

Promoting Transparent and Accountable Governance through Overseas Aid Programs

ACFOA Discussion Paper

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Note: This is not an ACFOA position paper. The purpose of this paper is to raise key issues and questions on transparent and accountable governance from an NGO perspective.

Introduction

ACFOA is committed to the pursuit of good governance as part of an integrated and effective aid program. This is based on an understanding of good governance as enabling a country to be managed in a way that is transparent, accountable, equitable, sustainable and responsive to people's needs. In the context of international aid and development programs, investments in good governance activities need to be focused on building the capabilities of the state at various levels to promote poverty reduction. Good governance is an essential element in achieving a sustainable poverty reduction goal.

Just as poverty has many dimensions, so good governance in a poverty reduction context must have several dimensions or governance capabilities. Governance aid activities that are appropriate in a poverty context include those that help:

- foster political systems which provide opportunities for all people, including the poor and disadvantaged, to influence government policy and practice;
- ensure equitable and universal provision of basic services;
- ensure personal safety and security with access to justice for all;
- provide a stable environment which encourages investment and trade for pro-poor economic growth; and
- develop transparent and accountable government that combats corruption.

The first of these capabilities must be regarded as central in that it provides a necessary condition for all other governance capabilities. Only in a political system with effective formal democratic institutions and guaranteed freedoms of organisation, assembly and expression can people have the opportunity to influence government policy and practice in all areas relevant to their well-being. It is, however, not by itself a sufficient condition. If the opportunities provided through these institutions are to be effectively taken, a vital civil society is required. Support for good governance is therefore not just about building up institutions and mechanisms to meet the needs of the people. It includes also aid that works to help strengthen civil society's ability to engage with government, to make use of the institutions and mechanisms that government provides to meet its needs and to press government when those needs are not being met.

Official donors and aid and development NGOs have a role to play on both sides – in helping government to strengthen its governance capacity and in helping civil society organisations to take the opportunities provided by good governance. However, a fundamental principle in both cases is that the recipient must be in the driving seat. Just as it is now accepted as essential good aid practice for government recipients to own and control their poverty reduction strategies, so support to CSOs must leave them in control.

Accountability and transparency

Support through aid to strengthen a government's governance capabilities depends fundamentally on that government having the will to use such capabilities properly – that is, to reduce poverty. Such will is

essentially derived from two principles that are closely aligned with representative government – transparency and accountability.

First, governance cannot be **transparent** when individuals or groups make decisions on resource allocation without any scope for genuine participation by the people affected by such decisions. In a situation of true transparency, those affected by such decisions should be able to know **who** made the decisions and **why** they were made. They also need to know what was the outcome.

Accurate answers to all these questions are necessary conditions for government is to be properly **accountable**. Where governance is poor, the people need to know who to blame, whether the decisions were at least motivated by good intentions and what was the impact.

Together with transparency, accountability creates a “demand” for better governance. Transparent and accountable governance will be both created and effectively used only if those affected by the quality of governance take action. This of course means civil society. If –and this is a big if – civil society is able to operate in an open way, it can create an effective force pressing for improved governance.

Transparency, accountability and governance

Before considering the options for promoting transparent and accountable governance in states where freedoms of organisation, assembly and expression are guaranteed – i.e. in effectively functioning democracies – some thought must be given to the scope for action where democracy is either non-existent or significantly impaired. Seeing full and open democracy as one end of a continuum, these other forms of government reflect varying degrees of democratic deficit through to the most severe examples of totalitarian regimes. The scope for civil society to operate and to demand better governance will depend on where on the continuum any state lies. The range of options for NGO involvement will vary accordingly.

In cases of total absence of freedom of organisation, assembly and expression, there is virtually no scope for civil society to demand transparency and accountability. Any benefits for the poor are provided on the government’s own terms, with no sense of rights to such benefits, no assurance that they will continue and no scope for them to contribute to deciding of priorities.

