

Executive Summary

Making Democracy Work for Pro-poor Development

1. What can be done to confront the crisis of global poverty and the failure of many developing countries to consolidate and deepen democracy? This Report, which contains the findings of the Commonwealth Expert Group on Development and Democracy, identifies priorities for action by Commonwealth Heads of Government to help tackle these problems. A new generation of national and international public policies is urgently required. The Report emphasises the central role of states, markets and civil society, and focuses on development policies that in themselves uphold and promote democratic values.

2. In short, this Report is about making democracy work for pro-poor development. The Commonwealth's commitment to development and democracy was expressed in the Harare Commonwealth Declaration of 1991 and the Fancourt Commonwealth Declaration of 1999. The Commonwealth Expert Group on Development and Democracy was established by the Commonwealth Secretary-General in pursuance of the following mandate given by Commonwealth Heads of Government at their meeting in Coolum, Australia, in March 2002:

“Recognising the links between democracy and good governance on the one hand, and poverty, development and conflict on the other, we call on the Commonwealth Secretary-General to constitute a high-level expert group to recommend ways in which we could carry forward the Fancourt Declaration. This group should focus on how democracies might best be supported in combating poverty, and should report to the next CHOGM.”

3. The Expert Group, comprising ten experts from a range of disciplines and professional backgrounds related to international development and good governance, met three times in 2002 and 2003 to prepare its Report.

Progress towards Democracy and Development

4. As the Commonwealth enters the twenty-first century, democracy and development are under threat. Terrorism, military intervention and over 50 major internal armed conflicts in the past decade have exacted a high cost for both democracy and for pro-poor development. HIV/AIDS is devastating whole communities, particularly in sub-Saharan Africa, overstressing the capabilities and resources of governments and highlighting the need for more immediate and more effective multilateral action.

5. Given the conflicts and tensions in the world today, and the seriousness of many of the divides between countries, religions and ethnic groups, reducing poverty and improving governance are more important than ever. They are directly needed for peace and stability and are essential steps for the world to move towards greater international equality and justice.

6. Despite the global challenges there remains cause for hope. The Millennium Development Goals (MDGs) have mobilised governments, international institutions and civil society to tackle poverty in new ways and with unprecedented commitment. Moreover, democratic institutions and human rights have become accepted political ambitions for peoples all over the world.

Development and Democracy in the Commonwealth

7. How is the Commonwealth performing in this uncertain context? The statistics on development are both clear and overwhelming. Overall the performance is extremely disturbing and calls for collective remedial action.

- One third of the Commonwealth's two billion people live on less than one dollar a day and nearly two thirds on under two dollars a day.
- 60 per cent of global HIV cases are in the Commonwealth, and four of the nine most affected countries are Commonwealth members. Nearly 60 per cent of Commonwealth citizens lack access to essential drugs and adequate sanitation facilities.
- Around half of the world's 115 million children without access to primary school live in the Commonwealth.
- Women constitute around 70 per cent of those living in poverty in the Commonwealth.
- Young people constitute over 50 per cent of the Commonwealth population. A large percentage of them are adversely affected by unemployment, poverty, HIV/AIDS and illiteracy.
- Of the 31 countries classified by UNDP's *Human Development Report 2003* as 'top priority' due to their overall slow or reversing progress towards the MDGs, nine are from the Commonwealth: Cameroon, Kenya, Lesotho, Mozambique, Nigeria, Sierra Leone, United Republic of Tanzania, Zambia and Zimbabwe. The situation may be even more serious given that there are insufficient data available to classify 13 Commonwealth states on their progress towards the MDGs.

8. There are, however, several Commonwealth countries that have made significant progress towards the MDGs. For instance, 11 countries in the Commonwealth have made fast progress towards the goal of halving the number of people who suffer from hunger by 2015 (Section 3).

9. With respect to democracy, the global political landscape has changed dramatically in recent decades. Twenty-five years ago there were some 35 democracies in the world, most of them in the wealthy industrialised nations. Today there are around 130. Many of these new democracies are in the Commonwealth, but we believe democratic processes and institutions could be strengthened in a number of them with a unified effort. Yet several Commonwealth countries have not established basic democratic procedures such as free and fair multiparty elections, or managed to respect, protect and fulfil the full range of human rights. Women constitute on average only 13.4 per cent of parliamentarians in the Commonwealth as a whole, far below the 30 per cent target set by Commonwealth Heads of Government. Despite the long history of democratic governance in some Commonwealth countries, in others there is an urgent need to encourage democratic reforms.

