

# ACTION FOR BETTER GOVERNMENT: A ROLE FOR DONORS

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## 1 INTRODUCTION

People and governments in many aid-receiving countries are seeking better government and more pluralist societies. Aid donors have made this their concern. I have discussed the current interest in 'better government' with officials, politicians and academics of several recipient countries and representatives of the private sector and donor organizations. Some I met on visits to Africa and Asia. Many spoke in confidence about why they think the subject has attracted such attention, about what might be done, about successes and failures. I am indebted to them all.

## 2 POLICIES

The desire to govern well is shown by many efforts at electoral or judicial or public sector reform. Politicians hope in such ways to win support and legitimacy for government. For all our countries 'better government' begins at home. But calls for better government in aid-receiving countries became more strident from 1989 onwards, making this a major issue on the development agenda.

### 2.1 Calls for better government

What was wanted? Improvements were sought in every part of central government — the political leadership, legislature, public service, judiciary, police, security and defence — and in local government. In a key study, staff of the World Bank (1989) gave currency to the term 'governance', defined in this context as 'the exercise of political power to manage a nation's affairs'. In public pronouncements, heads of state and others explained what they thought necessary. (See '... Milestones ...' in this Bulletin.) Themes mentioned many times are listed below, grouped to suggest the major concerns:

#### social justice

- respect for human rights
- independent judiciary
- freedom of speech and press;

#### economic liberalism

- protection of private property
- encouragement of private investment
- search for greater equity;

#### political pluralism

- participation
- decentralization
- democracy;

#### administrative accountability

- transparency
- reduced corruption
- increased efficiency.

With so many objectives the words were more like clarion calls than an agenda for change. There are potential conflicts and in different contexts there would be more priority, for example, to improving equity or investment incentives.

Two major requirements were increased **participation** by the people and increased **accountability** by government. One feeds the other. Participation meant people having 'voice', made effective partly through systems for consultation and representation, that brought more responsibility and 'empowerment'. Accountability was required of government as a whole — judges and politicians as much as officials — to curb corruption and incompetence. Accountability was sought through competition. For this it was thought necessary to break the monopolies of government control of the press and media, of state enterprises, of one-party systems and of public services (by contracting out). There were calls for less government but also demands for more action by governments on issues of international concern: the environment, migration, drugs, and terrorism. More recently there have been increasing demands for governments to provide a framework for society that would encourage pluralism but prevent exploitation of people or the environment.

Better government is both a means of development and a development objective, bringing better quality of life. It follows earlier fashions — basic needs, integrated rural development, structural adjustment — as a stage in learning about development. The concern for better government shows the tensions between the development goals of economic growth, social participation and political stability that reflect personal ambitions for wealth, power and safety. Progress towards one goal may need to be traded against another. Some expect a widespread return to authoritarian systems if protection

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of human rights and the espousal of democracy is followed by slowed economic growth or the violent disintegration of society. But for now many citizens of countries receiving aid prefer a voice in their affairs and justice in the way they are treated to an uncertain share in economic growth or to stable but repressive government.

## 2.2 Causes of discontent

A growing discontent with government in aid-recipient countries may be attributed to several causes acting together:

**education** for more people raises expectations;

**information** is more readily available through new technologies;

**development failures** bring disillusion, with 'Dev-plans' a subject of ridicule and mistrust;

**economic recession** hurts, especially where populations are increasing;

**excessive bureaucracy** provokes resentment through demands for licences and permits for everything in 'permissive' societies;

**corruption** makes people angry, especially where it creates a rich élite from which others feel excluded;

**over-centralized power** brings blame on governments from a generation that cannot accept that all failures are the fault of the colonialists.

These cumulative changes served within many countries as a fuel that external factors could ignite. Two of these external factors were:

**news of change elsewhere**, especially from Central and Eastern Europe where some had imagined that governments were strong and stable;

**the concerns of the donors** about human rights, equity, and proper use of funds.

External causes served as sparks to light a fire; criticisms of government arise mainly from people's experience within their own societies. Discontent with government is less marked in countries — for example in South East Asia — which have enjoyed continued economic growth and kept corruption within bounds. In these countries there is irritation about the importance attached by donors to good governance; but there is at the same time a local commitment to many of the characteristics of good government.

