

Handout 5 : Good Governance

What was agreed at the Gleneagles Summit?

'We will work vigorously for early ratification of the UN Convention against Corruption and start discussions on mechanisms to ensure effective implementation.'¹

Background

Large-scale corruption is a serious economic, social and political problem in many poor countries leading to loss of business, investment and jobs. Funds which should be spent on services for the poor are sometimes stolen causing widespread ill-health and illiteracy. Ordinary people have to deal with petty corruption daily bribing teachers, doctors or officials to do their jobs and the police not to harass them.² There is also high-level corruption: the theft of vast public sums and loans or grants by elites. The international community has colluded with this, particularly during the Cold War when loans were made to favoured regimes knowing that they would be stolen.³

The United Nations Convention Against Corruption has 140 signatories, although France is the only G8 member to have ratified it so far. The Convention commits those who ratify to introducing legislation and practices that ensure accountability and better management of public affairs and property. It stresses preventative action such as: the establishment of anticorruption bodies; transparency in the financing of election campaigns and political parties; public recruitment based on merit and codes of conduct in the public sector with appropriate disciplinary measures.

Transparency and accountability require higher expectations and effort from all members of society. For these reasons, the Convention calls on countries to promote the involvement of all elements of civil society in raising public expectations and educating the community about what can be done to combat abuses. Asset-recovery is a fundamental principle of the Convention. This is particularly important for many of the poorest countries where high-level corruption has plundered the national wealth and where resources are badly needed for reconstruction and the rehabilitation of services under new governments. International agreement on this chapter of the Convention was difficult to achieve, involving as it did specific procedures for countries seeking the recovery of illicit assets from other countries where such assets might be held. In the case of embezzlement of public funds, the confiscated property would be returned to the state requesting it.

One of the biggest challenges faced in working to reduce poverty is that the poorest countries often have the weakest relationships between people and their governments. Wider commitments to improving such relationships were made at the G8. World leaders gave their support for the African Action Plan (AAP) 2002 and the NEPAD agreement of 2005. Through these documents the G8 agreed to develop initiatives and projects to encourage the rule of law, develop anti-

¹ The Convention was adopted by the General Assembly by resolution 58/4 of 31 October 2003.

² Note, though, that recent surveys by Afrobarometer found that everyday petty corruption is declining across Africa.

³ See, for example, I.O.U, Noreena Hertz, Fourth Estate, chapter three.



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corruption campaigns and strengthen democratisation and fair elections. The four key commitments made at Gleneagles were support for the African Peer Review Mechanism (APRM); greater emphasis on following up APRM recommendations; greater transparency in public financial management; and support for African partners in ratifying the African Union Convention on Preventing and Combating Corruption.⁴

Dealing with corruption in Malawi

Bingu wa Mutharika, the President, promised reform but was a member of the corrupt UDF party which had been in power for two terms. Popular pressure prevented the previous President from standing again, but the party elite hoped to continue their rule by placing the former President in the chair of the party, with Mutharika as his puppet successor. When Mutharika won on a minority vote, he ditched the party and the former president and risked all by going it alone with no political support in the Parliament. When he began to expose corrupt members of the previous government, his former colleagues retaliated with impeachment threats. But the President froze 3,000 illegal accounts and called a halt to the scam of allowing the political elite to bid for government contracts, take a cut and then subcontract the work. He reformed state-owned company boards. Mutharika has problems with the Parliament but he knows that Malawi's poor are backing him.

Better aid

The goal of campaigners at the Gleneagles Summit was not only 'more' but 'better aid'. Delivering 'better aid' is a challenge for rich and poor governments alike. The United Nations Declaration to achieve the Millennium Development Goals by 2015 laid the foundation for a more strategic approach to poverty eradication.⁵ The eight agreed goals have encouraged donor cooperation and poverty reduction strategies (PRSs) have translated the Millennium commitments from global declarations into local development plans. In principle, each country designs its own strategy for economic and social development, governments take greater control of the aid process, poor people's needs are assessed (sometimes for the first time) and a political commitment made to deliver better living standards for the poorest. The monitoring of aid effectiveness against these PRSs will provide a measure of national progress towards poverty eradication and an opportunity for poor people to begin to access the information needed to hold their governments to account.