The Commonwealth Contribution

10. The Commonwealth has already made important contributions to supporting both democracy and development. It has been involved in conflict resolution and peace-building in the Pacific, Africa and the Caribbean, including through the use of the Secretary-General's good offices. The Commonwealth Ministerial Action Group exercises peer pressure on member countries violating democratic principles. The Commonwealth plays a vital role in election observation in addition to providing technical assistance to strengthen the institutions required for democratic governance and the development of pro-poor national economic and social policy.

11. The Expert Group believes, however, that the Commonwealth must make more of its comparative advantage with respect to other regional and global bodies. The Commonwealth is a unique microcosm of global social and ethnic diversity, and of North and South. Commonwealth countries and institutions are in a strong position to help deepen democracy and support development in member states. The Recommendations in this Report contain suggestions for Commonwealth Heads of Government about how this can be done.

The Key Partnership: States, Markets, Civil Society and the International Community

12. This Report argues that the state, the market, civil society and the international community each has a vital role to play in delivering development and democracy.

That said, the foundations of democratic development lie in democratic and accountable institutions of government.

States

13. A strong, effective, accountable state is the first pillar of democracy and development. Neither can be imported. International institutions alone cannot and should not take responsibility for eradicating poverty, authoritarianism and conflict. National governments should take the initiative by ensuring that their own core institutions of democracy are fully accountable, and by adopting pro-poor development strategies and promoting democratic reforms and human rights at all levels – in local government, at the national level, and in the international organisations in which they participate.

14. The foundations of a democratic state are worth recalling:

- a freely and fairly elected parliament that is broadly representative of the people of the country;
- an executive (government) that is answerable to parliament;
- an independent judiciary;
- a police force that responds to the law for its operations and the government for its administration; and
- armed forces that are answerable to government and parliament.

15. For democracy to survive and function properly each of these institutions must be held to account. This requires:

- an independent electoral commission;
- an independent human rights commission;
- a freedom of information commission; and
- an ombudsman.

16. Furthermore, at the heart of democracy and development lie the resources of a nation. It is imperative that parliament is the only channel through which the executive is funded and that the public accounts system be transparent and straightforward, clearly reflecting where money is coming from and where it is going to.

17. The financial affairs of any democratic government should be monitored by parliament through a public accounts committee, and by an auditor-general answerable to parliament (Section 4.1).

Markets

18. Markets have an essential place in the pursuit of development and democracy. Economic growth fuelled by market competition can contribute to many, if not all, aspects of poverty reduction. Domestic and cross-border private investment provides the majority of resources that currently finance development. The private sector can take up responsibilities as a partner in the quest for pro-poor development and democracy. Codes of corporate governance and practices that demonstrate a respect for democratic institutions and culture, that promote human rights (particularly labour rights), that prohibit corruption and that are properly enforced and monitored by companies are all part of that responsibility (Section 5.1).

Civil society

19. Civil society is the third pillar of pro-poor development and democratisation. Building the capacity of citizens' organisations and a free and well-informed media are critical for promoting citizen participation, holding government to account and empowering poor communities. Poor people and poor communities, for example, are in the best position to understand and articulate their own needs, and their voices should be heard directly within government. But often they are not and here political rights and opportunities can be bolstered through community action. The media plays an important role both in giving voice to citizens and in holding government and the private sector to account on their behalf. The responsibility of civil society is to ensure that their own practices respect democratic values such as tolerance and accountability, and that their actions positively promote pro-poor development and the strengthening of democratic culture (Section 2.2). Equally, the media have a responsibility to set high professional standards and to encourage and reward responsible journalism.

The international community

20. Beyond the state, the market and civil society, there is a need for action in the international community. The wealthier industrialised countries must not impede development through their own protectionist measures, including subsidies and restrictions on market access in agriculture and textiles. They must promote and work within a rules-based and transparent multilateral trading system that is more responsive to the needs of poor countries. Having committed themselves to the MDGs and to the New Partnership for Africa's Development (NEPAD), the industrialised countries must now implement their pledges, providing resources in ways that promote democracy and development. Specifically, this means providing debt relief that releases adequate resources for governments to pursue development programmes, particularly in the areas of health and education, and increasing untied official aid

and direct budgetary support to the levels needed to attain the MDGs. Where international economic organisations such as the International Monetary Fund (IMF), the World Bank and the World Trade Organisation (WTO) set down conditionality or constraints on policy, it must be in the pursuit of pro-poor development, and must work in ways that do not erode democratic institutions and human rights at the national and sub-national levels (Section 5.2). Finally, in respect of war and armed conflict, when domestic efforts have been made and have failed, the international community must take action to reduce conflict and insecurity (Section 5.3).