There are few options available in such circumstances and most of the scope for NGOs involves maintaining external pressure for change. This leads to some questions that NGOs need to address if they are to be able to play an effective role in introducing transparency and accountability to states where civil society currently has effectively no power.

- What stance should NGOs take on policy dialogue with regimes lacking the basic freedoms; such dialogue might be seen in the short term as giving credibility to the regimes but may, in the longer term, help to create leverage for change.
- Is the scope for co-operation between NGOs, development contractors, government agencies and multilateral organisations being fully utilised?

As the scope for civil society action widens, so do the opportunities to press for greater transparency and accountability. In less than democratic societies, there can be relative freedom of organisation, assembly and expression for civil society but continued lack of government transparency and accountability. This sort of situation can only remain in equilibrium if the government resists accountability through a range of dishonest or manipulative actions. These can include electoral fraud to maintain a façade of democratic accountability, control of the media or manipulation of civil society. By keeping the majority more or less content by attending to their economic needs, by keeping those with the capacity to articulate opposition (e.g. the middle classes) onside or by playing opponents off against each other, a semblance of freedom is maintained while leaving government unchallenged.

This combination of relative freedom and continued unaccountability can be highly unstable, as was demonstrated by the political change in the Philippines in 1986 and in Indonesia more recently. Such cases in fact show that little or no outside aid may be needed in order to force greater transparency on the government and hold it accountable for what is revealed as a result.

However, in both these cases, the relative freedom of manoeuvre was accompanied by reasonably strong civil society capacity to organise and express its discontent. The need for outside aid – and scope for NGO support - is likely to be greater where domestic civil society lacks the capacity to demand greater transparency and accountability. In helping to build capacity, international NGOs can call on a range of tools such as advocacy and media training as well as more directly helping to organise opposition.

Such support can however be sensitive, since it can be labelled as unnecessary. This becomes a problem particularly in situations where government has managed to buy off or otherwise keep the majority at least apathetic. This can result in sizeable groups – often already the poorest and most vulnerable – being effectively silenced because of wider civil society indifference. This has happened in several African countries, where the tribal card can be played, and in some Indian states, where the main victims are lower castes.

Such cases provide some of the biggest challenges facing international NGOs. By involving themselves in efforts to build up the capacity of the disenfranchised groups to organise and to articulate their demands for better governance, they can be seen as taking sides in internal politics. Governments can and do use this as a reason not only to prevent support from outside but also to take further action against those seen as having collaborated with the “outsiders”.

Two issues need to be addressed by NGOs in this context:

- Are they willing to risk losing their ability to continue more traditional project activities, directly meeting the needs of the poor, by becoming involved in such “political” activities? and
- Should they be encouraging opposition when the real risks – to livelihoods if not to lives – are being borne by those within the country whose opposition is being assisted?

The democratic model

Where guaranteed freedoms of organisation, assembly and expression combine with and sustain open government – i.e. in democracy – NGOs can find themselves defending the need for them to take any role. Democracy is sometimes seen as a sufficient condition to ensure that good governance is achieved. With the rapid expansion in the number of developing countries where government is effectively democratic, NGOs need to take this position seriously. The first step in this regard is to recall that opportunities to influence government policy and practice do not automatically translate into real influence. This, in effect, is the political equivalent of the response to claims that market forces will solve all problems. As with economics, there are instances where this is very definitely not the case. The clearest evidence of such political “market failure” is that, in many developing countries, even when the poor are in the majority and have genuine freedom to select those who should represent their interests, research shows that their sense of powerlessness is still typically intense. There are several reasons for this. By looking at the main reasons, we are able to produce a clearer picture of the options for outside support for civil society. Three main reasons can be identified:

1. The issues affecting poor people are not effectively articulated and politicians are not therefore required to be accountable to them.
2. Information on governance responsibilities is inadequate to allow the poor to hold politicians accountable.
3. The interests of the poor run contrary to those of other groups who are better able to promote their positions and obtain the “ear” of government.