The motivations for donor interest in better government are (a) the concern in donor constituencies about human rights; (b) the accountability of aid agencies for the proper use of aid; and (c) the increasing concern of governments about global issues of terrorism, drugs and the environment. Donor interest in 'good governance' is controversial, being understood

as advocacy for one universal pattern of government. In countries that have adversarial politics the phrase is welcome to the opposition but constitutes a challenge to the party in power. The term 'better government' is less confrontational because it implies improving patterns of government which may differ in some respects in different cultures. The government and development debate requires a consensus on respect for individual human rights, on the rights of participation for all, women and men, and on the need to restrain and hold accountable any collective human authority. Given that consensus, 'better government' is a goal that all may share.

## 2.3 The challenge to corruption

Corruption merits special consideration because those who benefit from it see the quest for better government as a threat. The idea that corruption promotes economic development is false because of the distortions caused when corrupt officials seek to maximize their income (Alam 1990). Arguments that excuse corruption as an adaptation of local custom are untenable. High-level corruption owes more to the culture of unrestrained big business and specially private or state sector monopolies than to the customs of family and village. It operates with a secrecy and on a scale out of keeping with most traditions.

Corruption is politically destabilizing, especially when it is practised on such a scale that it impoverishes others, retards development and creates a closed circle for the very rich. Successful reductions in levels of corruption have been attributed by officials to the determination of the political leadership. Public anger may lead politicians to recognize that their popularity — and safety — depend on effective action against corruption.

Agencies to fight corruption have three main tasks. The first is operational: to find evidence of corruption and have people charged. Warnings for those suspected have been found very effective where backed by media coverage of trials and convictions for corruption. The second task is prevention: examining and changing rules and procedures to minimize opportunities for corrupt practice. Scott, Carstairs and Roots (1988) report that one agency found prevention more cost-effective than investigation and prosecution in reducing corruption. The third task is public persuasion or community relations: using the mass media, and information packs for schools, to warn against the consequences of corrupt practice and to encourage people to report it.

In some countries it is an offence for public servants to enjoy a standard of living higher than could be sustained by their official salary or to have more money than they could have earned without explanation to the

courts. The penalty is dismissal. Some think this in breach of human rights by its apparent presumption of guilt. However a code of practice for the public sector could make an appropriate lifestyle and the declaration of assets a condition of employment. Where public sector pay has fallen to such low levels that public servants have to rely on other earnings, new codes of practice may need to be phased in with public sector reform and new rates of pay.

In several countries there is despair about ever reducing corruption. Experience suggests that action can be highly effective if backed by political determination. When an Independent Commission Against Corruption was established in Hong Kong, doubts were expressed about its possible effectiveness because 'graft was a way of life'. The Commission claims that this was proved wrong.

### 3 PROGRAMMES

Who can make the changes that will bring better government?

First governments — by reforming their structures as they hear the concerns of the people and learn of changes elsewhere. This requires hard-pressed politicians and over-burdened top officials to make extra efforts.

Second the people — by voicing their views.

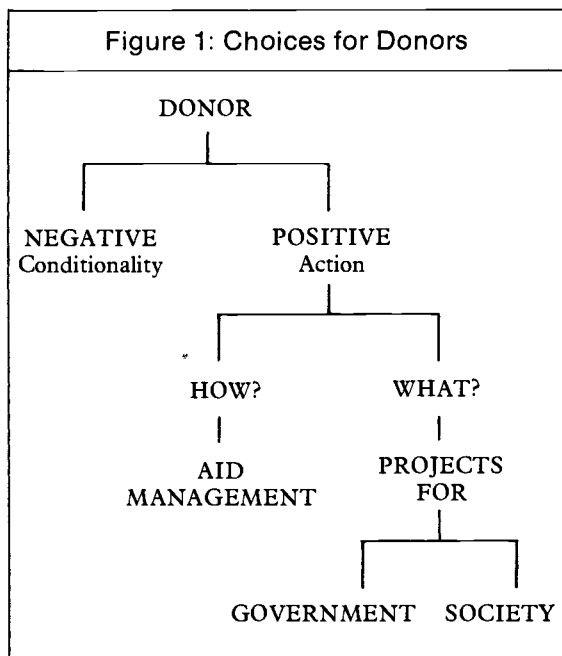
Third aid donors — by efforts to ensure that aid is effective and matches the intentions of their own constituencies. As a member of that donor constituency I focus attention here on action by donors while recognizing that responsibility lies primarily with peoples and governments in their own countries.

