of inferential tests. These results suggest that UNDP expenditures

have had negligible and negative associations with the quality of governance in the developing countries within which UNDP has been operating.

As illustrated by the multiple regressions that were run on the dependent and independent variables, the relationship between the specific relevant variables is highly statistically significant, indicating that the chances for random error in the best fitting model is next to none (model ‘Regression with Relevant Variables and Dummy’). The low adjusted R^2 values reveal a lot of variation in WGI scores, which are not sufficiently explained by the UNDP expenditures nor by the independent control variables that were examined. The key lessons to take away from the statistical tests run are that a model and modeling technique works and can be useful to gain a better understanding of the dynamic that exists between our two variables, namely – governance quality and UNDP expenditures. More importantly, though, is the revelation that there are specific predictor variables that work to influence governance quality, and that the UNDP expenditure variable is not one of them. The null hypothesis of no relationship is therefore rejected, supported by evidence of the negative association between UNDP expenditures and governance quality.

What remains to be understood are the specific state of affairs surrounding the relationship between UNDP and the respective countries explaining the weak correlation. Why have UNDP expenditures not had any long-term affects on the quality of governance in the states within which it operates? If not to improve overall governance conditions, what have been the circumstances characterizing UNDP’s relationship with its programme countries? In order to address this question, it is necessary to move beyond the large-N study and delve deeper into examining the effects of the alternate determinants on governance quality, and the circumstances shaping the subsequent relationship between UNDP and its programme countries. The following chapters build off of the research findings and specifically examine individual case studies.

Chapter 6 Qualitative Case-Study Analysis – Senegal

6.1 INTRODUCTION

To recap the theoretical debate discussed in previous chapters: scholars from the ‘optimist’ camp maintain that international organizations can improve development and governance conditions in a given country, provided sufficient funding is available to sustain their activities. On the other hand, those from the ‘skeptic’ camp contend that no manner of IO expenditure can be relied upon to produce positive governance outcomes. Other, exogenous variables will override whatever good an IO sets out to achieve. Together, these two are by far the most popular strands of development thinking on the relationship between governance and development today.

The first part of this dissertation—the large-*n* component—gathered and analyzed sufficient data from over 100 cases, finding evidence to support arguments put forward by the skeptic camp. The evidence here suggests skeptics are correct: higher IO budgets, measured on a per capita basis, are no assurance that an organization’s developmental goals will be achieved. Indeed, my findings suggest the opposite: a high-budget operation is just as doomed to failure as a low-budget operation. There is simply no evidence to conclude IO spending in and of its own can improve governance outcomes, no matter the degree. This leaves, however, the important question of *why* IO spending is so consistently stymied. After all, there are a few outlier cases where large budgets are met with great success. To rely on large-*n* alone is therefore problematic. Clearly there are other factors at play, and for that I turn to small-*n* analysis. I do so because while large-*n* studies allowed me to make generalizable assumptions and inferences based on observed trends, case studies offer better insight into the causal mechanisms at play within the relationships examined.

This chapter instead proposes to build upon the logic of Lieberman, by combining both large-*n* and small-*n* methodological approaches — what he calls ‘nested analysis’. This analytical approach “combines the statistical analysis of a large sample of cases with the in-depth investigation of one or more of the cases

contained within the larger sample.”¹⁶³ This methodological approach improves “the quality of conceptualization and measurement, analysis of rival explanations, and overall confidence in the central findings of the study,”¹⁶⁴ and is therefore adopted here. I turn now to two case studies, delving deep into the circumstances surrounding UNDP’s relationship with its programme countries. I examine the two case studies in turn to substantiate this theoretical model and outline the path taken by each country, thereby characterizing their respective relationships with UNDP.

6.2 SENEGAL

The first case study examined is Senegal, a case where UNDP spending initially coincides with an actual *decrease* in governance performance. While Senegal had the furthest extreme result in terms of negative correlations, it is important to point out there were other countries that were similarly extreme, though to a somewhat less extent (ie Brazil and Iran, with correlation results of -0.89 and -0.88 respectively). The circumstances surrounding Senegal’s relationship with UNDP expenditures could therefore happen to any other country, thereby making Senegal a model illustration of a ‘No’ path case study. Further details about this relationship will be further elaborated upon in the following section.

When looking at the correlation between UNDP expenditures per capita and Senegal’s average governance scores over the nine years, results indicate a strongly negative relationship ($r = -0.93$). As highlighted in the previous chapter on large-n analysis, tests for lagged effects did not produce varying outcomes. Indeed, applying the lagged effect made no real difference in the statistical findings.

¹⁶³ Lieberman, Evan S. “Nested Analysis as a Mixed-Methods Strategy,” *American Political Science Review*. Vol. 99, No. 3, (2005): 435-452.

¹⁶⁴ *Ibid.*

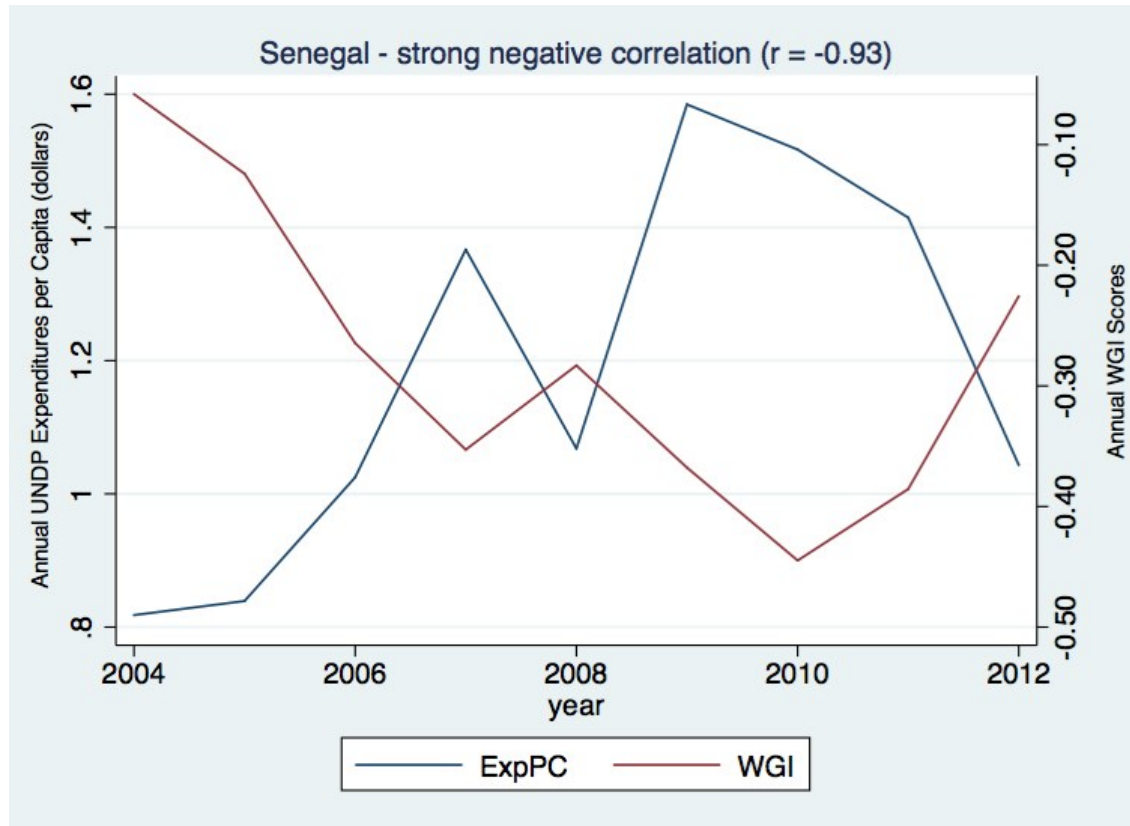


Figure 29 Senegal: WGI & ExpPC Correlation Graph

As Figure 29 illustrates, one is able to further infer that even as UNDP expenditures grew, the quality of Senegal’s governance declined. Similarly, UNDP expenditures began to fall almost at the same time as when WGI results began to improve. While this is good news for Senegal, it is a setback for the optimist camp.

The regression table (Table 23) below corroborates the strength of this negative relationship. In statistics, the R-squared indicates the strength of the model explaining the relationship between the variables with 1 being the strongest. When running a regression between UNDP expenditures per capita and quality of governance scores in Senegal, a result is seen of $R = 0.87$. Note also that these results are statistically significant, with a P-value (a method used to determine the statistical significance of the results through calculated probability) of 0.000, meaning the chances, all things being equal, of this negative relationship occurring randomly are low.

Table 23 Regression Table for Senegal: UNDP Expenditures per capita and WGI Scores

Source	SS	Df	MS	Number of Observations = 9		
Model	0.110931209	1	0.110755759	F(1, 7) = 45.32		
Residual	0.017133043	7	0.002472642	Prob > F = 0.0003		
Total	0.128064252	8	0.016008032	R-squared = 0.8662		
				Adj R-squared = 0.8471		
				Root MSE = 0.04947		
WGI	Coef.	Std. Error.	t	P > t	[95% Conf. Interval	
ExpPC	-0.407148	0.0604775	-6.73	0.000	-0.5501545	-0.264141
_cons	0.2044741	0.0736086	2.78	0.027	0.0304174	0.378530

Indeed, this raises questions about the context and circumstances surrounding such a starkly inverse relationship. Why do these two variables appear to move in opposite directions? Only a small-*n* case study offers sufficient intensity of analysis to provide us with firm answers. To do so, I begin with a discussion of the control variables that potentially intervene. Table 24 below outlines the summary of statistics for all the variables examined in relation to Senegal.

Table 24 Summary Statistics – Senegal

DESCRIPTION	VARIABLE	MEAN	STANDARD DEVIATION	MIN	MAX
World Governance Indicator Score	WGI	-0.28	0.13	-0.44 (2010)	-0.06 (2004)
WGI Score: Voice and Accountability	WGIVA	-0.14	0.19	-0.33 (2009)	0.18 (2004)
WGI Score: Government Effectiveness	WGIGE	-0.37	0.15	-0.56 (2010)	-0.14 (2008)
WGI Score: Control of Corruption	WGICC	-0.41	0.23	-0.69 (2010)	-0.03 (2005)
WGI Score: Rule of Law	WGIRL	-0.27	0.16	-0.50 (2011)	-0.01 (2005)
WGI Score: Regulatory Quality	WGIRQ	-0.26	0.07	-0.35 (2007)	-0.1 (2012)
WGI Score: Political Stability & Absence of Violence	WGIPSAV	-0.22	0.11	-0.43 (2010)	-0.02 (2004)

DESCRIPTION	VARIABLE	MEAN	STANDARD DEVIATION	MIN	MAX
Gross Development Product per capita	GDPpc	2137	43.5	2049 (2004)	2182 (2010)
Gross National Income per capita (Atlas method, current US)	GNI	913	140	670 (2004)	1040 (2010)
Official Development Assistance in millions (\$US)	ODA	1,060	135	859.4 (2005)	1350 (2004)
Aid Dependency	AidDep	4.1%	0.8%	3.5% (2010)	6% (2004)
Corruption Perceptions Index	CPI	3.21	0.28	2.9 (2010/11)	3.6 (2007/2012)
UNDP Expenditures in millions (\$US)	Exp	14.7	4.22	8.97 (2004)	19.94 (2009)

DESCRIPTION	VARIABLE	MEAN	STANDARD DEVIATION	MIN	MAX
UNDP Expenditures per capita	ExpPC	1.19	0.29	0.82 (2004)	1.58 (2009)

Certainly, the issue has not been a lack of funding. Africa has recently been a priority area for UNDP programming, and Senegal one of the primary beneficiaries. Between 2004 and 2012, UNDP spent approximately US \$3 billion in Western Africa alone (and over \$9.3 billion continent-wide). Note also the steady growth in UNDP funds to the region, a marked increase in line with UNDP’s focus on the region at the time. “In its first regular session of 2002, the Executive Board of UNDP approved [its second Regional Cooperation Framework], a \$171 million programme running from 2002-2006.”¹⁶⁵ This programme was subsequently extended to 2007 to be aligned with UNDP’s Multi-Year Funding Framework for Africa. Together these efforts brought an annual spending average for all countries in this region of nearly \$26 million US.

¹⁶⁵ The first Regional Cooperation Framework for Africa was for 1997-2001. Beattie, Richard. “Evaluation of UNDP’s Second Regional Cooperation Framework for Africa: 2002-2006,” UNDP Evaluation Office, May 2007. Available online: http://web.undp.org/execbrd/pdf/RCF_africa.pdf, [accessed 18 May 2016].

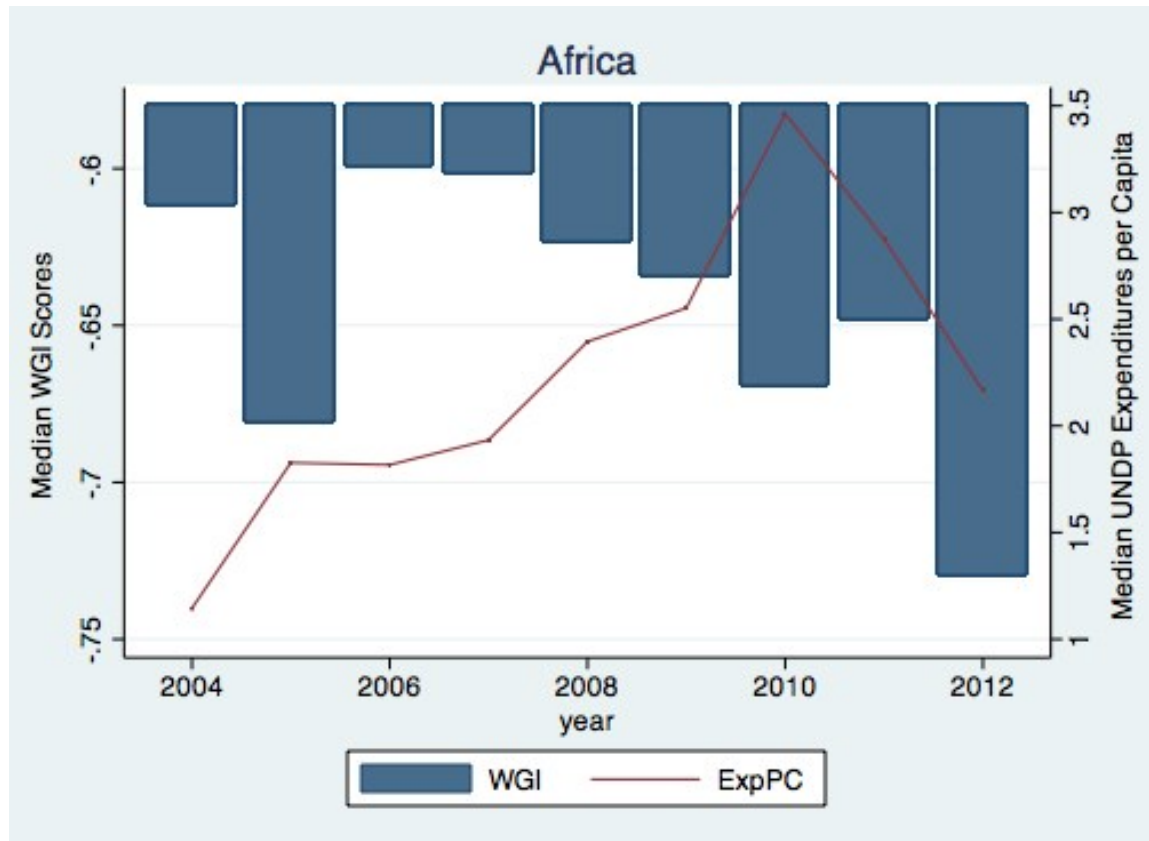


Figure 30 Median UNDP Expenditures per Capita and WGI Scores - Africa

The combined goal of these programmes was to “support the consolidation of democracy in Africa, and assist Africans in their struggle for lasting peace, poverty eradication, and sustainable development, thereby bringing Africa into the mainstream of the world economy.”¹⁶⁶ The problem is that, both in Senegal and across the region, the programme strategies were not sustainable. As shown in Figure 30 above, WGI performance steadily declined no matter how much money was devoted towards arresting the decline. Indeed, when testing the correlation between the median values of the two variables, results indicate a weak and negative relationship with $r = -0.31$. As Figure 31 below illustrates, Senegal averaged a WGI score of -0.28 over the relevant 9

¹⁶⁶ Beattie, Richard. “Evaluation of UNDP’s Second Regional Cooperation Framework for Africa: 2002-2006,” UNDP Evaluation Office, May 2007. Available online: http://web.undp.org/execbrd/pdf/RCF_africa.pdf, [accessed 18 May 2016].

years—albeit a figure that looks better than the regional comparison of -0.62 for Western Africa. Even so, these results are very much in contradiction of the arguments put forward by the optimist camp.

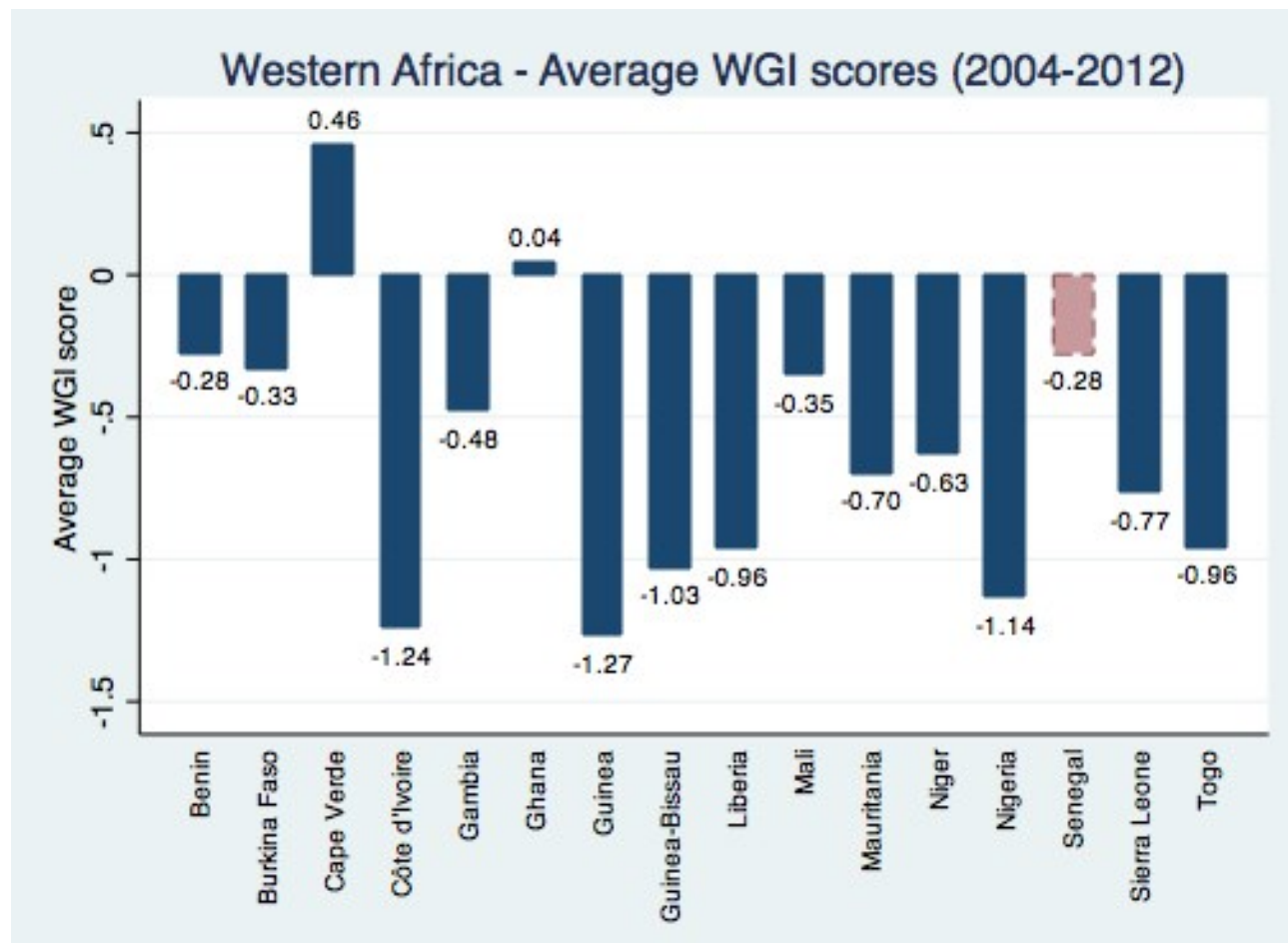


Figure 31 Western Africa – Average WGI Scores

The key question, then, is why did Senegal perform so poorly when so many resources were provided, even in comparison with its regional peers? In fact, Senegal was long seen as being on-track to becoming a “primary trade hub for West Africa due to its long-term political stability, positive economic outlook, high level of safety and government commitment empowering the private sector.”¹⁶⁷ The expected result was a virtuous cycle, where the country’s demonstrated commitment to strengthen its governing institutions encouraged UNDP

¹⁶⁷ TiZiR, “Senegal Country Profile.” Available online: <http://www.tizir.co.uk/wp-content/uploads/2012/02/Tizir-Senegal-Brochure..pdf>, [accessed 18 May 2016].

planners to provide funds to the country, which in turn provided even more positive incentive for Senegalese politicians and bureaucrats to uphold a relatively peaceful environment of good governance and to continue being a democratic force for international cooperation. Other international donors—including private investment—fed into this feedback process as well. As the centre for regional development, Senegal was considered “one of the main initiators and promoters of the New Partnership for Africa’s Development (NEPAD).”¹⁶⁸ While the rest of the region experienced major conflicts, Senegal’s political stability and initial economic growth was prompted by the “many private companies and international organizations [who moved] their organizations to Dakar. As a result, a strong tertiary sector of services developed that spurred Senegal’s growth.”¹⁶⁹ Together this makes the steady decline in WGI scores, regardless of the consistent growth in UNDP spending in the country, all the more unexpected and puzzling.

6.2.1 Senegal: Socio-political Context

Located in the Sahel region along the western coast of Africa, Senegal has a total land area of approximately 197,000 square kilometers. It is bordered by Mauritania in the north, Mali in the east, Guinea and Guinea-Bissau in the south, and The Gambia, embedded within the country. Senegal has a population of 13.7 million, Muslims making up the majority with over 90% of the population.¹⁷⁰ Over the past few decades, the population of Senegal has tripled, growing on average each year by at least 2.3 percent.¹⁷¹ The majority of the

¹⁶⁸ Senegal: Assessment of Development Results, Evaluation of UNDP Contribution,” UNDP Evaluation Office, 2011. Available online: <http://web.undp.org/evaluation/evaluations/adr/senegal.shtml>, [accessed 18 May 2016].

¹⁶⁹ USAID, “Senegal Country Development Cooperation Strategy: 2012-2016.” February 2012. Available online: <https://www.usaid.gov/sites/default/files/documents/1860/SenegalCDCS.pdf>, [accessed 18 May 2016].

¹⁷⁰ “CIA The World Factbook,” <https://www.cia.gov/library/publications/the-world-factbook/geos/sg.html>, [accessed 18 May 2016].

¹⁷¹ UNDP Evaluation Office, “Evaluation of the National Human Development Report: Case Study Senegal,” 2006. Available online: <http://web.undp.org/evaluation/documents/thematic/nhdr/NHDR-main-report.pdf>, [accessed 18 May 2016].

population lived under conditions of poverty, with nearly 40% living on less than \$1.90 a day in 2012.¹⁷² “Out of 100 persons living in poverty, 54% lived in rural areas, 29% in Dakar and its suburbs, and 17% in other towns.”¹⁷³ With a majority of the population living in sparsely populated rural areas, poor delivery of public services were increasingly resulting in high population shifts towards the urban capital. Much like many of the other countries in the region, the food and financial shocks in 2007 and 2008, combined with rapid urbanization in Senegal, had deteriorating effects on the country’s economic growth and development.¹⁷⁴ This in turn led to increasing demographic pressure in the region.

¹⁷² “Poverty headcount ratio at \$1.90 a day (PPP) (% of population),” World Bank Development Indicators. Available online: <http://data.worldbank.org/indicator/SI.POV.DDAY>, [accessed 18 May 2016].

¹⁷³ Senegal Country Programme Document 2012-2016, Executive Board of the UNDP, March 15 2011, DP/DCP/SEN/2. Available online: <http://web.undp.org/execbrd/pdf/DPDCPSEN2e.pdf>, [accessed 18 May 2016].

¹⁷⁴ Senegal: Assessment of Development Results, Evaluation of UNDP Contribution, UNDP Evaluation Office, 2011. Available online: <http://web.undp.org/evaluation/evaluations/adr/senegal.shtml>, [accessed 18 May 2016].



Figure 32 Map of Senegal¹⁷⁵

Largely an agrarian country with few natural resources, Senegal’s economy was predominantly driven by agriculture with its key export industries in phosphate mining, fertilizer production, and commercial fishing.¹⁷⁶ While the agricultural economy only contributed approximately 16% of the GDP,¹⁷⁷ it remained “the

¹⁷⁵ Map of Senegal image from The University of Texas at Austin “Perry-Castañeda Library Map Collection – small map.” Available online: http://www.lib.utexas.edu/maps/cia16/senegal_sm_2016.gif, [accessed 18 May 2016].

¹⁷⁶ “CIA The World Factbook,” <https://www.cia.gov/library/publications/the-world-factbook/geos/sg.html>, [accessed 18 May 2016].

¹⁷⁷ Canadian International Development Agency, “Senegal Country Strategy 2009.” Available online: http://www.international.gc.ca/development-developpement/aidtransparence-aidtransparenceaide/country_strategies_pays/senegal.aspx?lang=eng, [accessed 18 May 2016].

primary source of employment and revenue for approximately 60 percent of the population.”¹⁷⁸ The average Gross National Income per capita in Senegal was \$913 US, with national income peaking in 2010 (\$1040 per capita US).¹⁷⁹ Over the course of the nine years examined in this study (2004-2012), Senegal’s overall gross national income per capita increased by \$360 US. On the surface, Senegal should have been a place for good governance to flourish. Since gaining independence in 1960 from France, Senegal had been a “model country for democratic institutions and a market economy,” and a “showcase of political development in West Africa,”¹⁸⁰ positioning itself to play a leadership role, both within the region, as well as the continent as a whole. This is primarily a reflection of the number of constitutional amendments that the country had implemented since 1960, slowly shifting the country’s institutions towards a more democratic nature.

For example, Senegal was initially dominated by a single-party parliamentary system under Leopold Senghor’s Progressive Union party following independence. No other party was allowed to contest elections. However, the constitution was subsequently revised in the mid-1970s to recognize a three party political system, and thereafter include opposition parties (namely, the Senegalese Democratic Party and the Socialist Party). This process of slow-but-steady democratization continued further, including subsequent amendments – under the succeeding Abdou Diouf regime in the 1990s – towards a more open and participatory government. This entailed taking steps such as electoral reform, setting a two-term presidential limit (of seven years each), and lowering the voting age from 21 to 18.¹⁸¹ It was not until 2000, however, that Senegal’s Socialist Party finally lost power — thereby earning the country the truest hallmark of an electoral democracy. Having been defeated

¹⁷⁸ TiZiR, “Senegal Country Profile.” Available online: <http://www.tizir.co.uk/wp-content/uploads/2012/02/Tizir-Senegal-Brochure.pdf>, [accessed 18 May 2016].

¹⁷⁹ Figures from thesis dataset.

¹⁸⁰ “Senegal Country Report - Shaping Change: Strategies of Development and Transformation,” Bertelsmann Transformation Index, Available online: <http://bti2006.bertelsmann-transformation-index.de/82.0.html?L=1>, [accessed 18 May 2016].

¹⁸¹ “Constitutional History of Senegal,” ConstitutionNet, Institute for Democracy and Electoral Assistance, Available online: <http://www.constitutionnet.org/country/constitutional-history-senegal>, [accessed 18 May 2016].

at the polls by the Democratic Party, the Socialists quietly handed over power and took to the parliament's opposition benches. On the face of it, Senegal had successfully emerged as a stable, democratic nation – a model for the rest of the region undergoing democratic transition. Unfortunately, this achievement of democracy was short lived, a fact discussed in further detail below.

In the decades following independence, Senegal struggled with an economic crisis – a result of the devaluation of the region's main currency (the African Financial Community franc, or CFA), increasing oil and import prices and subsequently foreign debt. Indeed, “the system was plagued by low profitability and poor management, resulting in a portfolio of bad debts. The government would routinely interfere in bank management via misguided economic policies, often to meet political objectives, which eroded confidence as debt soared.”¹⁸² Facing mounting pressures from the international community (namely, the International Monetary Fund and the World Bank) to address these challenges and drastically reform their economic policies, Senegal became the first country to receive condition-based structural adjustment loans in the late 1970s.¹⁸³ It was hoped that the adjustment programmes would help the country achieve economic stability and growth. This was not the case, however, as the Socialist Party under Diouf was soon criticized for prioritizing donor interests, thereby slowing progress on the country's governance conditions (ie addressing poor health care and education sectors, high unemployment rates, and increasing poverty). Opposition parties, civil society groups, and the Senegalese population increasingly grew impatient with the economic policies under the Diouf regime, resulting in riots and demonstrations. University students and activists challenged the government, “[rallying] with organized labor to fight for the restoration of social services, including free university tuition and board.”¹⁸⁴ This

¹⁸² Taylor, Zack and Jeffrey Zahka. “In Senegal, First an Implosion and then a Transformation,” *Frontline*, March/April 2014, Available online: <https://www.usaid.gov/news-information/frontlines/extreme-poverty/senegal-first-implosion-and-then-transformation>, [accessed 18 May 2016].