...only developing countries - led by their own people and their own governments - can ultimately make the decisive changes that are needed to fight poverty. State-building cannot be imposed. Its foundation must be a shared understanding between those who govern, and those who give their consent to be governed - the "deal" between citizen and state. And this foundation has to be laid by each country itself. Our history tells us that public institutions evolve through a process of bargaining between the state and groups in society. And such institutions in developing countries cannot be constructed by simply transferring models from rich to poor countries. They need to do it for themselves.

⁴ Chair's Summary, Tony Blair, Gleneagles July 8 2005

⁵ Millennium Declaration, United Nations, 2000

It's a process. It takes time. Look at our own history. A thousand years of progress, sometimes moving forward, sometimes back.⁶

But building a PRS tests the ability of governments in the poorest countries to research and record the needs of the poorest as well as to draw up and deliver an effective plan to address those needs. Poverty reduction is a demanding project, even in well-developed countries. A PRS requires transparent and capable leadership and, because the poorest are usually the most marginalised members of society, an informed and organised voice for the poor which is often lacking. A PRS is funded through debt relief and direct support to a country's budget provided from rich countries (this is called "budget support"). Most poor countries have a history of government by elites who are insulated from their people, have mismanaged and squandered the country's assets and often eradicated the kind of organisations which would help poor people to help themselves.⁷ The marginalised in developing countries have so rarely experienced service from their governments that they start with very low expectations of anything being delivered.⁸ Monitoring the delivery of budget support, which is not earmarked for particular projects, is almost impossible.

The way that aid is delivered has the potential to be part of the problem or the solution. For example, budget support may prop up a corrupt regime but it can also strengthen the accountability of government to its people. The IMF says that the requirement to involve the poor and their organisations in planning poverty reduction and to integrate the plan into national budgeting and parliamentary processes will help to strengthen the relationship between government and people.⁹ But PRSs also ask governments to ensure stability, whilst pushing through restructuring which may include privatisation, encouraging greater foreign investment, competition with indigenous industries and a shift of national resources to support farming, education and health for the poor. This is a tough political challenge for any government but especially those in new or emerging democracies where one ethnic group, the military or the wealthy might traditionally hold power and the poor and disadvantaged do not yet engage with government. The poverty strategy assumes not only the political competence to draw up the plan and deliver resources to the poor but also the political commitment and transparency to ensure resources are transferred to the needy and marginalized.

What has happened since the Gleneagles Summit?

Since the G8 Summit little has been achieved. Britain has given some support to reducing corruption in Africa. In October 2005 they facilitated the strengthening of the African Partnership forum to monitor G8 compliance with the Joint Action Plan including in this the monitoring of commitments on corruption and transparency. The British Government has also continued to support the NEPAD Peer Review Mechanism and the African governance monitoring plan.¹⁰

6 Speech by Hilary Benn, Secretary of State for International Development 3rd White Paper Speech, Royal African Society, London, February 2006, DFID website

7 DFID Comparative Research Programme on Poverty March 2000

8 Strengthening democratic governance in conflict torn societies: civic organisations, democratic effectiveness and political conflict, Richard Crook 2001, IDS working paper 129.

