



## IMPROVING GOVERNANCE TO ERADICATE HUNGER AND POVERTY

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Why has eradicating hunger and poverty proved difficult despite its being a declared goal of the international development community for more than half a century? Why has the number of hungry people increased in recent years? Why is poverty particularly persistent in Sub-Saharan Africa? Why do economically successful developing countries in Asia and Latin America have regions lagging in eradicating poverty? Over time, the answers to these questions—the basis of development strategies—have changed. With the emergence of a more comprehensive understanding of the challenge of development, various constraints have been identified: adverse ecological conditions, inadequate technology, lack of capital and education, cultural factors, and institutional failures. In analyzing the challenges of eradicating hunger and poverty, governance has attracted particular attention in the past decade. As Kofi Annan, the then secretary-general of the United Nations, told world leaders in 1998: “Good governance is perhaps the single most important factor in eradicating poverty and promoting development.”

Governance is the exercise of economic, political, and administrative authority to manage a country's affairs at all levels. Different definitions of good governance have been proposed by development organizations. The definition offered by the United Nations Development Programme highlights participation, accountability, transparency, consensus, sustainability, the rule of law, and the inclusion of the poorest and most vulnerable people in making decisions about allocating development resources. A widely used set of aggregate data from a broad range of sources compiled by the World Bank Institute measures the following dimensions of good governance: political stability and absence of violence, the rule of law, voice and accountability, regulatory quality, government effectiveness and control of corruption, and environmental governance. As is explained below, each of these dimensions of governance is important for eradicating hunger and poverty. Overall progress in improving governance, as measured by these dimensions, has been slow in the past decade. This is alarming because the poorest and most food-insecure people live in countries with weak governance. However, encouraging trends are evident in some countries—including some African countries—that are making considerable progress in improving governance.

### Relations between Governance and Poverty and Food Security

The dimensions of governance affect hunger and poverty in numerous ways:

- *Political stability and the absence of violence.* A stable environment is a fundamental precondition for food

security and development. A study of Uganda shows that a threshold of security exists below which public investments in infrastructure and education have little impact on development.

- *The rule of law.* Poor and disadvantaged groups, especially the rural poor and women, often lack access to justice. The transaction costs of accessing the formal juridical systems are typically high, and the system is often captured by elites who have few incentives to serve disadvantaged groups. Poor people thus have few prospects to defend their land or labor rights or to take action against violence, which contributes to inequalities.
- *Voice and accountability.* The extent to which a country's citizens can participate in selecting their government is a measure of the people's voice and the public sector's accountability, as is freedom of expression, association, and the media. The relations between this dimension of governance and development outcomes are complex. Famines are less likely to occur in functioning democracies with a free press. Even in democratic systems, however, poor people often struggle to make their voice heard. They need to form organizations and compete in political processes, which is particularly challenging for the rural poor.
- *Regulatory quality.* Policy instruments and government regulations that create macroeconomic stability and foster economic growth are obviously important for poverty reduction. However, regulatory and policy instruments cannot benefit the poorest and most disadvantaged groups unless equity—including gender equity—is considered in choosing those instruments.
- *Government effectiveness and control of corruption.* These dimensions of good governance are important for the implementation of every policy instrument that the state can use to alleviate poverty and ensure food security. The impact of increased public spending and donor funding is limited when government effectiveness is low and corruption widespread.
- *Environmental governance.* Because most poor people depend on agriculture for their livelihoods, the governance of natural resources, such as water, soil, rangelands, and forests, requires special attention to ensure that hunger and poverty reduction strategies are sustainable in the long run.