¹⁸³ Alemazung, Joy A. “Post-Colonial Colonialism: An Analysis of International Factors and Actors Marring African Socio-Economic and Political Development,” *The Journal of Pan-African Studies*, Vol. 3, 10, (2010).

¹⁸⁴ Darboe, Alieu. “Senegal: 1974-present,” *International Center on Nonviolent Conflict*. April 2010. Available online: <https://www.nonviolent-conflict.org/senegal-1974-present/>, [accessed 18 May 2016].

led to a call for elections, but ones that were more free, fair, and transparent – an electoral process that met international standards for democratic governance, thereby requiring international intervention. Enter the UNDP.

6.2.2 UNDP in Senegal

UNDP officially began operating in Senegal in 1987, after a Standard Basic Assistance Agreement (SBAA) was signed between the development organization and the Government of Senegal at the latter's request. The agreement outlined that UNDP was to “support and supplement the national efforts of [Senegal] at solving the most important problems of [its] economic development and to promote social progress and better living conditions.”¹⁸⁵ More specifically, UNDP was mandated by UN Secretary General, Javier Perez de Cuellar to provide technical support and capacity building. The subsequent focus of many of the organization's projects has been to strengthen Senegal's institutional capacities, primarily regarding the building of more peaceful, transparent and credible electoral processes. Senegal did not have an electoral system that met international standards and conditions of transparency and neutrality until 1992. Supported by international organizations like the UNDP with other donor partners, Senegal established the National Election Observatory (ONEL) and the Autonomous National Electoral Commission (CENA) subsequently in 2005 to supervise and monitor the electoral processes.¹⁸⁶ This constitutes one of the most important contributions of the UNDP to Senegal's governance improvement efforts inside the period of interest to this study.

¹⁸⁵ Agreement concerning assistance by the United Nations Development Programme to the Government of Senegal. Signed at Dakar on 4 July 1987. No. 24847. United Nations – Treaty Series, Vol, 1466, 1987. Available online: <https://treaties.un.org/doc/publication/UNTS/Volume%201466/v1466.pdf>, [accessed 18 May 2016].

¹⁸⁶ Fall, Ismaila M. et al. “Chapter 6 - Election Management Bodies in West Africa: A comparative study of the contribution of electoral commissions to the strengthening of democracy,” Open Society Foundations, 2011. Available online: http://www.afrimap.org/english/images/report/AfriMAP_EMB_Ch6_Senegal_EN.pdf, [accessed 18 May 2016].

But that was not the only work UNDP performed between 2004 and 2012. Other key UNDP interventions during this time focused primarily on working with the national government on their outlined development priorities, initially in the areas of good governance and poverty reduction. UNDP support was “provided through the development and implementation of a [National Programme for Good Governance]. By contributing to increased efficiency of economic and social management, UNDP provided a response to the need for reform of democratic governance.”¹⁸⁷ For example, UNDP helped Senegal in the “design and development of country programs for national elections,” and provided “additional technical and advisory support...to finalize plans for the implementation of AU-funded electoral support programs.”¹⁸⁸ In addition to supporting the electoral processes and capacity building, UNDP was also mandated to support Senegal with its efforts to increase equal representation of women in parliament and other decision-making forums.

At their core, these UNDP projects aimed to provide technical assistance, capacity building, training and logistical support to civil society organizations (CSO) in order to strengthen their existing systems of domestic observation of electoral processes. Since the beginning of their relationship, UNDP assistance to Senegal consisted of services provided by subject matter, advisory and operational experts performing functions as civil servants of the Government. The key mandate of the UNDP was to provide technical capacity training and building to countries specifically seeking support and assistance. Of particular importance is the last point of providing technical assistance and training to civil servants within the Senegalese government. Enhancing their skillset and technical capacities had allowed UNDP to provide assistance while simultaneously aiming to minimize the levels of dependency on foreign aid. Indeed, UNDP’s organizational strategy aimed to encourage sustainable national ownership of country programmes and projects. Assistance was provided through the

¹⁸⁷ Senegal: Assessment of Development Results, Evaluation of UNDP Contribution, UNDP Evaluation Office, 2011. Available online: <http://web.undp.org/evaluation/evaluations/adr/senegal.shtml>, [accessed 18 May 2016].

¹⁸⁸ “Outcome Evaluation.” UNDP Regional Programme for Africa (2008-2011), Part 2: Annexes. November 2012. Available online: <https://erc.undp.org/evaluation/documents/download/6683>, [accessed 18 May 2016].

contribution of equipment and supplies not readily available in Senegal, and through the delivery of seminars, training programmes, and workshops.¹⁸⁹

One of the main themes of UNDP interventions was electoral assistance, deemed as entry points by which UNDP established a relationship with governments.¹⁹⁰ UNDP played a lead role coordinating and mobilizing their own resources and financial contributions, as well as by serving as a conduit for other third party contributions. “The UNDP governance programme [met] strategic and priority needs, which [included] reorienting democratic governance, improving capacity for ODA management and the need for a territorial framework for decentralized cooperation.”¹⁹¹ UNDP facilitated experience-sharing workshops and conferences, and engaged with local journalists to facilitate a better understanding of the role of media in ensuring more peaceful and transparent elections processes through ethical and conflict-sensitive reporting.¹⁹² Oftentimes, donors channeled their resources and financial contributions through the large-scale basket of funds coordinated by UNDP.¹⁹³ Channeling international support through the UNDP provided recipient governments, like Senegal, a coordinated and consistent approach to addressing their development challenges.

The spending profile associated with these efforts is straightforward. Of UNDP’s total expenditures in West Africa, 4.4% were spent in Senegal, a total of \$132 million US between 2004 and 2012. UNDP spending initially started out low in 2004, at \$9 million US, but within a year grew by 6%. Indeed, the increase in

¹⁸⁹ Agreement concerning assistance by the United Nations Development Programme to the Government of Senegal. Signed at Dakar on 4 July 1987. No. 24847. United Nations – Treaty Series, Vol, 1466, 1987. Available online: <https://treaties.un.org/doc/publication/UNTS/Volume%201466/v1466.pdf>, [accessed 18 May 2016].

¹⁹⁰ UNDP “Annual Report 2011/2012: The Sustainable Future We Want.” Available online: http://www.undp.org/content/dam/undp/library/corporate/UNDP-in-action/2012/English/UNDP-AnnualReport_ENGLISH.pdf, [accessed 18 May 2016].

¹⁹¹ Senegal: Assessment of Development Results, Evaluation of UNDP Contribution, UNDP Evaluation Office, 2011. Available online: <http://web.undp.org/evaluation/evaluations/adr/senegal.shtml>, [accessed 18 May 2016].

¹⁹² “Outcome Evaluation.” UNDP Regional Programme for Africa (2008-2011), Part 2: Annexes. November 2012. Available online: <https://erc.undp.org/evaluation/documents/download/6683>, [accessed 18 May 2016].

¹⁹³ UNDP “Annual Report 2011/2012: The Sustainable Future We Want.” Available online: http://www.undp.org/content/dam/undp/library/corporate/UNDP-in-action/2012/English/UNDP-AnnualReport_ENGLISH.pdf, [accessed 18 May 2016].

expenditures is explained by the fact that the UNDP Executive Board had extended the country cooperation frameworks for Senegal in 2004, thereby renewing their partnership and commitments in the country. In 2004, UNDP became the first UN agency to resume its activities in Casamance – an unstable region further discussed below – where most development programmes had stalled due to rising security concerns. UNDP extended its US \$4.5 million programmes in Senegal and continued to steadily grow, peaking at nearly \$20 million in 2009 and 2010, before declining in subsequent years.¹⁹⁴

The question remains then, what broader pathology characterized Senegal during the course of the 9 years, resulting in the country's decline in governance conditions and subsequent need for increased UNDP support and funding? The use of UNDP funds and implementation of governance programmes were largely contingent upon the ruling government's development agenda and ownership of such programmes to ensure sustainability. The link between UNDP expenditures and governance conditions in the country would only exist if initially outlined as a priority by the Government of Senegal. Indeed, while UNDP steadily increased its expenditures in Senegal, funds were not necessarily prioritized towards governance programmes, a product of which was continually declining conditions. Here, it is clear that Senegal initially took the 'No' path down the causal tree during the Wade regime. As seen later in this chapter, the country eventually deviated from this route and turned towards the 'Yes' path.

6.3 A HIDDEN PATHOLOGY

The return on investment has proven to be disappointing. Senegal's departure from its democratic path is particularly noteworthy given the relative good fortune enjoyed by Senegal in the immediate post-colonial period. The country inherited "a highly centralized administration, in a territory set up as a single administrative

¹⁹⁴ "Development Efforts in Post-Conflict Southern Senegal," *afrol News*, 14 April 2004. Available online: <http://www.afrol.com/articles/12077>, [accessed 18 May 2016].

unit.”¹⁹⁵ With a “highly ethnically diverse and largely illiterate population,”¹⁹⁶ Senegal nonetheless displayed relative political stability, and was hailed as one of the few countries in sub-Saharan Africa to have never experienced a successful military coup. “Despite only modest economic success and very scarce natural resources, the country remained politically stable and enjoyed uninterrupted civilian rule since gaining its independence.”¹⁹⁷ As Figure 33 below illustrates, we see that Senegal’s average governance score for political stability and violence is consistently higher than the rest of Africa, confirming Senegal’s relatively pacific circumstances.¹⁹⁸

¹⁹⁵ Fall, Ismaila M. et al. “Chapter 6 - Election Management Bodies in West Africa: A comparative study of the contribution of electoral commissions to the strengthening of democracy,” Open Society Foundations, 2011. Available online: http://www.afrimap.org/english/images/report/AfriMAP_EMB_Ch6_Senegal_EN.pdf, [accessed 18 May 2016].

¹⁹⁶ Ibid.

¹⁹⁷ “Senegal Country Report - Shaping Change: Strategies of Development and Transformation,” Bertelsmann Transformation Index, Available online: <http://bti2006.bertelsmann-transformation-index.de/82.0.html?L=1>, [accessed 18 May 2016].

¹⁹⁸ “Senegal Country Report: Freedom in the World 2011,” Freedom House, Available online: <http://www.freedomhouse.org/report/freedom-world/2011/senegal#.VEW9AaVdjKi>, [accessed 18 May 2016].

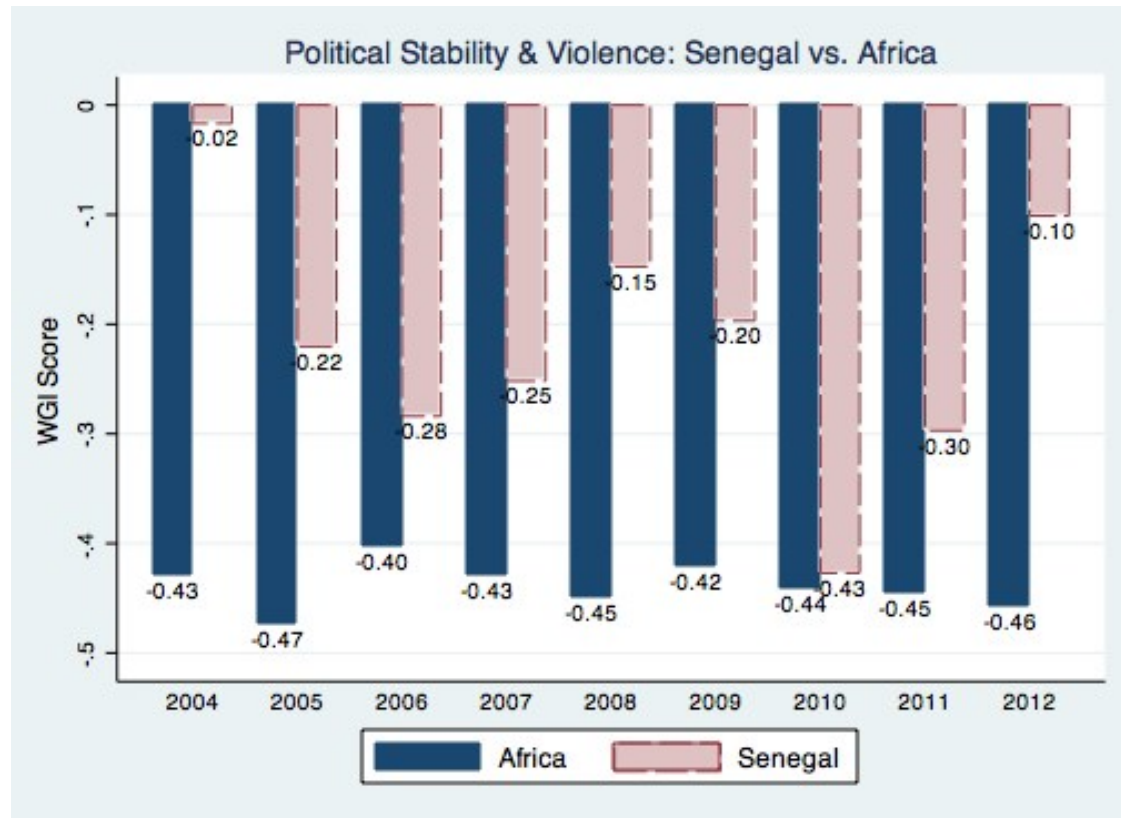


Figure 33 Political Violence and Stability: Senegal vs. Africa

One exception to this, however, was the sporadic armed conflict due to confrontations with a separatist group located in the southern part of the country, the Movement of the Democratic Forces of Casamance (MFDC). Isolated and geographically separated by The Gambia, the people of Casamance felt marginalized and were more prone to ethnically identify with their southern neighbors in Guinea-Bissau than their fellow Senegalese citizens. While conflict between the separatist group and the government of Senegal began in 1982, attempts were made to reach an agreement through peace accords. After the preliminary peace accords were signed in 2001, a second peace agreement was signed in 2004 with the hopes that it would lead to sustainable peace and economic development.

However, fighting subsequently erupted in 2006 after a “breakaway faction of the MFDC, led by Salif

Sadio, rejected the peace agreement.”¹⁹⁹ Though civilians were not directly targeted during the armed conflict and attacks, tens of thousands of civilians were nonetheless displaced by the violence and fled to The Gambia and Guinea-Bissau as a result.²⁰⁰ As shown with the WGI indicators, this put a serious damper on governance conditions between 2004 and 2007. The decline in governance performance occurred regardless of the amount of funding and aid the country received from its development partners. While skeptics could argue that frustrations with the use of UNDP funds were not necessarily an illustration of absent government commitment to reform, but rather a result of the intra-state conflict – this was not the view taken by the international community. Indeed, in an assessment of the Casamance conflict, USAID attributed the stalled negotiations for peace to the lack of government initiative and inertia under Wade’s administration as a “significant barrier to success.”²⁰¹ This raises questions as to what issues were prioritized and where expenditures were allocated: if not towards improving development and governance conditions, then where? This is where Senegal – under Wade’s government – can be seen to have reversed its previous course and instead begin to head down the ‘No’ path (as per the causal tree). This decision had implications not only for the country’s governance, but also its relationship with development partners – including UNDP.

6.4 DOWN THE CAUSAL TREE – THE ‘NO’ PATH

In addition to the internal conflict causing instability, Senegal also experienced several seismic political shifts during this period. These include political transformations under two different leaders, parliamentary reform, and democratic transition – all of which contributed to the unsteady governance conditions (the final

¹⁹⁹ “Senegal Country Report: Freedom in the World 2011,” Freedom House, Available online: <http://www.freedomhouse.org/report/freedom-world/2011/senegal#.VEW9AaVdjKi>, [accessed 18 May 2016].

²⁰⁰ Ibid.

²⁰¹ USAID, “Senegal Sub-Regional Conflict Assessment.” September 2009. Available online: https://www.usaid.gov/sites/default/files/documents/1866/Senegal%20Sub-Regional%20Conflict%20Assessment_Final%2012-30-09.pdf, [accessed 18 May 2016].

point in the causal tree). The first of the political transformations took place in 2000, when Abdoulaye Wade – lawyer and leader of the opposition party, the Senegalese Democratic Party (PDS) – collaborated with civil society organizations to end the highly centralized, one-party state ruling of nearly 40 years by the Socialist Party under President Abdou Diouf. Wade rapidly gained popularity amongst civil society members wary of fraud and irregularities during the election process by the government.²⁰²

Wade gained more supporters through his campaign promise to introduce a new constitution in 2001 if successfully elected, “reducing presidential terms from seven to five years, setting the number of terms at two, and giving women the right to own land for the first time.”²⁰³ Such promises enabled him to curry much favor amongst reformists who viewed his proposals as “historic opportunity to establish a new political and social order, which would eclipse the existing presidentialist system in favor of a parliamentary regime.”²⁰⁴ Wade subsequently won the elections with a majority in the 120-seat parliament, and ruled over Senegal during much of the period under review.

This was the first juncture as per the theoretical causal tree, where an opportunity was available for Wade’s administration to demonstrate a true commitment to democracy. This would be by prioritizing and implementing national policies towards improving governance conditions, thereby enabling UNDP expenditures to be allocated accordingly. Under Wade, the Senegalese government set out to differentiate itself from its predecessor and do a major overhaul of the political system – moving away from a Socialist government to one that was more ostensibly democratic. This involved abolishing the Senate and Economic and Social Council and

²⁰² Tettey, Wisdom J. “The Media, Accountability and Civil Engagement in Africa,” UNDP HDR Background Paper, (2002). Available online: <http://hdr.undp.org/en/content/media-accountability-and-civic-engagement-africa>, [accessed 18 May 2016].

²⁰³ Senegal Country Report: Freedom in the World 2011,” Freedom House, Available online: <http://www.freedomhouse.org/report/freedom-world/2011/senegal#.VEW9AaVdjKi>, [accessed 18 May 2016].

²⁰⁴ “Constitutional History of Senegal,” ConstitutionNet, Institute for Democracy and Electoral Assistance, Available online: <http://www.constitutionnet.org/country/constitutional-history-senegal>, [accessed 18 May 2016].

establishing a two-term, five-year presidential limit amidst other reforms to the electoral system.²⁰⁵ It was hoped that his regime would bring about a refreshingly new political era, one that was more democratic, transparent and participatory. It was quickly discovered that this would not be the case.

Another way in which Wade differentiated his government from his predecessor was modifying the country's relationships with the international donor community. Previous regimes had spent a majority of the country's foreign aid funding on debt repayment. Not only was the outcome of this aid "disappointing," but the "progress in terms of structural reform beyond fiscal and monetary stabilisation [was] painfully slow."²⁰⁶ This was primarily due to foreign aid being allocated by the government towards debt servicing and reduction, and less so towards public services and development programmes. Over 40% of aid flows had been allocated towards debt servicing. The outcome of this development approach was "debt repayments [absorbing] a relatively high share of the country's resources and [imposing] a constraint on domestic expenditure."²⁰⁷ Such an approach subsequently had a significantly negative effect on the use of domestic expenditures for the delivery of public services. Wade's election campaign criticized Diouf's regime for its ineffective use of aid funding and for failing to address the country's development challenges. It therefore seemed only natural that Wade's government would act on his own promises – staying true to democratic principles and leading Senegal down the 'Yes' path by implementing governance-related projects and programmes. This did not happen. Following elections, Wade soon became seduced by power and abandoned his promise to further strengthen Senegal's democratic institutions. Indeed, "despite the high hopes raised by Wade's victory, Senegal's political parties and

²⁰⁵ Villalón, Leonardo A. "Senegal: Assessing Risks to Stability – a report of the CSIS Africa Program." Center for Strategic and International Studies. June 2011. Available online:

http://csis.org/files/publication/110623_Villalon_Senegal_Web.pdf, [accessed 18 May 2016].

²⁰⁶ Clark, Andrew, Ibrahima Gaye and Malick Sow. "Canadian Aid Effectiveness in Senegal: A Case Study of an Aid Relationship," in Carlsson, Jerker, Gloria Somolekae, and Nicolas van de Walle, eds. *Foreign Aid in Africa: Learning from Country Experiences*. Uppsala: Nordic Africa Institute, (1997): 147-166. Available online: <http://www.diva-portal.org/smash/get/diva2:272899/FULLTEXT01.pdf>, [accessed 18 May 2016].

²⁰⁷ Ouattara, Bazoumana. "Aid, Debt and Fiscal Policies in Senegal," *Journal of International Development*, Vol. 18, (2006): 1105-1122.

political class continued to practice politics as usual once Wade and his coalition took power.”²⁰⁸ As seen in the following paragraphs, the constitutional changes and decisions taken by Wade were not in the country’s best interest for governance and he ultimately isolated those who were once supporters of his administration.

Wade’s regime instead focused on marketing itself to the donor community as a country with favorable conditions for investment. This was built on Senegal’s international reputation as an ‘emerging country’ through “an accelerated growth strategy that is primarily underpinned by public and private investment.”²⁰⁹ Senegal took pride in its pre-existing reputation for having a “history of stable, democratic rule and a government that [had] long backed various international development and human rights conventions, as well as regional and pan-African [development] initiatives.”²¹⁰ In an attempt to reform the country’s economy and improve the welfare of the Senegalese population, the Government of Senegal under Wade adopted its first Poverty Reduction Strategy Paper (PRSP). This document became the “government’s frame of reference for the formulation of economic policy for growth and for the fight against poverty, [serving] as a basis for the preparation of sectoral development plans and investment programmes.”²¹¹ Wade’s administration aimed to get Senegal’s debt annulled, which would allow the government to free up resources originally allocated for debt repayment to be applied towards enhancing government services. It was hoped that the debt relief provided through the Multilateral Debt Relief Initiative (MDRI) would improve overall domestic and foreign trade in Africa, and enable countries to reallocate their resources towards achieving the MDGs.²¹²

²⁰⁸ Gellar, Sheldon. *Democracy in Senegal: Tocquevillian Analytics in Africa*, Palgrave Macmillan: (2005).

²⁰⁹ TiZiR, “Senegal Country Profile.” Available online: <http://www.tizir.co.uk/wp-content/uploads/2012/02/Tizir-Senegal-Brochure.pdf>, [accessed 18 May 2016].

²¹⁰ Randle, Wilma J. E. “Senegal strives for Millennium goals,” *Africa Renewal*. April 2004. Available online: <http://www.un.org/africarenewal/magazine/april-2004/senegal-strives-millennium-goals>, [accessed 18 May 2016].

²¹¹ UNDP Evaluation Office, “Evaluation of the National Human Development Report: Case Study Senegal,” 2006. Available online: <http://web.undp.org/evaluation/documents/thematic/nhdr/NHDR-main-report.pdf>, [accessed 18 May 2016].

²¹² “Senegal Country Report: Freedom in the World 2011,” Freedom House, Available online: <http://www.freedomhouse.org/report/freedom-world/2011/senegal#.VEW9AaVdjKi>, [accessed 18 May 2016].

The argument behind this approach was that access to increased funds would eventually lead to sustainable development and improved governance conditions. Indeed, members of the G8 came together in 2005, calling for the enhancement of the existing IMF-World Bank Initiative for Heavily Indebted Poor Countries (HIPC). The HIPC entailed “coordinated action by multilateral organizations and governments to reduce to sustainable levels the external debt burdens of the most heavily indebted poor countries.”²¹³ The HIPC was enhanced through the MDRI, which called for 100% debt cancellation for those countries who were nearing completion of their debt repayment process. With the country’s debt cancelled, the Wade regime shifted its focus to other avenues for channeling aid funding.

Between 2004 and 2012, Senegal maintained a steady dependency on aid funding, receiving an annual average of \$1.06 billion – approximately 4 percent of its GDP – in Official Development Assistance (ODA). This peaked, however, in 2006 at approximately 10 percent.²¹⁴ Senegal’s GDP initially grew steadily for over ten years at an average annual rate of 5%. This steady growth was primarily a positive outcome of the low level of investment in Senegal, specifically foreign direct investment in the productive sector.²¹⁵ By this measure, the country’s recent history had been a positive governance story amid a region characterized more by despotism and kleptocracy. Circumstances shifted, however, with the global financial crisis of 2008 causing Senegal’s GDP growth to drop to 2.2% in just one year.²¹⁶ Senegal’s overall economic growth and productivity had

²¹³ “Factsheet: Debt Relief Under the Heavily Indebted Poor Countries (HIPC) Initiative,” International Monetary Fund. April 8, 2016. Available online: <https://www.imf.org/external/np/exr/facts/hipc.htm>, [accessed 18 May 2016].

²¹⁴ Canadian International Development Agency, “Senegal Country Strategy 2009.” Available online: http://www.international.gc.ca/development-developpement/aidtransparence-aidtransparenceaide/country_strategies_pays/senegal.aspx?lang=eng, [accessed 18 May 2016].

²¹⁵ UNDP Evaluation Office, “Evaluation of the National Human Development Report: Case Study Senegal,” 2006. Available online: <http://web.undp.org/evaluation/documents/thematic/nhdr/NHDR-main-report.pdf>, [accessed 18 May 2016].

²¹⁶ TiZiR, “Senegal Country Profile.” Available online: <http://www.tizir.co.uk/wp-content/uploads/2012/02/Tizir-Senegal-Brochure.pdf>, [accessed 18 May 2016].

stagnated with the average Gross Domestic Product per capita at approximately US\$2,100.²¹⁷ The global economic crisis resulted in decreased development aid and external funding, “a contraction in private investment, a decline in tourism, and a reduction in remittances from Senegalese migrants.”²¹⁸ In addition, arrears owed by the government further deepened the impact of the crisis, contributing to the “economic slowdown as [fears increased] about the financial capacity of the state to meet its future commitments.”²¹⁹ This was moving in the opposite direction of the 7% growth that Senegal needed to meet its development goals of halving poverty by its target date.²²⁰ Indeed, over the nine years, Senegal received the most ODA in 2004 with \$1.35 billion, but this subsequently dropped down to US\$859 million in 2005. This was after Wade’s regime defined its national development priorities by primarily focusing on economic reform, with insufficient attention paid to domestic governance affairs.

This in turn defined the relationship the country had with UNDP, shaping where and how UNDP expenditures would be spent. UNDP expenditures in Senegal saw “a net increase of financial execution from approximately US \$7 million per year in 2004/2005 to over US \$16 million in 2009,” primarily allocated towards two areas of growing importance for the country: energy and environment, and crisis prevention and post-crisis recovery.²²¹ Governance, on the other hand, was not viewed as a priority. Because of his ability to amass such autocratic power, Wade was able to manipulate the political system to put into practice a personal disregard for democratic governance and the overall development agenda. “Slow or sometimes non-existent policy decision-making [became] a major hindrance to the effectiveness of UNDP support in Senegal.”²²²

UNDP Senegal had presented several recommendations on public administration reform to Wade’s government,

²¹⁷ Figures from thesis dataset.

²¹⁸ USAID, “Senegal Country Development Cooperation Strategy: 2012-2016.” February 2012. Available online: <https://www.usaid.gov/sites/default/files/documents/1860/SenegalCDCS.pdf>, [accessed 18 May 2016].

²¹⁹ Ibid.

²²⁰ Senegal: Assessment of Development Results, Evaluation of UNDP Contribution, UNDP Evaluation Office, 2011. Available online: <http://web.undp.org/evaluation/evaluations/adr/senegal.shtml>, [accessed 18 May 2016].

²²¹ Ibid.

²²² Ibid.

though they remained unimplemented due to frequent delays and a lack of follow-up by the Government.²²³ This leads me to the second juncture on the theoretical causal tree – where it is apparent that an increase in UNDP expenditures had minimal role in improving governance conditions within a country that failed to consistently prioritize and follow through on democratic governance reform.

While Wade’s regime successfully attracted foreign investment and aimed to strengthen relationships with emerging donors, higher priority was placed on multiple ambitious infrastructure projects – this, instead of working towards improved social services. The reasoning behind this prioritization was because “underdeveloped infrastructure throughout large parts of the country [affected] poorer areas in particular, but [placed] constraints on economic activities in general.”²²⁴ With inadequate accessibility and unequal distribution of social services, progress towards achieving the MDGs was slow. Although Senegal implemented policies of universal primary school enrollment, with the ambition of increasing their literacy rates particularly amongst youth, illiteracy and the retention of children in basic education programs remained key challenges to development.²²⁵ However, Senegal’s weakened economy continued to impede the country’s prospects for improved governance conditions and defer developmental growth.

While Senegal initially received global praise for its open political system and stateness, it soon began attracting criticism for its deficient administrative capacity and concerning levels of corruption.²²⁶ Contributing to further dissent amongst the Senegalese was the recognition that progress in economic reforms was not necessarily translating to better governance conditions (ie improved employment rates, participation,

²²³ Ibid.

