

## 4

# National Measures to Support Development and Democracy

94. Any serious attempt to understand how to make democracy work for pro-poor development cannot simply sketch out the problem of poverty, as has been done above, but must be more specific about the particular national obstacles to development faced by poor countries. The Expert Group has identified a number of key areas in which there are severe obstacles to pro-poor development: state administration and corruption, macroeconomic policy, education, health, environment, land, infrastructure and new technologies. It is essential for national governments to undertake reforms in these areas, in partnership with the market, civil society and the international community, to promote pro-poor development. The Group recognises that some of the most significant contemporary challenges for developing countries, such as the HIV/AIDS pandemic and environmental degradation, did not confront present day industrialised countries or the Newly Industrialising Countries (NICs).

### 4.1 State Administration

95. Poor states often have weak administrative capacity. This is particularly the case in newly emerging and fragile democracies, small states and countries recovering from conflict. Public officials may be poorly trained or lack experience in public expenditure management. Low pay for civil servants contributes to the lack of high quality administrators and poor morale in many developing countries. Furthermore, the disparity in remuneration of local officials and foreign-funded consultants exacerbates the problem of low motivation. In addition, state institutions, such as government ministries or judiciaries, may lack sufficient resources or be plagued by entrenched systems of corruption. Inadequate numbers of women at decision-making levels in the civil service and judiciary means that women's interests are not represented in policy formulation and implementation. Such problems can not only exist at the national level but also extend to the provincial and district levels.<sup>24</sup> Institutional reforms at the international level, although essential to democracy and development (Section 5), are unlikely to 'trickle down' to the national and sub-national levels. The problems of ensuring effective state administration and tackling corruption must be tackled directly.

96. Ineffective state administration, which should be understood as a failure of good governance, can cause major problems for development. A government might have well-intentioned pro-poor economic and social policies, but not have the administrative experience to target those most in need; it might receive substantial overseas

development aid, but not have the capacity to deliver aid programmes at the local level or to outlying regions, and may have to contend with corrupt bureaucrats who siphon off the funds. Poor administrative capacity also affects the ability of countries to absorb the foreign aid committed to them, which is reflected in low disbursement ratios. As former Indian Prime Minister Rajiv Gandhi once lamented, only 17 per cent of development funding in some of the states in India actually reached the poor. Despite pressures to cut back the size and functions of the state, there remains the crucial task of building effective state administration to help create, implement and monitor pro-poor development strategies. Several key steps can be taken in this regard.

97. The government's budget is a key instrument for determining the overall trajectory of development and for promoting efficiency and equity as a means of building stable, cohesive societies. In many countries it is the main source of macroeconomic instability and there is often a significant disjuncture between budgetary expenditures and pro-poor outcomes. It is crucial that expenditure management systems are strengthened to ensure accountability, transparency and equity; that budgetary processes involve early consultations to increase responsiveness to local needs; and that monitoring and evaluation mechanisms are strengthened to improve compliance and the impact of budgets on disadvantaged groups such as women, children and youth.

98. In most Commonwealth countries audit reports are not used by parliaments as the basis for calling government ministers and officials to account for their revealed performance failures or maladministration. Moreover, in many instances such reports are not completed on a timely basis. However, in Uganda not only does the Public Accounts Committee scrutinise and comment on the Auditor-General's reports, but MPs, in general, are becoming increasingly interested in public sector performance. Changes are also occurring in this area in Ghana. High priority should be attached to the timely completion of the auditor-general's (or equivalent) reports and they should be used to strengthen the role of parliament, particularly the public accounts committee (or equivalent bodies), in holding governments to account on budgetary expenditure. Policies to tackle corruption, such as creating parliamentary oversight mechanisms or ombudsmen, not only serve to enhance the state's administrative capabilities, but also promote the democratic values of accountability and transparency.