Taken together, these reasons provide a wide range of opportunities for NGOs to act - all of them lying within the basic objective of helping the poor to demand more transparent and accountable governance. To illustrate these opportunities and to identify the issues that NGOs need to consider further, each of these reasons can be examined in turn.

Articulating the voices of the poor

Simplistic views of democracy assume that issues of fundamental importance to the poor such as access to basic services, security and livelihood opportunities will automatically be articulated through the ballot box. The reality is very different. Experience in many countries shows that the sense of powerlessness arises even where the poor can exercise unimpeded choices – i.e. without electoral fraud or coercion. Studies of their voting intentions in such cases typically show that they see their vote as likely to have no impact on their poverty or consider themselves to be part of a different political alignment – e.g. based on tribe, caste or regional grouping. These two attitudes reinforce each other, creating a lack of political force for pro-poor change. Politicians are thus under no pressure to address governance defects affecting the poor – they are not effectively accountable to the poor.

The reasons for this situation are complex. One fundamental problem is that interest-based politics can take a long time to develop. The evolution of a political labour movement in western democracies did not happen overnight. As in many developing countries today, poorer people in UK and elsewhere were, until the late nineteenth century, inclined to vote on the basis of a combination of perceived loyalty (e.g. to the representative of the landed aristocracy) or expectations of patronage.

There is considerable scope for international NGOs to help overcome this lack of effective articulation of the interests of the poor. Such support will almost always have to be provided through local CSOs or NGOs, helping them to raise awareness among poor people of their common interests and strengthening their capacity to make their concerns known - not only through elections but in general dialogue with government. Such dialogue can be appropriate at all levels of government and covering all governance responsibilities, as the following example, provided by Tear Australia, demonstrates.

Nueva Suyapa case study: A Community's fight for safe water

Unlike wealthier neighborhoods of the capital city of Honduras, the community of Nueva Suyapa received water only every two weeks at best, and often only once a month. When the water ran out, the people were forced to buy it from trucks for unreasonable prices. Ultimately, these poor people ended up spending up to 20 per cent of their income just for water, cutting deeply into their already meagre earnings. People who were unable to pay this amount often took water from contaminated streams that flow through their community during the rainy season, causing sicknesses in many people, especially children.

ASJ (Association for a more Just Society) took up the cause. The central issue was that the national water administration was heavily biased towards wealthier neighborhoods. ASJ investigated the frequency, quantity and quality of water service to an upper-class neighborhood, a middle-class neighborhood, and a lower-class neighborhood (Nueva Suyapa). This study established that the water system of Tegucigalpa blatantly favoured the upper and middle class to the detriment of the poor. The Commissioner of Human Rights in Honduras agreed: having access to clean, affordable water is a fundamental human right. ASJ presented the situation to the Commissioner and their office offered their support in protesting this inequality. ASJ then organised a strategy of lobbying, campaigning, prayer and media work all combining to put pressure on the authorities to agree to their demands.

SANAA had refused up to this point to pump more water to Nueva Suyapa since this will mean less water for wealthier areas. SANAA would thus require enough pressure to tip the balance in favour of the poor. A committee from Nueva Suyapa was formed to meet with SANAA. Meetings were held with high-ranking officials. Additionally, ASJ carried out other activities to inform the community about the negotiations and keep pressure on the SANAA. ASJ also arranged national press coverage. The overall pressure finally paid off when SANAA agreed to nearly all of the demands made by the community and ASJ.

Basic services –a dilemma for donors

While the emphasis here is on NGO support to strengthen the demand within civil society for more accountable governance, NGOs and other donors often become involved on the supply side of governance – by providing services that are urgently needed by poor people and which are not being provided by government. This has implications for the accountability of government, which should be responsible for the

supply of services. Indeed, government may take credit for such service delivery without having earned it. The issue is complicated by the need also to take the private sector into account. Getting the right balance between state, private and NGO service providers is never easy and government should not be pressed to take on responsibility for aspects of service delivery that can be better provided through other channels. However, achieving the balance is a responsibility for government and it is this for which it must be accountable. To this end, service provision must be done in a transparent way by involving civil society in determining priorities and standards for basic services.