²²⁴ “Senegal Country Report - Shaping Change: Strategies of Development and Transformation,” Bertelsmann Transformation Index, Available online: <http://bti2006.bertelsmann-transformation-index.de/82.0.html?L=1>, [accessed 18 May 2016].

²²⁵ USAID, “Senegal Country Development Cooperation Strategy: 2012-2016.” February 2012. Available online: <https://www.usaid.gov/sites/default/files/documents/1860/SenegalCDCS.pdf>, [accessed 18 May 2016].

²²⁶ “Senegal Country Report - Shaping Change: Strategies of Development and Transformation,” Bertelsmann Transformation Index, Available online: <http://bti2006.bertelsmann-transformation-index.de/82.0.html?L=1>, [accessed 18 May 2016].

transparency, anti-corruption, accountability, public administration and service delivery). With youth unemployment rates at nearly 15%, persistent unemployment continued to pose a challenge to governance quality, as youth under the age of 24 represented nearly 60% of the total population.²²⁷ The result of such insufficient focus was declining transparency and good governance; stagnation of poverty and unemployment rates; regression of basic freedoms (freedom of speech by journalists, opposition parties, protestors, etc), and a worsening education sector.²²⁸

During the course of Wade's regime, Senegal's average governance score was -0.28, having started out in 2004 with a relatively positive governance score of 0.06. WGI scores dropped by 0.17 between 2004 and 2012. This is primarily due to "an erosion of good governance practices, a re-centralization of power and a growing perception of corruption among politicians by constituents, [giving] the appearance that Senegal's commitment to strong democratic governance [was] flagging."²²⁹ Conditions subsequently deteriorated, which was reflected in Senegal's lowest governance scores in 2010 (-0.44).

Amidst President Wade's deteriorating popularity and increased tensions between the government and the opposition parties, the second round of presidential elections were held in 2007. "In frustration, and amid various complaints of unfairness, the majority of the opposition opted to boycott the legislative elections of June 2007."²³⁰ The boycott resulted in Senegal's lowest voter turn-out,²³¹ and a landslide victory with "Wade's coalition [winning] 131 of the 150 seats. Wade thus [enjoyed] almost total dominance over the political system,

²²⁷ Ibid.

²²⁸ "Senegal Under President Wade," *IRIN News*. February 24, 2012.

<http://www.irinnews.org/report/94934/analysis-senegal-under-president-wade>, [accessed 18 May 2016].

²²⁹ USAID, "Senegal Country Development Cooperation Strategy: 2012-2016." February 2012. Available online: <https://www.usaid.gov/sites/default/files/documents/1860/SenegalCDCS.pdf>, [accessed 18 May 2016].

²³⁰ Villalón, Leonardo A. "Senegal: Assessing Risks to Stability – a report of the CSIS Africa Program." Center for Strategic and International Studies. June 2011. Available online: http://csis.org/files/publication/110623_Villalon_Senegal_Web.pdf, [accessed 18 May 2016].

²³¹ "Senegal Country Report: Freedom in the World 2011," Freedom House, Available online: <http://www.freedomhouse.org/report/freedom-world/2011/senegal#.VEW9AaVdjKi>, [accessed 18 May 2016].

giving him tremendous legal room for maneuver.”²³² Eventually, Senegal’s semi-presidential system under Wade became notorious for its constant reforms and “tinkering with institutions,” particularly raising eyebrows when little had actually changed – the Senate and Council were re-created and the term limit was extended back to seven years.²³³

As evidence of poor leadership during the latter years under review, the Senegalese government fell under much public scrutiny due to several high-profile corruption scandals. An internal government audit completed in 2008 uncovered further “serious irregularities and off-budget spending.”²³⁴ In 2010, “Senegalese officials reportedly attempted to extort \$200 million from a Luxembourg-based telecommunications company, Millicom.”²³⁵ Under the Wade government, several infrastructure projects remained incomplete and unable to move past the planning phase due to administrative deficiencies, lack of appropriate monitoring and difficulties faced when mobilizing foreign funds.²³⁶

The government under Wade’s rule “packed state institutions (like the Constitutional Court) with supporters of the president. It harassed opponents, journalists, and protesters.”²³⁷ The president was frequently decried for having overly strong political powers in a centralized system.²³⁸ The image of Wade’s regime

²³² Villalón, Leonardo A. “Senegal: Assessing Risks to Stability – a report of the CSIS Africa Program.” Center for Strategic and International Studies. June 2011. Available online: http://csis.org/files/publication/110623_Villalon_Senegal_Web.pdf, [accessed 18 May 2016].

²³³ Ibid.

²³⁴ “Senegal Country Report: Freedom in the World 2011,” Freedom House, Available online: <http://www.freedomhouse.org/report/freedom-world/2011/senegal#.VEW9AaVdjKi>, [accessed 18 May 2016].

²³⁵ Arieff, Alexis. “Senegal: Background and U.S. Relations,” *Congressional Research Service*. August 16, 2010. Available online: <https://www.fas.org/sgp/crs/row/R41369.pdf>, [accessed 18 May 2016].

²³⁶ “Senegal Country Report - Shaping Change: Strategies of Development and Transformation,” Bertelsmann Transformation Index, Available online: <http://bti2006.bertelsmann-transformation-index.de/82.0.html?L=1>, [accessed 18 May 2016].

²³⁷ Kelly, Catherine Lena. “Did the June 23 Movement Change Senegal?” *African Futures*, The Social Science Research Council. July 12, 2012. Available online: <http://forums.ssrc.org/african-futures/2012/07/12/june-23-movement-change-senegal>, [accessed 18 May 2016].

²³⁸ African Development Bank Group, “African Governance Outlook: Public Financial Governance Reforms,” May 2012. Available online:

suffered even more when President Wade appointed his own son as minister of significant government portfolios, including “the ministries of international cooperation, air transport, infrastructure and energy; a position that wielded control over more than 40% of the national budget.”²³⁹ In response to these shifts, the UN Evaluation Office assessed the role of Senegal’s parliament to have been undermined and the legislative as ineffective.²⁴⁰ The trust and credibility Senegal once enjoyed from the international community regarding use of its public finances was subsequently undermined.²⁴¹

As per the theoretical causal tree, we can see here that upon the first critical juncture, Wade’s regime had failed to demonstrate and uphold a true commitment to democracy. This subsequently reflected poorly on Senegal’s image and relationship with the international donor community, resulting in increasing donor fatigue and a reluctance to provide foreign aid due to mounting domestic political turbulence and subsequent decline in economic and governance conditions.²⁴² Indeed, as evidence of international dissatisfaction with Wade’s autocratic behaviour, the amount of ODA funds allocated to Senegal dropped by 2 percent over the nine years, approximately US \$229 million.²⁴³ Wade raised international eyebrows with his constant cabinet reshuffling, practices of illegal enrichment, and what was deemed as “democratic backsliding”, amid reports of rising

http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/FINAL_AFRICAN_GOVERNANCE_OUTLOOK.pdf, [accessed 18 May 2016].

²³⁹ “Senegal Country Report - Shaping Change: Strategies of Development and Transformation,” Bertelsmann Transformation Index, Available online: <http://bti2006.bertelsmann-transformation-index.de/82.0.html?L=1>, [accessed 18 May 2016].

²⁴⁰ Senegal: Assessment of Development Results, Evaluation of UNDP Contribution, UNDP Evaluation Office, 2011. Available online: <http://web.undp.org/evaluation/evaluations/adr/senegal.shtml>, [accessed 18 May 2016].

²⁴¹ “Senegal Country Report - Shaping Change: Strategies of Development and Transformation,” Bertelsmann Transformation Index, Available online: <http://bti2006.bertelsmann-transformation-index.de/82.0.html?L=1>, [accessed 18 May 2016].

²⁴² “Senegal Country Report - Shaping Change: Strategies of Development and Transformation,” Bertelsmann Transformation Index, Available online: <http://bti2006.bertelsmann-transformation-index.de/82.0.html?L=1>, [accessed 18 May 2016].

²⁴³ Data from thesis dataset.

corruption, nepotism, and attempts to restrict press freedom.”²⁴⁴ What resulted were increasingly negative perceptions of the parliamentary institution by the Senegalese population. The relationship between this instability and UNDP funding is interesting. At this level of analysis, it becomes much easier to see why funding increased even as political performance and governance conditions declined. UNDP’s technical capacity and resources were highly necessary at this stage to provide support throughout the electoral process, to ensure transparency, openness, and most importantly – to avoid further collapse of the country’s political stability. UNDP expenditures had initially increased during the pre-election period of Wade’s second elections in 2007, but subsequent development programmes under the semi-democratic regime made minimal progress on the governance front. Spending, however, significantly spiked during the follow-up elections in 2012. This time around, the opposition parties did not make the mistake of boycotting the elections, as they had done in 2007, and instead focused their attention towards ensuring a free and fair, democratic election process with assistance from UNDP.

By the time pre-elections rolled around again in 2011, Wade was the focus of several violent protests and demonstrations, which ultimately stalled development. Attempts by Wade’s government to manipulate the poorly designed and weak electoral processes in his favor were cloaked by false promises of universal suffrage, and free and democratic elections.²⁴⁵ Nonetheless, protestors and international observers alike questioned the legitimacy of the autonomous selection committee responsible for voter registration and counting votes. “Election observers from the EU, Senegal’s largest donor, expressed concerns about the transparency of the process used to determine the eligibility of candidates, and the use of force against opposition protestors.”²⁴⁶ Indeed, public discontent continued to rise as rioters opposed Wade’s “politicking of the political class,”

²⁴⁴ Arieff, Alexis. “Senegal: Background and U.S. Relations,” *Congressional Research Service*. August 16, 2010. Available online: <https://www.fas.org/sgp/crs/row/R41369.pdf>, [accessed 18 May 2016].

²⁴⁵ Kimenyl, Mwangi S. et al. “Around the Halls: 2012 Senegal Presidential Election,” The Brookings Institution. February 10, 2012. Available online: <http://www.brookings.edu/blogs/up-front/posts/2012/02/10-senegal-halls>, [accessed 18 May 2016].

²⁴⁶ Ibid.

combined with his controversial decision to run for a third consecutive term. This announcement was in breach of his own 2001 constitutional amendment limiting holders of presidential power to two terms.²⁴⁷ This announcement only prompted further violence, protests and instability.

Figure 34 below reflects the general observable trend as negative on all aspects of governance, even when examined on a disaggregated level. Aside from Voice and Accountability, scores for the five other disaggregated governance components (Rule of Law, Control of Corruption, Political Stability & Violence, Government Effectiveness and Regulatory Quality) remain below '0', though even Voice & Accountability scores drop below '0' by 2012 due to the political difficulties and rising tensions under the Wade government. Of all the scores, it appears that Regulatory Quality remains constant, with minimal shifts over the course of the nine years, and the biggest governance quality decline is seen in the Control of Corruption score. Government Effectiveness and Control of Corruption is understandably on the lower end of the scoreboard with WGI scores of -0.37 and -0.41, respectively.

²⁴⁷ “Senegal Country Report - Shaping Change: Strategies of Development and Transformation,” Bertelsmann Transformation Index, Available online: <http://bti2006.bertelsmann-transformation-index.de/82.0.html?L=1>, [accessed 18 May 2016].

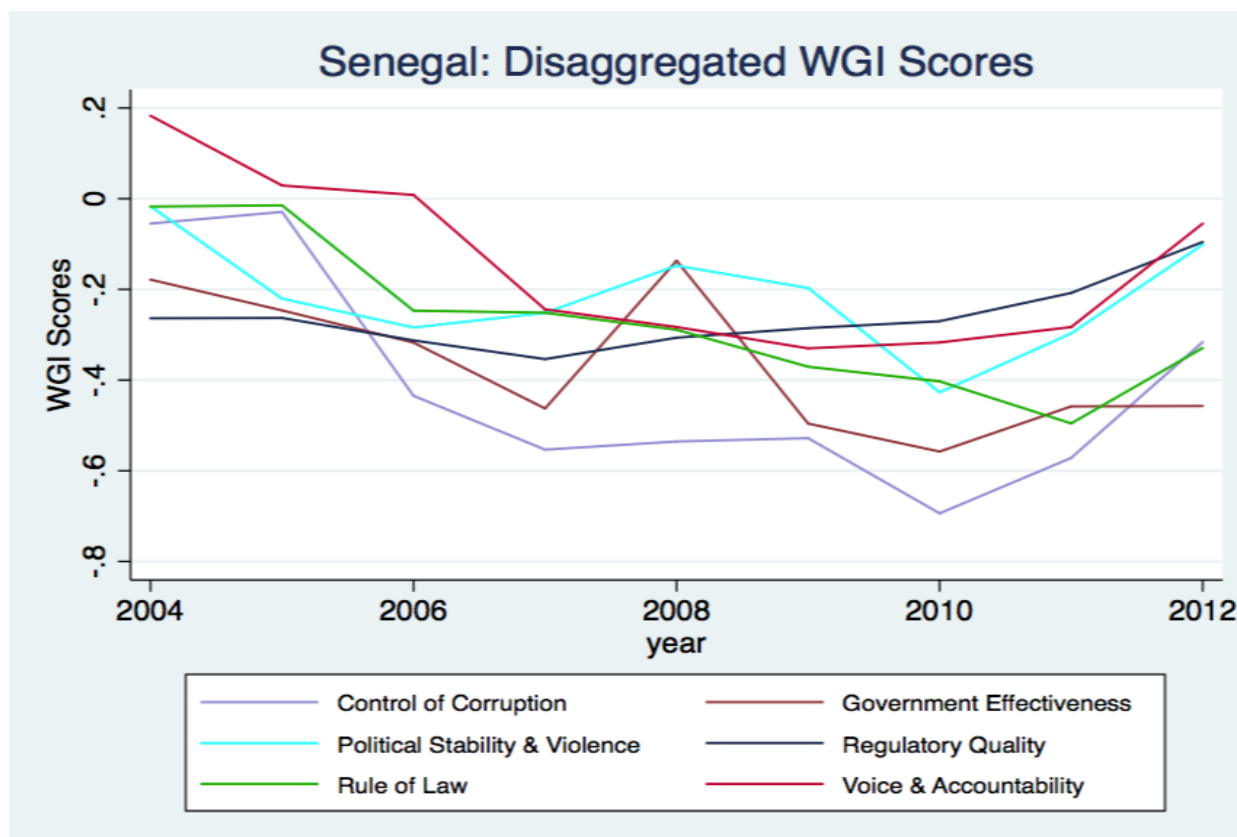


Figure 34 Disaggregated WGI Scores - Senegal

Working within their mandate to provide assistance towards more sustainable, free and fair electoral processes, a key development project for UNDP Senegal was focusing on election planning, monitoring and observing, and facilitating the voter registration processes. Before UNDP intervention, Senegal lacked an election management body that was independent from government and other political stakeholders. Suspicions of fraud led to numerous blockages in electoral processes and violent protests of election results.²⁴⁸ Collaborating with other development organizations and donors, UNDP assisted Senegal with their efforts to design new electoral systems or reform existing mechanisms in place. Examples of UNDP efforts are reflected in the training workshops that were organized for women’s groups, political parties and civil society

²⁴⁸ Fall, Ismaila M. et al. “Chapter 6 - Election Management Bodies in West Africa: A comparative study of the contribution of electoral commissions to the strengthening of democracy,” Open Society Foundations, 2011. Available online: http://www.afrimap.org/english/images/report/AfriMAP_EMB_Ch6_Senegal_EN.pdf, [accessed 18 May 2016].

organizations, providing sustainable guidelines that promoted inclusive participation through gender equality and women's empowerment.

In the lead-up to the 2012 presidential elections, UNDP collaborated with other organizations to support an initiative – the Senegalese Women's Platform for Peaceful Elections – which provided a “space for conflict prevention and mediation, as well as the coordination of election monitoring using a gender perspective,” and where “women were mobilized and trained to serve as observers and mediators.”²⁴⁹ A tangible result of their efforts was an increase in the number of women parliamentarians from 23 in previous elections to 64 in 2012.²⁵⁰ Over 40% of the seats in Senegal's current parliament are occupied by women, 64 out of 150 seats in total. UNDP worked alongside Senegal's Caucus of Women Leaders for Parity, contributing approximately \$48 million US and providing technical support towards Senegal's efforts to meet this goal, covering projects under their Strategic Plan for 2008-2012. Indeed, Senegal received increasing UNDP support during the initial years of examination (depicted by the high UNDP expenditures), particularly during the pre-election periods and as protests and riots increasingly broke out, making it all the more crucial to have a smooth elections process.

6.5 SWITCHING GEARS TO THE 'YES' PATH

Unlike the period during his campaign, where Wade was praised as a defender of democracy and the free-market economy, calling for “freedom of press, fair elections...an independent judiciary that would insure application of the rule of law, and greater transparency in government operations,”²⁵¹ he ultimately earned a

²⁴⁹ “Preventing Conflicts in Africa: Early Warning and Response,” International Peace Institute. August 2012. Available online:

http://www.operationspaix.net/DATA/DOCUMENT/7390~v~Preventing_Conflicts_in_Africa_Early_Warning_and_Response.pdf, [accessed 18 May 2016].

²⁵⁰ UNDP. “Senegal Results Oriented Annual Report,” 2012, [accessed 18 May 2016].

²⁵¹ Gellar, Sheldon. Democracy in Senegal: Tocquevillian Analytics in Africa, Palgrave Macmillan: (2005).

reputation amongst his critics as a megalomaniac or autocratic leader.²⁵² Indeed, “once in power, Wade broke many of his campaign promises and adopted a personal style of governance that tarnished his image as one of Africa’s greatest fighters for democracy.”²⁵³ Herein lies the chief exogenous factor leading a country down one path of the causal tree over the other. Macky Sall had personal inclinations towards more democratic governance reform, whereas Wade had semi-democratic tendencies. Therefore, while Wade led Senegal down the ‘No’ path, Macky Sall, head of the Alliance for the Republic Party (APR), set out to re-route the country’s direction.

Backed by the support of twelve opposition parties, Macky Sall won the 2012 elections by a vast majority. Recognizing his blatant defeat, Wade subsequently handed over power, resulting in a peaceful shift in political leadership reflective of the powerful influence citizens in Senegal have in selecting their government.²⁵⁴ Indeed, Figure 34 effectively captured how the Senegalese perceived their ability “to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.” It is apparent that over the period of nine years, Senegal achieved its best governance score in Voice and Accountability, with an average score of -0.14. It can be inferred that this is a result of the efforts of the government and opposition parties to ensure the electoral process stayed true to its democratic principles, and that UNDP’s technical assistance and resource support had a significant role to play in this. While optimists could argue that it was UNDP support for the opposition parties that helped them defeat Wade’s administration, thereby setting the stage for a government that was more receptive to governance reform – this was not entirely the case. For the most part, the level of support offered by UNDP remained constant from one administration to the next – what changed, however, was the structural shift brought about by the more democratically inclined Sall, who was

²⁵² Cornado, Estelle. “Senegalese President Abdoulaye Wade’s Rise and Rule,” BBC Afrique. 26 March 2012. Available online: <http://www.bbc.com/news/world-africa-16905528>, [accessed 18 May 2016].

²⁵³ Gellar, Sheldon. *Democracy in Senegal: Tocquevillian Analytics in Africa*, Palgrave Macmillan: (2005).

²⁵⁴ “Republic of Senegal,” Election Guide: Democracy Assistance & Election News. International Foundation for Electoral Systems. Available online: <http://www.electionguide.org/countries/id/190/>, [accessed 18 May 2016].

more open and welcoming of the UNDP to establish a link between its expenditures and Senegal’s governance programmes.

This is an illustration of how, with the second political transformation, Sall’s government embarked on a path down the causal tree, which was very different from its predecessor – one that was more focused on implementing governance reform and upholding democratic values. Sall’s government also identified several key development priorities, towards which they began devoting their efforts. “While the [current government] has been implementing an ambitious program of infrastructure building and rehabilitation, more control and prioritization of public expenditures are needed to complete [the] program without further increasing the fiscal deficit beyond the target figures agreed-upon with the IMF.”²⁵⁵ Much of the development assistance that the Senegalese government enjoyed over the years was delivered in “the form of budget support, project financing and development programs.”²⁵⁶ For example, the Delegation for State Reform and Technical Assistance (DREAT) was set up to lead the National Good Governance Programme, helping to improve coordination amongst governance actors and monitor the progress of projects and programmes.²⁵⁷

This in turn had a significant effect on the type of UNDP programming that was subsequently designed, with now a governance-focused perspective on the national development priorities. In response to declining governance conditions under the previous regime, and at the request of the Senegalese government, UNDP amped up its presence and the number of projects in the country – particularly focusing on electoral reform and

²⁵⁵ USAID, “Senegal Country Development Cooperation Strategy: 2012-2016.” February 2012. Available online: <https://www.usaid.gov/sites/default/files/documents/1860/SenegalCDCS.pdf>, [accessed 18 May 2016].

²⁵⁶ Diagne, Abdoulaye, *et al.* “Assessing Development Strategies to Achieve the MDGs in The Republic of Senegal.” UN Department for Social and Economic Affairs, March 2011. Available online: http://www.un.org/en/development/desa/policy/capacity/output_studies/roa87_study_sen.pdf, [accessed 18 May 2016].

²⁵⁷ “Senegal – Monitoring the National Programme on Good Governance,” UNDP Project Facts, October 2011, Available online: http://www.undp.org/content/dam/undp/documents/partners/civil_society/additional_documents/Africa%20Forum%20on%20Civil%20Society%20and%20Governance%20Assessments/Fast_Facts_Senegal.pdf, [accessed 18 May 2016].

improved governance conditions. Note that the structural difference in the political system made this type of spending choice possible. Indeed, the key takeaway from this shift in the relationship between Senegal’s WGI scores and UNDP expenditures is that under the very different political system, more UNDP spending was allocated towards governance-related programmes. This enabled UNDP to have an increased presence and role in the country, and more importantly, its expenditures could now contribute to improving governance conditions in Senegal – the first of which were results of their efforts during the elections.

In addition to providing electoral assistance to Senegal, other governance-related programmes that the UNDP has been involved in, particularly during the period under review, have focused on poverty reduction and economic growth, and participatory decentralization. For example, UNDP supported efforts towards policy decentralization, promoting enhanced coordination amongst stakeholders in order to “improve the impact of decentralization policies on the population.”²⁵⁸ This ultimately contributed to Senegal’s improved capacity “to achieve MDG targets, since the goals [required] the efforts of local communities.”²⁵⁹ Subsequently, “UNDP experienced strong growth in its programming activities and as coordinator of a broadened representation of UN agencies in Senegal. UNDP [was] increasingly involved in the planning and implementation of joint programmes with other UN agencies.”²⁶⁰ This is reflected by the programme expenditures, which more than doubled between 2004 and 2009, thereby illustrating the increasing role and presence of UNDP in Senegal. Notably, “the UN system in Senegal [grew] significantly, from 16 institutions, including the World Bank and IMF, in 2000 to 23 institutions in 2007.”²⁶¹ This is indicative of the structural shifts and organizational changes

²⁵⁸ Table from Senegal: Assessment of Development Results, Evaluation of UNDP Contribution, UNDP Evaluation Office, 2011. Available online: <http://web.undp.org/evaluation/evaluations/adr/senegal.shtml>, [accessed 18 May 2016].

²⁵⁹ Senegal: Assessment of Development Results, Evaluation of UNDP Contribution, UNDP Evaluation Office, 2011. Available online: <http://web.undp.org/evaluation/evaluations/adr/senegal.shtml>, [accessed 18 May 2016].

²⁶⁰ Ibid.

²⁶¹ Ibid.

undertaken by UNDP in Senegal between 2002 and 2010 to accommodate increasing demands for support in the form of technical assistance, capacity building and overall programme management.

In response to mounting governance challenges, there was an apparent 20% increase in the number of employees from 38 to 46 in the UNDP country office in Senegal. In particular, the highest increases in number of staff were in management, administrative, communications, governance and programme support positions. UNDP's annual expenditures in Senegal were on average about US \$14.71 million (approximately \$1.20 per capita). UNDP's projects focused on a variety of themes, including: inclusive and sustainable growth, climate change and disaster resilience, democratic governance, enhancing responsive institutions, gender equality, crisis prevention and recovery, and development impact and effectiveness. UNDP's highest expenses took place between 2009 and 2010, when the development agency spent US \$19.9 million (\$1.58 per capita). A majority of these expenses in Senegal were allocated towards reforming and strengthening the electoral process. Over the period of 9 years, overall UNDP expenditures in Senegal increased by US \$5 million (an increase of \$0.22 per capita). Indeed, over the course of 9 years, UNDP contributed funding and has been engaged in over 210 projects spread across Senegal. The UNDP budget in Senegal for 2012 was approximately \$13.76 million allocated to 39 active governance-related projects spread across the country.

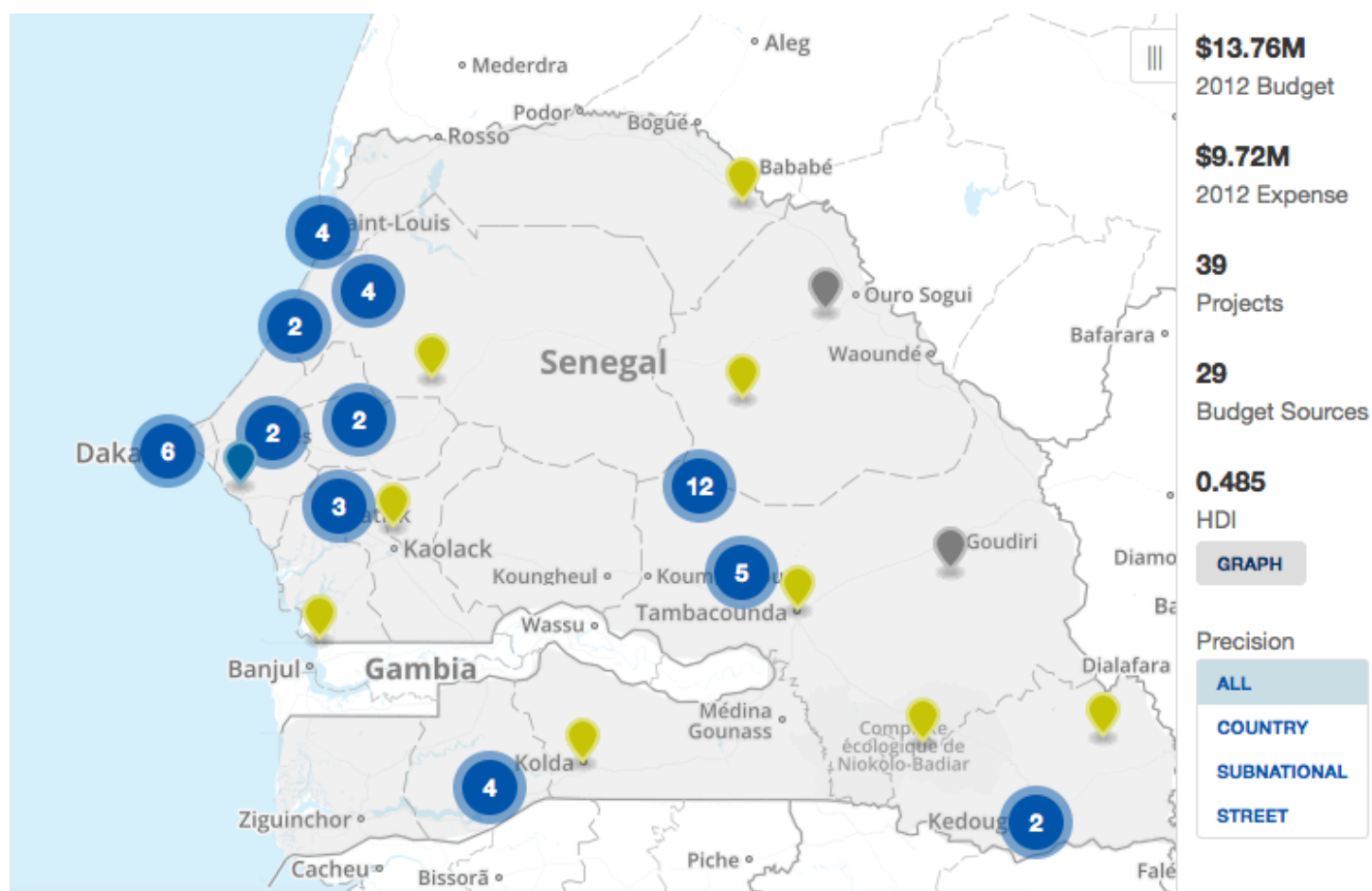


Figure 35 Operating projects in Senegal in 2012²⁶²

UNDP contributions have been demonstrated through their involvement in “community empowerment initiatives, [seeking] to address development issues through common work and participation, and strengthening participation mechanisms and CSO capacities to engage effectively in national planning and governance processes.”²⁶³ UNDP contributed towards Senegal’s efforts for economic and financial governance reform through the Pole Dakar project, which developed multi-annual planning and programming guidelines to help countries in Western and Central Africa improve accountability in their fiscal management and planning policies. “UNDP provided technical support in the capacity building of officials in public administration

²⁶² UNDP Operating projects in Senegal in 2012. Available online: <http://open.undp.org>

²⁶³ Annexes to the Cumulative Review and Annual Report of the Administrator on the strategic plan: performance and results for 2008-2012.

including the Ministry of Economy and Finance,” and also provided assistance with “the integration of planning and budgeting in at least two sectoral ministries in the formulation of their surrounding Medium Term Expenditures.”²⁶⁴ UNDP also worked with political parties to improve party accountability and address gender imbalances, as well as raising public awareness through education efforts and capacity building in order to increase the number of women participating in politics. A mainstay of UNDP’s more recent assistance programmes have been in legal reform, organizing professional development programmes for election workers, and helping Senegal with election-related resource management.²⁶⁵

UNDP continues to play a significant role leading development projects and providing support to Senegal in their efforts to accelerate the achievement of their Millennium Development Goals (now superseded by the 2015 Sustainable Development Goals). For example, UNDP collaborated with other international partners to establish Senegal’s National Committee on Climate Change (COMNACC).²⁶⁶ Soon after the development of COMNACC, Senegal received global recognition for its efforts to improve the nation’s quality of governance and living conditions, and was among the first countries to be accredited by the Climate Change Fund.²⁶⁷ UNDP also partnered with four other major international development organizations for a professional development programme, called BRIDGE (Building of Resources in Democracy, Governance and Elections). The BRIDGE project provides a comprehensive curriculum and workshop package to serve as a capacity building toolkit.²⁶⁸ Through training and advocacy workshops organized using BRIDGE guidelines, UNDP assisted Senegal in their

²⁶⁴ UNDP. “Senegal Results Oriented Annual Report,” 2013, [accessed 18 May 2016].

