

Workshop on MDG- Based Planning and the Development of a Pro-Poor Policy
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SESSION 17: PANEL ON GOVERNANCE AND MDG ACHIEVEMENT IN THE
PACIFIC

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As we are all aware Pacific Island Leaders have regularly and for sometime voiced their strong support for measures to address governance issues in the region. Not a surprise I suppose given the suggestion in a 2004 report by the ADB and Commonwealth Secretariat "that poor governance in just four countries - Papua New Guinea, Fiji, Solomon Islands and Nauru had resulted in nearly US\$75 billion in foregone income since they had become independent.

What then is governance? In recent years, the word governance - as in good governance, bad governance, poor governance – has become a popular way of describing how well, or how badly, nations are led or governed, or how institutions and resources are managed. Indeed, governance has become such a common word that it probably runs the risk of becoming a cliché. That would be a pity though because the way we are governed, led and managed, does affect us all in ways that are real.

There are many personal experiences, but at a broader level, poor governance is also linked with lawlessness, political instability, undermining the rule of law and violence. Some of the countries in the Pacific that have been performing poorly in governance are the ones which have experienced the most instability and law and order problems. On the other hand, the ones who seem to be performing better in governance are also the ones that are politically stable. I believe it is also worth noting that the Pacific region has the lowest rate of ratification of International Human Rights instruments of any region in the world.

Other consequences of poor governance are low economic growth and rising poverty, which as you can see is now an issue in the Pacific with many people living in hardship. Again it seems true that countries which perform better in governance are also the ones that seem to have enjoyed stable economic growth. Joblessness in the Pacific - that is people who are either unemployed in the formal sector or are inactive - is one of the biggest development challenges we now face in the Pacific. While unemployment may be due to the widening gap between rising populations and static economic growth, we should not forget that population and economic growth rates are affected by poor planning, bad management and corruption as well.

International experience seems to indicate that no country or region has been able to reduce poverty without economic growth. That is not to say that growth is the only necessary factor, but it appears to be a basic one. South East Asia and island states like Mauritius and the Caribbean have been able to generate good economic growth and reduce absolute poverty at the same time whereas regions in Africa that have been experiencing declining economic growth have also faced rising poverty.

Good governance is important for economic growth which is important for generating jobs and opportunities which are important for reducing poverty.

To gain some appreciation of how we perform compared to others, we shall look at some of the measures or indicators that are being used internationally to compare nations. These include Political Stability; Government Effectiveness; Regulatory Quality or the quality or standard of regulation; the Rule of Law; the Control of Corruption; and Voice and Accountability.

Governance Indicators for Pacific island Countries (2004)
Ranking Out of 209 Countries, from Best (1) to Worst (209)¹

	Government Effectiveness (209 countries)	Rule of Law (208 countries)	Control of corruption (204 countries)
Melanesia			
Fiji	141	109	94
Papua New Guinea	177	157	168
Solomon Islands	206	187	193
Vanuatu	144	102	128
Polynesia			
Cook Islands	105	71	102
Samoa	86	69	84
Tonga	156	104	140
Tuvalu	159	56	153
Micronesia			
Kiribati	145	86	89
Marshall Islands	132	105	157
Federated States of Micronesia	119	81	107
Nauru	197	51	-
Palau	72	52	-
Income Group			
Low income	175	164	156
Lower middle income	125	123	117
Upper middle income	77	79	74

¹ Commonwealth of Australia, Pacific 2020, 'Challenges and Opportunities for Growth', 2006, page 56

In reviewing these figures it is important to note that "government effectiveness" measures the competence of the bureaucracy and the quality of public service delivery. "Rule of Law" measures the quality of contract enforcement, the police and the courts, as well as the likelihood of crime and violence. "Control of corruption" measures the exercise of public power for private gain, including both petty and grand corruption and state capture.

There is always much debate over such figures and many variations on what definition should be used when referring to governance. However, even with these uncertainties it is fairly obvious to all that regional leaders have drawn a close link between improved governance and the creation of the best environment for achieving economic growth. Poor governance has a direct impact on the lives of all Pacific people.

While there are always questions about the data, it is still interesting to note that in terms of Government Effectiveness, and out of 209 countries surveyed, the best performers from the Pacific islands are placed at the middle of the range at 72nd, 86th, and 105th. At the lower end are the 177th, 197th, and 206th placers!

The Pacific islands perform a bit better in terms of the Rule of Law with our best at 51st, 52nd, and 56th and our worst at 157th and 187th.

The performance in controlling Corruption is not dissimilar to the one for Government Effectiveness but in all the 6 international indicators (i.e., including political stability) the Pacific does not do as well as Mauritius and other island states in other regions.

Let me now turn to how governance has been addressed in the Pacific.

The leader's vision, as set down in the 2004 Auckland Declaration makes the following specific reference to governance:

"We see a Pacific region that is respected for the quality of its governance, the sustainable management of its resources, the full observance of democratic values and for its defence and promotion of human rights."

As a consequence, good governance is one of the four pillars of the Pacific Plan. With clear objectives to promote regional support for:

- audit and ombudsman offices; leadership codes; anti corruption institutions, departments of attorney general; and judicial training and education
- Forum Principles of Good Leadership and Accountability
- Governance mechanisms for resource management and the harmonisation of traditional and modern values and structures
- Statistical information systems

- Where appropriate ratification and implementation of regional and international human rights conventions, covenants and agreements.

Among the National MDG reports produced so far in the Pacific a number have made specific references to governance as being a contributing factor to the lack of progress in the achievement of the MDGs with the Cook Islands taking the lead in creating a ninth goal to specifically address issues of governance.