Promoting governance through information and education

Effective use of democratic accountability depends on people being able to make informed choices. Access to accurate information is however a problem in all states but particularly for poor people in developing countries. Their ability to make choices that promote their interests depends on awareness of the performance of government and of what they have a right to expect. Frequently, government is not held responsible for poor performance because that is seen as the norm, while illiteracy and lack of access to unbiased media further inhibit the real transparency of government. Accountability to the poor is thus significantly weakened.

NGOs traditionally play a major role in overcoming these problems. They can act as conduits to ensure that the poor are both aware of their rights and understand what has in fact been delivered by government. International NGOs provide valuable support to local partners in this regard, e.g. through advice on media options, data collection and international benchmarking of service delivery standards.

Transparency requires effective flows of information to and from government. When government sets priorities that do not reflect the real needs of the poor, this generally reflects lack of proper consultation. Two important roles for NGOs can be identified in these circumstances. First, non-participatory approaches by developing country governments must be seen as unsatisfactory in the context of government-to-government development partnerships. Official donors accept this, and their own approaches generally underline the principle for broad civil society ownership of poverty reduction strategies. However, in practice, such donors are often guilty of taking such ownership as given. The development of World Bank Poverty Reduction Strategies, especially in aid-dependent African countries, is a case in point. Oxfam has played an important role in questioning the real level of participation that has gone into these papers and the strength of its case is now forcing donors to re-examine their assumptions about the process. Their approaches have often been naïve, failing to recognise that recipient governments have learned to play the game and are professing commitment to participatory approaches when the reality is very different. NGOs play an important by bringing reality to the attention of donors.

A second NGO role is helping to facilitate effective participation. Another example provided by Tear Australia illustrates this role.

CHANGING PRIORITIES AT THE NATIONAL LEVEL.

NGOs in Uganda

In 1999, a small group of development and advocacy NGOs in Uganda carried out a Participatory Poverty Assessment with funding from the World Bank, to ask poor communities how they defined poverty and what their priorities were for poverty reduction. In 8 out of 45 districts, water and sanitation facilities and services was found to be their second priority for poverty eradication. Prior to this study, government budget allocation to the water and sanitation sector was the lowest among the social sector. With the results of the Poverty Assessment, the NGOs lobbied the Ministry of Finance to reflect the priorities of the poor for poverty reduction in Uganda's PEAP (Poverty Eradication Action Plan). Consequently the PEAP was revised, and water and sanitation now have second priority in budget allocations. A taskforce of NGOs has been formed to ensure that the study results are also reflected in the current PEAP review.

Governance and Corruption

The importance of information as a means of empowering civil society is strongly demonstrated with the issue of corruption. This area of governance deserves particular attention for three reasons. First, perceptions

of dishonesty in government as a whole undermine confidence in its ability to achieve all governance standards. Corruption can infiltrate every aspect of government; it will undermine the capability of government to manage economic affairs, to provide basic services, to allocate and account for public resources and to provide for effective justice and security.

Second, because of its pervasiveness, the impact of corruption on the poor is widespread and profound. They generally suffer disproportionately from its effects. Petty corruption can affect all aspects of their lives - their ability to earn a livelihood, their access to basic services and their access to justice. Grand corruption, by diverting resources away from basic services, reduces the government's ability to provide for their needs. All of this makes this governance capability critical to effective poverty reduction.

Third, corruption presents NGOs, like other development co-operation participants, with a serious dilemma. This will be outlined below.

The starting point in addressing corruption is to counter the myth that corruption is inevitable and possibly even culturally acceptable. This is an information issue. If the poor believe that corruption is inevitable, they will do little to demand its eradication. NGOs can play a vital role in making government accountable both for its own corruption and for allowing it to go unchecked in other quarters.