²⁶⁵ UNDP “Annual Report 2011/2012: The Sustainable Future We Want.” Available online: http://www.undp.org/content/dam/undp/library/corporate/UNDP-in-action/2012/English/UNDP-AnnualReport_ENGLISH.pdf, [accessed 18 May 2016].

²⁶⁶ Senegal Country Programme Document 2012-2016, Executive Board of the UNDP, March 15 2011, DP/DCP/SEN/2. Available online: <http://web.undp.org/execbrd/pdf/DPDCPSEN2e.pdf>, [accessed 18 May 2016].

²⁶⁷ “Interview: Déthié Soumaré Ndiaye on how Senegal became ‘climate finance ready.’ Climate and Development Knowledge Network. February 23, 2015. <http://cdkn.org/2015/02/interview-dethie-soumare-ndiaye-senegal-became-climate-finance-ready/>, [accessed 18 May 2016].

²⁶⁸ BRIDGE-project website. <http://www.bridge-project.org/en/about-bridge/overview.html>, [accessed 18 May 2016].

efforts to enhance gender mainstreaming in their electoral processes. Indeed, the willingness of the new government to implement UNDP recommendations is a reflection of the renewed relationship between UNDP and Senegal under the new political system – one that established the link between UNDP expenditures and improved governance conditions.

6.6 CONCLUSION

The Senegal case study presented here has outlined one extreme of the relationship between UNDP expenditures and shifts in overall governance quality. Senegal is an example of a country showing a highly negative relationship between UNDP expenditures and governance in the country. As UNDP continued to increasingly dedicate funds and programme efforts towards enhancing governance in Senegal, the conditions did not improve and in fact, steadily declined. It is therefore apparent that it is not enough for Senegal to voice their commitment to democracy and boast an international reputation of having favorable development conditions to secure additional development funding. Indeed, they must continually demonstrate a political will and commitment to true democracy and a steady ambition to achieve their development goals. Increased funding does not necessarily result in positive development outcomes or improved governance conditions. Aid funding – in this case, UNDP expenditures – can only affect change and progress in governance conditions if proposed reform projects are in sync with the government’s national development agenda and priorities. This encourages the governments to not only have ownership of the projects, but also pushes them to follow through on their commitments to democratic reform and address all pre-existing political instabilities.

Reflecting Senegal’s efforts in this regard under Sall’s regime, elected in 2012, the National Human Development Report on Senegal highlighted the progress made on net school enrolment rates, enhanced access

to safe drinking water and improved gender equality.²⁶⁹ Indeed, the report stated that Senegal was moving in the right direction of achieving their MDG targets. Senegal further demonstrated their high-level commitment to the MDG campaign by not only being an active participant in discussions about the international development agenda, but also by following a ‘monist integration’ approach to international law.

An example of this was in 2010, when the UNDP African regional bureau based out of Dakar, Senegal, was tasked with managing the Spanish Trust Fund. Established in 2007, the Trust Fund was the result of a memorandum of understanding between UNDP and the Spanish government, whereby €10million was donated to support public administration reform efforts in nine West African countries, including Senegal. Employing UNDP’s expertise, this funding was allocated towards a regional project that brought states and relevant stakeholders together (ie government officials, civil society organizations, women’s networks and youth groups) to engage in dialogue on issues related to civil service reform and information technology. Senegal collaborated with UNDP to host a workshop, engaging participants from eight African countries representing governments, parliaments, media, private sector and civil society organizations. The aim was for the dialogue to encourage the exchange of broad useful lessons that could then be replicated in other West African countries, and eventually the rest of the continent.²⁷⁰ Senegal was back on track to being a model democracy for the rest of the region – and UNDP was playing an active role in helping the country address its governance bottlenecks, as illustrated by the improved WGI scores during the latter years examined.

Under Senegal’s new Poverty Reduction Strategy, Senegal aimed to improve pro-poor economic growth and development policies through the creation of new sectors that generate employment and income

²⁶⁹ Senegal Country Programme Document 2012-2016, Executive Board of the UNDP, March 15 2011, DP/DCP/SEN/2. Available online: <http://web.undp.org/execbrd/pdf/DPDCPSEN2e.pdf>, [accessed 18 May 2016].

²⁷⁰ “Building Bridges Between the State & The People: an overview of UNDP’s Recent and Current Interventions in Public Administration and Local Governance in Africa,” UNDP, August 2010. Available online: <http://www.undp.org/content/dam/rba/docs/Reports/Public%20Admin%20Local%20Governance%20Report%20En.pdf>, [accessed 18 May 2016].

opportunities, and promote social inclusion.²⁷¹ Further investment in the agricultural sector was also highlighted as a strategic development priority. It was believed that focusing their efforts on creating and strengthening existing “capacities of agricultural producers and their associations would contribute to improved growth and greater food security.”²⁷² Recognizing the need to address poor living conditions and inherent social inequalities, the government began focusing on enhanced social protection standards and providing accelerated access to basic social services through reformed governance structures and institutions. Investing in public reforms of governance structures and institutions resulted in “improved transparency, accountability, and resource management.”²⁷³ The government of Senegal, in implementing elements of its Poverty Reduction Strategy, “[found] its legitimacy in the highly participatory manner in which [the strategy] was elaborated and is monitored, including by donors, civil society, and local government representatives.”²⁷⁴

By gradually building upon its international reputation as a nation committed to development and overall good governance under Sall’s leadership, Senegal was able to regain levels of support from international donors. This in turn impacted the level of funding that was required from UNDP, as more and more projects were increasingly being funded by external third-party donor partners. For example, Senegal received approximately \$8.6 million in donor contributions supporting their efforts to protect their coastal resources. “In the long run, additional funding from so-called emerging donors also [depended] on economic sustainability and business gains. Therefore, it [was] essential for Senegal to bolster itself internally by completing political and economic

²⁷¹ Senegal Country Programme Document 2012-2016, Executive Board of the UNDP, March 15 2011, DP/DCP/SEN/2. Available online: <http://web.undp.org/execbrd/pdf/DPDCPSEN2e.pdf>, [accessed 18 May 2016].

²⁷² Canadian International Development Agency, “Senegal Country Strategy 2009.” Available online: http://www.international.gc.ca/development-developpement/aidtransparence-aidtransparenceaide/country_strategies_pays/senegal.aspx?lang=eng, [accessed 18 May 2016].

²⁷³ Ibid.

²⁷⁴ Ibid.

reforms.”²⁷⁵ By 2012, several multilateral organizations were actively re-engaged in Senegal, many who were partnered with and received financial contributions from external donors for development projects. Therefore, a dip in UNDP expenditures is seen during the latter years under review, coupled with a marked improvement in governance scores.

While most of the international organizations coordinated with one another, each of their respective projects in Senegal fell within specific development themes.²⁷⁶ For example, the World Bank focused on infrastructure, human development and the private sector. The African Development Bank collaborated on projects focusing on economic growth, governance, the private sector, and efforts to harmonize national and pan-African policy frameworks. Of the international aid that Senegal received, 32% was provided through the United Nations System.²⁷⁷ This included assistance from the UNDP who facilitated the launch of their national governance programme and provided capacity building and development to personnel in Parliament and within the country’s judicial system.

It is apparent that had the Sall regime’s predecessors taken a similar approach down the ‘Yes’ path of the causal tree, the resulting governance conditions may have been very different. Certainly, UNDP’s expenditures could potentially have been allocated towards the governance programmes and recommendations that were initially proposed and never followed-through upon. While governance and democratic reform failed to be a government priority under the Wade regime, subsequently influencing how UNDP expenditures were allocated – Sall took a different approach which ultimately led to more positive outcome and improved governance

²⁷⁵ “Senegal Country Report - Shaping Change: Strategies of Development and Transformation,” Bertelsmann Transformation Index, Available online: <http://bti2006.bertelsmann-transformation-index.de/82.0.html?L=1>, [accessed 18 May 2016].

²⁷⁶ Canadian International Development Agency, “Senegal Country Strategy 2009.” Available online: http://www.international.gc.ca/development-developpement/aidtransparency-transparenceaide/country_strategies_pays/senegal.aspx?lang=eng, [accessed 18 May 2016].

²⁷⁷ UNDP Evaluation Office, “Evaluation of the National Human Development Report: Case Study Senegal,” 2006. Available online: <http://web.undp.org/evaluation/documents/thematic/nhdr/NHDR-main-report.pdf>, [accessed 18 May 2016].

conditions. The next chapter will examine the other end of the spectrum, an example of a highly positive relationship between UNDP and a country which always remained on the ‘Yes’ path of the causal tree, namely: Moldova.

Chapter 7 Qualitative Case-Study Analysis – Moldova

7.1 REPUBLIC OF MOLDOVA

The second country case presented in this study is the Republic of Moldova (hereafter referred to as Moldova). This is an example of a case where, unlike Senegal, UNDP spending *increased* in roughly the same line and pace as governance conditions. More to the point, these conditions *improved*. Unlike the Senegal case, Moldova is an example where the optimist camp's predictions have come true.

The empirical evidence is clear. Running a correlation between UNDP expenditures and Moldova's average governance scores over the nine years of this study indicates a strongly positive relationship ($r = 0.95$). Moldova, in fact, showed the strongest positive correlation between UNDP expenditures and WGI scores from the entire large-n dataset. The Regression Table below more completely illustrates the strength and statistical nature of the positive relationship between UNDP expenditures and Moldova's governance scores. Although the coefficient is somewhat low – it takes a substantial amount of funds to improve governance conditions when political economic circumstances are as fraught with obstacles and difficulty as Moldova – the model boasts undeniable explanatory power: R^2 for the model comes in at 0.89. Moreover, similar to the findings from the Senegal-UNDP regression, the results for Moldova were also statistically significant; a P-value of 0.000 suggests this positive relationship appearing purely by chance is incredibly low.

Table 25 Regression Table for Moldova: UNDP Expenditures per capita and WGI Scores

Source	SS	Df	MS	Number of Observations = 9		
Model	0.072868683	1	0.072868683	F(1, 7) = 59.61		
Residual	0.008557501	7	0.0012225	Prob > F = 0.0001		
Total	0.081426184	8	0.010178273	R-squared = 0.8949		
				Adj R-squared = 0.8799		
				Root MSE = 0.03496		
WGI	Coef.	Std. Error.	t	P > t	[95% Conf. Interval	
ExpPC	0.0457267	0.0059228	7.72	0.000	0.0317216	0.0597319
_cons	-0.6220771	0.0274485	-22.66	0.000	-0.6869825	0.5571717

Figure 36 below illustrates how, as UNDP expenditures grew, the quality of Moldova's governance improved. The two move so closely in concert that they mirror each other even during an apparent dip in UNDP expenditures in 2008, when governance conditions declined at the same time. Following this slump, both continued their upward trend. By the end of the period covered in this study, the quality of governance in Moldova had roughly doubled.

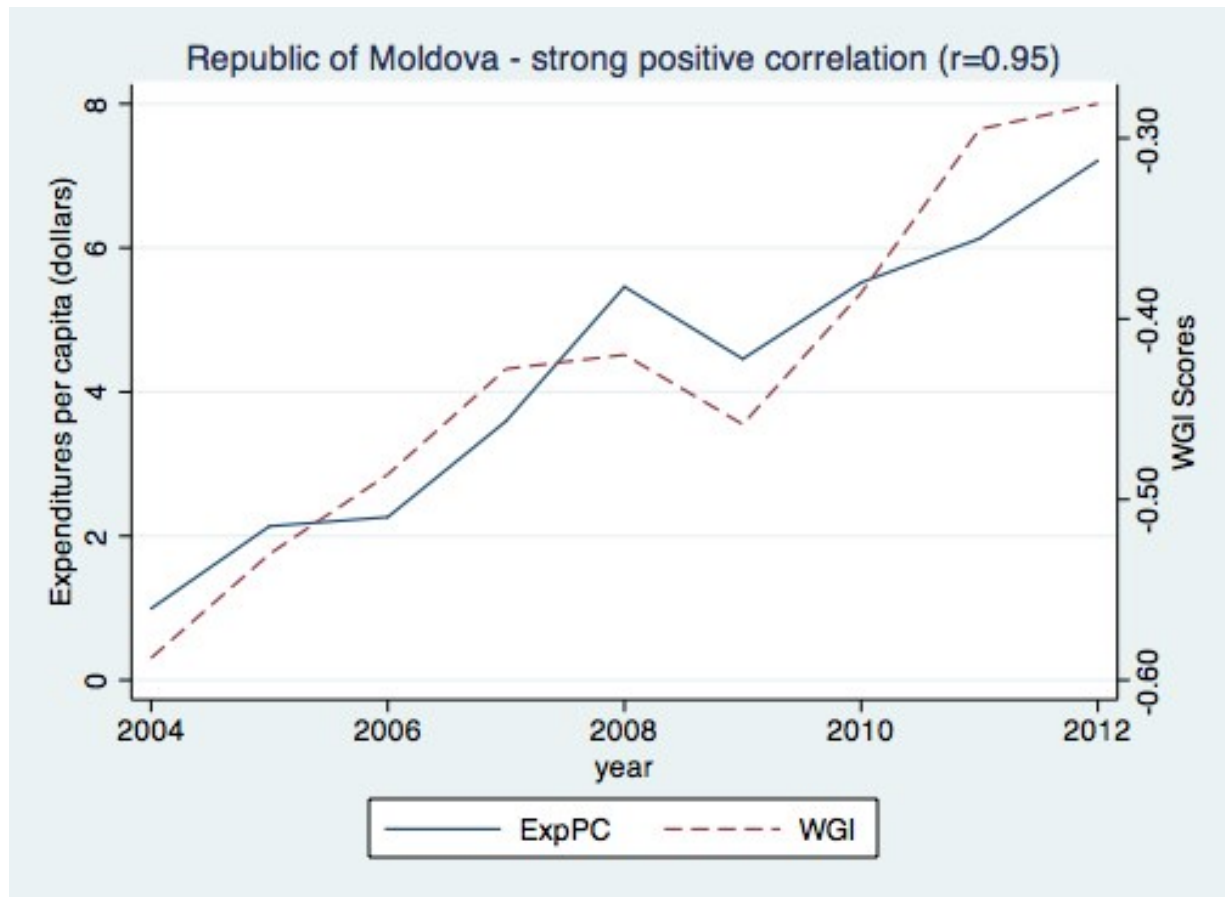


Figure 36 Republic of Moldova – strong positive correlation ($r = 0.95$)

This would seem to make Moldova an open-and-shut case. Yet, just as the graph for Senegal raised questions about the context and circumstances surrounding such a starkly inverse relationship, the above graph for Moldova calls for an explanation behind the positive relationship. Why do these two variables appear to move in the same direction? What circumstances surrounded Moldova’s relationship with UNDP, that in turn ensured increases in expenditures occurred alongside steadily improving governance conditions? Are there peculiarities of Moldova’s political and social structure that brought reason to hope for UNDP success, even after we have shown Senegal clearly could not? To address these questions, we begin with a discussion of the control variables that potentially intervene in the causal link between IGO spending and governance outcomes. Table 26 below outlines the summary statistics for all the variables examined in relation to Moldova.

Table 26 Summary Statistics – Republic of Moldova

DESCRIPTION	VARIABLE	MEAN	STANDARD DEVIATION	MIN	MAX
World Governance Indicator Score	WGI	-0.43	0.101	-0.59 <i>(2004)</i>	-0.28 <i>(2012)</i>
WGI Score: Voice and Accountability	WGIVA	-0.28	0.188	-0.58 <i>(2004)</i>	-0.014 <i>(2011)</i>
WGI Score: Government Effectiveness	WGIGE	-0.70	0.112	-0.89 <i>(2004)</i>	-0.55 <i>(2012)</i>
WGI Score: Control of Corruption	WGICC	-0.66	0.13	-0.99 <i>(2004)</i>	-0.57 <i>(2008)</i>
WGI Score: Rule of Law	WGIRL	-0.43	0.07	-0.54 <i>(2006)</i>	-0.36 <i>(2012)</i>
WGI Score: Regulatory Quality	WGIRQ	-0.24	0.15	-0.46 <i>(2005)</i>	-0.08 <i>(2011)</i>
WGI Score: Political Stability & Absence of Violence	WGIPSAV	-0.27	0.20	-0.59 <i>(2009)</i>	0.02 <i>(2012)</i>
Gross Development Product per capita	GDPpc	3699	371	3080 <i>(2004)</i>	4179 <i>(2011)</i>

DESCRIPTION	VARIABLE	MEAN	STANDARD DEVIATION	MIN	MAX
Gross National Income per capita (Atlas method, current US)	GNI	1426	501	730 (2004)	2150 (2012)
Official Development Assistance in millions (\$US)	ODA	327.2	128.61	147.6 (2004)	501.3 (2010)
Aid Dependency	AidDep	2.42%	0.008%	1.33% (2004)	3.59% (2010)
Corruption Perceptions Index	CPI	2.98	0.363	2.3 (2004)	3.6 (2012)
UNDP Expenditures in millions (\$US)	Exp	15	7.41	3.58 (2004)	25.67 (2012)
UNDP Expenditures per capita	ExpPC	4.19	2.09	0.99 (2004)	7.21 (2012)

We begin with a high-level discussion of UNDP's focus on the region of ECIS in order to highlight the organization's focus and priorities in comparison to other regions where it operates. This also provides better insight concerning the regional context and environment surrounding UNDP's relationship with Moldova, and its neighbouring countries who are facing similar development constraints. To reiterate the findings from the

large-n study in the previous chapters, of the 5 regions examined (Africa, Arab States, Asia, ECIS, and LATCAR), UNDP on average spent the least in the region of Europe and the Commonwealth of Independent States (ECIS). With an annual spending average of approximately \$14 million in ECIS, UNDP spent nearly US \$3.12 billion across all 26 countries in the region between 2004 and 2012.²⁷⁸ The spread of UNDP's resources across the region is evident when comparing this figure with what the agency had spent in the region of Western Africa alone (just under \$3 billion across fewer countries – 16 to be exact). This is primarily due to the fact that a majority of the countries in the region receiving assistance from UNDP are middle-income countries, thereby making UNDP resources allocated to the region “comparatively limited,”²⁷⁹ and not nearly as urgently required as the other regions.

As shown in Figure 37 below, aside from a slight dip in 2005, WGI scores across ECIS steadily improved between 2006 and 2012. By 2012, most of the countries had reduced poverty, improved their governance conditions, and were on track to achieving their 2015 Millennium Development Goals. Meanwhile, UNDP expenditures spiked after starting out slowly in 2004. While there was some fluctuation after 2006, spending has on average remained consistent and at par with improving governance conditions. This relationship was supported by correlation test results between the median values of the two variables, indicating a strong positive relationship with $r = 0.64$.

²⁷⁸ Countries in ECIS comprised of: Albania, Armenia, Azerbaijan, Belarus, Bosnia, Bulgaria, Croatia, Cyprus, Georgia, Kazakhstan, Kosovo, Kyrgyzstan, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Tajikistan, Turkey, Turkmenistan, Ukraine, and Uzbekistan.

²⁷⁹ UNDP Evaluation Office, “Evaluation of the Regional Programme for Europe and the Commonwealth of Independent States 2006-2010,” December 2009. Available online: <https://www.oecd.org/derec/undp/46808824.pdf>, [accessed 18 May 2016].

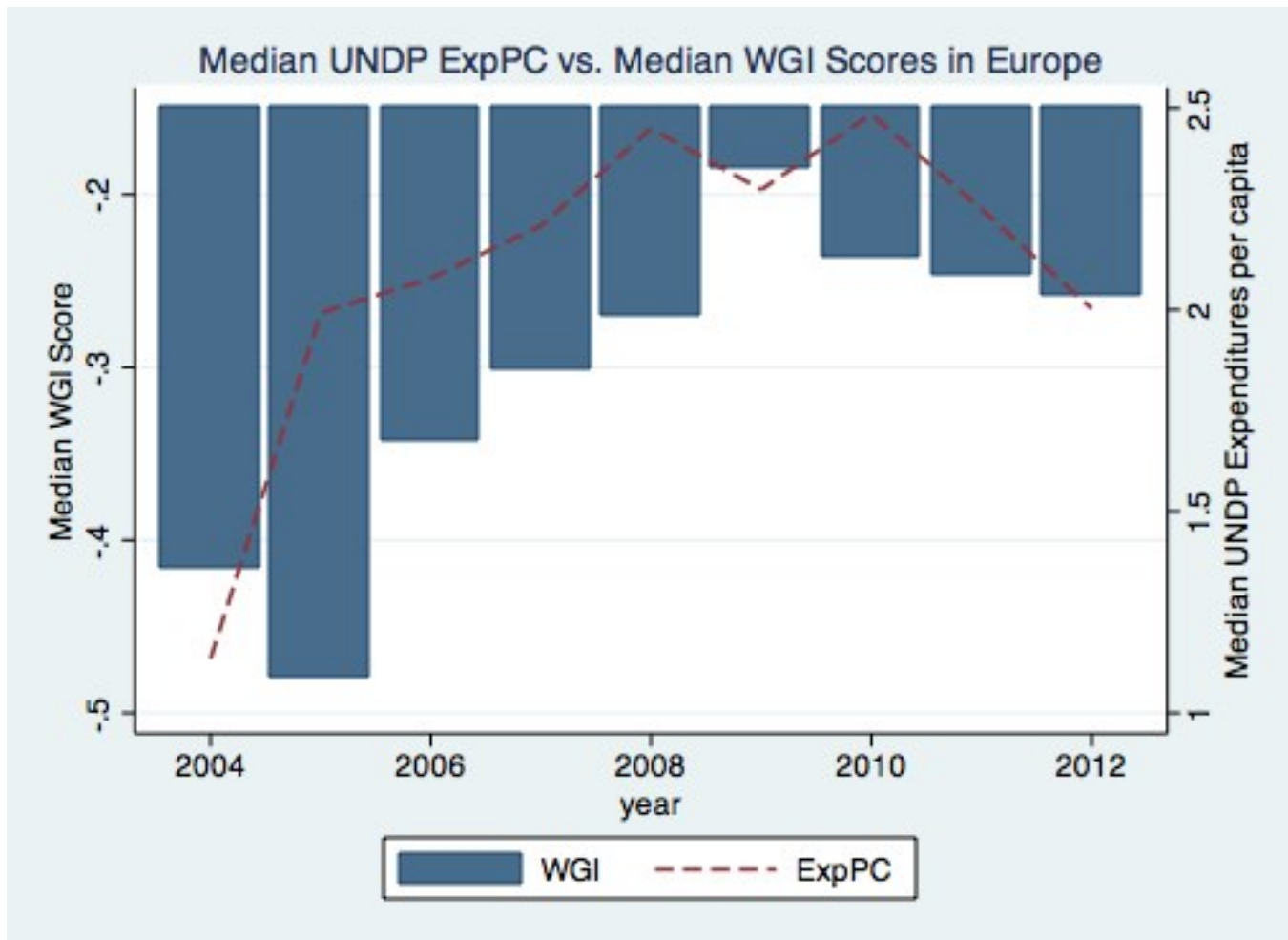


Figure 37 Median UNDP Expenditures per Capita and WGI Scores in Europe

The approach taken by governments in the region of ECIS towards development and transition is different than that of other regions like Asia and Africa. ECIS’ “governance-centric approach to development in the region...differs from the production/innovation driven development paradigm in Southeast Asia and the basic (physical and human) development driven paradigm in Africa.”²⁸⁰ The region of ECIS subsequently experienced a relatively higher quality of governance, illustrated by its high WGI scores, second only to LATCAR. While sharing a common legacy of a socialist system that had “managed to ensure a relatively high

²⁸⁰ UNDP Evaluation Office, “Evaluation of the Regional Programme for Europe and the Commonwealth of Independent States 2006-2010,” December 2009. Available online: <https://www.oecd.org/derec/undp/46808824.pdf>, [accessed 18 May 2016].

level of human development,”²⁸¹ the majority of the countries in the ECIS region transitioned at varying speeds towards more democratic forms of governance. UNDP’s focus and work in the ECIS region, combined with the region’s commitment towards democratic transition, sets the stage for our discussion of the organization’s relationship with Moldova.

Progress was not consistent as several countries fell within the category of lower middle and low-income status.²⁸² Countries in the lower income category, like Moldova, were among those hit hardest by the economic repercussions of the disintegration of the socialist bloc, creating internal tensions across the region. Slow progress in reforming institutional and regulatory systems, coupled with limited regional economic integration and cross-boundary cooperation and trade has resulted in poor improvement across a host of human development metrics.²⁸³ “Weak institutions, governance systems and gaps in the rule of law, influenced by corruption, [continued] to impact citizens’ participation and the delivery of basic services.”²⁸⁴ The goal of UNDP programming in the region was, therefore, to assist middle- and low-income countries with their national development agendas and strategies, and to strengthen platforms for inter-country development cooperation within the region.²⁸⁵ This entailed providing support in the form of technical assistance and capacity building to governments, helping them align their national action plans with international standards, promoting transparency and accountability, and ensuring citizen participation. It was hoped that by fostering an environment which

²⁸¹ Ibid.

²⁸² Executive Board of the UNDP, UNFP and the UNOPS, “Regional Programme Document for Europe and the Commonwealth of Independent States, 2014-2017,” First Regular Session 2014, DP/RPD/REC/3, New York. Available online: http://www.undp.org/content/undp/en/home/operations/executive_board/documents_for_sessions/adv2014-first.html, [accessed 18 May 2016].

²⁸³ Ibid.

²⁸⁴ Ibid.