9 IMF fact sheet on poverty reduction strategies September 2005

10 The African Peer Review Mechanism: A Panacea for Africa's governance challenges? Centre for Policy Studies, Policy Brief 29, August 2003



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Britain's third White Paper is being developed. In his recent speech on this subject the Secretary of State for International Development Hilary Benn committed the government to a number of practical initiatives: helping the anti-corruption commissions in Sierra Leone, Malawi, Zambia and Uganda; funding a range of work with civil society in Africa to help people hold their governments to account; work with parliamentary committees to track public spending and further public service reform.¹¹ Mr Benn spoke of the need to be flexible, to work in different ways and set different conditions in different circumstances to ensure that aid money gets to where it is most needed. For example, Britain has refused to give Kenya any direct budget support; all aid is earmarked for a particular purpose. Payment is made only on evidence that the existing funds have been spent satisfactorily and audits track money to provide additional assurance. Britain argues that this tough line is helping to build systems that can help prevent corruption.¹² The UK refused entry to corrupt Kenyan Minister Chris Murungaru, but on the other hand it has not yet ratified the anti-corruption Convention or attempted to strengthen laws which permit British corruption abroad.¹³

One change the British government has made in Kenya, is to send money for schools direct to the schools' bank accounts, so reducing the opportunity for corruption. I saw for myself that school budgets are posted on blackboards so that parents can hold staff to account, and make sure the money for the school goes on educating their children.¹⁴

Monitoring

Little progress on G8 commitments can be found in the area of governance. Budget support, as a method of delivering aid, is intended to increase poor country ownership of development but health, education and clean water will only reach the marginalised through the development of responsive political systems that encourage scrutiny and questioning. 'Better aid' must therefore be built around a public who are fully involved and informed in its planning and delivery. Hilary Benn, is on record as committing Britain to ensuring aid strategies are flexible enough to strengthen accountability mechanisms at the highest levels with different mechanisms for different situations.¹⁵ The Commission for Africa report envisaged that representatives of civil society would be more involved in decision making around the distribution of aid and the development of performance criteria.¹⁶ The UK is committed to empowering civil society and supporting poor people in acquiring a voice. Statements in support of better governance are not easily monitored but funding can be. Currently DFID spends a very small proportion of its budget on governance and most of this goes to civil service reform. We in civil organisations in Scotland can join with organisations in Africa to ensure that funding shifts towards building a voice for the people of Africa.

11 Speech by Hilary Benn, Secretary of State for International Development 3rd White Paper Speech, Royal African Society, London, February 2006, DFID website

12 Speech by Hilary Benn, Secretary of State for International Development 3rd White Paper Speech, Royal African Society, London, February 2006, DFID website

13 Fine words but corruption soars, BBC News 2 January 2006

14 Hilary Benn 2006

15 Speech by Hilary Benn, Secretary of State for International Development 3rd White Paper Speech, Royal African Society, London, February 2006, DFID website

16 Commission for Africa Report, March 2005



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Holding the World Bank accountable in Nigeria

Civil society representatives wanted to see the World Bank hold a genuine and broad consultation with NGOs and have sent a letter to the Country Director of the World Bank in Nigeria expressing their concern and calling for a genuine consultation.

To achieve this goal, African Network for Environment and Economic Justice (ANEEJ) will be coordinating a sign-on letter to the Country Director of the World Bank making the following demands:

- A genuine and broad based consultation on Nigeria's County Assistance Strategy (CAS)
- Two weeks notice for meetings
- A coherent and clear guideline for NGO invitation and participation
- Access to all WB past activities, including the interim CAS paper
- Adverts in Nigerian newspapers and on television to ensure public awareness, to elicit participation
- Past evaluation and review of World bank activities and programme.

www.aneej.org/index.php

Activity 1

'Country-ownership' and a more strategic approach to poverty reduction was part of the thinking behind the introduction of poverty reduction strategies. Some donors, including the British, have moved towards delivering aid in the form of budget support.

What are the advantages and disadvantages of budget support?

Activity 2

Kenya and Ethiopia are two examples of countries where the British have withdrawn aid. In Kenya's case it was because the Government refused to take action to curb high levels of corruption. In Ethiopia's case aid was withdrawn because of human rights abuses following the 2005 elections.

Should Britain withdraw aid where Governments refuse to take action against corruption or on human rights?

If donors do withdraw aid - isn't it the poor who suffer?