Donors start with dialogue: ideally trying to understand the problem in different countries and to help governments recognize what needs to be done. Dialogue includes efforts to convince and persuade. Figure 1 shows the other choices before donors seeking to use aid to promote better government.

#### 3.1 Aid conditions

Conditionality means refusing or threatening to refuse aid. Some donors are constrained by their constituencies or mandates to cease giving aid if they think it will do more harm than good — by bolstering a corrupt or tyrannical government for example. Donors have cut aid to governments which have failed to protect human rights or implement economic reforms. Nelson and Eglinton (1992) argue that conditioned aid may help improve economic governance and respect for human rights but be less effective with respect to competitive democracy. Democracy imposed from outside is hardly democracy. But donor support for better government

Figure 1: Choices for Donors



goes further than 'political conditionality' or deciding when to cut off aid to the wicked.

#### 3.2 Aid management

The management of aid programmes is part of good or bad government. Donors may promote accountability by giving account to the intended beneficiaries as well as their own treasuries. Donors may foster participation by consulting end users when preparing and implementing projects, giving them a voice and a sense of ownership. Much is done already. More might be done, but the benefits of consultation have to be set against the difficulties and cost of increased management for both donor and recipient.

Aid needs to match the increasing importance of social and political goals for national development. Healey and Robinson (1992) show that economic policies and performance appear uncorrelated with patterns of democratic or authoritarian government. The British Overseas Aid Act (1966, Ch. 21) authorizes assistance to promote development and welfare. Some donors may need to re-examine their mandates where these specify economic growth as the only criterion for aid. Projects directed at social and political goals merit support in their own right and not only if it can be argued that they will promote conditions that favour economic growth.

This leads to problems with project appraisal. Sometimes social benefits are described as 'intangible'

but a valuation is implicit in choosing whether to fund a dam, a dispensary or a local newspaper. A more transparent approach would assign values directly to the benefits, even if somewhat arbitrarily. If the letters pages of a newspaper make officials and politicians more accountable, that accountability should bring a marginally better use of funds. The benefit might be worth one per cent of the cost of government services. A project to retrain soldiers for return to civilian life might be thought to reduce the probability of revolution by 10 per cent and that benefit to be worth three months' National Product, or more. The difficulties in assigning values or ranges of values to social and political benefits are timely reminders that estimates of economic benefit also depend on social and political suppositions (including the improbability of bloody revolution). To quantify is not economic but a recognition that we judge one project 'more' worthwhile than another for social and political benefits as well as economic.

Aid may strengthen the very monopolies that donors wish to help avoid if donor enthusiasm for institutional development leads to support for one organization, putting competitors out of business. Donors have argued that duplication is wasteful but without duplication there is no competition. Donors may reduce the risk of unwitting support for monopolies by supporting demand rather than supply. Thus funds for public sector training could be given to ministries to buy training where they will. This would bring a market discipline to training organizations and the courses they offer. It would encourage personnel managers to identify priorities for their training budgets rather than take whatever training is available because it is free.

## 4 PROJECTS

Aid donors fund some projects directly intended to help governments to govern well. Donors help with public sector reform and with parliamentary and local government administration and with election monitoring. Much donor support is in the form of training, consultancies, seminars and equipment aimed at institutional development.

The choice of new projects for donor support needs itself to be an exercise in better government. Guiding principles include: devolution to those familiar with local conditions; consultation with end users; ascertaining any conditions necessary if the project is to succeed; simplicity of design with a few clear objectives. More strategically, donors and recipients need to identify together where donor assistance might have an advantage (bringing in 'outsiders', for example, for audits or action against corruption).

Aid to support pluralism will be 'pluralist', having many small seemingly independent parts — training, equipment, consultancies, seminars — directed to many different parts of government and society. Large numbers of small projects pose difficulties for management. Management problems for donors are compounded by ignorance of local conditions and culture; management tasks for recipients include security and a need to monitor donors and voluntary agencies each having their own constituencies and agenda.