²⁸⁵ Executive Board of the UNDP, UNFP and the UNOPS, “Regional Programme Document for Europe and the Commonwealth of Independent States, 2014-2017,” First Regular Session 2014, DP/RPD/REC/3, New York. Available online: http://www.undp.org/content/undp/en/home/operations/executive_board/documents_for_sessions/adv2014-first.html, [accessed 18 May 2016].

allowed countries like Moldova to align themselves and cooperate with role-model countries of the region would facilitate their transition process. Unlike Senegal, which was a successful model – at least at the outset – for democratic transition in West Africa (and Africa writ large), Moldova struggled with its transition from communist rule. Governance reforms were messy, often poorly planned, and still-incomplete. To date, Moldova remains one of the poorest countries in Europe, both developmentally and economically.²⁸⁶

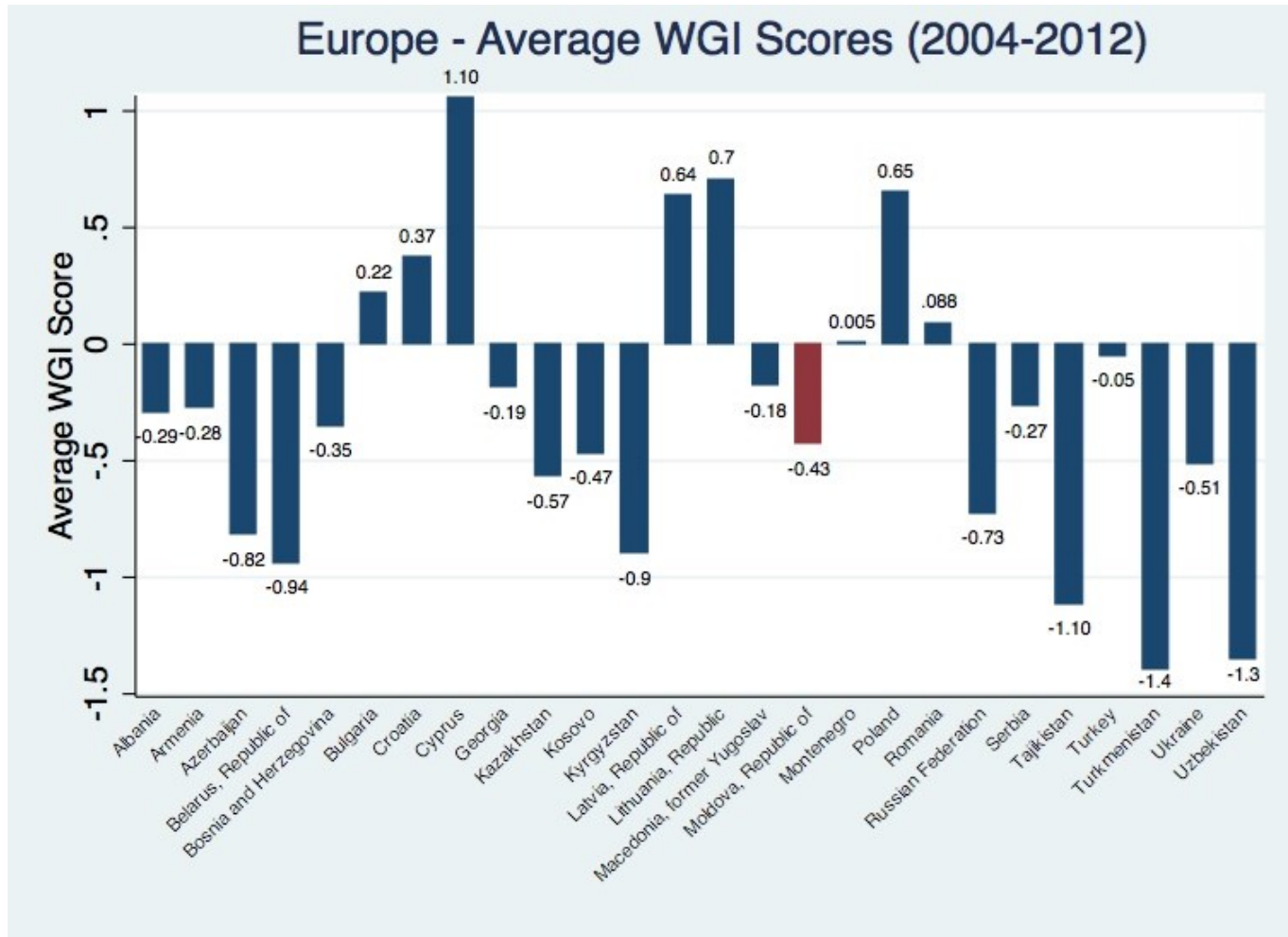


Figure 38 Europe – Average WGI Scores (2004-2012)

Figure 38 above illustrates Moldova’s governance scores in comparison to the rest of the region.

²⁸⁶ Moldova: Assessment of Development Results, Evaluation of UNDP Contribution, UNDP Evaluation Office, January 2012. Available online: <http://web.undp.org/evaluation/evaluations/adr/moldova.shtml>, [accessed 18 May 2016].

Moldova averaged a WGI score of -0.43 over the 9 years covered in the dataset. This compares quite unfavourably to the ECIS regional average of -0.28. In fact, Moldova’s governance scores were on average better than only 25% of the countries in ECIS. This graphs shows that Moldova was experiencing a relatively slower progress with its democratic transition than its more successful neighbours.

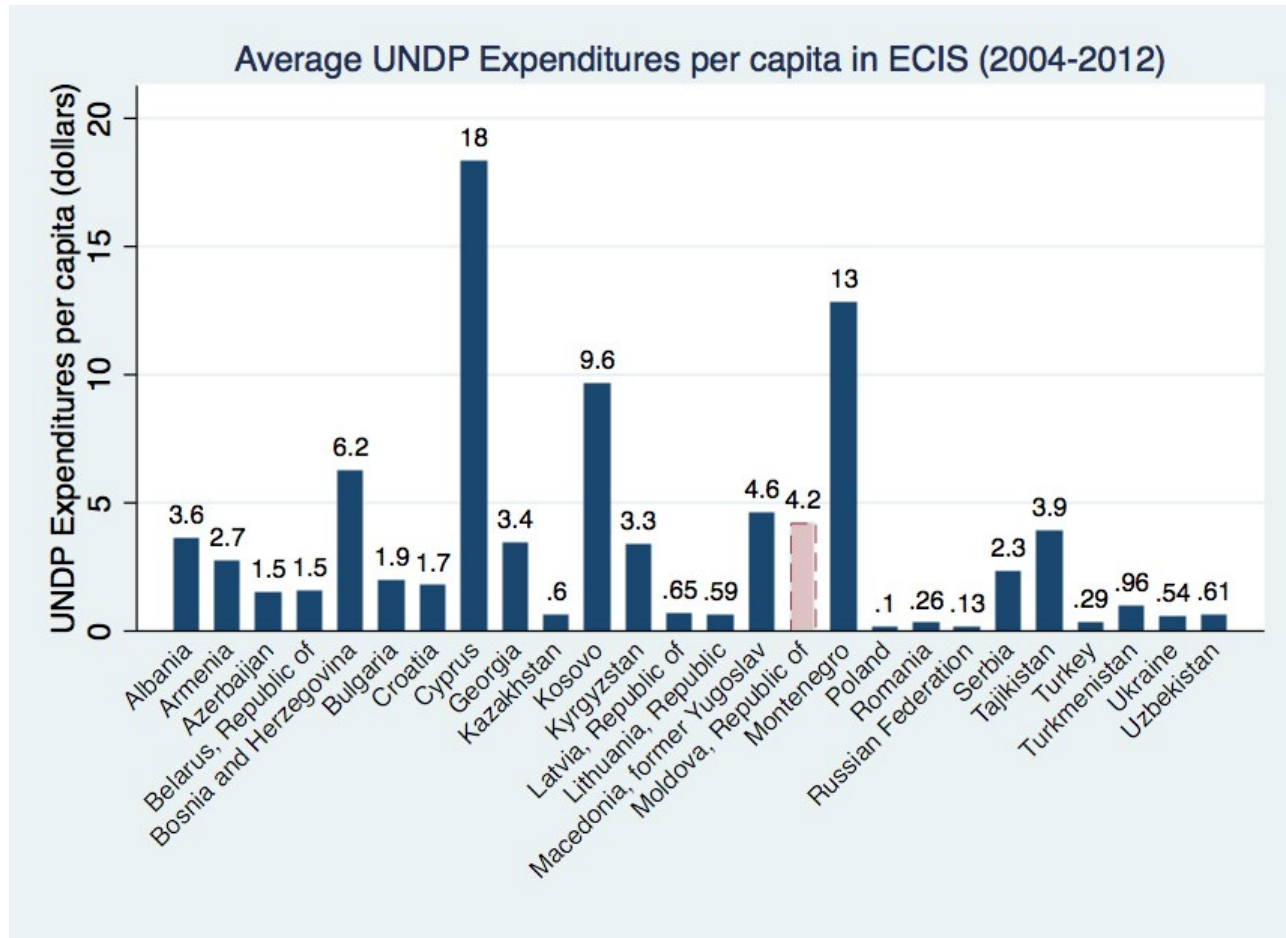


Figure 39 Average UNDP Expenditures per capita in ECIS (2004-2012)

Figure 39 above allows us to compare this with how UNDP expenditures were distributed across the region. UNDP spent more in Moldova than in 80% of the other countries in the region, just above the regional average of \$13.7 million (approximately \$3.2 per capita). In other words, UNDP spent more in Moldova, for worse results. These two graphs therefore contradict the chief argument of the optimist camp, which assumes success follows from funding. To the contrary, the evidence here illustrates how WGI performance is not

necessarily linked to how much money is expended by international development organizations towards governance programmes.

Moldova was chosen as a country worth studying because governance conditions gradually improved alongside growth in UNDP spending. Yet doubly intriguing about this case is that, given Moldova's seemingly endless catalogue of socio-political handicaps, it improved as much as it did. The odds stacked against it were as great as the conditions were poor. In 2004, media outlets characterized Moldova's wages as "pitifully low"²⁸⁷ with an "average income [at] less than £2 (\$3.50) a day," highlighting the country's inadequate quality of life conditions. The best evidence of dissatisfaction is a large percent of its population choosing to emigrate to other countries in search of a better life. "One in six adults [leave] to work abroad and the children they abandon become rich pickings for human traffickers."²⁸⁸ Indeed, Moldova has long been struggling with poor economic conditions, which has consequently had a drastic impact on the governance conditions within the country. From a macroscopic vantage, Moldova serves as a clear example of a country limited by its structural constraints, set up for governance failure regardless of how much aid funding was allocated towards it. The key question in the case of Moldova then, is how did the country's performance steadily improve in its governance scores, despite the challenging circumstances it faced? Moldova is almost the perfect opposite of our previous case, Senegal. In the latter, conditions appeared prime for great strides in governance improvement with the cooperation of the UNDP. But results were for the most part, disappointing. By contrast, Moldova's circumstances appeared to set it up for failure, and yet it was still able to achieve progress with its democratic transition (albeit at a slow pace). We look now to what it is about Moldova that made even the most limited of prospects for success a tangible reality.

²⁸⁷ Bond, Martyn. "Moldova's missing generation," BBC News, May 21, 2004. Available online: http://news.bbc.co.uk/2/hi/programmes/from_our_own_correspondent/3729719.stm, [accessed 18 May 2016].

²⁸⁸ Rooke, Julia. "Helping Moldova's deserted children," BBC Radio 4's Crossing Continents, April 11, 2007. Available online: http://news.bbc.co.uk/2/hi/programmes/crossing_continents/6542385.stm, [accessed 18 May 2016].

7.1.1 Moldova: Socio-political context

Located in Eastern Europe, Moldova is a landlocked country with a total land area of approximately 34,000km². This, by comparison, is roughly one-sixth the geographic size of Senegal. Bordering countries include Romania in the north, and Ukraine surrounding the eastern and southern borders.



Figure 41 Map of Moldova²⁸⁹

The predominant religion in Moldova is Orthodox Christianity, making up over 93% of the

²⁸⁹ Map of Moldova. Europe Atlas. Available online: <http://www.europe-atlas.com/pictures/maps/moldova-map.gif>, [accessed 18 May 2016].

population.²⁹⁰ “Moldova’s 2010 human development index stood at 0.623, in the medium human development category, positioning the country at 99 out of 169 countries.”²⁹¹ Unlike Senegal, with its long-held status as a successful model of peace and stability, Moldova, a lower middle-income country, is the poorest country in Europe with an estimated per capita gross national income of \$2070 in 2012.²⁹² This point highlights the challenging circumstances Moldova continues to struggle with, while maintaining a steady ambition towards its democratic transition – a commitment Senegal lacked complete dedication to.

As euphoric as the declaration of Moldova’s independence from Moscow in August 1991 may have been, the post-Soviet era proved catastrophic to the new parliamentary republic. A product of Moldova’s newfound statehood was an ethnic Russian separatist movement that preferred to remain a part of Russia. The bloody military conflict that erupted shortly thereafter resulted in “a de facto secession of the Moldovan territories on the left bank of Nistru from Moldova and creation of the officially unrecognized republic of Transnistria.”²⁹³ The permanent instability and conflict had a long-lasting and devastating impact on Moldova’s economy, as the region of Transnistria accounted for “one-third of the total industrial production of the country and almost the entire energy production.”²⁹⁴ Despite taking steps towards democratic governance reform since gaining independence, including constitutional amendments and electoral reform, Moldova’s economy continued to struggle with socioeconomic hardships and multiple recessions.

²⁹⁰ “CIA The World Factbook,” <https://www.cia.gov/library/publications/the-world-factbook/geos/md.html> [accessed 18 May 2016].

²⁹¹ Moldova: Assessment of Development Results, Evaluation of UNDP Contribution, UNDP Evaluation Office, January 2012. Available online: <http://web.undp.org/evaluation/evaluations/adr/moldova.shtml>, [accessed 18 May 2016].

²⁹² Thesis dataset, sourced from World Development Indicators, “GNI per capita, Atlas method (current US\$).” Available online: <http://databank.worldbank.org/data>.

²⁹³ Morozov, Boris. “Republic of Moldova: 20 years of Independence and Experiments with Public Finance System,” *International Public Management Review*, 15, 2, (2014): 133-165.

²⁹⁴ Draft Country Programme Document for the Republic of Moldova 2013-2017, Executive Board of the UN Development Programme and of the UN Population Fund. Available online: http://www.md.undp.org/content/dam/moldova/docs/Legal%20Framework/CPD_2012_2017.pdf, [accessed 18 May 2016].

Another consequence of their newfound statehood was the loss of direct and indirect subsidies they received from the Soviet Union, which made up nearly 25% of their GDP. During Soviet times, Moldova achieved the status of middle-income country, thanks largely to heavy state subsidies and investment in Moldova's agricultural industry. However, this ended with the fall of the Soviet Union. Moldova's export industries dried up and the economy collapsed.²⁹⁵ "The Republic of Moldova also lost access to the CIS markets as the sudden influx of imports from the West and the rapid decline of disposable income eviscerated domestic demand for Moldova-made products."²⁹⁶ "Unbalanced structural events that took place in conjunction with the lack of management experience and political consequences caused a delay in the expected positive outcomes."²⁹⁷ With international trade making up over 150% of its GDP, Moldova's "small open economy" was "highly dependent on the agricultural sector, which [employed] more than 40% of the labour force, but [contributed] only 14.3% to the GDP (2005)."²⁹⁸ The most important sector for the Moldovan economy became services, contributing 64% to total income.²⁹⁹ With few natural resources, Moldova was "entirely dependent on imports to meet many of its consumer, manufacturing and energy needs."³⁰⁰ With only 4 percent of its energy originating from within Moldova, the country's economic development was weak as its "security of supply

²⁹⁵ Morozov, Boris. "Republic of Moldova: 20 years of Independence and Experiments with Public Finance System," *International Public Management Review*, 15, 2, (2014): 133-165.

²⁹⁶ Bodewig, Kurt. "The Economic Situation in Moldova," NATO Parliamentary Assembly, Annual Session Committee Report, 2007. Available online: <http://www.nato-pa.int/default.asp?SHORTCUT=1172>, [accessed 18 May 2016].

²⁹⁷ Popovici, Iacob, et al. "National Strategy for Sustainable Development," High Economic Council under the Precedent of the Republic of Moldova and UNDP," Undated. Available online: http://www.undp.md/publications/doc/RAPORT_21.pdf, [accessed 18 May 2016].

²⁹⁸ Expert-Grup, "The Republic of Moldova: National Human Development Report 2006 – the quality of economic growth and its impact on human development," UNDP, Chisinau November 2006. Available online: http://www.md.undp.org/content/moldova/en/home/library/human_development/nhdr-2006.html, [accessed 18 May 2016].

²⁹⁹ "CIA The World Factbook," <https://www.cia.gov/library/publications/the-world-factbook/geos/md.html> [accessed 18 May 2016].

³⁰⁰ Bodewig, Kurt. "The Economic Situation in Moldova," NATO Parliamentary Assembly, Annual Session Committee Report, 2007. Available online: <http://www.nato-pa.int/default.asp?SHORTCUT=1172>, [accessed 18 May 2016].

[was] strongly dependent on sources abroad and pricing negotiations.”³⁰¹ Moldova’s struggles with its transition were compounded with “a decade of severe recession stemming from the systemic transformation of the economy and from policy errors.”³⁰² The average Gross National Income per capita in Moldova over the nine years examined was US \$1426, with national income reaching its peak over the nine years in 2012 (US \$2150 per capita).³⁰³ Over the course of the nine years examined in this study (2004-2012), Moldova’s overall gross national income per capita increased by US \$1420. Needless to say, the separation resulted in a collapsed trade system for Moldova and had a deteriorating impact on Moldova’s overall socio-economic development and growth potential.³⁰⁴ As it turned out, the country was hit harder than almost everyone else in Central and Eastern Europe.³⁰⁵

There were, of course, serious efforts to try and stem the chaos. Shortly after gaining independence, Moldova set on a path to establish a democratic political system and liberal market economy by implementing multiple political and economic reforms.³⁰⁶ Moldova’s aim was to transition smoothly towards a socio-economic and political system that was based on democratic principles. “The newly created state had to modify the

³⁰¹ Schmieder, Uta. “Resource Efficiency Gains and Green Growth Perspectives in Moldova,” Friedrich Ebert Stiftung study, September 2012. Available online: <http://library.fes.de/pdf-files/id-moe/09410.pdf>, [accessed 18 May 2016].

³⁰² Expert-Grup, “The Republic of Moldova: National Human Development Report 2006 – the quality of economic growth and its impact on human development,” UNDP, Chisinau November 2006. Available online: http://www.md.undp.org/content/moldova/en/home/library/human_development/nhdr-2006.html, [accessed 18 May 2016].

³⁰³ Figures from thesis dataset.

³⁰⁴ World Bank, “The Republic of Moldova Trade Diagnostic Study,” Report No. 30998-MD, Poverty Reduction and Economic Management Group, Europe and Central Asia Region. December 23, 2004. Available online: <http://siteresources.worldbank.org/INTMOLDOVA/Resources/trade1.pdf>, [accessed 18 May 2016].

³⁰⁵ Mutler, Alison ed., “National Human Development Report 2012: European Aspirations and Human Development of the Republic of Moldova.” United Nations Development Programme. Chisinau, 2012. Available online: http://hdr.undp.org/sites/default/files/moldova_-_2012_nhdr_english_version.pdf, [accessed 18 May 2016].

³⁰⁶ Expert-Grup, “The Republic of Moldova: National Human Development Report 2006 – the quality of economic growth and its impact on human development,” UNDP, Chisinau November 2006. Available online: http://www.md.undp.org/content/moldova/en/home/library/human_development/nhdr-2006.html, [accessed 18 May 2016].

existing institutional arrangements and create new structures/regulations suitable for the country's publicly proclaimed commitment to democracy and free markets."³⁰⁷ Instead, what followed throughout the 1990s was a decade of varying political ideologies governing the country – shifting between democratic and communist ruling parties being elected into power through numerous elections. By the turn of the 21st century, Moldova was due for another election. The elections in 2000 resulted in the communist party winning a “super majority” in parliament, making Moldova the only former USSR republic to have democratically voted a communist party back into power after the collapse of the Soviet Union in 1991.³⁰⁸ This would not be without its effects.

One of the first decisions implemented by the ruling communist party was to change the way in which presidential elections were held. As a parliamentary democracy, members of the political party that dominated the Parliament were able to elect a president of their party's own choosing – in this case, the devoted communist party leader, Vladimir Voronin. The President, elected for up to two four-year terms, is now charged with heading the legislative body consisting of a single-chamber “parliament with 101 seats elected on the basis of a proportional electoral system with one national constituency.”³⁰⁹ After dominating the parliament for the following two elections, the communist party eventually lost in 2009 and thus the supermajority that they had held since 1998. However, their high numbers still allowed them to maintain a strong presence in Parliament as the official opposition (controlling 48 out of 101 seats). The winning Liberal Democratic Party solidified its election win by forming a coalition with other pro-Western democracy, pro-European opposition parties, namely the Liberal Party, the Democratic Party and Our Moldova Alliance. Since the 2009 elections, Moldova has become more pro-Western, “currently aspiring to join the European Union, and has implemented the first three-

³⁰⁷ Morozov, Boris. “Republic of Moldova: 20 years of Independence and Experiments with Public Finance System,” *International Public Management Review*, 15, 2, (2014): 133-165.

³⁰⁸ Morozov, Boris. “Republic of Moldova: 20 years of Independence and Experiments with Public Finance System,” *International Public Management Review*, 15, 2, (2014): 133-165.

³⁰⁹ Expert-Grup, “The Republic of Moldova: National Human Development Report 2006 – the quality of economic growth and its impact on human development,” UNDP, Chisinau November 2006. Available online: http://www.md.undp.org/content/moldova/en/home/library/human_development/nhdr-2006.html, [accessed 18 May 2016].

year Action Plan within the framework of the European Neighbourhood Policy (ENP).³¹⁰ Since coming into power, the government stayed committed to its goal of embedding democratic principles within its political system – the motives for which are discussed later in this chapter.

Unlike Senegal, which boasted a population that tripled in size over a period of a few decades, Moldova has struggled with a declining population. In 2011, over 59% of the population lived in rural areas, “with agricultural and food-processing activities dominating the economy.”³¹¹ Over 16% of the population were living under the poverty line by 2012,³¹² and 40% of Moldova’s working age population worked abroad, with annual remittances accounting for at least 30% of the country’s GDP.³¹³ Indeed, Moldova has “one of the highest levels of migrant workers relative to population and remittances inflow relative to GDP in the world.”³¹⁴ Between 2004 and 2012, Moldova’s population declined by 1.23%. “Opportunities for work [were] so limited, emigration [became] the norm.”³¹⁵ By 2012, Moldova’s population was 3.559 million, roughly a quarter of the population size in Senegal at the time (13.73 million).

³¹⁰ European Forum for Democracy and Solidarity, “Moldova Country Update.” September 7, 2015. Available online: <http://www.europeanforum.net/country/moldova>, [accessed 18 May 2016].

³¹¹ Cainarean, Nina et al. “The Impact of the Global Financial Crisis on Education and Healthcare in the Economies of the Former Soviet Union – the case of Moldova.” *CASE-Centre for Social and Economic Research Network Reports*, No. 99, 2011. Available online: http://www.case-research.eu/upload/publikacja_plik/34651413_CNR_2011_99.pdf, [accessed 18 May 2016].

³¹² “Poverty headcount ratio at national poverty lines (% of population),” World Bank Development Indicators. Available online: <http://data.worldbank.org/country/moldova>, [accessed 18 May 2016].

³¹³ “Data and Statistics” World Health Organization – Regional Office for Europe. Available online: <http://www.euro.who.int/en/countries/republic-of-moldova/data-and-statistics>, [accessed 18 May 2016].

³¹⁴ Draft Country Programme Document for the Republic of Moldova 2013-2017, Executive Board of the UN Development Programme and of the UN Population Fund. Available online: http://www.md.undp.org/content/dam/moldova/docs/Legal%20Framework/CPD_2012_2017.pdf, [accessed 18 May 2016].

³¹⁵ Bond, Martyn. “Moldova’s missing generation,” BBC News, May 21, 2004. Available online: http://news.bbc.co.uk/2/hi/programmes/from_our_own_correspondent/3729719.stm, [accessed 18 May 2016].

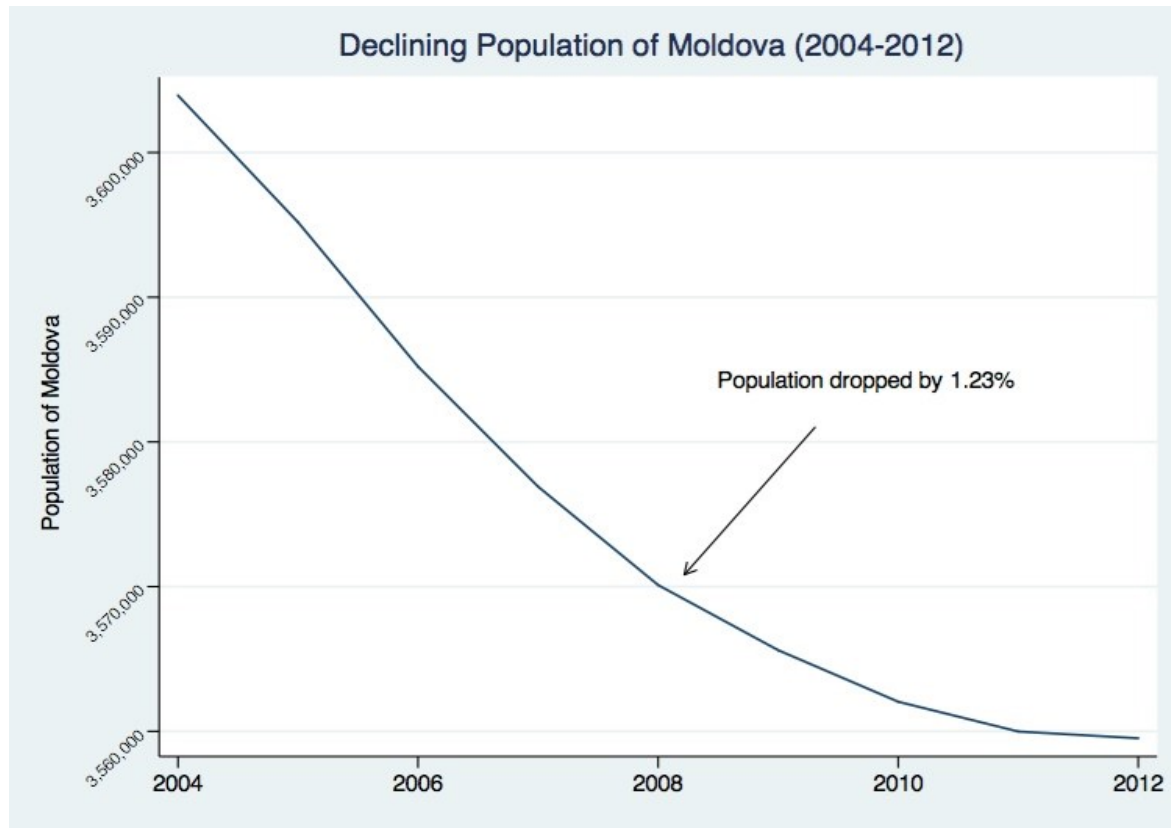


Figure 41 Declining Population of Moldova

This level of mass emigration had both positive and negative effects on the sustainability of Moldova’s socio-economic growth and development. The impact of emigration was apparent with “almost 20% of the labour resources [working] beyond the boundaries of the country, and the income transferred by the emigrant workers in 2005 [representing] 30% of GDP.”³¹⁶ By 2006, Moldova garnered international attention for receiving the “highest levels of remittances in the world (as a percentage of GDP).”³¹⁷ While the development model of depending on migrant remittances allowed Moldova’s economy to grow at an average annual rate of

³¹⁶ Mutler, Alison ed., “National Human Development Report 2012: European Aspirations and Human Development of the Republic of Moldova.” United Nations Development Programme. Chisinau, 2012. Available online: http://hdr.undp.org/sites/default/files/moldova_-_2012_nhdr_english_version.pdf, [accessed 18 May 2016].

³¹⁷ UNDP Evaluation Office, “Evaluation of the Regional Programme for Europe and the Commonwealth of Independent States 2006-2010,” December 2009. Available online: <https://www.oecd.org/derec/undp/46808824.pdf>, [accessed 18 May 2016].

5% between 2004 and 2012,³¹⁸ the steady lack of job opportunities for youth resulted in “huge human and social costs and longer term development constraints (political, economic and demographic).”³¹⁹ The Moldovan government soon recognized the important role remittances played as a vital source of income feeding domestic consumption, while simultaneously helping to offset the country’s trade account deficit.³²⁰ Between 2000 and 2008, Moldova’s “economic growth average of 6.3% was driven primarily by consumption fueled by remittances from Moldovan migrant workers.”³²¹ The benefit of young, ambitious Moldovans choosing labour migration as an exit strategy was the spike in the inflow of remittances contributing to the country’s GDP and poverty reduction.

The negative effects, however, was that this high level of emigration resulted in major brain drain and a shortage of technical capacity and labour resources as young Moldovans sought a better life for themselves overseas, leaving behind an aging population. According to Government statistics, a third of the economically active population, approximately 60% of the 20-39 year olds, have emigrated to Russia, Western Europe and the US since 1999. “The loss of young, educated and enterprising professionals [became] a serious obstacle to the further progressive development of the national economy and business expansion initiatives.”³²² The declining

³¹⁸ Mutler, Alison ed., “National Human Development Report 2012: European Aspirations and Human Development of the Republic of Moldova.” United Nations Development Programme. Chisinau, 2012. Available online: http://hdr.undp.org/sites/default/files/moldova_-_2012_nhdr_english_version.pdf, [accessed 18 May 2016].

³¹⁹ Draft Country Programme Document for the Republic of Moldova 2013-2017, Executive Board of the UN Development Programme and of the UN Population Fund. Available online: http://www.md.undp.org/content/dam/moldova/docs/Legal%20Framework/CPD_2012_2017.pdf, [accessed 18 May 2016].

³²⁰ “Migration in Moldova: a Country Profile,” International Organization for Migration, April 2008. Available online: http://www.iom.md/materials/moldova_migration_profile_april_2008.pdf, [accessed 18 May 2016].

³²¹ Otarashvili, Maia. “Moldova and the Global Economic Crisis,” Foreign Policy Research Institute. May 2013. Available online: <http://www.fpri.org/research/transitions/recent-findings/moldova-global-econ-crisis>, [accessed 18 May 2016].

³²² Eröss, Ágnes and Dávid Karácsonyi. “Moldova: country of mass labour outmigration,” Chapter 4.3: Migration Profiles of the Sending (Eastern Partner) Countries in Eröss, Ágnes and Dávid Karácsonyi’s Discovering migration between Visegard countries and Eastern Partners, HAS Research Centre for Astronomy and Earth Sciences, Visegard Fund, Budapest 2014. Available online:

population was a reflection of the “collective lack of confidence in the future of the country and...that for many citizens economic growth [had] brought nothing.”³²³ Such migratory patterns subsequently left behind an aging population in Moldova, crippled by the brain drain and shortage of skilled labour.³²⁴ This is primarily due to the combined effects of large-scale labour migration, rising death rates, decreasing birth rates and an overall aging population.

