


Now is not a time to rest on our laurels, but to rise to new challenges. I hope that this issue of the *Trócaire Development Review* will play a part in addressing what many regard as the critical question for the development community today.



Director of Trócaire
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Editor's Introduction

The *Trócaire Development Review 2006* addresses a difficult, but increasingly important issue for the development community: the connection between governance and poverty reduction. The *Review* seeks to explore the link between these two themes both at a theoretical level – exploring the links between the discourses of governance and poverty. It then looks at the issues on a specific level, examining how issues of governance and poverty reduction are played out in relation to natural resource management and trade. The articles in the *Review* draw out some key lessons for development practitioners and policymakers.

Why is governance such an important theme? Over the last decade, the concept of governance has been increasingly used in the discourse and practice of development. The UN Secretary-General, Kofi Annan, has said: “Good governance is perhaps the single most important factor in eradicating poverty and promoting development” (UNDP, 2002). Two other major reports into development in 2005 also illustrate this trend. *Our Common Future*, the Commission for Africa Report, and *Investing in Development*, the Millennium Project Report, both highlight the paramount importance of addressing governance issues. The former report states that “The issue of good governance... is what we believe lies at the core of all of Africa’s problems” (Commission for Africa, 2005). The latter declares: “The successful scaling up of investment strategies to achieve the Millennium Development Goals requires a commitment to good governance” (UN Millennium Project, 2005). The predicted increases in aid, therefore, make “good governance” a critical component of the new development consensus. The achievement of the strategies and targets which the international community has set itself for the coming decade is dependent on it.

Despite the rhetoric around achieving better governance there is still little consensus on how this can be achieved. In her article, Sue Unsworth draws on groundbreaking research from the Centre for the Future State, and emphasises the need for a different approach to governance on the part of donor agencies. Currently, the emphasis of donors is placed on putting in place formal structures to enhance the capacity of developing states to achieve greater transparency and accountability. Whilst there is a clear logic for supporting such structures from the donor perspective, such approaches have had limited success in achieving real

improvements in governance. The conclusions of the research from the Centre for the Future State are that donors require a new approach to governance. The key characteristics of such a new approach would be a departure from the traditional emphasis on formal structures to greater engagement with the web of informal relationships that make up the political context in which aid is managed. The research, as Unsworth puts it, “starts with a proposition which is well known to political scientists but less familiar to many policymakers – that the critical issue in state building lies in striking a balance between effectiveness and accountability.” (p.19) In other words, reaching better governance does not happen automatically, it flows from improvements in managerial or technical capacity within formal structures. In some instances, such improvements are an important step forward, but not always. The introduction of formal structures, on the contrary, can often undermine less efficient, but more effective governance mechanisms within countries. The message is that reaching better governance will require interim measures that do not sit comfortably with classic Western-style accountability.

The importance of discourse

The meaning of governance cannot be taken as given. It is critical to know exactly what we are talking about when it comes to governance as the term can mean many different things depending on how it is used and who uses it. Both Miguel González and Morina O’Neill tackle the complex issue of how to define governance. The governance agenda, González recalls, is one that has been prominent within the development discourse of the international financial institutions (IFIs) for over a decade. The terminology has a history of its own – one which is largely shaped by the World Bank. In order to clarify the debate, it is essential, therefore, to explore the various meanings given to this term.

González’ article traces this history and draws out at least three “connections” between governance and poverty reduction within the contemporary discourse on governance. The first connection is in relation to economic growth, the second is in relation to aid efficiency and the third is in relation to human development. The first of these approaches, he argues, has been driven by the failure of IFI policies (particularly in Russia and Latin America), which neglected the social dimension of economic growth: “Not only did the policies of the consensus fail to bring sustainable economic growth, but in many places they had severe social consequences as a result of neglecting and weakening the institutions that acted as a safety net.” (p.37) The response to this policy failure has been the

resurgence of an interest in the role of the state as a development actor.

This renewed interest in the role of the state, however, has not gone uncontested. As González puts it: “this return to the scene does not mean that it occupies centre-stage. This is by no means the resurrection of the developmental state of the 1950s and 60s. The state has to share its prominence with two other key actors: market and civil society” (p.39). The question of defining the role of the state in development, nonetheless, is primarily a political rather than an economic one – and hence, puts governance to the fore of development.

Political engagement

González’ key conclusion resonates strongly with Sue Unsworth’s conclusions. He argues that whilst there is no blueprint for better governance, and one needs to take account of the unique context of each situation, there needs to be far more attention paid to the actual politics underpinning the aid relationship: “Any strategy on governance and poverty reduction should address two key issues. Firstly, under which conditions of incentives, interests and institutional arrangements will those in control of state power engage in such processes with other groups, especially the poor? Second, how could the political capacities of the poor be enhanced to enable them to take advantage of the opportunities for participation that democratic governance offers?” (p.48). These are deeply political issues that involve both the formal and informal webs of relationships that make up the polity.

In seeking to answer these questions, many of the articles in this *Review* underline the key role of civil society in bringing about more democratic governance. Tom Campbell, in reviewing several large-scale studies on community based natural resource management (CBNRM), argues that decentralised control of resources has brought about some improvements in governance over the past decade. The achievements, however, have not been as great as one may have expected from an inherently participative approach. In part, this would seem to be due to a degree of political naïveté on the part of those proposing such initiatives. In some instances, such approaches have done little to enhance the development of the communities involved – and little to safeguard their environment. Campbell concludes that CBNRM could be a valuable approach, but only if “policymakers pay greater attention to the complex political contexts in which different stakeholders vie for access and control over natural resources.” (p.130).