99. Building civil service capacity can help deliver pro-poor policies in areas such as health and education, thereby ensuring effective state administration and upholding social and economic rights. In South Africa, the Commonwealth recently developed a programme for the Cabinet Office of the Presidency and the nine Provincial Executive Council Offices, aimed at enhancing policy analysis capacity and improving procedures and co-ordination skills. Training civil servants in gender planning and gender-responsive budgeting can not only improve the targeting of anti-poverty

## **Box 1: Introducing Gender-Responsive Budgeting in South Africa**

South Africa has been the site of innovative public sector reform in the area of gender-responsive budgeting (sometimes known as ‘women’s budgets’). Gender-responsive budgets are allocations of public spending that take account of a gender perspective to ensure that a government’s international and national commitments to achieve gender equality goals, such as in work or education, are reflected in resource allocation. There are now similar initiatives in over 40 countries, supported and networked by organisations led by the Commonwealth Secretariat, United Nations Development Fund for Women (UNIFEM) and International Development Research Centre (IDRC). At their meeting in London (September 2002), Commonwealth Finance Ministers agreed to review progress made in this area in their countries in 2005. The South African women’s budget initiative, which began in the mid-1990s, contains two elements. First is a process largely ‘outside’ government, in which non-governmental organisations (in collaboration with parliamentarians) monitor and critique the gender sensitivity of budgetary allocations. This process attempts to involve citizen participation in the area of budgets, from which many people – especially from disadvantaged social groups – have long been excluded. The second element is a government initiative co-ordinated by the Finance Ministry to undertake gender analysis of the budget. This serves as one of the Commonwealth Secretariat’s pilot projects to engender macroeconomic policy-making.

Perhaps the most visible result of the ‘inside’ government initiative has been the inclusion of discussion of gender issues in documents tabled on budget day in 1998 and 1999. These discussions were published within the documents, rather than separately, in order to promote recognition that gender is a mainstream issue. Another significant result concerns the medium-term expenditure framework (MTEF). The Department of Finance has accepted that the money amounts, in addition to physical outputs and outcomes, be disaggregated by a number of factors including gender.

The introduction of gender-responsive budgeting is a means of ensuring effective state administration, which is a major challenge for pro-poor development. The gender initiatives have served to deepen democracy, in the sense that they promote democratic values such as accountability, participation, gender rights and a vibrant civil society. They show how democracy can work for pro-poor development.

*Note: The case material on South Africa draws on Budlender 2000, and Budlender, Hicks and Vetten 2002. See also UNDP 2002, 80 and Rao 2002, para. 105.*

programmes but also contribute to promoting gender rights.

100. Strong democratic institutions can be the bedrock of effective state administration. Developing effective mechanisms for the involvement of poor communities in policy decisions on aid programmes increases the state's administrative capabilities while at the same time advancing the democratic values of participation and local democracy. Judicial reforms can enhance the legal system's ability to enforce minimum wage legislation or laws concerning land access, promote equality before the law and greater balance of power between different branches of the state, and also tackle corruption. Ensuring a free and independent media helps reinforce accountability and transparency of government institutions.

101. Strategies such as these, of which there are many more, help make democracy work to improve state administration, and thereby promote pro-poor development. But can such strategies be made to work in the real world? Two inspiring examples of this approach being successfully put into practice are the development of gender-sensitive budgeting in South Africa (Box 1) and the struggle against government corruption in the Indian state of Rajasthan (Box 2).

## **4.2 Pro-Poor Economic and Social Policies**

### ***Macroeconomic policy***

102. Macroeconomic instability in poor countries has proved problematic for the pursuit of pro-poor development. Inflation, fuelled by weak policies, is a highly regressive implicit tax on the poor, for they usually do not own assets whose appreciation acts as a hedge against price increases. Equally, loose policies lead to balance of payments crises that necessitate stabilisation programmes, which tend to have a disproportionately adverse impact on the poor. Unsustainable budget deficits are the main source of instability in many countries and are often caused by unfundable populist expenditures. Macroeconomic instability also encourages capital flight.