On the surface, Moldova *should* have been avoided like the plague by donors and international development organizations, as the country’s structural constraints appeared likely to prevent the implementation and sustainability of any governance reforms. Outranked by other EU candidate countries, Moldova had poor quality of governance with minimal hopes for steady improvement. This was due to several structural challenges the country was up against, namely: “excessive concentration of political power, problems with freedom of the press and television, weak administrative capacity, unreformed public services, overregulated business climate, politically dependent judicial system and pervasive and rampant corruption.”³²⁵ Despite these structural challenges making their transition towards more democratic political systems and improved governance conditions all the more difficult, what differentiated Moldova from Senegal was the unwavering commitment and determination to shake its reputation and set the wheels in motion to do whatever was necessary into integrate into the European Union. Moldova was internationally recognized as being “the most willing reformer,

http://aa.ecn.cz/img_upload/224c0704b7b7746e8a07df9a8b20c098/agnes_ross_david_karacsonyi_-_discovering_migration_between_visegrad_countries_and_eastern_partners.pdf, [accessed 18 May 2016].

³²³ Expert-Grup, “The Republic of Moldova: National Human Development Report 2006 – the quality of economic growth and its impact on human development,” UNDP, Chisinau November 2006. Available online: http://www.md.undp.org/content/moldova/en/home/library/human_development/nhdr-2006.html, [accessed 18 May 2016].

³²⁴ Jackson, Joe. “Nobody Home: The Countries Where Population Is on the Decline – TIME Special report: the World at 7 Billion,” *TIME*. October 26, 2011. Available online: http://content.time.com/time/specials/packages/article/0,28804,2097720_2097782_2097841,00.html, [accessed 18 May 2016].

³²⁵ Mutler, Alison ed., “National Human Development Report 2012: European Aspirations and Human Development of the Republic of Moldova.” United Nations Development Programme. Chisinau, 2012. Available online: http://hdr.undp.org/sites/default/files/moldova_-_2012_nhdr_english_version.pdf, [accessed 18 May 2016].

remaining the frontrunner on many indicators in the [European integration Index for Eastern Partnership Countries], where noticeably democratization is concerned.”³²⁶ The dedication of this political will and commitment for a smooth democratic transition was demonstrated through the implementation of numerous democratic reforms. Indeed, Moldova was among the highest scorers across multiple indices, including Freedom House and Bertelsmann Transformation Index, European Integration Index, and the World Bank Development Indicators, ranked on the country’s democratic performance and progress in a number of areas including electoral reforms, and improvements in human rights and media freedom. Examples of relevant programs established by the Government, illustrating the commitment and fundamental priority placed on democracy, alongside European Integration, include: the 2005-2009 ‘Modernization of the Country – Wellbeing of the Citizens,’ and a follow-up program titled ‘European Integration: Freedom, Democracy, Wellbeing.’³²⁷

7.2 THE ‘YES’ PATH TO EUROPEAN INTEGRATION

Over the period of twenty years since gaining independence, Moldova suffered from “rising poverty, territorial secession, armed conflict, and the spillover effects of a regional financial crisis, with declining population size and life expectancy, and an economy approximately one-half of what it was in 1990.”³²⁸ Moldova’s economic decline over the 1990s and into the start of the 21st century was due to a combination of factors that go beyond the secessionist war with Transnistria, and the country’s lack of human and financial

³²⁶ Solonenko, Iryna et al. “European Integration Index for Eastern Partnership,” International Renaissance Foundation in cooperation with the Open Society Foundations, May 2012. Available online: <http://www.eap-index.eu/sites/default/files/EaP%20Index%20%202012.pdf>, [accessed 18 May 2016].

³²⁷ Mutler, Alison ed., “National Human Development Report 2012: European Aspirations and Human Development of the Republic of Moldova.” United Nations Development Programme. Chisinau, 2012. Available online: http://hdr.undp.org/sites/default/files/moldova_-_2012_nhdr_english_version.pdf, [accessed 18 May 2016].

³²⁸ Wescott, Clay and Raj Desai. “Moldova: World Bank Country-Level Engagement on Governance and Anti-corruption,” Independent Evaluation Group Working Paper Series 2011/11, The World Bank Group: (2011). Available online: <http://documents.worldbank.org/curated/en/833061468060923759/Moldova-World-Bank-country-level-engagement-on-governance-and-anticorruption>, [accessed 18 May 2016].

resources. These long-standing challenges underline the magnitude of the development constraints and hurdles that Moldova had to struggle through over the past few decades – and has slowly and steadily learned to overcome, driven by its commitment to democracy.

Moldova's inefficient system of governance has been attributed to “a lack of experience and professionalism in governing a newly formed sovereign state; lack of understanding and support from the population; a lack of political will and fear of making major steps towards market reforms; and unfavorable economic conditions.”³²⁹ Indeed, Moldova struggled with its process of transitioning towards a more democratic and conflict-free state. By 2004 (the start of the nine years covered in this thesis), Moldova was demonstrating a steadily increasing commitment to enshrining democratic principles into its political system. “The long-term vision guiding policymakers across the political spectrum [has been] the prospect of integration with the European Union (EU).”³³⁰ With respect to the causal tree model presented in this thesis, herein lies Moldova's position at the critical juncture – embarking down the ‘yes’ path and demonstrating its commitment to implementing reforms in the name of improved governance conditions.

Democratic reform, “liberalization of trade, and the liberalization of movement of people between Moldova and the European Union [were] powerful incentives anchoring the country on the path of reforms which [were] difficult but necessary for its own development.”³³¹ Between 2004 and 2005, the Government announced two key strategic development plans, namely: the Economic Growth and Poverty Reduction Strategy

³²⁹ Carasciuc, Lilia. Corruption and Quality of Governance: Case of Moldova. Chisinau, Transparency International, 2000. Available online: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=269626, [accessed 18 May 2016].

³³⁰ World Bank, “Moldova Snapshot.” October 2006. Available online: <http://siteresources.worldbank.org/CDFINTRANET/Overview/21459586/MoldovaFINALOctober242006.doc>, [accessed 18 May 2016].

³³¹ Mutler, Alison ed., “National Human Development Report 2012: European Aspirations and Human Development of the Republic of Moldova.” United Nations Development Programme. Chisinau, 2012. Available online: http://hdr.undp.org/sites/default/files/moldova_-_2012_nhdr_english_version.pdf, [accessed 18 May 2016].

Paper (EGPRSP) and the European Union-Moldova Action Plan.³³² Indeed, “Moldova’s EGPRS was developed with the contribution of WB, UNDP and other development agencies and represent[ed] an example of cooperation.”³³³ Highlighted in these documents was the Government’s commitment to “promote democracy and European values for economic development and an increase in citizens’ welfare; to modernize the economy and social sphere; to reduce poverty; to strengthen the rule of law and democracy; to ensure the respect for individual freedoms, to increase the safety of citizens and to guarantee equal opportunities.”³³⁴ At the heart of these strategic documents was the overarching goal of European integration, and Moldova was set to implement whatever democratic reforms were necessary to achieve this goal.

At the start of the nine-year period under review, Moldova experienced two major economic shocks that illustrated the country’s vulnerability to external economic threats – “the close of Russia’s market for major export commodities (wine and fresh vegetables), and a nearly two-fold increase of the imported gas price.”³³⁵ Following the collapse of the Soviet Union, countries that appeared to have advanced the most with respect to their market economic development included those who were involved in the EU-integration process.³³⁶ Lessons learned from historical evidence have suggested that a strong link exists between European integration processes and human development in the participating countries, a point made even stronger considering Moldova’s

³³² Ibid.

³³³ Muravschi, Alexandru and Erik Whist. “Evaluation of UNDP Outcome in Moldova of Capacities and Partnerships of Local Governance Actors Developed in Urban/Rural Areas for Transparent and Accountable Policy Formulation, Service Delivery and Resource Management,” Chisinau and Oslo, December 2005. Available online: <http://www.undp.md/publications/doc/Outcome%20Evaluation.pdf>, [accessed 18 May 2016].

³³⁴ Mutler, Alison ed., “National Human Development Report 2012: European Aspirations and Human Development of the Republic of Moldova.” United Nations Development Programme. Chisinau, 2012. Available online: http://hdr.undp.org/sites/default/files/moldova_-_2012_nhdr_english_version.pdf, [accessed 18 May 2016].

³³⁵ “Country Programme Action Plan,” 2007-2011. UNDP, Government of the Republic of Moldova, and United Nations Organization. Chisinau, 2007. Available online: http://www.undp.md/publications/doc/CPAP_eng_29-03-2007_GATA.pdf, [accessed 18 May 2016].

³³⁶ UNDP Evaluation Office, “Evaluation of the Regional Programme for Europe and the Commonwealth of Independent States 2006-2010,” December 2009. Available online: <https://www.oecd.org/derec/undp/46808824.pdf>, [accessed 18 May 2016].

geopolitical reality, development priorities, and the country's cultural affinities for Europe.³³⁷ It therefore came as no surprise when EU integration was identified as the main priority for both the Moldovan government and the citizens of Moldova – half of whom had expressed their dissatisfaction with the quality of governance and low trust in state institutions.³³⁸

In light of these economic shocks and public opinion surveys, the government recognized the need for major public administration reform in 2009, particularly addressing constraints such as “excessive ‘redundant’ personnel at the central level, uncompetitive salaries, redundant institutions that perform overlapping and outdated functions, and insufficient capacity to implement government strategic objectives.”³³⁹ Moldova set out to reform its quality of governance and its public administration, “including public procurement and internal and external audit” procedures to meet European standards.³⁴⁰ As the main driver of its reform agenda, EU integration was prioritized by the Moldovan government in both domestic and foreign policies under the assumption that “the responsible implementation of commitments, deriving from the European course, [was] the most efficient way to achieve political, economic and social modernization.”³⁴¹ It was therefore necessary for the government to take concrete steps to enable the people of Moldova to regain trust in their state institutions.

³³⁷ Mutler, Alison ed., “National Human Development Report 2012: European Aspirations and Human Development of the Republic of Moldova.” United Nations Development Programme. Chisinau, 2012. Available online: http://hdr.undp.org/sites/default/files/moldova_-_2012_nhdr_english_version.pdf, [accessed 18 May 2016].

³³⁸ “Country Programme Action Plan,” 2007-2011. UNDP, Government of the Republic of Moldova, and United Nations Organization. Chisinau, 2007. Available online: http://www.undp.md/publications/doc/CPAP_eng_29-03-2007_GATA.pdf, [accessed 18 May 2016].

³³⁹ Wescott, Clay and Raj Desai. “Moldova: World Bank Country-Level Engagement on Governance and Anti-corruption,” Independent Evaluation Group Working Paper Series 2011/11, The World Bank Group: (2011). Available online: <http://documents.worldbank.org/curated/en/833061468060923759/Moldova-World-Bank-country-level-engagement-on-governance-and-anticorruption>, [accessed 18 May 2016].

³⁴⁰ Fuele, Stefan and Philippe Le Houerou. “Rethink Moldova,” EU Observer, March 23, 2010. Available online: <https://euobserver.com/opinion/29745>, [accessed 18 May 2016].

³⁴¹ Draft Country Programme Document for the Republic of Moldova 2013-2017, Executive Board of the UN Development Programme and of the UN Population Fund. Available online: http://www.md.undp.org/content/dam/moldova/docs/Legal%20Framework/CPD_2012_2017.pdf, [accessed 18 May 2016].

However, “virtually all economic management—production goals, input purchases, and marketing—had been by Moscow-based planners. Moldova’s technocrats and politicians were new to autonomous decision-making, and had limited knowledge of global demands, procedures, and standards.”³⁴² This meant that while the commitment and ambition to adopt more democratic principles was established early on, being new to the international stage meant the country had little to no experience with the global market economy. Indeed, “given that transitional countries have to go through a ‘condensed’ version to democratize, external assistance becomes vital.”³⁴³ Sure enough, there were several international actors, ready to guide Moldova through its democratization and EU integration process – namely, the EU and UNDP amongst others.

An example of this is when a group of key donors came together in 2006 for a conference hosted by the EU and World Bank “to assess progress and to reaffirm donor commitments to the implementation of the country's reform programme and development agenda.” The participants subsequently pledged financial support of close to a billion Euros over the following three years to help Moldova “respond to external shocks that have opened a short-term financing gap.”³⁴⁴ Moldova’s strategy to secure foreign assistance in order to implement their development plans and reforms has involved reducing the country’s state debt by “attracting external resources under the most favorable conditions possible, for the purposes of investment and budget support.”³⁴⁵ In response to increasing pressure from the EU, Moldova recognized the need to improve the country’s

³⁴² Operations Evaluation Department, “Moldova: Country Assistance Evaluation – Report No. 28981,” World Bank, October 22, 2004. Available online: https://ieg.worldbankgroup.org/Data/reports/moldova_cae.pdf, [accessed 18 May 2016].

³⁴³ Carasciuc, Lilia. Corruption and Quality of Governance: Case of Moldova. Chisinau, Transparency International, 2000. Available online: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=269626, [accessed 18 May 2016].

³⁴⁴ Bodewig, Kurt. “The Economic Situation in Moldova,” NATO Parliamentary Assembly, Annual Session Committee Report, 2007. Available online: <http://www.nato-pa.int/default.asp?SHORTCUT=1172>, [accessed 18 May 2016].

³⁴⁵ Republic of Moldova, “The Second Millennium Development Goals Report,” September 2010. Available online: <http://www.undp.md/presscentre/2010/MDG%20Report%20II/>, [accessed 18 May 2016].

migration regulations – particularly due to concerning rates of illegal migration and human trafficking.³⁴⁶ Indeed, the government took measures to “promote and facilitate the legalization of migrant workers and the protection of their rights in foreign countries.”³⁴⁷ This included developing a coherent migration policy and intensifying efforts by increasing the number and authority of specialized government agencies tasked with addressing this issue. Of course, paying more attention to the country’s labour migration policies had benefits linked to increasing remittances, which “encourage[d] the rapid growth of salaries in some branches of the national economy where a deficit of labour forces [was] already being observed.”³⁴⁸ Such remittances not only offset the trade deficit, but also allowed the government to establish a reduced level of dependence on conditional foreign loans and assistance.³⁴⁹ With respect to the causal tree, Moldova was able to consistently stay on-track on the ‘yes’ path as a result of its steady commitment towards democratic transition – an important requirement without which donor support and EU funding for EU integration would disappear. Unlike Senegal, Moldova, faced with such potentially devastating structural constraints, simply could not afford to deviate from the ‘yes’ path.

7.3 UNDP IN MOLDOVA

UNDP officially began operating in Moldova in 1992, shortly after the disintegration of the Soviet Union. The foundation of UNDP’s relationship with Moldova was similar to its relationship with Senegal – both shared the same type of Standard Basic Assistance Agreement (SBAA), signed between the development

³⁴⁶ “Migration in Moldova: a Country Profile,” *International Organization for Migration*, April 2008. Available online: http://www.iom.md/materials/moldova_migration_profile_april_2008.pdf, [accessed 18 May 2016].

³⁴⁷ Ibid.

³⁴⁸ Mutler, Alison ed., “National Human Development Report 2012: European Aspirations and Human Development of the Republic of Moldova.” United Nations Development Programme. Chisinau, 2012. Available online: http://hdr.undp.org/sites/default/files/moldova_-_2012_nhdr_english_version.pdf, [accessed 18 May 2016].

³⁴⁹ Ibid.

organization and the Government of the Republic of Moldova at the latter's request. No more or less was offered to either of the two countries, in terms of the level of technical support and capacity development that the agency was ready to provide at the beginning of the relationship. The primary focus of UNDP's initial support to Moldova was geared towards capacity building and parliamentary development, supporting them as they adapted to the new responsibilities that came with transitioning into a democratic, sovereign state. "UNDP has been working with the Parliament of Moldova since 1994, when it assisted in harmonizing the legislation, established the country's Ombudsman institution, the Parliamentary Advocates and the Centre for Human Rights in the Parliament, as well as develop a National Human Rights Action Plan for 2004-2008."³⁵⁰ Establishing a supportive role to the parliament since 1994, "UNDP assisted in enhancing awareness of the role of the parliament in a modern democracy through seminars organized for members of parliament and their staff."³⁵¹ The advantage of UNDP's support was its comprehensive approach towards parliamentary development that primarily focused on long-term capacity building. Indeed, a big part of its programme design was ensuring that objectives were "not adversely affected by changes in government. The strategy adapted by UNDP is to design programmes useful to any government despite its ideology."³⁵² UNDP support consisted of distributing knowledge products, including toolkits and training manuals on parliamentary responsibilities and legislative procedures.

Over the course of the nine years under review, UNDP shared a highly influential and supportive relationship with Moldova, helping the government with the elaboration of the country's National Human

³⁵⁰ UNDAF, "Support to Parliamentary Development in Moldova," Project Document, UNDP Moldova, January 20, 2010.

³⁵¹ "UNDP and Governance," Management Development and Governance Division: Lessons Learned Series No. 1, June 2006. Available online: <http://www.pogar.org/publications/other/undp/governance/lessonslearned-e.pdf>, [accessed 18 May 2016].

³⁵² Moldova: Assessment of Development Results, Evaluation of UNDP Contribution, UNDP Evaluation Office, January 2012. Available online: <http://web.undp.org/evaluation/evaluations/adr/moldova.shtml>, [accessed 18 May 2016].

Development Reports on Good Governance in 2003 and the Quality of Governance in 2006.³⁵³ This level of support was well received, viewed as “crucial to the institution, particularly in creating a manual of functions to be used by many first-time members of parliament.”³⁵⁴ UNDP, in partnership with other international actors, played an important role in influencing and shaping the way in which Moldova’s Constitution was developed. For example, between 2007 and 2011, UNDP prioritized the target of achieving gender equality, thereby strategically incorporating the issue into its country programming plan for Moldova. The introduction of gender-related government programmes and policies, like the “Government Commission for Gender Equality” and the “Law on Equal Chances for Men and Woman” which was adopted in 2006, have been products of the development interventions, surveys, reports, and training manuals and toolkits that UNDP has provided addressing gender issues.³⁵⁵ The Government of Moldova’s commitment to reform is further illustrated by the fact that it cooperates with the ‘Harmonization Working Group.’ This group is made up of multiple international actors³⁵⁶ who actively provide aid to Moldova and meet every three months to identify processes that facilitate aid effectiveness and more precisely define the aid agenda in Moldova.³⁵⁷ When Moldova finalized its National Strategy for Sustainable Development in 2000, it did so with the support of UNDP, which helped the government identify EU integration as its primary long-term objective.³⁵⁸

³⁵³ “Country Programme Action Plan,” 2007-2011. UNDP, Government of the Republic of Moldova, and United Nations Organization. Chisinau, 2007. Available online: http://www.undp.md/publications/doc/CPAP_eng_29-03-2007_GATA.pdf, [accessed 18 May 2016].

³⁵⁴ Moldova: Assessment of Development Results, Evaluation of UNDP Contribution, UNDP Evaluation Office, January 2012. Available online: <http://web.undp.org/evaluation/evaluations/adr/moldova.shtml>, [accessed 18 May 2016].

³⁵⁵ “Country Programme Action Plan,” 2007-2011. UNDP, Government of the Republic of Moldova, and United Nations Organization. Chisinau, 2007. Available online: http://www.undp.md/publications/doc/CPAP_eng_29-03-2007_GATA.pdf, [accessed 18 May 2016].

³⁵⁶ The Swedish Government, the World Bank, Department for International Development, Swiss Development Cooperation, the European Commission, and the UN System.

³⁵⁷ World Bank, “Moldova Snapshot.” October 2006. Available online: <http://siteresources.worldbank.org/CDFINTRANET/Overview/21459586/MoldovaFINALOctober242006.doc>, [accessed 18 May 2016].

³⁵⁸ Ibid.

By 2005, the Government of Moldova made a public announcement, demonstrating a strong “political will and commitment for a sustained pace of work towards achieving its proposed objectives,”³⁵⁹ and to work towards public administration reform with long-term assistance from donors – including UNDP. “UNDP responded to this request by providing advisory services to the Government on how the reform could be approached by sharing examples of other countries, particularly of new EU member states.”³⁶⁰ Public administration reforms needed to be in line with not only international laws and policies, but more importantly, they needed to meet EU standards.³⁶¹ “Managing EU-funded projects and expanding UNDP programmes along the lines of the integration goals and the three broad strategic outcomes of the UN Development Assistance Framework has required UNDP programmes to be relevant and strategic.”³⁶² UNDP support was therefore not only helpful to Moldova, but also a strategic move on the part of the organization given the specific prioritization placed on EU integration by the government.

When evaluating the role the agency played in its relationship with Moldova, the UN Evaluation Office concluded that had UNDP focused more so on advocating for human development and a rights-based approach, it would have had the level of prominence it ultimately enjoyed with the government. “Instead of standing on the side-lines UNDP moved quickly and strategically to be one of the key actors supporting the Government in its

³⁵⁹ “Country Programme Action Plan,” 2007-2011. UNDP, Government of the Republic of Moldova, and United Nations Organization. Chisinau, 2007. Available online: http://www.undp.md/publications/doc/CPAP_eng_29-03-2007_GATA.pdf, [accessed 18 May 2016].

³⁶⁰ Draft Country Programme Document for the Republic of Moldova 2013-2017, Executive Board of the UN Development Programme and of the UN Population Fund. Available online: http://www.md.undp.org/content/dam/moldova/docs/Legal%20Framework/CPD_2012_2017.pdf, [accessed 18 May 2016]

³⁶¹ Ibid.

³⁶² Draft Country Programme Document for the Republic of Moldova 2013-2017, Executive Board of the UN Development Programme and of the UN Population Fund. Available online: http://www.md.undp.org/content/dam/moldova/docs/Legal%20Framework/CPD_2012_2017.pdf, [accessed 18 May 2016]

aspiration for EU integration.”³⁶³ A result of UNDP’s successful relationship and established credibility with the Government is that 17% of the technical assistance provided to Moldova goes solely through UNDP. This is because “rapid programme expansion has given UNDP’s voice legitimacy and leadership in donor coordination and access to the top levels of the government.”³⁶⁴ This, alone, is indicative of the positive and cooperative relationship that was established between the Government of Moldova and UNDP.

During the nine years under review, UNDP’s programme in Moldova significantly expanded with the rapid growth of its programme expenditures – increasing from \$3.5 million in 2004 to over \$25 million in 2012, nearly doubling its resources between 2006 and 2008.³⁶⁵

³⁶³ Moldova: Assessment of Development Results, Evaluation of UNDP Contribution, UNDP Evaluation Office, January 2012. Available online: <http://web.undp.org/evaluation/evaluations/adr/moldova.shtml>, [accessed 18 May 2016].

³⁶⁴ Draft Country Programme Document for the Republic of Moldova 2013-2017, Executive Board of the UN Development Programme and of the UN Population Fund. Available online: http://www.md.undp.org/content/dam/moldova/docs/Legal%20Framework/CPD_2012_2017.pdf, [accessed 18 May 2016].

³⁶⁵ Thesis dataset.



Figure 42 Operating Projects in Moldova in 2012³⁶⁶

UNDP quickly gained national recognition among various key stakeholders (members of the government, civil society groups, and other international actors) for being a “lead agency, providing advice through international experts on ways to improve the national legal framework and procedures and [for being an] active member of the working group on aid harmonization and alignment.”³⁶⁷ Moreover, UNDP’s positive relationship with the Government was apparent early on, with UNDP interventions and policy recommendations being viewed as “essential to the development of [the country’s] broader governance programmes since [they] contributed to the finalization of a regulatory framework to encourage economic activities, the rapid passage of

³⁶⁶ UNDP Projects. Available online: <http://open.undp.org>, [accessed 18 May 2016].

³⁶⁷ “Country Programme Action Plan,” 2007-2011. UNDP, Government of the Republic of Moldova, and United Nations Organization. Chisinau, 2007. Available online: http://www.undp.md/publications/doc/CPAP_eng_29-03-2007_GATA.pdf, [accessed 18 May 2016].

legislation to further the transition process and demonstrated the ‘rule of law.’”³⁶⁸ UNDP has been a key partner and the main UN agency that has supported the Government of Moldova with the reform of its public administration and implementation of its development agenda, driven primarily by the motivation of European integration.³⁶⁹

7.4 STAYING ON THE ‘YES’ PATH

Towards the latter part of the nine years under review, the Moldovan government announced its intention of changing the country’s national development strategy to be less focused on a consumption-driven economy. Instead, the emphasis was to be placed on an economy that was “based on investments, innovations, and competitiveness, [enabling] the national economy [to become] capable of creating viable and well-paid jobs,” while reaping the benefits of “consistent and balanced economic growth.”³⁷⁰ Aside from a 6% drop in its economy during the aftermath of the financial crisis in 2009 due to increased unemployment and decreased remittances, Moldova was able to enjoy “relative political stability and sustained economic recovery.”³⁷¹ Indeed, with an unwavering commitment to democratic reform and institutional development, combined with the support received from donors and the positive economic impact of remittances – representing a third of the GDP

³⁶⁸ “UNDP and Governance,” Management Development and Governance Division: Lessons Learned Series No. 1, June 2006. Available online: <http://www.pogar.org/publications/other/undp/governance/lessonslearned-e.pdf>, [accessed 18 May 2016].

³⁶⁹ Draft Country Programme Document for the Republic of Moldova 2013-2017, Executive Board of the UN Development Programme and of the UN Population Fund. Available online: http://www.md.undp.org/content/dam/moldova/docs/Legal%20Framework/CPD_2012_2017.pdf, [accessed 18 May 2016].

³⁷⁰ National Report for UN Conference on Sustainable Development 2012, Rio+20, UNDP and Government of the Republic of Moldova, Chisinau, 2012. Available online: https://sustainabledevelopment.un.org/content/documents/782Moldova_Report_RIO20_ENG_12-06-2012_final.pdf, [accessed 18 May 2016].

³⁷¹ “Country Programme Action Plan,” 2007-2011. UNDP, Government of the Republic of Moldova, and United Nations Organization. Chisinau, 2007. Available online: http://www.undp.md/publications/doc/CPAP_eng_29-03-2007_GATA.pdf, [accessed 18 May 2016].

– Moldova’s GDP grew constantly since 2000 at an average annual rate of over 7%.³⁷² While progressing at a slow pace, the key take away from Moldova’s example is that despite the significant political and economic challenges, the government has maintained a momentum of steadily improving governance conditions over time. Figure 44 below reflects the general observable trend of a gently upwards improvement on all aspects of governance, even when disaggregated into the WGI score’s constituent components. The lesson learned? To keep doing what they are doing.

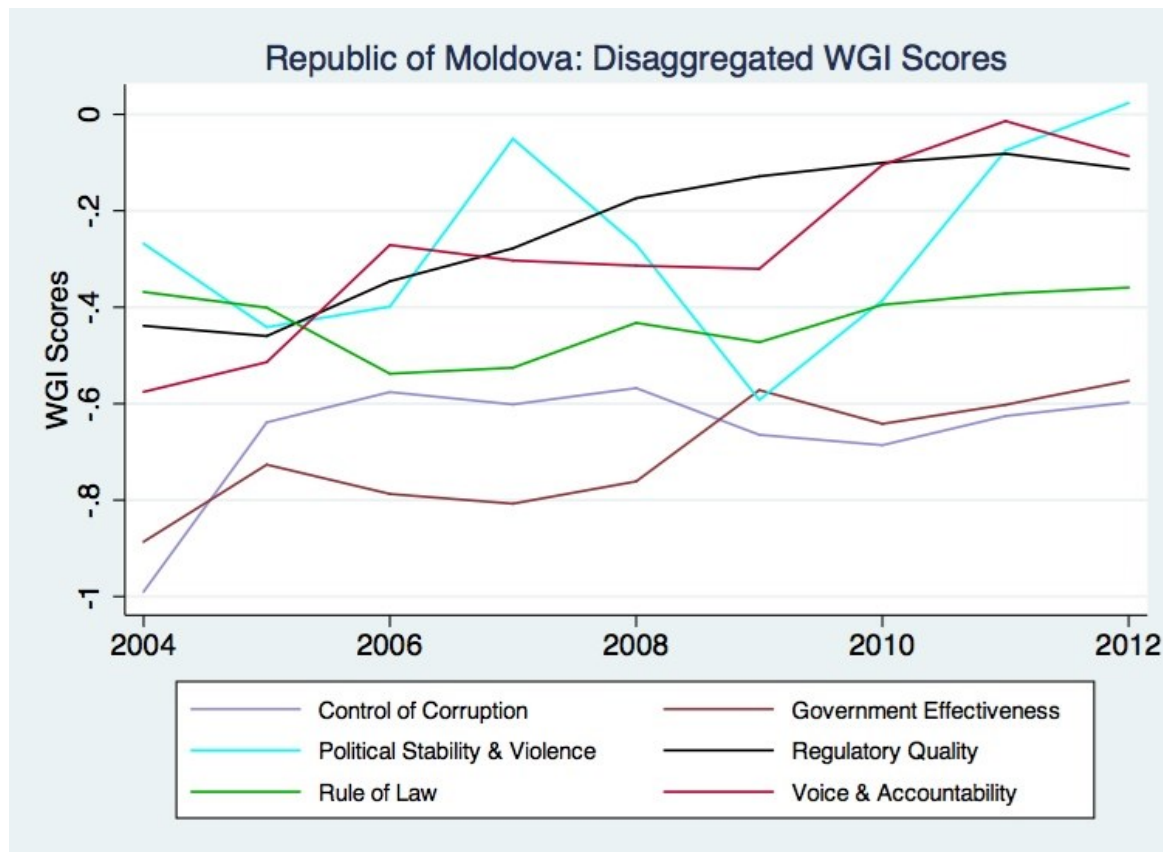


Figure 43 Republic of Moldova: Disaggregated WGI Scores

³⁷² National Report for UN Conference on Sustainable Development 2012, Rio+20, UNDP and Government of the Republic of Moldova, Chisinau, 2012. Available online: https://sustainabledevelopment.un.org/content/documents/782Moldova_Report_RIO20_ENG_12-06-2012_final.pdf, [accessed 18 May 2016].