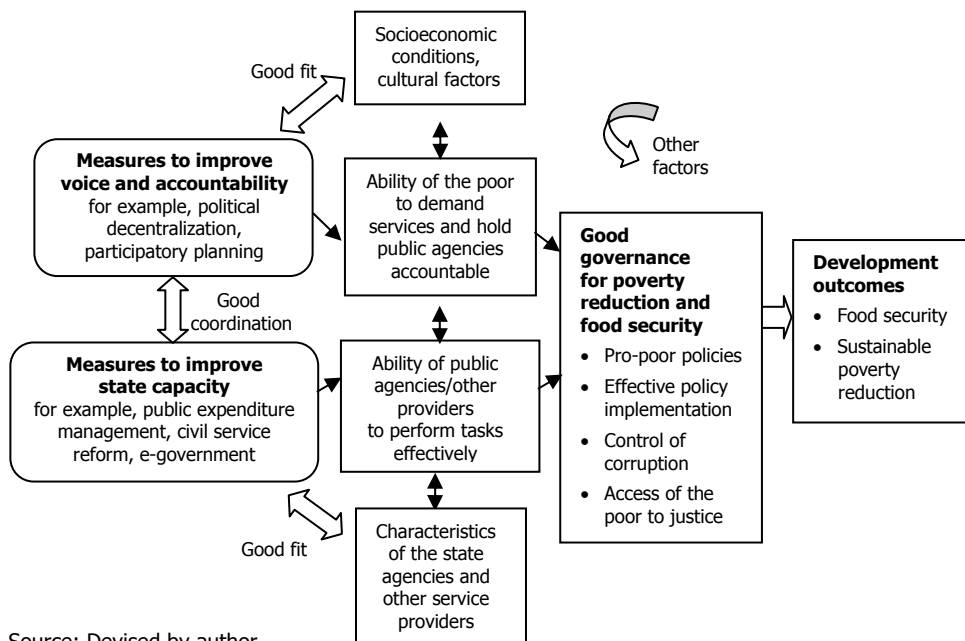
### Strategies to Improve Governance: A Conceptual Framework

Figure 1 presents a conceptual framework for identifying and assessing strategies that aim at improving governance.

The major types of strategies are, first, demand-side strategies intended to facilitate poor people in communicating their demands for services and infrastructure from public-sector institutions and to hold them accountable and, second, supply-side strategies

designed to increase the capacity and incentives of public administration and other service providers to fulfill their functions. Some strategies directly involve users in the provision of public services; these can be classified as mixed strategies.

**Figure 1—Framework for Improving Governance: Demand- and Supply-Side Approaches**



Source: Devised by author.

Figure 1 shows that both demand- and supply-side strategies must fit with context-specific conditions (as indicated by the “good fit” arrows). For example, in communities with hierarchical power structures and social exclusion, special provisions for disadvantaged groups can help tailor demand-side strategies to those conditions. In India, seats in local councils, including chairperson positions, are reserved for women and for scheduled castes and tribes. Studies show that the reservations can be effective in improving service provision for women and disadvantaged groups. On the supply side, approaches to reforming public administration are more effective if they tailor responses to the specific problems that public agencies face.

While governance is an important factor in achieving food security and sustainable poverty reduction, other factors also matter. These include agroclimatic conditions, weather events, and international commodity prices.

### Demand-Side Strategies to Improve Governance

Demand-side strategies thus focus on the voice and accountability dimension of governance. These approaches include strengthening the capacity of poor people and disadvantaged groups, including women, to demand better services, and creating institutional arrangements that help them channel their demands to public agencies and hold them accountable.

The route to accountability can be either long or short. In the case of the short route, citizens or citizen groups are empowered to provide direct feedback to public agencies. In education, parent-teacher associations can help to reduce teacher absenteeism, which particularly affects poor rural areas. The representation of farmers’ organizations in the management boards of agricultural research and extension organizations can make those organizations more responsive to the specific needs of poor and food-insecure farm

households. Participatory planning and budgeting methods also increase voice and accountability. In the well-known case of Porto Alegre, Brazil, participatory budgeting led to an increased share of public investments that benefited the poor. In using such approaches, the challenge is to avoid local elite capture by ensuring the participation of poor and food-insecure people, including women. In Porto Alegre, citizens attending budget meetings can spontaneously form groups, limiting the power of established organizations.

In the case of the long route to accountability, poor people can use lobbying and voting to induce political decisionmakers to take steps to improve the performance of public services. Democratization, reducing vote buying, and promoting political competition can make this route more effective. Democratization also allows parliamentarians to play a stronger role in improving the accountability of public agencies to the poor. Political decentralization is attracting increasing attention because it can bolster accountability by bringing government closer to the people. It can, however, lead to local elite capture, though whether this is likely to occur depends on country-specific conditions.