This role constitutes a mainstream part of any concerted efforts to tackle corruption. Remedies based on proscription are of limited use if corruption is seen as a way of life. Punishing corruption will work only if there is strong community opposition to it. Research for DFID in several developing countries has shown that the poor are not so much resigned to the continued existence of corruption in all aspects of their lives as angry about its impact on them and frustrated at their powerlessness to take action against it. A program of education, led by NGOs, can help to channel this anger into constructive pressure for reform so that politicians and other decision-makers are made accountable for inaction or complicity in corruption. They can lead in ensuring that the poor understand that they do not have to accept corruption as a fact of life. They can also lead in assembling and disseminating information on the extent of corruption, representing the interests of victims of corruption and ensuring that political or official culpability is exposed. They may even take the lead in campaigns to punish politicians electorally for their inaction or complicity. This has been the experience in India, where the incidence of corruption across a range of situations has been brought together into a groundswell of demands for political action.

In this area, therefore, NGOs can make a major contribution to development of effective accountability. Official donors should accordingly consider NGOs as a valuable partner in activities designed to "develop transparent and accountable government that combats corruption." Additionally, they could heed the opportunity of using NGOs to help reduce the risk of corruption in their own project activities. For example, DFID are now using Indian village education committees, created and supported by small local NGOs, to scrutinise standards of school construction and other elements of support for basic education such as access to donated textbooks. This scrutiny is widely resented by local officials who have hitherto been used to co-operating with contractors to allow corners to be cut, sharing out the "savings" between them. Institutional methods of quality control have proved ineffective, either because the inspectors have been parties to the "arrangement" or because they are too overloaded with work to carry out their functions properly. This example contains an important message on the role of civil society – those who have the biggest stake in corruption-free procedures are the best watchdogs.

Given the potential difference NGOs can make to civil society action against corruption, they must ensure that they are not themselves condoning corruption. This is not always easy and presents many NGOs with a dilemma, well illustrated by the choice facing one NGO following the 1999 Orissa super-cyclone – whether or not to pay a bribe to secure release from bond of a shipment of urgently needed medical supplies. This is an issue also for official donors and for commercial contractors. For example, contractors often have to decide whether to build into their cost calculations a percentage for bribes and "facilitation payments" - or face the prospect of not being able to meet the milestones on which payment from donors are based.

Redressing the power imbalance

Much of the general debate about the effectiveness of democracy centres on the issue of power and influence. In the context of poverty reduction, this is a critical issue. Even if the poor are able to articulate their interests on the basis of informed choices, accountability of government may still be distorted by “louder” voices reflecting more powerful interests. The way in which government goes about providing the “stable environment which encourages investment and trade for pro-poor economic growth” serves to illustrate the problems that the poor may face in this respect. Transparent and accountable governance in economic decision-making is critical to the interests of the poor.

Again, the main remedy must be the development of a more informed and cohesive voice for the poor, to balance the message being given by business or other essentially wealthy interests and to demand transparent decision-making as well as accountability for any decisions that fail to safeguard the interests of the poor. NGOs can help by providing quality analysis and information based on international experience that will help CSOs to strengthen their case in defending the interests of the poor. This is already being done widely in addressing issues such as trade liberalisation, privatisation and changes to tax regimes. With access to arguments, statistics and other information provided by northern NGOs, CSOs are better able to demand transparency from government in the way it addresses such issues and to hold it accountable for the consequences.

Such support is not however only needed at the national level. Issues of economic governance are also being fought over at grass root levels of governance. Decisions on land use, forms of local taxation and charges for utilities are examples where the economic interests of the poor may be inadequately protected. NGO support can be as important to individuals in these local areas of civil society as at the national level.

In all cases where northern NGOs are providing support to their southern counterparts to counter the “louder” voices, there is a particular danger that they will be seen to have put themselves in the driving seat by taking over the agenda and even the debate. Even if this is not the case, it may well be part of the counter-attack by government to argue that, by depending on input from “foreign” sources, local CSOs are thereby themselves lacking in proper transparency and accountability.