The need to avoid such political naiveté is echoed by Sue Unsworth, when she argues for civil society to be re-interpreted within the governance agenda. She notes the high ambitions that the development community has placed on civil society in recent years as both service providers and advocates at all levels in the development process. She argues that such approaches to civil society often overlook its diverse nature – and the inherent conflicts of interest that exist between different non-state actors. When one examines civil society more closely, one sees a very different picture: “The story that emerges is complex, and challenges simplistic assumptions about the ability of civil society to demand accountability and to give poor people a voice.” (p.23). Her argument is that civil society’s capacity to advocate is as much dependent on the state as it is on their inherent capacity. Moreover, some of the so-called “new forms of citizen participation” have been overplayed. Nevertheless, she says that there is cause for optimism. Civil society has a key role to play, but perhaps not in the ways that have been conceptualised by northern donors thus far.

Overcoming political naiveté is a point made by many commentators in recent years, including Matthew Lockwood, who makes this point forcefully in his recent book on the political economy of aid in Africa.¹ One of the key conclusions is that NGOs in the North, in particular, require much more rigorous political analysis: “As long as progressive NGOs fail to develop a good analysis of politics and the state in Africa, the agenda will be set by right-wing analysts who have largely made the topic their own”(p.140). NGOs, he argues, need to adopt an analysis that engages with politics in Africa. Lockwood also criticises donors for their reluctance to visibly engage in political analysis, and claims that it is only very recently that donors have started to think about the “political logic underlying the workings of the state, asking why the rent-seeking regime has emerged and why it is so stable, resisting donor pressure for reform” (p.64).

Eilís Ward’s article focuses in on one key issue in relation to democratic governance – how to increase women’s participation in procedural democracy. There is general agreement within development circles of the importance of women having a greater role in politics. The use of electoral quotas is one practical method that has been tried to improve women’s participation in countries where it is weak. Ward’s article examines carefully whether such measures have been successful in three African countries – Ethiopia, Uganda and Tanzania. Her conclusions are, not surprisingly, that whilst quotas have increased the visibility of women in the political system, they do little on their own to bring about greater equality

between men and women. Rather, they need to be part of a broader approach – one that requires an astute political analysis to be effective.

Global linkages

According to Miguel González, one cannot just look at domestic governance and poverty in isolation – but address the wider structures of global governance. The link to global financial and political structures and their impact on governance is made in Laura Furnes’ article on illegal logging. According to her, the financial losses to developing countries involved in illegal logging are estimated at \$10 billion per year. Illegal logging, moreover, has been implicated in war economies in many parts of the world, including Liberia and Sierra Leone, helping to sustain the conflicts. International initiatives to prevent such activities have not been effective. As Furnes says: “illegal logging continues under the noses of donors” in many developing countries. Dealing with this situation requires programmes “which will have an immediate impact on illegal activity, whilst informing long-term policy and legislative reform” (p.137). Her article outlines one effective approach pioneered by Global Witness to this difficult issue – independent forest monitoring.

These global linkages of governance are picked up again in Martin Watson’s article on the IP (intellectual property) regime and governance, highlighting the linkages between different sets of international negotiations. IP rights, he argues, are having an increasing impact on all aspects of development – and are key to meeting the MDGs. He looks at three aspects of governance under the OECD guidelines – the rule of law, participation and effectiveness and efficiency – and asks how these are applied within the context of IP negotiations. Watson finds there is a high degree of incoherence and fragmentation between different government departments dealing with development and intellectual property negotiations. His key conclusion is that current global structures are inadequate to deal with the “wider debates about the hierarchy of international laws.” (p.105).

Ireland’s role

Morina O’Neill’s article asks which definition of governance Development Cooperation Ireland (DCI, recently renamed Irish Aid) has been adopting in its own policies and strategies. Through an analysis of DCI strategies and policies, she traces the historical development of DCI’s discourse on governance. Whilst she reaches

no definitive conclusions on the issue in her research, she did detect a trend in the way that governance is addressed. This trend seems to suggest that the DCI approach in many instances is being led by a narrow definition of governance, which is more to do with domestic constituencies than the broader agenda of democratic governance. She argues that such media debate “has largely been at the expense of any public debate on governance as a means to engage with the broader political issue of the exercise of power in society and the challenges it poses for development” (p.67). She concludes her article by warning against governance becoming “a tool for addressing donor interest rather than recipient need” (p.69).

The articles in the *Trócaire Development Review 2006* would suggest that it is incumbent upon DCI to develop a policy on governance as soon as possible and they highlight the complexity involved in drawing up and operationalising such a policy. Governance is not only, or even primarily a question of how to react to recipient governments when there are allegations of corruption made against them. Governance has to shape the approach to development that permeates the whole of a donor’s work. It is about first acknowledging, taking account of, then addressing the unequal power distribution in societies. It is our hope that the articles in this *Review* will provide some insight into this critical theme.

Notes on Contributors

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Sue Unsworth was formerly Chief Governance Adviser at the UK Department for International Development (DfID) and now works for the Institute of Development Studies, University of Sussex, where her remit is to help make current research on governance issues accessible and relevant to policymakers.

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¹ Lockwood, M. (2005), *The State They’re In*, London: ITDG Publishing