The short and long routes to accountability benefit from increased transparency in the performance of service providers. The citizen report card approach developed by the Public Affairs Center, a nongovernmental organization (NGO) in Bangalore, is a prominent example. This method combines surveys among the users of services with public action and collaboration with service providers. In Ethiopia, NGOs assess farmers’ satisfaction with agricultural and irrigation services using report cards, and development agencies use the method to benchmark district-level performance in providing public services. Additionally, national statistical bureaus increasingly conduct service delivery surveys. An example is Uganda’s National Service Delivery Survey, which has been

conducted on a national basis since 2000. If proper sampling approaches are used, the citizen report cards and national service delivery surveys provide equal opportunities to the poor and disadvantaged groups to report their access and satisfaction with public agencies. More could be done, however, to report the results of such surveys by income group and gender, thereby making the instruments more effective for disadvantaged groups. Increasing transparency requires an enabling policy environment. In India, the Right to Information Act was an important step toward empowering citizens, including the poor, to demand information from public agencies.

### Supply-Side Strategies and Mixed Approaches to Improve Governance

Efforts to improve citizens' ability to demand better services and hold service providers accountable have little impact if the providers do not have the capacity to respond to the demand and deliver better services. Therefore, demand-side strategies to improve governance should be coordinated with appropriate supply-side strategies.

One strategy on the agenda for decades is public administration reform, and various models have been tried. Training, introducing merit-based recruitment and promotion, and creating incentives by adjusting payment structures have been central elements in most approaches. The New Public Management approach has introduced private-sector management techniques into public service and emphasizes the role of the citizen as a customer rather than as an obedient subject. Other recent approaches, which focus on the responsive governance model, entail a combination of supply- and demand-side strategies.

Innovative approaches and new technologies can help make supply-side approaches more effective. For example, El Salvador, Mexico, and Malaysia subject government agencies to the ISO 9000 management certification of the International Organization for Standardization. Certification is based on performance orientation and client satisfaction. E-government, under certain conditions, also holds promise for developing countries. In the Indian state of Karnataka, computerizing land records under the Bhoomi program has enabled the rural poor to access land records, and also limited opportunities for bribery by increasing transparency.

Administrative and fiscal decentralization are other supply-side approaches. Unfortunately, these types of decentralization often lag behind their corresponding demand-side approach: political decentralization. Public officials at the central level resist the loss of influence and transfer to locations outside the capital city. Yet the effectiveness of political decentralization remains limited as long as local governments lack fiscal and administrative resources.

Another set of supply-side reforms aims at improving public-service provision by involving private-sector agencies, user organizations, and NGOs in the provision of public services.

- *Outsourcing.* Contracting, or outsourcing, is suitable for functions that require public finance but not necessarily public provision. For example, in Uganda's new National Agricultural Advisory Services system, the provision of agricultural advisory services is contracted to private-sector enterprises, individual consultants, and NGOs that

compete for the contracts. The approach is combined with a demand-side strategy, giving farmer organizations a say in awarding the contract.

- *Public-private partnerships.* Going beyond outsourcing, public-private partnerships create joint responsibilities for financing and provide services and infrastructure. Urban water and electricity supply and irrigation infrastructure projects have been implemented using this approach. Not all such programs are suitable for targeting the poor, but they can free up public resources, which can then focus on the poor under other institutional arrangements.
- *Privatization.* For services that are not confronted with market failure, privatization is well suited. Creating an enabling investment climate for the private sector is essential to make this strategy work. If market failures result from natural monopolies and other reasons, as with water and electricity supplies, privatization needs to be combined with regulation. In these cases, regulation is important for ensuring that the poor, especially the rural poor, have access to such services. Regulation can be combined with demand-side approaches, for example, by making regulatory decisions subject to public consultations, as they are for electricity regulation in India.

A range of reform strategies represents mixed demand- and supply-side approaches because they involve citizens directly in public functions such as service provision and regulation.