Responsibility and partnership

21. This Report is a call for responsibility, partnership and concrete actions – from governments, from the private sector, from civil society and from the international community. Without responsibility on all these levels, development and democracy will remain rhetoric rather than become reality. While development and democracy are goals in their own right, they can and should be mutually reinforcing. To promote peace and prosperity, Commonwealth Heads of Government must commit to a new, deeper approach to development and democracy.

A New Approach to Development and Democracy

22. The Expert Group approaches the problems of development and democracy that exist in the Commonwealth and elsewhere on the basis of two guiding priorities:

1. Pro-poor development

23. Rather than focusing on development in general, this Report concentrates specifically on *pro-poor development* (Section 2.1). This emphasises two particular aspects of human development and policy. First, it is a vision of development that recognises that people need the ‘capabilities’ to do and be the things that they have reason to value, such as being adequately nourished, having equitable access to justice and participating in decisions that affect their lives. Second, it recognises that development policies aimed at the general populace may have a more limited positive impact on particularly disadvantaged groups. Policies that promote economic growth and a sound macroeconomic framework cannot always be relied upon to improve the lives of those in poor communities. Disadvantaged groups need to be identified (for example, in terms of gender, ethnicity, religion, age or occupation) and policies need to be specifically designed for improving the lives of the poor.

2. Democracy underpinned by accountable institutions and a democratic culture

24. The Expert Group believes that democracy must be based on representative

institutions that are held fully to account and operate to monitor and restrain any possible abuse of public power or the public purse. Free, fair and independently monitored multiparty elections are one element of this. Equally important are the institutions that check and oversee the power and financial management of the executive or government, including the judiciary, parliament, ombudsman, and independent commissions created by government to fulfil this role. Finally, the police forces in democracies must respond to the law for their operations and the government for their administration, while the armed forces must be responsible for the defence of the country. Both should be answerable to the law and to the parliament, not to individuals or to political parties.

25. Beyond these core institutions, democracy requires the preservation and reinforcement of a democratic culture. This requires:

- *Respect for human rights* including political and civil rights such as freedom of speech and information and equality before the law; social and economic rights such as the right to an adequate standard of living in terms of food, clothing and housing, and the right to organise and collectively bargain; gender rights that prevent discrimination against women, such as the rights to personal security and redress against violence, to reproductive health and to equal pay for equal work; and group rights to protect those, such as indigenous peoples, who may suffer due to their religion, ethnicity or caste.
- *Representation and participation in the political process* by a wide variety of social groups in political institutions, especially disadvantaged groups such as women and minorities. This can be enhanced by strengthening local democracy.
- *Civic associations and a free media* that encourage citizens to hold their government to account, that promote the representation of disadvantaged groups and that enhance tolerance and strengthen the cohesion of diverse and multicultural societies.

26. The Expert Group's perspective on democracy firmly emphasises the importance of a country's practice, not merely its nominal commitments. It considers democracy to be meaningful in people's lives when it is put into effect rather than simply enshrined as constitutional or legal principles.

Recommendations

27. In a global context that provides both challenges and opportunities, the Expert Group has made a number of recommendations on the national and international

levels to promote development and democracy. These are specified in Sections 4.3 and 5.4. The Group wishes to highlight its most significant recommendations that it hopes will be considered priorities for action by Commonwealth Heads of Government and Commonwealth institutions.

1. Committing to core democratic institutions

28. For national measures to be effective in making development and democracy mutually reinforcing, Commonwealth governments should commit to ensuring that the following core institutions exist in their own countries and are fully held to account.