103. A stable macroeconomic environment is a necessary condition for effective pro-poor development policies. Governments must make efforts to avoid policies that increase inflation, contribute to balance of payments crises and create unsustainable budget deficits. Welfare programmes and safety nets should be well targeted. Governments should also attempt to create macroeconomic stability to attract foreign capital (Section 5.1). Financial stability can additionally help create an environment in which small firms and family businesses in developing countries are stimulated to innovate.<sup>25</sup> Tax reforms, particularly improvements in tax administration, are required to help generate the financial resources necessary to implement pro-poor development strategies. It is similarly important to promote the efficiency of public

## **Box 2: Organising against Government Corruption in India**

The Commonwealth Human Rights Initiative has recently documented an important example of grassroots struggle against government corruption in India. In many Indian regions government development projects – such as building schools, dispensaries, roads, community centres and residential quarters – frequently appear to have been completed on paper but have not been undertaken in reality. A major reason is corruption among local public officials who make false receipts and issue bogus reports for such projects, while appropriating the earmarked funds for themselves. Local communities find it difficult to hold these officials to account because public expenditure records remain largely secret: Poor villagers have no right to ask for detailed expenditure information.

One response to this problem of corrupt and ineffective state administration has been the Right to Information Movement in the state of Rajasthan, spearheaded since the mid-1990s by the Mazdoor Kisan Shakti Sangathan (MKSS – Workers and Farmers Power Organisation), a grassroots organisation of mainly poor people from socially excluded groups. The MKSS strategy has two main elements. First, they have undertaken large-scale public protests against local and state government with the objective of obtaining legislative and regulatory reforms that provide a legal basis for local efforts to obtain official expenditure records. The second element is locally organised ‘jan sunwais’ – or public hearings – at which expenditure statements derived from official records are read aloud to assembled villagers in order to help uncover corrupt practices.

Based on the principle of collective and local verification of accounts, the campaign has had important successes. The movement has not only exposed fraud in local government but also on a number of occasions local officials, humiliated by the public hearings, have returned embezzled public funds. The MKSS’s collective process has deterred further corruption and generated a wider campaign for legislative and regulatory change at the state and national level.

The campaign in Rajasthan has contributed to more effective state administration and the fight against corruption, enhancing the possibilities for development policies to reach disadvantaged populations. But it also shows how democracy can be made to work for pro-poor development, as the MKSS strategy involves processes of accountability, local participation, the involvement of civic associations, local democracy and the political right to information.

*Note: The discussion on Rajasthan uses analyses from Commonwealth Human Rights Initiative 2001, 84, Jenkins and Goetz 1999 and Roy 2000.*

enterprises as well as the implementation of pro-market reforms and deregulation of economic processes as a means of generating resources for development.

104. Economic reform programmes adopted by many countries to achieve macro-economic stabilisation and effect structural reforms, involving liberalisation and deregulation, are associated with significant transitional costs that generally hit the poor more than other social groups. It is important that these reforms are supported by the creation of safety nets to address these costs. Safety nets not only provide social protection but also create a more conducive environment for effecting reforms that are necessary to improve the competitiveness of economies in the face of globalisation.

105. The challenge for governments is also to implement development policies that simultaneously promote and uphold democratic values. This requires specific priorities in the areas of education, health, environment, land and infrastructure.

### **Education**

106. Education is a basic right of all human beings. It is also one of the most essential prerequisites for successful integration into the global economy in the twenty-first century. Human capital is a critical asset for development, and the problem of skills shortage in the developing world is acute. Education for girl children can have a profound impact on political freedom, gender equality, income poverty reduction, effective population policies and family health.<sup>26</sup> Yet as noted in the previous section, millions of children around the world do not have access to basic education, and most of these are in poor countries in the South, including in Commonwealth countries.

107. If poor individuals and communities are to participate in development and benefit from globalisation, education must become central to government poverty alleviation strategies. Education policy, however, is still often seen as peripheral and some governments in South Asia and Africa continue to spend more on arms than on primary education services. The international community has also failed to live up to their commitments made in the Dakar Declaration on Education for All.

108. Education policy should be encouraged to incorporate democratic values. Educational reforms that involve local communities in designing curricula or managing schools, for instance, can both contribute to pro-poor development and encourage the democratic values of participation and local democracy. An example of how this has occurred through community schools in Egypt is discussed in Box 3.

