

## **Governance and Transparency – some thoughts!**

### **What do we mean by governance?**

1. Governance is about more than government. It is about relationships between citizens, leaders and public institutions. This covers a wide range of people and organisations, including parliament, the judiciary, civil servants, businesses, political parties, the media, trade unions, faith and other civil society groups, as well as the executive arm of government.
2. Governance is also about recognising the important role played by the institutional arrangements within which all organisations operate – the formal and informal rules of the game. These range from formal legal rules, to the underlying traditions and values which shape people's behaviour within organisations.
3. It is about politics, understood as all the activities of cooperation, conflict and negotiation involved in decisions about the use, production and distribution of resources – i.e. the relations of people, resources and power in diverse institutional contexts.
4. Governance is central to poverty reduction and enabling people to meet their economic, social, cultural, civil and political rights. However, improving governance and building effective states takes time. Good governance cannot be constructed by transferring institutional models from rich to poor countries. Countries need to create their own institutions, and these evolve through a process of contestation and bargaining between the state and citizens within different country contexts. It also requires careful prioritisation and sequencing of reform. Not everything can be done at once, especially in countries with limited resources and capacity.
5. Understanding the political processes that affect the lives of poor people is critical for identifying real opportunities for change. A professional, well planned and 'technical' approach to institutional development and service delivery is indeed necessary, but unless it sits within a wider assessment of the political context for reform and change, it will not be sustainable.
6. What is also needed is an understanding of how power structures and struggles impact on the day-to-day lives of poor people at the local level. These local political relationships are in turn framed within complex power relations at the national and international level.

## What makes governance good?

7. DFID's 2006 White Paper sets out three characteristics for good governance:
  - **State capability** – the extent to which leaders, governments and public institutions are able to get things done; to formulate and implement policies effectively.
  - **Accountability** – the ability of all citizens, civil society and the private sector to scrutinise leaders, governments and public institutions and hold them to account. This includes, ultimately, the opportunity to change leaders by democratic means.
  - **Responsiveness** – whether public policies and institutions respond to the needs of all citizens and uphold their rights.
8. All three characteristics are needed to make states more authoritative, legitimate and effective, to tackle poverty and to improve people's lives. For example, there is no guarantee that a more capable health ministry will focus on the diseases killing the poorest people unless it is responsive and accountable. Or a state may pass progressive legislation on women's rights, but without accountability mechanisms there will be no consequences if it fails to implement the policy.
9. Defining governance through state capability, accountability and responsiveness implies a shift away from a narrow focus on specific policy interventions or formal institutions. It enables support for better governance to be adapted depending on country context, and to build on what is already in place - be they formal or informal institutions.
10. This framework reflects the understanding that strengthening governance requires an equal focus on improving accountability and enabling responsiveness, alongside the more traditional emphasis on the capacity and authority of governments. The framework highlights the need to focus on the political settlement between states and empowered citizens in different political contexts; this settlement lies at the heart of state legitimacy.
11. Building effective states is about helping to strengthen these relationships from the global to the village level; identifying and developing common interests and incentives for positive change. Incentives for good governance are heavily influenced by the international economy, the behaviour of other governments and the private sector. The responsibility for development cannot therefore be located only at the level of the nation state.
12. Likewise, international initiatives designed to address issues of global governance must be matched with action to mobilize local constituents for change, build local institutions and strengthen political accountability. This is important in developing and developed countries.

## Accountability & transparency

13. The Governance and Transparency Fund aims to strengthen governance by supporting demand-side accountability. Poverty persists in large part because poor and marginalised groups are voiceless, disempowered and unable to hold others to account. The information and mechanisms to claim their rights, to seek redress and to hold power holders to account are often non-existent, weak or stacked in favour of the more powerful.
14. Accountability failures can lead to pervasive corruption; poor decision making that is elite-biased and neglects large swathes of the population. This can lead to a sense of disenfranchisement and alienation and can promote a culture of impunity and a break down in the rule of law. In its more extreme forms this can lead to violence and conflict.
15. Accountability exists when one actor – usually a holder of power, public or private – must explain and justify his or her behaviour to another actor, and/or face the threat of sanction. It is defined by institutionalised relationships - relationships that are regular, established and accepted. These relationships may be formal or informal, and may be legal, financial, social, political, or electoral.
16. Accountability can usefully be categorised in terms of horizontal, vertical and diagonal mechanisms:
  - **Horizontal accountability** consists of formal relationships within the state itself, whereby one state actor has the formal authority to demand explanations or impose penalties on another. It thus concerns internal checks and oversight processes. For example, executive agencies must explain their decisions to legislatures, and can in some cases be overruled or sanctioned for procedural violations.
  - **Vertical forms of accountability** are those in which citizens and their associations play direct roles in holding the powerful to account. Elections are the formal institutional channel of vertical accountability. But there are also informal processes through which citizens organize themselves into associations capable of lobbying governments and private service providers, demanding explanations and threatening less formal sanctions, like negative publicity.
  - **Diagonal accountability** operates in a domain between the vertical and horizontal dimensions, and refers to the phenomenon of direct citizen engagement with horizontal accountability institutions in efforts to provoke better oversight of state actions. Citizens by-pass cumbersome or compromised formal accountability systems in order to engage in policy-making, budgeting, expenditure tracking, etc.

17. 'Demand-side' or 'social' accountability refers to these vertical and diagonal mechanisms. Accountability processes often require that the state or service provider explain and justify its actions to citizens, a process often referred to as 'answerability'. Accountability is strengthened when a state or other power holder is obliged to fully disclose why it took the actions it did and on what evidence.
18. Accountability relies upon transparency (an organisation's openness about its activities), and access to information; it is almost certainly undermined by corruption, weak capacity, capture or elite bias. Transparency and access to information enable citizens to investigate whether or not leaders and public organisations have met the standards expected of them.
19. However, effective social accountability goes beyond answerability. It also incorporates some element of enforcement. Here, the 'accountees' judge whether the state has fulfilled its obligations in light of the available information, and on the basis of prevailing standards of public conduct. If found wanting, a penalty is applied.

### **The role of civil society and media**

20. The varied roles of civil society organisations include many activities that change the lives of poor people by strengthening governance. In addition to the provision of basic services and humanitarian relief, which are more closely linked to complementing state capability, civil society has an important role in promoting state accountability and enabling responsiveness.
21. Pressing for better public services, pushing political leaders to improve the performance of the state, identifying who benefits from public spending (especially the poor), bargaining around taxation issues, lobbying for land rights, organising and fighting for women's rights, campaigning against corruption or brokering relationships between poor people and local authorities - the list of approaches is extensive. How effective these activities are is equally variable and context specific.
22. Like civil society, the media also has a critical role to play in strengthening governance. Citizen empowerment requires information, a human right. Participatory policy making necessarily requires informed citizens in order for it to be meaningful. A well-managed, independent media can thus strengthen the demand side of accountability.
23. The media is both an important instrument for *voice* (especially in contexts where the poor have few or no opportunities to make their voices heard), creating a platform for diverse views, as well as for *accountability* purposes, through awareness raising, generating public debate and informed public opinion, and campaigning for action. The negative publicity that the media can generate to highlight aspects of poor governance is an important source of sanction.

**Note : This think-piece was produced by DFID's Effective States Team, Policy and Research Division. It is aimed at helping potential applicants to the GTF by offering some ideas about governance and transparency. However, GTF proposals will not be judged against these ideas - it should NOT be seen as an elaboration of GTF criteria. Nor does this document represent a formal statement of DFID policy.**