

Improving Governance and Fighting Corruption: New Frontiers in Public-Private Partnerships

Sharing Responsibilities for Improving Governance: Respective Roles of Donors, Partner Countries and the Private Sector.

Speaking notes for Sue Unsworth

Responding to the questions:

- what is required for donors and their partners to meet these challenges?
- what would be the implications of recognising that local political process is central to development?

1. We are having a much more sophisticated debate than five years ago

(widespread recognition of importance of country ownership/political commitment to reform, and of damaging effects of donor behaviour/global business environment on governance in poor countries; focus is on the desirable "attributes" of governance rather than on particular models).

2. But despite rhetoric about importance of local political process, little fundamental change in the way donors are thinking about processes of development.

- E.g., new, high-profile approach to "improving governance and fighting corruption" -- the implied question is still "what is wrong and how do we fix it?", not "what are the underlying causes of poor governance, and what sort of political process might be involved in getting more effective/accountable states?"
- e.g. donors still hugely underestimating the depth of the challenge (Paris declaration).
- E.g. simplistic thinking about how to get better governance: interventions to strengthen the "supply" side (state capacity) and the "demand" side (accountability), but political process involves engagement between state and society, and therefore interaction between the two [historically tax relationship an example]

4. Donors tend to be frightened of thinking about politics. It highlights:

- the limited influence of outsiders;
- the very deep-seated reasons why governments are often not very interested in growth, development, rights; and social groups are not organising effectively;

5. Acknowledging the primacy of politics requires much more realism, but need not induce pessimism.

- There are no easy ways of shifting political culture, certainly not by a "deal" of more aid in return for good behaviour.
- No quick fixes by transferring institutional models -- they have to be locally negotiated.
- But there are ways of changing the institutional incentives faced by political actors/social groups

6. Some implications for donors.

- Give top priority to the ways in which rich country behaviour (of government and private sector), exacerbate underlying causes of weak governance in poor countries. Focus on ways in which global environment provides rents to political elites in poor countries, thus weakening their need to engage with citizens (so action on money laundering, complicity in corruption, EITI etc)
- Give top priority to impact of donor behaviour on governance (fragmentation, competition, aid modalities).
- A PRSP does not constitute country "ownership": stop pushing donor agendas, and look at what local processes are in train for progressive change (e.g. research on growth highlights importance of very country specific approaches; e.g. democracy in Ghana shifts in the nature of patronage politics; e.g. impact of changes in EU or regional markets on business behaviour – FLEGT and the Ghana timber merchants).
- There may be unrecognised overlap between donor agendas and interests of local groups (eg business, religious groups, trades unions). But donor language may be an obstacle to making the connections – language that resonates locally may not be governance, corruption, poverty reduction, rights, but prosperity, reputation, security, justice.
- Public financial management is a strategic issue for improving governance, particularly state society bargaining around tax. Welcome DAC GOVNET interest in this.
- Think about state-society interaction, not just demand and supply, and the impact of different aid modalities (predictability, transparency) on local accountability.
- No easy ways of managing the tension between donor agenda and need for accountability to taxpayers, and country led approaches. But a focus on local political process will suggest ways of managing the trade-offs differently.