### **Health**

109. The statistics in Section 3 demonstrate an acute global failure to respect,

### **Box 3: Promoting Participation through Community Schools in Egypt**

Among the many inspiring examples of pro-poor national economic and social policy with a high democratic content is the Community Schools Project in Egypt discussed in a recent report by Oxfam. Around 30 million Egyptian adults are illiterate and the number of girls out of school is estimated at around one million. In 1992 the Ministry of Education, together with UNICEF, piloted a community school model in four of Upper Egypt's most remote rural hamlets, aiming to provide universal access to primary schooling, with a focus on girls' enrolment. The Government was responsible for financing teachers' salaries, books and school nutrition programmes. The local community was to provide premises, form an education committee to manage the school, and advise on the curriculum. Village education committees were to select local women for teacher training. Finally, UNICEF was to train staff and provide furniture and equipment.

Within a four-year period it was clear that the community schools, of which there were eventually 125, were performing more successfully than the formal education system in reaching marginalised and remote communities. In some hamlets enrolment rates for girls increased from 15 per cent to over 70 per cent. Pupils in the pilot schools were as much as three times more successful in passing government tests than their state school counterparts, and the community schools also provided adult literacy classes.

The schools demonstrated how democratic values can work for pro-poor development in the area of national economic and social policy. The structure and processes of the project had a strong democratic element. Through encouraging local community involvement, the schools promoted the democratic values of participation and local democracy. The project also had a substantial gender rights component. In addition, the co-ordination between local villages, the national government and UNICEF facilitated accountability of the state and an international agency to local community needs. Democracy and development were closely intertwined.

*Note: See Watkins 2000, 325-327.*

protect and fulfil the right to health. Like education, health is not only a right, but also closely related to development issues. Ill-health remains a major consequence of poverty: Due to a lack of access to clean water, adequate nutrition and medical care, poor people (especially children and women) are more susceptible to infectious diseases than most other social groups.

110. Ill-health is also a cause of poverty. A single experience of sickness in a family can divert energy and resources, leaving the household in deep poverty. Diseases such as malaria, tuberculosis and HIV/AIDS are not only personal tragedies; a high prevalence of such diseases is associated with significant reductions in economic growth. The threat is especially great in sub-Saharan Africa, home to two thirds of the world's 33 million sufferers from HIV/AIDS. By 2020 more than 25 per cent of the workforce in some countries might be lost to AIDS.<sup>27</sup> HIV/AIDS is having a severe effect on public service workers in sub-Saharan Africa, thereby eroding the ability of state institutions to deliver pro-poor policies.

111. The creation of adequate health systems requires not only reforms at the national level but interpretation and implementation of the recent trade-related aspects of intellectual property rights (TRIPS) agreement on affordable drugs in a manner that makes cheap drugs available to poor countries (Section 5.1). Another health issue with international dimensions is the general outflow of trained health workers from developing countries to the more developed ones. Such outflow puts pressure on the governments of the 'source' countries that require these skilled persons to meet the legitimate health care needs of the population. The outflow of skilled workers constitutes a substantial capital transfer from the tax payers of developing countries to the wealthy economies in the North. Recently, concerns have arisen about the UK recruiting nurses and teachers from the Caribbean and elsewhere. The Commonwealth is working to develop best practice in this area. This issue is expected to be addressed at the Commonwealth Education Ministers meeting in Edinburgh this year.

## ***Environment***

112. Environmental degradation and poverty are closely interlinked. Poor countries are forced to meet the costs of environmental damage arising not only from domestic sources but from industrialised countries, as is the case with greenhouse gas emissions. Small island states, many of which are Commonwealth members, are threatened by the prospect of sea-level rises linked to global warming, and changing weather patterns can have disastrous consequences for agriculture-dependent countries. Mechanisms for environmental disaster management are often inadequate and under-funded. Governments fail to enforce environmental laws, such as those concerning industrial pollution. In addition it is the poor, such as rural and urban slum

dwellers without access to safe drinking water, or farmers on fragile land, who suffer most from the problems of environmental degradation.