This matter becomes even more serious when addressing those issues of governance that are subject to international debate and influence. These circumstances make transparency and accountability to the poor even harder to maintain on either side of the debate. The involvement of multilateral organisations such as the WTO and the IMF makes the decision-making process harder to trace and leaves open the question of who is responsible. NGOs, especially those with international representation, can play an important role through advocacy directed at governments of developed countries and at international bodies. Sometimes, as in the case of Jubilee 2000 and Oxfam’s “Make Trade Fair” campaign, the objective is to enforce accountability on the governments of richer countries and/or the multilateral organisations. The Oxfam campaign promotes transparency and accountability in two ways:

- By raising awareness among people in richer countries of the impact of their governments’ positions on trade negotiations and encouraging them hold their governments accountable for such positions; and
- By lobbying governments and multilateral bodies themselves, thereby directly demanding greater transparency and accountability.

In other cases, the focus is on all governments, the objective being to speak for poor people in promoting accountability. In such cases, it would generally be awkward for northern NGOs to take it upon themselves to “speak” for poor people against their own governments but, as part of a coalition with southern NGOs, they can make a significant impact:

Education For All

Oxfam lobbying of Finance Ministers, Development Ministers, G8 leaders and of World Bank staff has been pivotal in forging international agreement around a blueprint for achieving education for all.

The key features of this blueprint are:

- All efforts to be rooted in national education plans produced by developing country governments with the full participation of civil society. These plans must address issues of access (with a particular emphasis on access

for girls), equity and quality

- A fast track initiative to finance EFA strategies in an initial group of countries that are “seriously committed” to achieving education for all
- A donor consortium to meet annually to address financing needs on an ongoing basis
- An EFA monitoring report to be produced annually by UNESCO, World Bank and others

(Provided by Oxfam CAA)

However, where northern NGOs become directly involved in demanding transparency and accountability at the international level, the counter-argument can be particularly telling. As in all advocacy activities, credibility relies on being able to demonstrate that the positions taken are genuinely those of the poor in developing countries. There are two important issues here for northern NGOs to consider:

- Are their own processes transparent enough to be able to demonstrate that they are responding to, rather than setting, an agenda reflecting priorities of southern counterparts (who must themselves demonstrate that they are genuinely representing the interests of poor and other disadvantaged people)?
- How are NGOs accountable to the constituencies they speak for?

Conclusion

Transparency and accountability is and must always be a two-edged sword. This needs to be a matter of constant attention for NGOs as much as for government and the private sector if it is not to obscure the fundamental importance of CSO activity in strengthening governance.

It does not make sense for any government with a genuine commitment to serving its people to deprive itself of the policy knowledge that civil society actors acquire from working directly with vulnerable communities. Who better to inform the drafting of a domestic violence law than women who work with survivors of such violence? Who better to inform the drafting of an adult literacy strategy than those that work day in and day out with adult learners in our communities? Who better to help craft a rural or urban development strategy than those working on the ground addressing these issues? Engagement with citizen voices promotes the participatory approaches to decisions on priorities and strategies that is vital for effective governance.

Effective democracy thus needs a vibrant civil society as well as an effective and accountable government. Both face struggles of accountability, but they bring a vital diversity to governance and provide complementarity and mutual accountability systems. This arena will always be contested - but this should strengthen democratic practice, rather than weaken it. The complexity of meaningful participatory processes cannot be overstated.

Naturally, these processes generate thorny issues, such as the availability of resources, choices about participants, and the overall transparency of the processes themselves. However, as James Wolfensohn has remarked:

“If we fail to allow the time to genuinely open the process to different development actors and to the poor themselves, in the design, implementation and monitoring of poverty reduction strategies we might win some immediate battles, but we’d lose the long-run war to develop the accountable institutions that are essential to poverty reduction.”

(From Introduction to *Voices and Choices at a Macro Level: Participation in Country-owned Poverty Reduction Strategies*, edited by Parmesh Shah and Deborah Youssef, February 2002, World Bank.)

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