- A freely and fairly elected **parliament** that is broadly representative of the people of the country and whose election is overseen by an independent electoral commission.
- An **executive** (government) that is answerable to – and funded solely through – the parliament.
- An independent **judiciary** (which means that judges must be financially secure during the period of their appointment and in retirement).
- A transparent and straightforward **public accounts system** (which clearly reflects where money is coming from and where it is going to) and a **public accounts committee**, responsible for monitoring public expenditure.
- An **auditor-general** answerable to parliament (i.e. the public accounts committee) ensuring, *inter alia*, the financial accountability of the executive.
- An independent **human rights commission** that protects citizens from discrimination and human rights abuses and ensures that the government treats all citizens equally.
- A **freedom of information commission** that enables the public to gain access to information about executive decisions and allows individuals to access information held about them by the police and public bodies.
- An **ombudsman**.
- A **police force** that responds to the law for its operations and the government for its administration.

- **Armed forces** that are answerable to government and parliament, not to political parties, and are responsible for the defence of the country.

29. The Group requests the Commonwealth Secretary-General to work with member governments to build and strengthen such an institutional framework, where necessary.

2. *Protecting a strong democratic culture*

30. At every level of government in the Commonwealth, democracy should be buttressed by a strong democratic culture that ensures that all citizens enjoy the full range of human rights. Freedom of information, freedom of assembly and freedom of the press and media are crucial. At the same time, the Commonwealth could and should be a positive force for celebrating cultural diversity and resisting the advance of fundamentalism and intolerance in every member country. Given the Commonwealth's experience of handling diversity, the Commonwealth Secretariat should seek to convey the positive aspects of cultural diversity – particularly in contexts where it has been negatively exploited to a divisive end – and demonstrate best practice.

31. The Group believes that local democracy, particularly the strengthening of elected local government and wide citizens' participation, including women and youth, is an important way to promote democratic values and deepen the democratic process.

3. *Tackling corruption*

32. At the national level throughout the Commonwealth, corruption and the looting of public funds should be tackled (as highlighted in the Report of the Commonwealth Expert Group on Good Governance and the Elimination of Corruption). Within national systems, Commonwealth governments can set core standards in respect of political party financing and codes of ethics and transparency regarding the interests of parliamentarians. At the international level, Commonwealth governments can promote transparency in the contracts between governments and corporations in extractive industries (as is advocated in the present Extractive Industries Transparency Initiative being promulgated by the UK Department for International Development). Finally, all Commonwealth governments need to actively aid fellow Commonwealth countries in the repatriation of illegally acquired public funds and assets that have been transferred abroad, including through the establishment of appropriate legal frameworks and through exploring the possibility of an international convention. The Expert Group believes that a Commonwealth Technical Working Group to examine the issues involved would help advance effective action in this area.

4. *Ensuring democratic accountability of government revenue and expenditure*

33. At the heart of democratic pro-poor development lies the process of government revenue and expenditure. The Expert Group emphasises that a sound and accountable system for drawing up budgets, implementing them and monitoring their impact is a key instrument for promoting pro-poor development and democracy and for building stable, cohesive societies. Throughout the Commonwealth this requires member governments to commit to creating budgetary processes that involve (particularly disadvantaged) citizens in consultation and participation on key issues. Equally important is to develop procedures for evaluating the impact of budgets on disadvantaged groups such as poor communities, women, children and youth. In addition, the public needs to understand the budget in order to hold the government to account. The Commonwealth Secretariat should develop a template to facilitate this.

34. A necessary complement to improvements in public expenditure management systems is for Commonwealth member governments to commit to introducing tax reforms, particularly improvements in tax administration, that generate more resources for pro-poor development.

5. *Promoting free and fair trade*

35. The existing multilateral trading system needs to be developed to support both pro-poor development and democracy more positively. The breakdown of negotiations at Cancun highlights the challenge powerful countries face in demonstrating their commitment to inclusive globalisation, attainment of the MDGs and global peace and security. Commonwealth governments could play a vital role in ensuring that ongoing negotiations address the asymmetries of the international trade regime discussed in this Report, such as those related to agriculture (including subsidies and dumping), market access for non-agricultural products, implementation of the trade-related aspects of intellectual property rights (TRIPS) agreement (particularly affordable drugs), and special and differential treatment. At the same time, it is vital that poor and vulnerable economies in the Commonwealth are permitted to undertake liberalisation in ways and with phasing that minimise transition costs and do not impact harshly upon the poor within those countries.

36. The Group notes that the Commonwealth Secretariat could usefully expand its programmes to provide technical support to developing Commonwealth countries as a means of increasing their capacity to negotiate and implement their obligations within the WTO system in ways that are consistent with their development interests. In addition, where there is significant convergence on particular trade issues, the Commonwealth should bring the full weight of the association to bear on advancing the agenda.