- *Public-private people partnerships.* These partnerships involve civil society organizations, such as farmer organizations, along with public-sector agencies and private business enterprises. This strategy can be important in linking smallholders to new markets, as in the Sustainable Uptake of Cassava as an Industrial Commodity Project in Ghana. In this project, more than 100 stakeholders from public, private, and civil society organizations have been organized to develop a value chain for cassava.
- *Devolving management authority to user groups.* This strategy is widely applied in natural resource management. Community forestry in India and Nepal is a prominent example. The strategy was also essential in making the Office du Niger irrigation scheme in Mali work better for the poor.
- *Service cooperatives.* Formed and owned by producers, including smallholder farmers, service cooperatives can be important for providing pro-poor services. In India, dairy cooperatives provide livestock services to more than 12 million households, benefiting women particularly because of their large role in dairy farming.

The extent to which any of these governance reform strategies improves the quality and accessibility of public services for the poor depends on how the approach "fits" the specific problems of the public agencies to be reformed. It also depends on the capacity of the private sector, NGOs, user groups, and others to be involved in service provision.

### The Political Economy of Governance Reforms

Governance reforms typically confront political challenges because they change power dynamics and affect vested interests. Reforms of public administration are particularly

difficult if they retrench staff and switch from seniority-based to performance-based remuneration systems. When general reforms are politically too difficult, “unbundling” public administration reform and pilot reforms in key government agencies is often advisable. Whatever path is chosen, reforming governance requires vision and leadership. For example, the Bhoomi program in Karnataka would not have been possible without the leadership of Rajeev Chawla, a committed member of public administration, and India’s right-to-information movement has been driven by the leadership of social activist Aruna Roy.

## Policy Implications

Governance reforms are high on the political agenda, but making them work for food-insecure and hungry people requires specific action. Although there is still much to learn about improving pro-poor governance, several policy implications can be derived from current reform experiences.

- *Moving from “one size fits all” to “good fit” approaches.* Governance reforms work only if they are tailored to country- and sector-specific conditions. A wide range of demand- and supply-side strategies exists to help improve governance, but the combination of approaches to be applied must be based on a careful analysis of the opportunities and challenges for reform available in a particular context.
- *Promoting experimentation and learning.* Because reforming governance is complex, it is useful to provide scope for experimentation and learning and to use approaches that are flexible enough to allow for adjustments over time. Strengthening the analytical capacity to evaluate reforms based on evidence can contribute to learning processes.
- *Combining demand- and supply-side approaches.* Various strategies to reform governance can reinforce each other. Particularly promising is combining demand-side approaches that give the poor more voice with supply-side approaches that give public administration the capacity and incentive to respond to the needs of the poor.
- *Creating an enabling environment.* Both demand- and supply-side approaches to reform governance depend on

an enabling policy environment. For example, private enterprises require a conducive investment climate. Likewise, cooperatives depend on a legal framework that prevents undue state influence and creates access to financial and other services. Civil society organizations are better able to hold government agencies accountable, if they have the right to free association and the right to information, and if the freedom of the press is guaranteed.

- *Strengthening leadership.* Governance reforms require leadership from political decisionmakers, members of public administration (supply side), and civil society (demand side). Investing in people’s leadership capacity is thus an important dimension of governance reform.
- *Donor coordination and alignment.* Although governance reforms, as political and social processes, are ultimately driven by a country’s citizens and their leaders, donors can play an important role. Coordination of donor activities and alignment with country-owned strategies and programs, as foreseen in the Paris Declaration on Aid Effectiveness, is particularly important in promoting governance reforms.
- *Mainstreaming poverty in all governance reforms.* Mainstreaming a focus on poverty in all types of governance reforms is necessary to prevent the poor from losing out in the reform process. Supply-side strategies that aim at making public administration more efficient—for example, through outsourcing and cost recovery—require special provisions for the poor. Likewise, demand-side or mixed strategies may not give more voice to the poor unless strategies to avoid elite capture are applied.

**For Further Reading:** D. Kaufmann, A. Kraay, and M. Mastruzzi, “Governance Matters VI: Governance Indicators for 1996–2006,” Policy Research Working Paper No. 4280 (Washington, DC: World Bank, 2007); B. Levy and S. Kpundeh, eds., *Building State Capacity in Africa* (Oxford: Oxford University Press for the World Bank, 2004); P. Samuel, *Holding the State to Account: Citizen Monitoring in Action* (Bangalore: Books for Change, 2002); World Bank, *World Development Report 2004: Making Services Work for Poor People* (Washington, DC: 2004).

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