## 5 A PROJECT PORTFOLIO

Examples of projects to help governments govern or to strengthen civil society are given here as a 'Portfolio'. They have been chosen because they were thought valuable in the countries I visited, or have novel features. I have omitted some of the projects that many donors support already. Objectives are italicized.

### The political leadership

**1 National briefing seminars** would *give information* about issues facing the country, *strengthen relationships* between different groups of people, and *develop positive attitudes* towards accountability in public and private sectors. Short residential seminars for ministers together with senior officials and private sector representatives could discuss papers given by national experts on the economy, social issues, law and order. Donors might facilitate but should not dominate such events. Similar briefing seminars might be held for newly elected members of parliament and local councils.

Donors may be exposed to the charge that there has been much talk about better government and little action. To some extent that charge must be rebutted. Talk has value in showing the need for better government and helping change attitudes, and in many places more talk is needed at the local and national level.

### Participation by the people

**2 Local radio programmes** could *provide information* and *give voice to people's concerns*. A suitable pattern might be similar to 'phone-in' programmes but with roving reporters recording people's views and questions for broadcast together with the responses of professionals, officials and elected representatives. Themes such as health care or legal rights would bring free professional advice to listeners. Broadcasts focused on central or local government services, the activities of the private sector or voluntary agencies would hold officials, elected representatives and managers accountable by asking them to respond.

Donor funding for an expatriate adviser and equipment could help set up the project and give it political clout. A pilot project providing one hour a week of peak time broadcasting plus repeats on an existing radio station could cover a rural area or suburb with say 500,000 people. One measure of success would be the time people spent listening together with an average value attached to their time. Another would be the number of officials and others called to give account for policies and actions, or to give professional advice. Local programmes rather than national would focus attention on people's more immediate needs. Community radio projects in Peru and elsewhere offer a partial precedent but with less professional content than proposed here.

**3 Local newspaper projects** are an alternative. Support for several papers would encourage competition of views and prices. This may be sought by subsidizing distribution rather than production, or giving people vouchers to buy papers of their choice which would be cashed by the sellers, thus supporting demand rather than supply. In areas where only one newspaper is thought viable the publishers could be offered training and equipment on condition that 'letters' pages reflected diverse views.

### **The public sector**

Donors have given substantial support to public sector training for many years. More recently the emphasis has been on public sector reform with institutional changes that require new attitudes as well as new skills.

**4 Work audits** prepared individually or in groups have as objectives *developing attitudes and generating proposals for change*. Public servants, with help from a consultant and their 'customers', would describe the products of their work and estimate costs and benefits. The costs are both those directly to government (salaries, support staff, offices) and those indirectly to the nation through diverted production (time spent arranging licences, permits, etc.). Such audits lead to questions about whether the benefits are worth the costs and how costs may be reduced. Low cost small scale studies should help change peoples' thinking about their work.

**5 Resource transfer projects** could *transfer people and resources from the public to the private sector*. Features might be: final months of public sector employment used for training; redundancy pay providing start-up capital for work in farming, small scale production or service sector; subsequent savings in public sector salaries available to help fund further transfers, making the project self-sustaining; savings sufficient to allow also increases in public sector pay. Public sector employees may adapt most readily to the private sector ethos in those countries where public servants have found it necessary to supplement their

salaries by private work. The initial costs are high, daunting for governments or donors, but have to be met to lessen the risk of social unrest where public sector reforms require redundancies. There are strong arguments for similar support to reduce numbers of military personnel and help their transfer to civilian life.

Public sector numbers have been reduced in Ghana and some other countries and there has been a successful small scale scheme for retraining Gurkhas in Nepal, but in many countries action on redundancies is not taken because the political risk is thought unacceptable.

### **Corruption**

**6 Action against corruption** is a necessary part of efforts to *reduce costs and increase efficiency*. Recipient governments might welcome donor support to bring outside advice. Possibilities for action include support for the police and the law courts (perhaps with incentives to report attempted bribes, as found successful in Tanzania) and for the press (conditional on its freedom to criticize). Donors might help establish or strengthen a National Audit Office (stressing the value of publicity for its findings), a Public Accounts Committee, Ombudsmen or a Public Complaints Bureau (as in Malaysia), an Inspector General of the Public Service (as in Uganda), or an Anti Corruption Agency. Separate anti-corruption agencies have been found effective in Malaysia and Hong Kong. Donors could also help with studies of structural and management changes to reduce opportunities for corruption, and with the preparation of legislation and public service codes of practice.