6. Financing for development

37. Poor countries need urgent and substantive increases in the quantity and quality of financial resources if they are to achieve pro-poor development and the MDGs. The Group believes that such resources can be made available by the international community through a number of means and in particular:

- (i) innovative mechanisms for increasing official development assistance (ODA) such as the UK proposal for an International Finance Facility that, if not taken up by all countries, could be adapted as a Commonwealth mechanism for raising development resources;
- (ii) improving aid effectiveness through, *inter alia*, strengthened aid administration in beneficiary countries, reductions in tied aid and an increase in direct budgetary support, and implementation of the Rome Declaration on Harmonisation;
- (iii) support for social safety nets to reduce the impact of poverty on the most vulnerable groups, e.g., women, children, disadvantaged ethnic groups and indigenous peoples;
- (iv) more flexible approaches to debt relief that release adequate resources to support domestically formulated and internationally agreed development programmes, particularly in health and education;
- (v) support for measures that enhance greater stability of flows of private investment to developing countries; and
- (vi) international financing initiatives to assist developing countries (particularly the smallest and most vulnerable) in confronting exogenous shocks such as a sharp deterioration in their terms of trade that threaten to derail otherwise robust development programmes. This could take the form of strengthening IMF and World Bank facilities to enable them to provide more timely, more concessional and more adequate assistance in these circumstances.

38. In respect of all these initiatives and strategies, the Group emphasises that the Commonwealth has a great opportunity to give a lead to the international community to ensure that resources for development are allocated and targeted in accordance with the recipient country's own development programmes and frameworks. Failure in this regard will not only undermine the long-term prospects for

economic success but will also undermine the democratic processes outlined above.

7. *International institutions*

39. International institutions, including the IMF, the World Bank, the WTO and the United Nations and its specialised agencies are all playing important roles in facilitating development, reducing poverty and securing the peace. The Group's concern is to ensure that international organisations pursue these goals in ways that reinforce and strengthen democratic decision-making and democratic culture within countries. In this regard, Commonwealth governments are urged:

- to encourage deeper participation of poor communities and vulnerable groups in the poverty reduction strategy paper (PRSP) processes of the IMF and World Bank, and to monitor the extent to which other policies and programmes of the IMF, the World Bank and the WTO might be bypassing or otherwise inadvertently eroding democratic processes and institutions at the national and sub-national levels; and
- to ensure that international institutions (such as the IMF, the World Bank, the WTO and UN institutions such as the Security Council) are themselves models of good practice in respect of democratic accountability, participation and transparency.

40. The Commonwealth should take advantage of the reach its members have into these institutions to develop productive working relationships with them in order to advance the association's values and objectives.


8. *Peace and security*

41. Conflict and insecurity extinguish the prospects of both democracy and development. Furthermore they impact disproportionately on the poorest in any society. Yet international action in the cases of the poorest and most desperate states in conflict is almost always dilatory and inadequate where domestic efforts to contain conflict have been made and failed. In Africa many Commonwealth states are at risk. The Group is particularly concerned that where regional and sub-regional organisations are attempting to address conflict situations such as those in Burundi, Democratic Republic of the Congo and Liberia, the international community is often failing to provide the timely logistical and financial support without which the operations cannot succeed. On this issue Commonwealth Heads of Government can make a difference by actively helping to mobilise critical international support and resources to facilitate the work of sub-regional or regional peace initiatives that are duly authorised by the United Nations Security Council.

9. Monitoring of progress towards development and democracy

42. Reports such as this generally fail to improve the environment for which they are written if there is not a definite, measurable monitoring of progress that is regularly and clearly reported to stakeholders. The Expert Group stresses the value of developing a means of monitoring progress towards implementing the above recommendations. It therefore requests the Commonwealth Secretariat to develop an appropriate framework for providing progress reports to Commonwealth Heads of Government at their biennial summits.



Manmohan Singh


Jocelyne Bourgon

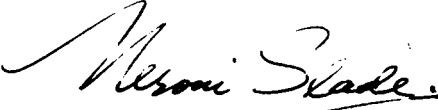

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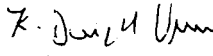

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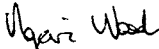

Martin Khor


Akinjide Osuntokun


Salim Ahmed Salim


Tuiloma Neroni Stade


Dwight Venner


Ngairi Woods