113. Environmental planning that involves consultation with those affected by infrastructure projects promotes accountability to citizens, thereby making democracy work for pro-poor development. In addition, enforcing environmental legislation, such as that related to the dumping of toxic waste, is a fundamental aspect of upholding the rule of law. Governments should also put more expertise and resources into sustainable development projects.<sup>28</sup> The World Summit on Sustainable Development (WSSD) in Johannesburg in August-September 2002 saw important advances, such as China and Canada agreeing to ratify the Kyoto Protocol on greenhouse gases. Yet there remain major problems, such as the failure of the United States – which produces one quarter of all greenhouse gas emissions – to sign the Protocol. Opportunities should be taken to promote ‘Type 2’ Partnerships developed in the context of the WSSD. Special attention must be given to the environmental problems faced by all, especially small states. The Commonwealth has, for example, recently developed programmes for improved water resource management in nine small states.<sup>29</sup>

## **Land**

114. Access to land, and effective systems of property titling and registration, are widely accepted as essential to development. Land can be a source of life, livelihood and income. This was recognised in the Kingstown Declaration on Land and Development made by Commonwealth Law Ministers in November 2002. Land has been unable to play its full role in development due to a number of problems existing in developing countries: weak institutions that result in inefficient land administration; lack of management and use of customary land that, although an abundant asset for poor people in many countries, remains unproductive and valueless as security for capital because of prohibiting legislation; lack of secure land rights for informal urban communities; lack of equitable access to land for women; and limits on the right of indigenous peoples to own, develop, control and use their lands and territories.

115. Legal and judicial frameworks must adapt to confront these problems. Increased security of tenure provides incentives to invest time, labour and capital. In addition, titled land can be used as collateral to secure credit for investment, while titling also facilitates land transfers, leading to a more productive use of resources.<sup>30</sup> Land reform policies, while having the potential to promote pro-poor development, must always respect democratic processes and the rule of law and avoid discrimination. Land and other social and economic policies can be directed at challenging discrimination against disadvantaged groups, such as Dalits in India and indigenous peoples even in developed Commonwealth countries, thereby encouraging

democratic equality in addition to development. Policies that permit indigenous peoples to own, develop, control and use their lands help secure group rights.

### ***Infrastructure***

116. Efficient infrastructure is a key determinant of development prospects. High priority should be attached to infrastructure development that transforms the lives of the poor. This includes roads that link rural communities to markets; irrigation schemes that benefit subsistence farmers; rural electrification; and clean water and sanitation for the urban poor. Addressing these issues will help deliver economic and social rights.

### ***New technologies***

117. New technologies have the potential to enhance the capabilities of poor people. But the technological divide between developed and developing countries remains acute. For instance, the cost of Internet access is prohibitively high in many poor countries: While the cost in the US is 1.2 per cent of average monthly income, in Uganda it is 107 per cent.<sup>31</sup> The Internet and other new technologies cannot work for the poor without concerted government effort, in partnership with the private sector, to help bridge the technological divide not only between North and South, but within developing countries themselves.

### ***Capacity and co-ordination***

118. It is also essential to politically empower the poor to help them confront the challenges of development. Building the capacity of civil society and associations of the poor, and subsequent strengthening of co-ordination between organisations of the poor and government policy makers, can give poor communities a foundation in their struggle for human rights that allows them to voice their concerns and participate in developing and monitoring pro-poor policies.<sup>32</sup>

119. Developing country governments must co-ordinate their actions with the international community and vice-versa. Implementing pro-poor national economic and social policy in the areas of education, HIV/AIDS or environmental degradation will benefit from complementary action at the international level, such as financing national policies through adequate levels of concessional funding. Similarly, anti-corruption measures at the national level that improve state administration will be more successful if accompanied by effective international action against corruption at the supply end.

120. These general suggestions from the Expert Group to help governments

confront the obstacles to pro-poor development that exist at the national and sub-national levels have crystallised into a number of policy recommendations, specified below, to promote pro-poor development and deepen democracy. For national measures to be effective in making development and democracy mutually reinforcing, all Commonwealth governments should commit to ensuring that core institutions exist in their own countries and are fully held to account. These institutions are identified in the recommendations below.

121. The obstacles to development do not, however, only exist on the national level. Some of the most severe impediments to development are at the international level, largely out of the control of most individual developing countries. These impediments, discussed in Section 5, include problems such as the asymmetries of the international trading system, ineffective and inadequate volumes of foreign aid, unstable private capital flows, the policies and programmes of international economic institutions, and international conflict and insecurity.