### **Law and order**

The protection of human rights requires fair trial, better prison conditions and greater awareness of legal rights and access to legal aid. Donors who support the police and the courts have a special responsibility for helping ensure that the right people are sentenced and that treatment is humane.

**7 Support for an independent judiciary** could aim to *help judges resist political interference or other local pressures*. Donors could help meet the needs described below.

Visible membership of the international legal community, by attendance at international meetings, helps judges have a sense of belonging and provides a network for the exchange of views. This helps judges when their work distances them from their family and local legal community.

An exchange of judges between countries having similar legal systems strengthens the resistance of courts and judges to attempted interference.

Regional or sub-regional courts of appeal, perhaps similar to the European Court, may also strengthen judges from interference in their own countries. Suggestions have been made (for example at a Judicial Colloquium in Banjul in 1990). The initiative rests with regional bodies.

Judges need security against arbitrary dismissal — already guaranteed in many countries, but not all. This could be a condition for any donor assistance to maintain law and order. Without this, improved policing and court administration might promote injustice rather than justice.

**8 Improvements for prisoners** could have as objectives providing *more humane treatment, improved conditions, and help with rehabilitation*. This would require visits by the family, arrangements for independent prison visitors, training of guards, better facilities, training trainers to help prisoner rehabilitation. Donors would need to give support with sufficient conditions for transparency and accountability to satisfy themselves that help would not be misused.

**9 Probation schemes** could be funded *to reduce prison populations, lessen the risk of criminalizing first offenders and save government expenditure on prisons*. Countries that do not have such schemes may need advice on legislation, police monitoring and the establishment of a small probation service, and help with training.

### **Civil society**

Aid funds are available most readily for public sector investment and for public sector training. Ways need to be found to increase support for the private sector, both for profit-making commercial operations and for voluntary agencies. Such aid needs to be entrepreneurial, less risk-averse than has been the wont of some donors in the past.

**10 Private sector support projects** could have as their objectives *strengthening commercial and professional bodies*. They could include elements of training, consultancy, advice on investment, provision of small scale equipment (for example to professional associations or chambers of commerce). Small scale entrepreneurs might benefit from short periods of training arranged locally or from short periods of attachment to similar businesses overseas. Many medium size businesses need advice with accounts. The difficulties are of specification — requiring the

recipient country's government to agree to a rather broadly defined package — and management. The approach needs to be entrepreneurial, with delegated powers of decision (for example on who should be sent for training), but with arrangements for spot checks to guard against corruption.

Several donors have supported small enterprises. It is easy to be discouraged by failures. There is a learning curve, with the likelihood that repeated efforts and failures will be needed before success is achieved. Aid to private sector companies and organizations should be conditional on the transparency and accountability of their operations.

Similar support might be given to voluntary agencies. In some countries the condition that they should act with more transparency and accountability would be very welcome.

### **Training**

**11 Training projects** need careful targeting in periods of rapid change and reform, often as part of larger projects aimed at change. The objectives need to include the *development of attitudes as well as skills; encouraging commitment as well as competence*. Donor support for training has, in the past, concentrated on the development of skills and the attainment of academic qualifications needed for promotion. Sometimes the criteria for promotion are more academic in recipient countries than in donor countries, perhaps in search of an objectivity that checks nepotism, but an emphasis on qualifications rather than job performance in selecting people for promotion can be counterproductive.

Success on the job depends on commitment as well as competence, using categories developed for Europe by Everwijn *et al* (1990). Attitudes are changed by exposure to different ideas, for example from participants with different backgrounds in short international seminars. Work experience in a different environment may also prove effective.

Improved skills are needed. But courses aimed at developing skills might develop attitudes also with one or two extra days for discussion of the wider issues in seeking better government and more pluralist societies. Public servants and private sector and voluntary agency employees should see their work in the context of demands for improved accountability and participation.

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