For other countries there are references to the importance of governance in their reports along the following lines:

- For Solomon Islands, corrupted governance institutions is listed as one of a number of complex factors contributing to the recent ethnic conflict
- The Fiji report highlights the need to address governance standards and the management of government finances if MDG achievement is to occur
- For PNG, five cross-cutting development challenges were identified and included: very large variety of cultural and political factors, political instability and law and order problems and a gender culture that places women in a disadvantaged position
- The Tonga report notes that while the MDG's are ambitious they are achievable given a conducive political and policy environment, with good and sound social and economic statistics and transparent and accountable governance.
- Tuvalu, listed governance issues among the eight key strategies required to promote development and achieve the MDGs with references to inspired leadership , sound management, honesty, transparency and consistency on the rule of law; and macroeconomic growth through among other things – a cost effective, efficient and customer oriented public sector.

It is widely accepted that without a sustained acceleration in the economic growth, the Pacific will be unable to overcome its development challenges. Although there have been some improvement macroeconomic outcomes for a number of Pacific island countries since 2003, nonetheless, the inequitable distribution of the benefits of such growth has meant that poverty has increased in some sectors of the population (particularly for women).

Key contributing factors include: the quality of leadership, accountability and transparency; public ownership and participation in reform programs; as well as the uneasy coexistence of modern and traditional *governance* and judicial systems in the Pacific. All of which, has contributed to conflict and instability in some countries and has limited the scope for effective and far-sighted political governance. Civil society organisations, however, are playing an increasing role in service delivery and advocacy.

Mechanisms to encourage full participation by women and minority groups in the legislative process are largely lacking. Gender inequality is recognised, manifested primarily in unequal rights to property, sexual and domestic violence and severe under-representation of women in micro and macro decision-making processes and public life. However, government policies and international agreements to promote gender equality have been difficult to implement and the limited availability of disaggregated data and particularly gender indicators undermine the monitoring of progress.

The common tension between weak economies and changing societies has compromised the delivery of *equitable social and protection services* for people across the region. Joblessness and underemployment due to the rapid population growth experienced in many countries are compounded by a 'youth bulge'. This adds to the increase in the likelihood of social unrest in a region where conflict has become more common during the past decade. The constraints of cost and remoteness remain a significant challenge in ensuring education and health services meet individual and social needs.

The potential of Pacific nations overcoming these serious challenges as the custodians of the largest and most abundant ocean, with its many islands and rich diversity of cultures, cannot be under-estimated. The Pacific Ocean, covering 98 percent of the total area of the region, connects island countries and stores some of the region's most valuable resources, including extensive marine biodiversity. Pacific people, who have demonstrated through their history a high level of resourcefulness and resilience, are the greatest source of opportunity to drive the region's development and protect it from the adverse impacts of globalisation on a number of fronts.

Yet, Pacific governments are increasingly experiencing difficulties in meeting the needs of their people and discharging their essential sovereign functions of delivering effective national policies and basic services and observance of human rights. With new approaches required, strengthened regional cooperation is an important strategy for overcoming capacity constraints.

Good governance and human rights share many of the same principles. The challenge for countries in the region to improve governance and the realisation of human rights is, arguably, the most important issue facing Pacific societies to ensure their stability and prosperity. This involves promoting governance in the Pacific context to reconcile traditional and imported forms of governance in regard to the rule of law, accountability and transparency, democratic and inclusive processes, and helping institutions work better by improving infrastructure, reducing regulatory barriers and improving the protection of property rights. Better legislative services, electoral systems, oversight agencies and freedom of information will support reform through partnerships with civil society. Engaging more broadly with civil society organisations, especially those engaged with women, young people and vulnerable groups as the drivers for inclusive governance requires strong leadership, legislation, an active media, better access to information

and communications technology, and openness to public advocacy and a suitable regulatory framework got NGO work.

Corruption and a poorly functioning public service will hamper a government's efforts to achieve the Millennium Goals and address poverty – be it poverty measured in dollar terms or poverty of opportunity where some in the community have poor access to social and economic services and limited prospects for ensuring a sustained livelihood. It is also important to ensure that corruption and a poorly functioning public service are addressed because experience shows us that unless they are, there are real dangers of political and civil unrest that only increases the chances of more corruption and disintegration of the public service.

- Corruption skews policy-making and results in inefficient irrational outcomes
- Corruption undermines state legitimacy and the rule of law
- An inefficient public sector is a key ingredient for adoption of corrupt practices to gain access to service
- Corruption is found in public and private sectors
- Corruption in education and health directly detracts from achieving the Millennium Development Goals

And finally

- A perception that corruption exists is often all that is needed to lead others down the same slippery path

The achievement of the MDG's and MDG progress reporting also highlights two other important issues. The first is that a country's development is not only the responsibility of the government but to ensure civil society and the private sector can be involved in the process they must have access to information and understand the policies of the government – hence the importance of freedom of information as a means to promote transparency and an efficient public service. The second is that civil society has a key role in fighting corruption and promoting transparency – well informed NGOs can help the community understand the role of the public service and why corruption, whether in the public or private sectors or within civil society organisations themselves, impacts on everyone in the community.

For the Asia Pacific region, UNDP intends to give specific attention to corruption in the second human development report for the region. We will be attempting to produce a report that provides policy and programme options to address corruption and in doing so will use, where possible, real life case studies – in much the same way as you will do during this Seminar. The fact that the issue of corruption is to be considered through the human development lens will also mean we have an opportunity to address how it really impacts on peoples lives and prevents some of the poorest countries in the region emerge from their least development country status. Or put

another way, it will allow us to consider how corruption impacts on sustainability, equity, empowerment and productivity – the four ingredients of human development.