Aside from *Political Stability & Violence*, which suffered a drastic drop between 2007 and 2009 due to the increasing levels of elections-related protests and riots, scores for the five other disaggregated governance components (*Rule of Law*, *Control of Corruption*, *Voice and Accountability*, *Government Effectiveness and Regulatory Quality*) steadily improved. Of all the scores, it appears that only *Rule of Law* remained essentially the same, with minimal shifts over the course of the nine years, and the biggest governance quality improvements were felt in the *Voice & Accountability* and *Regulatory Quality* scores. Meanwhile, while *Government Effectiveness* and *Control of Corruption* started out on the lower end of the scoreboard with WGI scores of -0.89 and -0.99, respectively, conditions improved by more than 50% over the nine years covered in this analysis.

A big part of why governance conditions increasingly became more favorable for UNDP projects were the reforms that came into effect following a turbulent election period. “Changes at the central and local levels as consequences of election...brought about a change of national executing agencies and national coordinator” proved to be beneficial for successful project implementation.³⁷³ The country’s struggles to overcome challenges associated with democratic transition and the adoption of a more liberal market economy left citizens feeling dissatisfied and frustrated with their government. Moldova has subsequently suffered a highly unstable political scene, where the average term served by the elected governments was just over a year. Instead of concentrating on the implementation of its public administration reforms, the Moldovan government was bogged down by “an ambivalence that delayed addressing the more difficult structural reforms required for a rapid transition to a market economy.”³⁷⁴ The primary cause of this ambivalence was the country divided between Moldovans who

³⁷³ Muravschi, Alexandru and Erik Whist. “Evaluation of UNDP Outcome in Moldova of Capacities and Partnerships of Local Governance Actors Developed in Urban/Rural Areas for Transparent and Accountable Policy Formulation, Service Delivery and Resource Management,” Chisinau and Oslo, December 2005. Available online: <http://www.undp.md/publications/doc/Outcome%20Evaluation.pdf>, [accessed 18 May 2016].

³⁷⁴ Operations Evaluation Department, “Moldova: Country Assistance Evaluation – Report No. 28981,” World Bank, October 22, 2004. Available online: https://ieg.worldbankgroup.org/Data/reports/moldova_cae.pdf, [accessed 18 May 2016].

aspired for European Integration on the one hand, and the Russian loyalists, who instead preferred to link themselves to Russia and the Commonwealth of Independent States.³⁷⁵

Towards the beginning of the nine years under review in this thesis, the Party of Communists of Moldova (PCRM), led by Vladimir Voronin, was elected into parliament in 2002. The foundation of his election platform and development agenda for Moldova was inspired by pro-Russia foreign and security policies, leading to integration in the CIS. Within three years, Voronin became “disillusioned with Russia” – choosing instead to shift the country’s approach to development and economics to more pro-Western reforms.³⁷⁶ Notably, this change in political ideology and shift government priorities took place on the cusp of yet another election. The objective of this move was to veer away from linking the country with the CIS, and rather to tighten Moldova’s relationship with the EU and Euro-Atlantic institutions. Voronin’s change in policy platform “helped his party win 56 of 101 seats in the 2005 parliamentary elections,” while simultaneously coming together in an alliance with the right-wing Christian Democratic People’s Party (CDPP) and the Social Liberal Party (SLP).³⁷⁷

Following his election into power in 2005, Voronin set out to implement a “ten-point cooperation plan” which included a set of reforms as part of the EU Action Plan – for example, reforms to the public administration, media, and justice system. During the first few years of Voronin’s tenure, the focus and result of drive for EU integration resulted in a political environment that was unprecedented in its level of tranquility.³⁷⁸ Following its path towards democratic reform to improve governance conditions, Moldova was determined to stay on the ‘yes’ path. However, the apparent ‘honeymoon’ period led by Voronin was brief – as Voronin eventually revealed his political leanings to be towards more pro-Russian and anti-Romanian sentiments and recommended reform. Voronin’s lack of an apparent change in his political ideology meant that there would

³⁷⁵ Bodewig, Kurt. “The Economic Situation in Moldova,” NATO Parliamentary Assembly, Annual Session Committee Report, 2007. Available online: <http://www.nato-pa.int/default.asp?SHORTCUT=1172>, [accessed 18 May 2016].

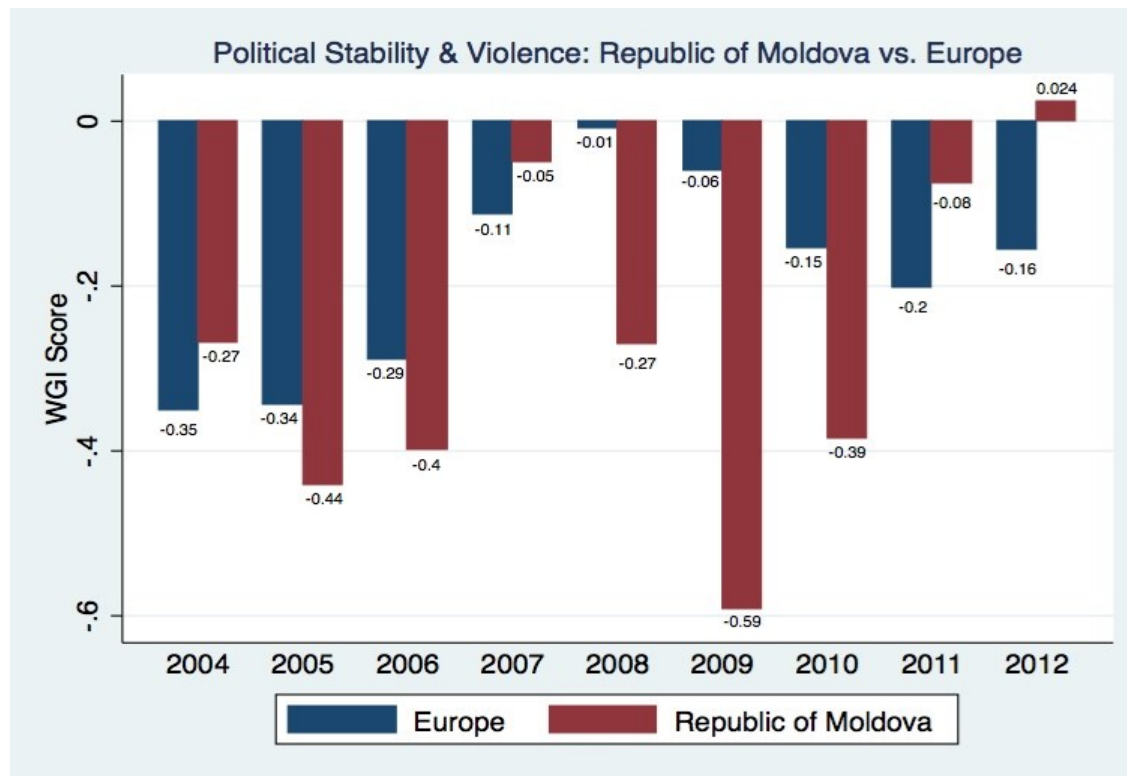
³⁷⁶ Ibid.

³⁷⁷ Ibid.

³⁷⁸ Ibid.

subsequently be “no change from the economic and strategic failures of the past two decades, which [saw] Moldova's 4 [million] population languish in a geopolitical limbo between Russia and the European Union.”³⁷⁹ This resulted in political uncertainty between 2007 and 2011, with at least one electoral event taking place nearly every year as Moldovans tried to decide who they wanted to integrate with.

The graph below provides a visual of Moldova’s WGI scores in Political Stability and Violence, confirming Moldova’s rocky political beginnings followed by a steady ascent. Notably, we see Moldova’s WGI scores fluctuating between 2004 and 2008, while the rest of Europe steadily improves. Scores for Moldova drastically drop in 2009 before beginning the steady incline following the 2009 elections. This is a reflection of how unstable political conditions became in Moldova, before the government shifted its approach towards democratic reform and steadily improved – even breaking the ‘0’ threshold by 2012.



³⁷⁹ “Moldova Burning,” *The Economist*, April 8 2009, Available online: <http://www.economist.com/node/13447119>, [accessed 18 May 2016].

Figure 44 Political Stability & Violence: Republic of Moldova vs. Europe

Unhappy with the continued political deadlock and suspicions of election fraud by Voronin's government, protestors demonstrated in the streets and demanded a recount. "The opposition parties' parliamentary representatives then boycotted the presidential election leading to the dissolution of Parliament and a second election in June 2009."³⁸⁰ Following several days of popular revolt, a new political power emerged in 2009, namely: the Alliance for European Integration (AEI). This Alliance consisted of four opposition parties coming together to form a coalition. During the 2009 presidential elections, the PCRM opted to boycott and call for early elections to take place the following year in 2010. While the election results increased the margins of influence within Parliament for the Alliance, it was not enough to secure victory for the Democratic Party.

Moldova remained without a president in power till 2011, with increasing risks of being trapped into a state of deteriorating governance conditions.³⁸¹ A major cause for citizen distrust in the parliament and the electoral process had been due to limited participation and inclusion of citizens in the development of public policy in Moldova. "The mechanism that existed was very cumbersome and did not encourage participation....there was no partnership between Government, civil society and private sector, resulting in very sporadic dialogue without systematic, continuous and permanent connection."³⁸² Moreover, with the constant turnover in government, a commitment to engage citizens in decision-making processes was visibly absent. On this front, UNDP played a key role providing support to the electoral commission, and helping increase credibility in order

³⁸⁰ Wescott, Clay and Raj Desai. "Moldova: World Bank Country-Level Engagement on Governance and Anti-corruption," Independent Evaluation Group Working Paper Series 2011/11, The World Bank Group: (2011). Available online: <http://documents.worldbank.org/curated/en/833061468060923759/Moldova-World-Bank-country-level-engagement-on-governance-and-anticorruption>, [accessed 18 May 2016].

³⁸¹ European Forum for Democracy and Solidarity, "Moldova Country Update." September 7, 2015. Available online: <http://www.europeanforum.net/country/moldova>, [accessed 18 May 2016].

³⁸² European Forum for Democracy and Solidarity, "Moldova Country Update." September 7, 2015. Available online: <http://www.europeanforum.net/country/moldova>, [accessed 18 May 2016].

to ensure the elections ran smoothly, thereby allowing citizens to regain faith and trust in the electoral process.³⁸³

It was not until the following year that the Alliance, with UNDP electoral support, was able to put forward a presidential candidate, Nicolae Timofti, that presented a neutral perspective on the political views that had previously divided up the country. Timofti's "election ended a 917-day political deadlock where the members of the Moldovan parliament could not manage to agree on a new president. Finally Timofti, a former judge and a politically neutral candidate, received 62 votes from the MPs (61 needed), and thereby passed the prescribed three-fifth majority to be elected as president."³⁸⁴ With the help of UNDP's guidance and training assistance, the 'National Council for Participation' was created by the Moldovan government "to promote strategic partnership between public authorities, civil society and the private sector and institutionalize dialogue to enhance participatory democracy in Moldova."³⁸⁵ It was later reported "by donors, civil society and the Government that after UNDP and the International Organization for Migration initiated their support for the electoral commission, the public trust and confidence in the election results increased despite the country holding three national elections in less than two years."³⁸⁶ Order was back in check, trust and faith by the people of Moldova in their political system restored, and once more – a reinvigorated commitment for democratic transition and EU integration was renewed as part of the national development agenda.

³⁸³ Draft Country Programme Document for the Republic of Moldova 2013-2017, Executive Board of the UN Development Programme and of the UN Population Fund. Available online: http://www.md.undp.org/content/dam/moldova/docs/Legal%20Framework/CPD_2012_2017.pdf, [accessed 18 May 2016].

³⁸⁴ Wescott, Clay and Raj Desai. "Moldova: World Bank Country-Level Engagement on Governance and Anti-corruption," Independent Evaluation Group Working Paper Series 2011/11, The World Bank Group: (2011). Available online: <http://documents.worldbank.org/curated/en/833061468060923759/Moldova-World-Bank-country-level-engagement-on-governance-and-anticorruption>, [accessed 18 May 2016].

³⁸⁵ "Good Practices and Innovations in Public Governance," UNPSA Winners 2012-2013. UNDESA (2014). Available online: <http://workspace.unpan.org/sites/Internet/Documents/UNPAN93578.pdf>, [accessed 18 May 2016].

³⁸⁶ Moldova: Assessment of Development Results, Evaluation of UNDP Contribution, UNDP Evaluation Office, January 2012. Available online: <http://web.undp.org/evaluation/evaluations/adr/moldova.shtml>, [accessed 18 May 2016].

7.5 CONCLUSION

The Moldova case study presented here has outlined the other extreme of the relationship between UNDP expenditures and shifts in overall governance quality. Moldova is an example of a country showing a highly positive relationship between UNDP expenditures and governance in the country. Moldova's Human Development Index scores improved from 0.552 in 2000 to 0.623 in 2010. This 13% gain was in comparison to the average 16% growth of other countries with medium human development.³⁸⁷ As UNDP steadily increased its expenditures and expanded its programmes focused on enhancing governance in Moldova, the conditions appeared to improve – albeit at a slow pace. The implementation of public administration projects was slow due to a number of variables, “the lack of resources, a variable political will to push ahead a sensitive reform agenda and the Government's lack of experience in managing change were identified as the main reasons.”³⁸⁸ During the period of political uncertainty and fluctuation, we witnessed the implementation of reform initiatives supported by UNDP getting delayed as a result.

While “renewed economic growth in 2010 and potential opportunities from European Union (EU) integration have created an environment conducive to modernization and positive change in Moldova,”³⁸⁹ the process has been slow due to the “frequent elections, insufficient budgets and significant brain drain.”³⁹⁰ In this

³⁸⁷ Mutler, Alison ed., “National Human Development Report 2012: European Aspirations and Human Development of the Republic of Moldova.” United Nations Development Programme. Chisinau, 2012. Available online: http://hdr.undp.org/sites/default/files/moldova_-_2012_nhdr_english_version.pdf, [accessed 18 May 2016].

³⁸⁸ Draft Country Programme Document for the Republic of Moldova 2013-2017, Executive Board of the UN Development Programme and of the UN Population Fund. Available online: http://www.md.undp.org/content/dam/moldova/docs/Legal%20Framework/CPD_2012_2017.pdf, [accessed 18 May 2016]

³⁸⁹ Moldova: Assessment of Development Results, Evaluation of UNDP Contribution, UNDP Evaluation Office, January 2012. Available online: <http://web.undp.org/evaluation/evaluations/adr/moldova.shtml>, [accessed 18 May 2016].

³⁹⁰ Ibid.

case, much like Senegal, increased funding does not necessarily result in positive development outcomes or improved governance conditions. However, what does hold significant value is the country's commitment to democratic reform and the steps it takes – with UNDP and EU support – towards improved governance conditions. In Moldova's case, UNDP expenditures towards governance programmes were able to affect change and progress in governance conditions because the proposed reform projects were strategically in line with the government's own aspirations for democratic transition and EU integration.

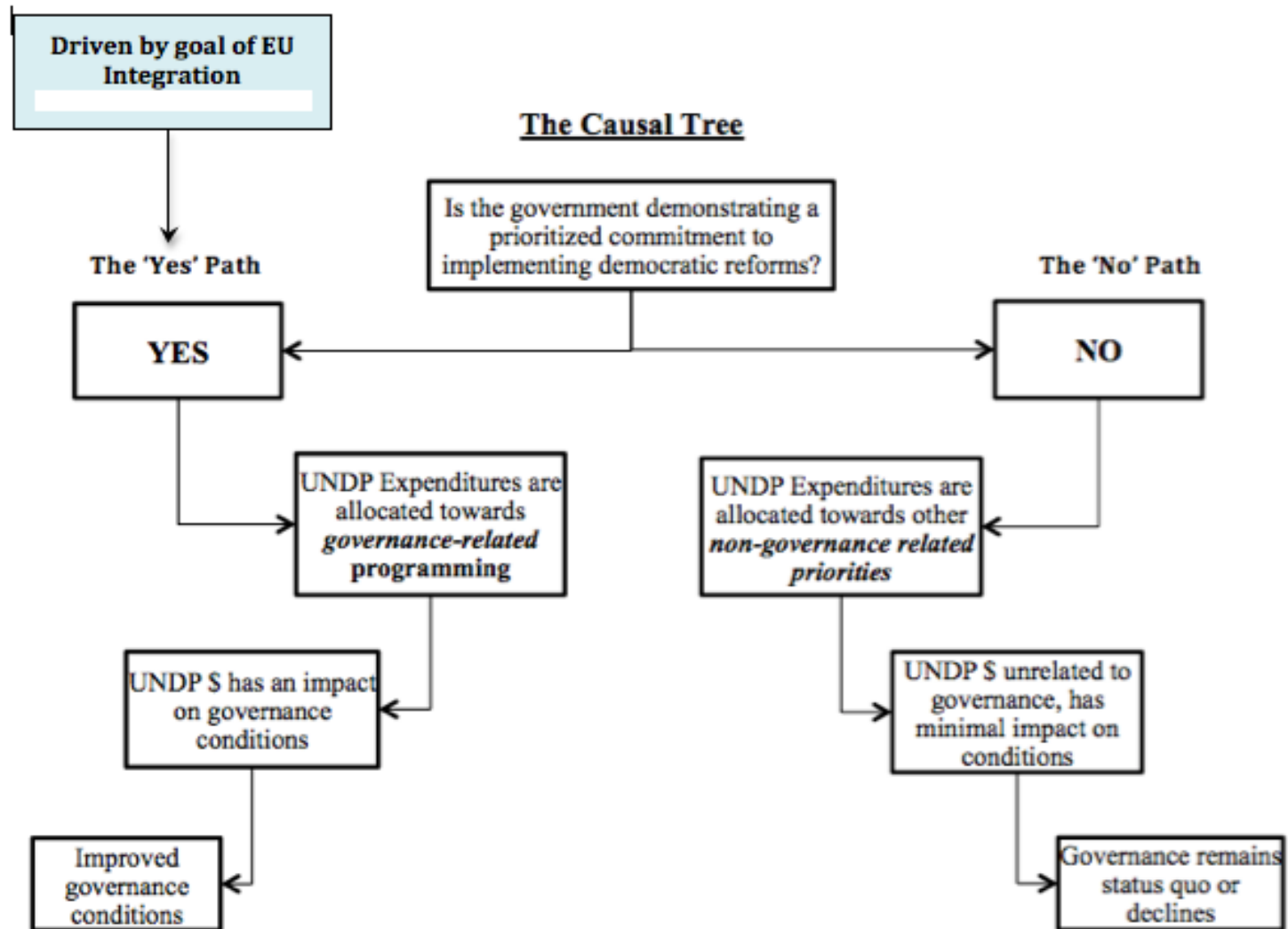


Figure 45 The Causal Tree

Aid funding – in this case, UNDP expenditures – can only affect change and progress in governance

conditions if proposed reform projects are aligned with the government's national development agenda and priorities. This encourages the governments to not only take ownership of the projects, but also pushes them to follow through on their commitments to democratic reform and address all pre-existing political instabilities.

Over the course of nine years, we saw threats of the country veering off the 'Yes' path under Voronin's government, leaning towards less democratic approaches – resulting in years of political deadlock and frustrated citizens. The key lesson learned is the realization of “how important it is to ensure the continuity of the development programmes which have to survive changes in governments in order to achieve any meaningful impact.”³⁹¹ During these years, reform initiatives supported by UNDP were subsequently placed on the backburner due to the limitations arising as a result of frequent elections and change in government. However, with a change in government and a shift in political ideology, the country's commitment to democratic transition remained strong and continued to push forward. Moldova successfully managed to maintain continuity with its development agenda, despite the changes in government and fluctuating political ideologies over the years.

UNDP reports further have confirmed their positive relationship with the Moldovan government, stating “we can conclude all steps taken by the central government in the direction of decentralization and strengthening local governments are very relevant for all local stakeholders.”³⁹² Indeed, while the projects may have been delayed and progress slow, UNDP confirmed that “during the period that the UNDP projects [were] implemented, there have been no changing circumstances which would have brought about changes in the types and approaches for capacity building promoted by UNDP through the different projects or the needs for such changes.” Neither the government changed their path to governance reform, nor did UNDP have to adjust its

³⁹¹ National Report for UN Conference on Sustainable Development 2012, Rio+20, UNDP and Government of the Republic of Moldova, Chisinau, 2012. Available online: https://sustainabledevelopment.un.org/content/documents/782Moldova_Report_RIO20_ENG_12-06-2012_final.pdf, [accessed 18 May 2016].

³⁹² Muravschi, Alexandru and Erik Whist. “Evaluation of UNDP Outcome in Moldova of Capacities and Partnerships of Local Governance Actors Developed in Urban/Rural Areas for Transparent and Accountable Policy Formulation, Service Delivery and Resource Management,” Chisinau and Oslo, December 2005. Available online: <http://www.undp.md/publications/doc/Outcome%20Evaluation.pdf>, [accessed 18 May 2016].

relationship and the capacity of support it provided to Moldova.

Since 2012, the country has implemented several strategies and action plans across various sectors reflecting significant transformations, while taking a more sustainable approach to the country's development.³⁹³ “Key actions have included reforms in the education sector (school network rationalization) and in social assistance (the introduction of a new targeted program and the reduction of previous categorical compensation schemes).”³⁹⁴ In a continued effort to improve upon its public administration, the Moldovan government has more recently been paying “increasing attention to youth by integrating public policies on youth into strategies, conceptions, programs and action plans in such areas as employment, education, health care, etc.”³⁹⁵ This has resulted in positive developments, with more youth engaging in public dialogue with trained, capable government officials and being more involved in decision-making processes.

The key takeaway here is that given the consistent determination of the country's chief policymakers to secure EU integration, the expectation is that Moldova will stay on the ‘Yes’ path and governance conditions will improve. However, should Moldova lose interest in the EU project and veer off path—as Senegal did with its shift towards less-democratic political reforms—a much less optimistic future awaits. While backsliding is never out of the question, abandoning the EU integration project would entail the devastating loss of primary donor support from partnerships with the EU amongst others. This makes deviation from the ‘yes’ path a much less likely prospect. Consequently, this dedicated focus and commitment towards improved governance conditions has enabled UNDP to align and embed its governance intervention programmes into the country's national development agendas. The next chapter will synthesize the findings of the thesis and present the

³⁹³ National Report for UN Conference on Sustainable Development 2012, Rio+20, UNDP and Government of the Republic of Moldova, Chisinau, 2012. Available online: https://sustainabledevelopment.un.org/content/documents/782Moldova_Report_RIO20_ENG_12-06-2012_final.pdf, [accessed 18 May 2016].

³⁹⁴ “Moldova Partnership: Country Program Snapshot”, World Bank Group, April 2015. Available online: <http://www.worldbank.org/content/dam/Worldbank/document/Moldova-Snapshot.pdf>, [accessed 18 May 2016].

³⁹⁵ Republic of Moldova, “The Second Millennium Development Goals Report,” September 2010. Available online: <http://www.undp.md/presscentre/2010/MDG%20Report%20II/>, [accessed 18 May 2016].

conclusions from comparatively analyzing the relationship between UNDP expenditures and shifts in the governance conditions of two extreme cases.

CHAPTER 8 CONCLUSION

“The true test of aid effectiveness is improvement in people’s lives.”³⁹⁶

8.1 CONTRIBUTION OF RESEARCH

IDO’s play a crucial role as key actors in addressing global development challenges – and yet, there are concerns that little has changed in terms of improved development and governance conditions. While this study does not explicitly argue whether foreign aid (or UNDP expenditures, in this case) should be increased or decreased in light of governance score trends, this study does agree with previous scholars in that the practice of aid allocation should be exercised with greater caution than is currently being practiced.

This concluding chapter provides a summary of the study’s results, outlines the theoretical and policy implications, and provides suggestions for further research. The overarching conclusion of this dissertation is that IDO aid funding – like those expended by UNDP – do not necessarily translate into positive governance outcomes, as was once anticipated by the development community. That being said, the efforts of UNDP and other such organizations to influence and promote improved governance conditions are not futile. It appears that certain circumstances, where state national interests are in alignment with the governance agenda of the IDO, allow for more favorable development outcomes and progress than would be the case in the absence of their intervention. It is therefore necessary to identify and bridge the gap between what IDOs can offer in terms of aid and funding, what recipient countries in turn require, and the surrounding circumstances – be they political and/or economic – that frame the relationship between these key actors.

Traditionally, major donors and IDOs have based their aid, loans and/or trade agreements on the condition that policies of good governance are undertaken by recipient states – though there is a lack of

³⁹⁶ Organization for Economic Co-operation and Development. “2006 Survey on Monitoring the Paris Declaration: Overview of the Results,” *OECD Journal on Development*, 8.2. Available online: <http://www.oecd.org/dac/aideffectiveness/39112140.pdf>, [accessed 18 May 2016].

consensus on the precise governance conditions.³⁹⁷ However, this dissertation supports the argument that donors and international development organizations should “reconsider current aid structures and aid effectiveness when increasing aid flows. Correspondingly, recipient countries need to rethink carefully the potential drawbacks of aid on governance at both the country and project levels, and try to minimize any likely harmful effects.”³⁹⁸ Evaluations of UNDP’s contribution and presence in the development industry have recognized the comparative advantage the development organization has relative to others as it has played a lead role in coordinating the cooperation between key actors including national governments and donors.³⁹⁹

While this dissertation has not taken an evaluative approach in its examination of UNDP’s expenditures and presence in developing countries, the study presents a comprehensive outline of the relationship between the expenditures and shifts in governance conditions over a period of nine years – and the theoretical debates surrounding the relationship. Optimistic scholars have argued that increased aid expenditures can lead to improved governance conditions with more investments, savings, and ultimately higher growth rates. Meanwhile, more skeptical scholars argue that IDOs and their expenditures have minimal effects on influencing governance conditions and can actually have an adverse effect on development due to corruption and an overreliance on aid (ie Bräutigam, 2000 and Ear, 2012). This dissertation has highlighted the apparent absence of sufficient empirical analysis examining the relationship between quality of governance and IDOs, amidst the

³⁹⁷ Scholars who have set the terms of debate on the relationship between aid effectiveness and governance include, North, Douglass C. *Institutions, institutional change and economic performance*. Cambridge: Cambridge University Press, (1990); Keefer, Philip and Stephen Knack. “Institutions and Economic Performance: cross-country tests using alternative institutional measures,” *Economics and Politics*, 7.3, (1995): 207-27; Keefer, Philip and Stephen Knack. “Why don’t poor countries catch up? A cross-national test of an institutional explanation,” *Economic Inquiry*, 35, (1997): 590-602.

³⁹⁸ Busse, Matthias, and Steffen Gröning. "Does foreign aid improve governance?" *Economics Letters* 104.2 (2009): 76-78.

³⁹⁹ “Lessons Learned on Donor Support to Decentralization and Local Governance.” Development Assistance Committee (DAC) Evaluation Series, Organization for Economic Cooperation and Development, 2004. <http://www.oecd.org/development/evaluation/30395116.pdf>, [accessed 18 May 2016].

plethora of anecdotes within the existing IO literature. The purpose of this study has been to determine which of the opposing theories best explains the relationship.

Through its empirically focused analysis, the study calls attention to the crucial need for more accountability amongst international development organizations – particularly the UNDP – when allocating their funds to developing countries. Despite its international status and reputation as a leading agency playing a crucial role in governance and development affairs, there has so far been no major study carried out (to my best knowledge) that empirically examines the relationship between UNDP expenditures in developing countries, and resulting shifts in overall quality of governance over a period of years. The contribution of this dissertation to the development debate is therefore two-fold: i) the construction of a unique and comprehensive dataset, compiled using new and updated sources; and ii) a methodologically robust and unprecedented empirical study on the relationship between financial resources expended by a major international development organization (UNDP) and the governance conditions within its programme countries.