### **4.3 Recommended Actions at the National Level**

#### ***Democratic accountability of government revenue and expenditure***

122. Government revenue and expenditure lie at the heart of both democracy and development policy. The Expert Group recognises 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.

123. Throughout the Commonwealth this requires member governments to commit:

- (i) to creating budgetary processes that involve broad citizen consultation and participation on key issues, and to developing procedures for evaluating the impact of budgets on disadvantaged groups such as poor communities, women, children and youth;
- (ii) to implementing sound and rigorous government expenditure management systems;
- (iii) to improving accountability of budget implementation by ensuring:
  - (a) that auditors-general (or their equivalents) report to parliament in a timely way and that their reports are made public;
  - (b) that public accounts committees (or equivalent bodies with oversight

of government expenditure) are empowered to summon and question all members of government, and that their reports and hearings are public; and

- (iv) to challenging corruption (see below).

124 In supporting these commitments at the intergovernmental level, it would be useful for Commonwealth Heads of Government to request the Secretary-General to establish a technical group to draw up Commonwealth codes of good practice on budgetary processes, expenditure management systems and the oversight and accountability of the budget, and to encourage Commonwealth governments to properly monitor and enforce these codes. In addition, the public needs to understand the budget in order to hold government to account. The Commonwealth Secretariat should also develop a template to facilitate this.

### ***Resources for pro-poor development at the national level***

125. The success of the above policies will be enhanced by generating more resources for pro-poor development. To do so, Commonwealth governments need to commit:

- (i) to introducing tax reforms, particularly improvements in tax administration, that generate these resources; and
- (ii) to promoting the efficiency of public enterprises as well as implementation of pro-market reforms and deregulation of economic processes.

126. The Group stresses that the creation of safety nets should be an integral component of economic liberalisation programmes, to ensure that transitional costs are not borne disproportionately by the most vulnerable groups in society.

127. A greater proportion of resources should be allocated to environmental protection measures, in particular to the prevention of land and water degradation that affect the livelihoods of millions of poor people living on the edge of subsistence.

### ***Committing to core democratic institutions and a strong democratic culture***

128. All Commonwealth governments should commit to ensure that the core institutions of democracy exist in their own countries and are fully held to account. Commonwealth Heads of Government could commit to the ten institutions listed below and request the Secretary-General to ensure that these commitments are recorded and monitored regularly.

- 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 the government and parliament, not to political parties, and are responsible for the defence of the country.

129. The Group believes that local democracy, particularly the strengthening of elected local government and wide citizens' participation, including that of women and youth, is an important way to promote democratic values and deepen the democratic process. This can be achieved through careful and well-planned decentralisation that devolves power to local government institutions that are accountable, transparent and representative. To this end, Commonwealth governments can deepen democracy by providing the necessary financial resources to ensure that public sector decentralisation is viable and that local government is able to contribute effectively to the realisation of the MDGs.

130. At every level democracy must be buttressed by a strong democratic culture that respects the full range of social and economic rights, gender rights and group rights. 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. Equally important is freedom of information and the freedom of the press and media. In this regard, Commonwealth governments need to commit:

1. to encouraging freedom of the press and media;
2. to promoting training for journalists that encourages responsible journalism, respect for democratic institutions and human rights, and religious and ethnic tolerance; and
3. to strengthening mechanisms to monitor press freedom throughout the Commonwealth.

131. 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.

132. Commonwealth countries should adopt concrete strategies to achieve the target set by Heads of Government of 30 per cent of women in decision-making, particularly in cabinet, parliament, the public service and local government.

133. The Expert Group recognises the comparative advantage that the Commonwealth has in promoting democratic structures and values and calls upon Heads of Government to increase the capacity of the Commonwealth Secretariat's programmes in this area. In doing so they recognise that the trust enjoyed by the Commonwealth, which is the basis of its comparative advantage in its political work, has been gained by the association's capacity to empathise with the development concerns of its developing country members. It is important, therefore, to increase capacity in the democratisation area without diminishing the ability of the Commonwealth to respond to the development needs of its members, that is, through additional resources, including through a Special Fund for democratisation activities.

### ***Tackling corruption***

134. 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. Such aid should include the establishment of appropriate legal frameworks and 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.