8.2 SUMMARY OF RESULTS: THEORETICAL IMPLICATIONS

Two major theoretical camps are considered in this study - optimists and skeptics. The key difference between the two camps is their views on whether a relationship exists between IDO expenditures and shifts in governance conditions over time. The first camp considered was that of the optimists. Optimist scholars argue that IDO expenditures facilitate long-term improvement in the governance conditions of developing countries. Scholars of this camp further argue that IDOs can socialize states, essentially “teaching” them the required sense of capacity and commitment for sustainable democratic governance programmes. Scholars from the ‘optimist’ camp maintain that international organizations can help improve development and governance conditions in a given country, provided sufficient national funding is available to sustain these activities. These scholars found

that when aid was expended towards governments with clear development agendas, it encouraged growth and generated revenue, which contributed towards programmes to improve governance conditions.

On the other hand, scholars from the skeptic camp contend that IDOs do not in any way influence state national development agendas or programmes through their expenditures. In fact, the presence and involvement of IDOs in a state's national development agenda is wholly contingent upon whether it is prioritized by the recipient government in question. They contend that no manner of IDO expenditure can be relied upon to produce positive governance outcomes. Other, exogenous variables will override whatever good an IDO sets out to achieve. Scholars from the skeptic camp argue that IO interventions have no effect at all, or can even have a potentially negative impact towards improved governance conditions. This dissertation has tested these two opposing views, examining whether developing countries are more inclined to improve governance conditions as a result of being socialized, through the influence of IO interventions and global rankings, to comply with IO norms and standards of governance; or whether IOs have no influence at all on the governance conditions of states.

Next, a brief recap of the methodology employed in this study. A mixed-methods approach examined how much funds UNDP spent over a period of nine years (2004-2012) on development projects across 179 developing countries around the world, and whether these expenditures have any relationship with how these countries fared in their overall governance conditions over the same time frame. When comparing across the five regions, the large-n study found that UNDP funding remained relatively steady and consistent – despite fiscal constraints on the agency, whereby expenditure levels in one region had direct impacts on how much the agency could then afford to allocate elsewhere. This means that to maintain status quo expenditures over the course of the nine years increases in UNDP expenditures towards one region came at the cost of other regions receiving decreased levels of funding support from the agency.

What became apparent is that UNDP re-allocated its funds away from regions faring better with their governance conditions (ie Latin America and the Caribbean) and moved funding towards regions that were suffering from relatively poorer conditions, like Africa, Asia-Pacific, and the Arab regions. While IDOs – and particularly the optimist camp of scholars – expect these fund reallocations and increased expenditures to eventually translate into tangible positive governance outcomes, as demonstrated through transparent electoral processes, higher citizenship participation and improved delivery and accessibility of public services – results of the large-n study indicate otherwise. The study found that while UNDP expenditures steadily increased over the nine years by \$1.6 billion across all the regions, governance scores remained either constant with minimal shifts, or declined in an inverse manner.

I did, however, do more than just a simple descriptive comparison. Inferential test results from the large-n study confirmed a weak correlation between governance quality and UNDP expenditures, with regression results demonstrating how UNDP expenditures in countries with autocratic governments are varied compared to those expended in more democratically inclined nations. Results showed that UNDP expenditures are highly influenced by governance conditions. Countries with poorer governance conditions received increasing support and funding from UNDP. On the other hand, as governance conditions improved, UNDP funding steadily decreased. For every unit increase in WGI scores, UNDP expenditures decreased by US \$13.9 million. Results were consistently weak and negligible, albeit negative and statistically significant. Indeed, multiple regression analysis revealed that a specific predictor variable, namely democratic inclinations, could influence governance conditions, and that UNDP expenditures were not as influential.

Regressions between UNDP expenditures and democracy scores indicated that UNDP funds are increasingly allocated towards countries with higher democracy scores, with funding decreasing the more anocratic or autocratic a country was deemed to be. Any shifts in governance conditions were seen to be attributable to other variables (ie democratic inclinations) and could not be explained by UNDP expenditures.

Evidence from the large-n study confirms that arguments put forward by the skeptic camp are therefore more accurate in explaining the relationship between UNDP expenditures and governance quality. There was no evidence to conclude IO spending in and of itself could improve governance outcomes, no matter the degree. Higher IDO budgets, intensified IDO pressure to shape national development agendas and priorities, enhanced IDO presence through numerous development programmes and projects, intensified – none of these provided any assurance of achieving improved governance quality. And yet, UNDP continued to spend more in developing countries despite being faced with unchanging – sometimes deteriorating – governance conditions over the period of nine years under review.

The small-n study closely examined two case studies: Senegal and Moldova – highlighting how regime shifts, leadership changes and national inclinations towards more democratic political systems set the foundation upon which a relationship with UNDP was built. What emerged from this research was a pattern of behaviour, a common causal tree that was consistent across both the case studies, explaining why UNDP expenditures resulted in positive governance outcomes in one country, while failing to achieve progress in the other (Chapter 7 – Figure 45). The first case study examined was Senegal, where UNDP spending coincided with a decrease in governance performance. Senegal initially appeared to have all the necessary elements to be a promising – positive – model, for UNDP (and the optimist camp). The country was a prime example of a nation that experienced developmental challenges (Casamance conflict, high unemployment rates, low levels of GDP per capita, etc), but still had a lot going for it: democratic institutions, international support, rich in resources and labour force, and relatively conflict-free. This was in large part due to the country positioning itself to play a leadership role, both regionally and for the African continent as a whole.

It was expected that the country's demonstrated commitment to strengthen its democratic governing institutions would translate into increased UNDP funding being allocated towards governance programmes, ultimately cycling back to serve as a positive incentive for Senegalese politicians and bureaucrats to continue

upholding an environment of good governance. UNDP's Assessment of Development Results reports outline the programme achievements and obstacles for development faced by the organization in Senegal, highlighting UNDP's main mandate: "the [programmes], as conceived and drafted, [are] aligned with international and national policies. The actions undertaken are appropriate responses to nationally identified priorities, and are designed according to nationally and internationally accepted good practices."⁴⁰⁰ This highlights how UNDP works with partner governments, like Senegal, to identify their national development priorities and policy strategies. The key component of the programmes and projects that UNDP engages in promote national ownership by the country governments, encouraging sustainable policy development and accountability. Senegal's level of political will and openness to collaborate with international donors and partners has given it an international reputation as a cooperative and committed country for investment by the international community. Indeed, "UNDP staff and donors see [the] increased fundraising as an opportunity for creating new partnerships and a greater ability to intervene in the country."⁴⁰¹ On the one hand, such a reputation brings about positive outcomes of increased foreign aid and investments in development programmes and projects.

This study of the nine-year period, however, revealed that this was not entirely the case. Slow and non-existent policy decision-making was reflected in the numerous delays and a lack of government follow-up on proposed IDO reform recommendations, minimal development progress and/or reform – particularly in domestic governance affairs – and retraction of support from donors and international aid agencies. What is seen instead is a national government coming into power with promises of strengthened democratic institutions, becoming increasingly corrupt, and falling back into old patterns of behavior that are less democratic. The challenges facing the relationship between UNDP expenditures and shifts in the quality of governance in Senegal are

⁴⁰⁰ Senegal: Assessment of Development Results, Evaluation of UNDP Contribution, UNDP Evaluation Office, 2011. Available online: <http://web.undp.org/evaluation/evaluations/adr/senegal.shtml>, [accessed 18 May 2016].

⁴⁰¹ Ibid.

captured in UN outcome evaluation reports, indicating that the organization was well-aware of the numerous barriers in its efforts.

While the number of monitoring programmes and their associated funding may have doubled between 2004 and 2010, they failed to match up with the quality with which these interventions were implemented due to lack of capacity – a product of “a poor grasp of disbursement procedures by project managers, a lack of control over the availability of resources and planning deficiencies.”⁴⁰² There have been negative implications with such rapid growth of foreign investment and development projects in Senegal. When tasked with identifying its own organizational weaknesses, the UNDP Executive Board stated: “UNDP faces a major challenge in rapidly and strategically prioritizing and deploying sufficient amounts of resources where they are needed the most, due to the continued erosion of the base of annual regular resource contributions.”⁴⁰³ Factors that negatively influenced UNDP and Senegal’s efforts to fully meet “project targets” and effectively collaborate on development programmes include:⁴⁰⁴

- a) lengthy bureaucratic processes when establishing new structures and/or procedures;
- b) the heavy workload of the committed key actors;
- c) delays in satisfying certain technical support needs; and
- d) a tendency to be over ambitious in project planning.

As UNDP expenditures increased, so too did the level of workload demands, leading to mounting pressure met by a lack of resources and capacity to adequately respond to priority development needs. This

⁴⁰² Senegal: Assessment of Development Results, Evaluation of UNDP Contribution, UNDP Evaluation Office, 2011. Available online: <http://web.undp.org/evaluation/evaluations/adr/senegal.shtml>, [accessed 18 May 2016].

⁴⁰³ “Achieving Critical Mass for Development Success,” Executive Board: Second Regular Session, Advance documentation, Item 14: Implementation of the Quadrennial Comprehensive Policy Review, 2014. Available online: http://www.undp.org/content/undp/en/home/operations/executive_board/documents_for_sessions/adv2014-second.html, [accessed 18 May 2016].

⁴⁰⁴ Hopwood, Ian. “Project Review: Project for Capacity Building for Good Governance in Senegal,” Global Programme on Democratic Governance Assessments, UNDP Report, October 23, 2011.

resulted in continuous delays “in the start-up of activities and discontinuities between successive project phases.”⁴⁰⁵ Such delays during essential policy decision-making stages subsequently hindered UNDP’s efforts to support the country’s progress to improve its overall governance conditions. Increased expenditures did not result in improved governance conditions – indeed, WGI scores steadily declined regardless of how much funds were devoted towards arresting the decline. Only once the government leadership changed to one that was more democratically inclined under Macky Sall did the political climate become more receptive to working with UNDP programmes. UNDP’s technical capacity and resources were then deemed highly necessary and effectively used to provide support during the electoral process, ensuring transparency, openness, and to help prevent further collapse of the country’s political stability.

The key point to highlight here is the fact that the levels and types of support offered by UNDP remained consistent from one administration to the next. In the Senegal case, UNDP’s programme strategies and approach to helping the country tackle its governance challenges were neither effective nor were they developmentally sustainable. The theoretical arguments put forward by the skeptic camp are therefore validated by the Senegal example – UNDP expenditures had a minimal role (if at all) in improving governing conditions within an environment that failed to consistently prioritize and follow through on its democratic governance reform initiatives. The policy implications of such a finding, relevant not only for UNDP’s own approach to its strategic programming but also for other development aid agencies, is that increased funding does not necessarily translate into positive development outcomes or improved governance conditions.

On the other hand, Moldova is an example of a country that experienced improved governance conditions while remaining on the ‘yes’ path of the causal tree with minimal deviation over the course of nine years – a model for countries like Senegal which only rerouted their governance and development agenda in the latter years under review. However, Moldova was on the opposite end of the spectrum in terms of socio-political

⁴⁰⁵ Senegal: Assessment of Development Results, Evaluation of UNDP Contribution, UNDP Evaluation Office, 2011. Available online: <http://web.undp.org/evaluation/evaluations/adr/senegal.shtml>, [accessed 18 May 2016].

stability and democratic governance. Indeed, Moldova was seen to be a clear example of a country limited by its structural constraints with the future of the country's governance conditions viewed as one doomed to fail. On the other hand, Senegal had the advantage of several governments working towards strengthened democratic institutions, as demonstrated through their varying stages of electoral reform. Meanwhile, Moldova consistently experienced weak institutions, governance systems and gaps in the rule of law, with corruption ultimately affecting citizen participation and the delivery of basic services.

On the surface, Moldova's structural constraints appeared likely to prevent the implementation and sustainability of any governance reforms, regardless of how much funding was allocated towards it. Surprisingly, however, further analysis revealed that UNDP spending in Moldova increased alongside the steady improvement of the country's governance conditions throughout the nine years. Since gaining independence, Moldova set out on a path to establish a democratic political system and a liberal market economy. What differentiated Moldova from Senegal was the unwavering commitment and determination to shake its global reputation of a 'failed state', and implement multiple political and economic reforms as was deemed necessary in order to integrate into the European Union. Moldova, faced with such potentially devastating structural constraints and the political risk of not achieving European integration, simply could not afford to deviate from the 'yes' path as Senegal had initially done (see Figure 46 – Country Trajectory).

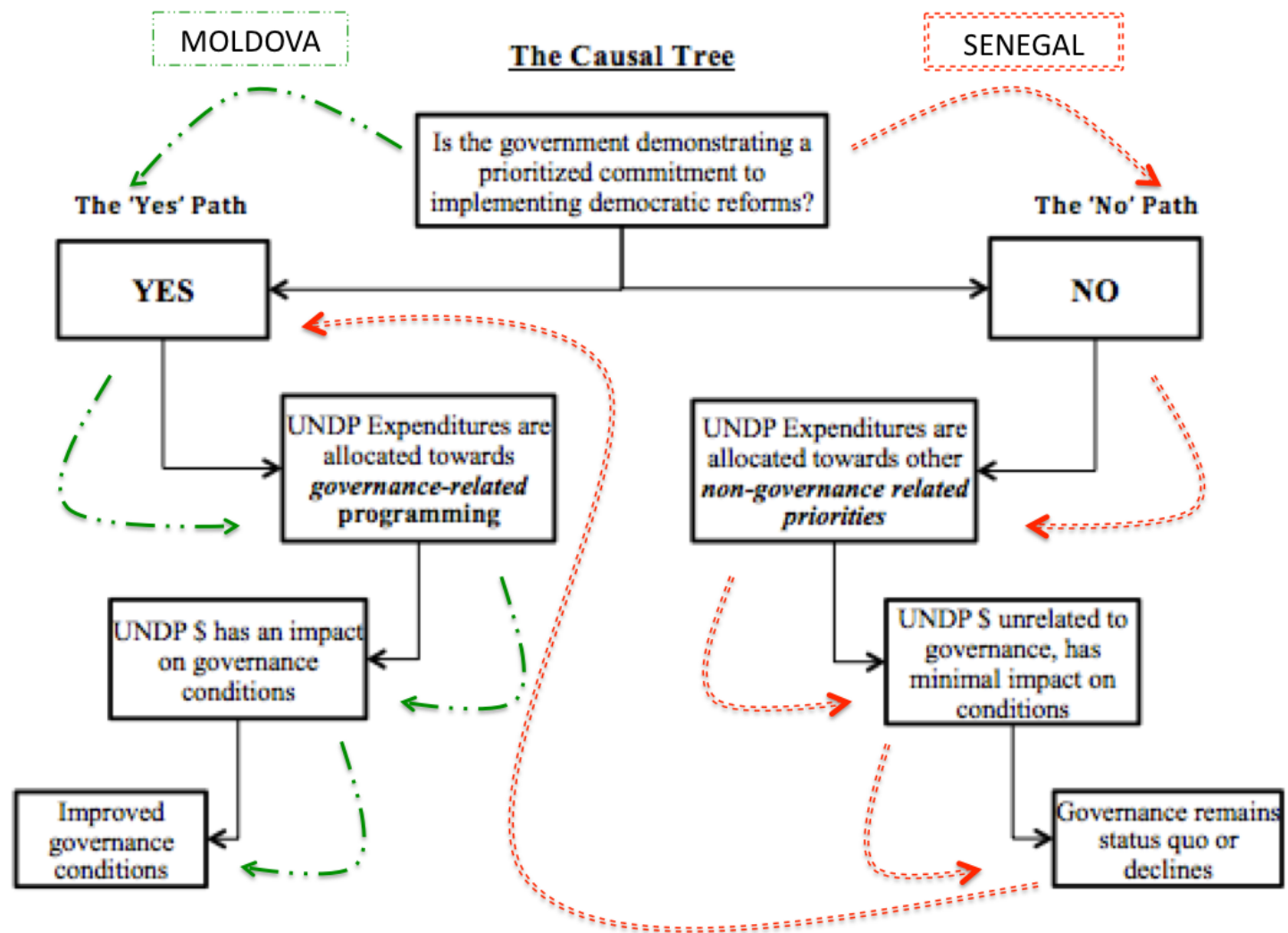


Figure 46 Country Trajectory

UNDP had a stronger role and presence to play in the country. This was primarily due to the fact that the agency was the “partner of choice of the Government and donors” for governance programmes in Moldova.⁴⁰⁶ Being one of the key development partners opened channels for UNDP funding to be allocated towards governance programmes that could affect change and progress in governance conditions. Aligned development strategies also meant that reform projects proposed by UNDP were generally well received as they were in line

⁴⁰⁶ Moldova: Assessment of Development Results, Evaluation of UNDP Contribution, UNDP Evaluation Office, January 2012. Available online: <http://web.undp.org/evaluation/evaluations/adr/moldova.shtml>, [accessed 18 May 2016].

with the government's own aspirations for democratic transition and EU integration. In other words, UNDP support was not only crucial from a financial standpoint, but also lent credibility to Moldova's government in the eyes of the international community. The comparative advantage UNDP had in Moldova was its capacity to focus on long-term capacity building. In contrast to its experience in Senegal, UNDP worked within the context of a political environment that was consistently receptive to its programme proposals because of its unwavering commitment to European integration. This ensured that UNDP programme objectives were not threatened by adverse affects resulting from changes in government.⁴⁰⁷

Scholars from the optimist camp argue that it was the support from UNDP and the international community, driven by Moldova's ambition for European integration, that enabled the country to steadily remain on-track and dedicated to its agenda for democratic governance. However, there is a stronger case in favor of the skeptic camp – in this case, UNDP expenditures were only able to affect change and progress in Moldova's governance conditions because the proposed reform programmes were strategically synced with the government's national development agenda and priorities. This encouraged the governments to not only have ownership of the projects, but also pushed them to follow through on their commitments to democratic reform and address all pre-existing political instabilities. Simply put – UNDP funds had a positive relationship with improved governance conditions in Moldova because both UNDP and the ruling governments were heading in the same direction. This was not the case with Senegal – in fact, it was the opposite for most of the time under review. Results of this study confirmed that successful governance outcomes resulting from foreign aid expenditures were contingent upon the type of policy regime and national interests and/or development agendas laid out by recipient countries – not so much what was socialized by the IDOs themselves.

⁴⁰⁷ Moldova: Assessment of Development Results, Evaluation of UNDP Contribution, UNDP Evaluation Office, January 2012. Available online: <http://web.undp.org/evaluation/evaluations/adr/moldova.shtml>, [accessed 18 May 2016].

8.3 POLICY IMPLICATIONS & LESSONS LEARNED FOR IDOS

UNDP establishes its relationship and presence only within countries that have specifically requested assistance and technical support. The context that frames this relationship is driven primarily by the development agenda and national priorities determined by the ruling party in government. National governments who demonstrated a lack of commitment to progressing on their development agendas and improving overall governance conditions did so by not working alongside IDOs to upscale or nationally implement governance-related programmes or projects. Instead, their development agenda were focused less on strengthening governing institutions, and more on other priorities (ie debt repayments and infrastructure) The result of this was termination, stagnation and/or oftentimes deterioration of such programmes. Indeed, when evaluated on its programmes in Senegal, UNDP was criticized for not having a systemic approach to actively engage in dialogue with all the government ministries to broadly promote the practice of good governance.⁴⁰⁸ As governance reform was not highlighted as a priority, incoming UNDP programme funds were allocated to other projects (ie infrastructure).

Therefore, a country experiencing poor governance conditions could quickly fall into further deterioration thereby perpetuating a cycle of decline. Coupled with a lack of demonstrated commitment for governance programmes, this could eventually create a cycle of dependence whereby aid and international assistance is continually sought after, but such funds are then allocated towards other national priorities (ie debt repayments, anti-corruption initiatives, etc). The research presented in this thesis therefore concludes that increases in aid funding do not necessarily guarantee positive outcomes, as was once anticipated by the development community and argued by the optimist camp.

⁴⁰⁸ Senegal: Assessment of Development Results, Evaluation of UNDP Contribution, UNDP Evaluation Office, 2011. Available online: <http://web.undp.org/evaluation/evaluations/adr/senegal.shtml>, [accessed 18 May 2016].

Recommended courses of action, particularly to be taken by organizations like the UNDP, include pilot testing governance programmes by taking a “demand-based” approach to mobilizing resources, as opposed to one that is contingent upon the availability of funding (supply-based).⁴⁰⁹ Having both the national government and UNDP vying for project financing opportunities would come at the cost of programme consistency, as different donors have varying vested interests and agendas. Particularly in countries experiencing unstable governance conditions with inadequate institutional structures, donor resources are better utilized and universally applicable across a wide range of issues if delivered in the form of technical assistance and capacity building, rather than focusing on project-level initiatives.

The aim should be for IDO expenditures to target strengthening pre-existing operational programme structures by capacity development and training workshops to enhance staff skill-sets, and promoting open dialogue and collaboration with other UN agencies and IDOs sharing similar development partnerships with the national government. Joint cooperative programmes promote policy consistency and programme sustainability, present a more cohesive and consolidated development agenda, while also stressing the importance of national ownership of projects and effective leadership. While we saw this play out in Moldova, this was not what took place in Senegal. UNDP’s institutional comparative advantage is the significance it places on contextualizing agency support in a manner that encourages self-reliance and national ownership. By promoting national ownership and encouraging weak governments to take the lead in governance programmes and sustainable reform processes, UNDP has played a vital role in helping states build their own capacities to govern effectively.

In the case studies analyzed in this dissertation, it was observed that UNDP funds were only successful in affecting change and progress when the national government in a country (e.g. Moldova) demonstrated political commitment by taking ownership of the projects (ie upscaling governance projects from local communities to regional levels, developing implementation plans, etc) and working in collaboration with UNDP

⁴⁰⁹ Senegal: Assessment of Development Results, Evaluation of UNDP Contribution, UNDP Evaluation Office, 2011. Available online: <http://web.undp.org/evaluation/evaluations/adr/senegal.shtml>, [accessed 18 May 2016].

(amongst other IDOs) towards a common goal of addressing pre-existing political and institutional instabilities through democratic reform. “Political commitment and leadership are the engines of change processes, and where these are lacking, governance reforms rarely succeed.”⁴¹⁰ Results from the Senegal case study confirmed that UNDP, and other relevant IDOs, have little hope for achieving programmatic success or improved governance conditions through their expenditures if there is no consensus or support for their proposed reform initiatives from key political actors of the state.

UNDP’s experience in Moldova, however, serves as an example of the benefits reaped when UNDP’s reputation for neutrality was combined with strategic programme expenditures. Over the course of the nine years under review, Moldova persevered through the restrictive governance conditions, confronting challenges including inadequate bureaucracies with insufficient technical capacity and resources, threatened political stability, and waning public participation. Working on strengthening and sustaining long-standing relationships with the national governments enhances programme consistency, and promotes transparency, accountability and national ownership leading to higher rates of governance improvements and democratic reform. This was primarily a product of Moldova’s drive and ambition to stay the course towards democratic reform and thus European integration, but with this drive came a political willingness to tackle the challenges associated with governance reform, enhance citizen participation and ensure openness and transparency during the electoral and other processes, and maintain consistent national development goals.

That being said, this does not mean that Moldova served as a perfect example of a success story with few lessons to be learned. Indeed, evaluations reviewing UNDP’s contributions in Moldova point out that “it is neither desirable nor efficient for a small middle-income country moving towards EU integration to have

⁴¹⁰ “UNDP and Governance,” Management Development and Governance Division: Lessons Learned Series No. 1, June 2006. Available online: <http://www.pogar.org/publications/other/undp/governance/lessonslearned-e.pdf>, [accessed 18 May 2016].

fourteen United Nations agencies with high transaction costs for their programmes.”⁴¹¹ This emphasizes the point made earlier in this dissertation about the need for IDOs (and their agencies) with shared development agendas to consolidate efforts and bridge fragmented projects together to present more cohesive reform initiatives. Instead of focusing on resource mobilization and opportunities to increase funding, IDOs should instead direct their attention towards projects nearing the end of their programme cycle, and supporting the government in their efforts to transition from policy to practical implementation and upscaling. This would not only facilitate the national ownership of programmes, but would help to ensure governments are not stretched in their capacity and resources to meet development benchmarks and goals set in conjunction with their global partners. This dissertation has validated that UNDP’s demand-led approach to programming, of operating within the development framework and priorities set by the countries themselves, can translate into overall improvements in governance quality. This is possible when priorities are more focused on strategic partnerships, collaborative efforts, and less so on resource mobilization and programme funding.

8.4 CONCLUDING THOUGHTS AND RECOMMENDATIONS FOR FURTHER RESEARCH

Today, the UNDP integrated budget for 2014-2017 is over US \$24 billion in estimated available resources.⁴¹² Combining UNDP expenditures with that of other IOs makes the development aid and support available to developing countries a vast sum. While some may be led to believe that “this scale of commitment

⁴¹¹ Moldova: Assessment of Development Results, Evaluation of UNDP Contribution, UNDP Evaluation Office, January 2012. Available online: <http://web.undp.org/evaluation/evaluations/adr/moldova.shtml>, [accessed 18 May 2016].

⁴¹² Executive Board of the UNDP, UNPF and the UNOPS, “UNDP Integrated Budget Estimates for 2014-2017,” Second Regular Session 2013, DP/2013/41, New York. Available online: <http://www.undp.org/content/dam/undp/library/corporate/Executive%20Board/2013/Second-regular-session/English/dp2013-41e.pdf>, [accessed 18 May 2016].

and activities suggests the potential for great impact,”⁴¹³ this dissertation has shown that this is not always the case. Between 2008 and 2013, 75% of UNDP resources were allocated towards specific project-level initiatives. However, this narrowed approach to development and governance challenges “is more expensive to administer and provides fewer opportunities to take a holistic, integrated and longer-term view of development that would support increased effectiveness, sustainability and resilience of development outcomes.”⁴¹⁴ Indeed, UNDP has struggled to maintain its global image as a leading provider of capacity building support through and democratic governance reform as the agency has faced “a major challenge in rapidly and strategically prioritizing and deploying sufficient amounts of resources where they are needed the most, due to the continued erosion of the base of annual regular resource contributions.”⁴¹⁵

If space and time limitations were not an issue, my research could have been further extended and supplemented with formal interviews with my former colleagues at UNDP – including both development practitioners and the networks of policy makers. The purpose of such interviews would be to marry the shared anecdotes and experiences, with the numbers and empirical analysis to produce a full picture of the influence IOs have on changing governance conditions. When I shared the initial empirical findings of my study with fellow colleagues at UNDP, none of my conclusions came as a big surprise. Indeed, a common view, shared during the numerous informal discussions held in relation to my thesis topic, was that IOs had minimal influence on affecting change in governance. There was an abundance of anecdotes shared on how IOs were only as effective and influential as governments allowed them to be. Moreover, in certain circumstances where IOs had

⁴¹³ Jenks, Bruce et al. “United Nations Development at a Crossroads,” Center on International Cooperation. August 22, 2013. Available online: <http://cic.nyu.edu/content/united-nations-development-crossroads>, [accessed 18 May 2016].

⁴¹⁴ “Achieving Critical Mass for Development Success,” Executive Board: Second Regular Session, Advance documentation, Item 14: Implementation of the Quadrennial Comprehensive Policy Review, 2014. Available online: http://www.undp.org/content/undp/en/home/operations/executive_board/documents_for_sessions/adv2014-second.html, [accessed 18 May 2016].

⁴¹⁵ Ibid.

to work with corrupt governments, the results were detrimental for the country's overall governance conditions. Therefore, my thesis has corroborated the numerous anecdotes that exist both within the literature and amongst policy-makers and development practitioners, with statistical and empirical analysis. As illustrated throughout this dissertation, UNDP expenditures have no clear relationship with improved governance conditions – particularly when such funds are allocated towards countries with weak and/or non-democratic governance institutions. UNDP should move beyond its reliance on donor funding and offer more than just value for money.

My research could also be further extended (with allowances for the necessary time and space), by conducting cross-comparisons of UNDP's involvement within countries sharing common socio-economic and political characteristics. For example, would examining UNDP's presence and role within countries like Georgia or Ukraine have produced similar results? Would the overall story and relationship with UNDP be generally the same – one in which the overarching goal of EU integration fosters a governance environment that is most receptive to UNDP? On the other hand within West Africa, how different is UNDP's role in Senegal compared to its neighbouring countries? Given its proximity to Senegal, a shared border and facing the implications of the Casamance conflict, has UNDP's role and presence in The Gambia been similar to that of Senegal? Examining these comparisons across similar cases could potentially allow me to isolate the effects of UNDP expenditures.

Given time constraints and space limitations, only so much material could be covered in this study. Employing theory-testing methodologies from earlier development studies, this dissertation examined IO theories put forward by two opposing camps. The skeptic arguments were identified as offering the best explanation for the lack of any strong relationship between UNDP expenditures and the governance conditions within developing countries, and the control variables that ultimately influenced the governance outcomes. This dissertation has provided a holistic understanding of the opportunity costs and return on investments of the substantial funds allocated every year by UNDP towards developing countries. Using the methodological toolkit

and the comprehensive dataset produced as a result of this academic endeavor, this study will serve as a platform upon which further research and analytical case studies can be undertaken.

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