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GOOD GOVERNANCE: KEY TO SOCIO-ECONOMIC DEVELOPMENT AND POVERTY REDUCTION

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EDITORIAL

The term “*governance*” is nothing new. It is as old as human civilization. Needless to mention that, “*governance*” implies the manner in which decisions are effected (or not effected). Good governance in the broad sense is steadily gaining recognition as the key to socio-economic development. In fact, development has more chance of success in those countries where governments actually invest in raising people’s living standard. The importance of good governance is now well documented. Governance is “good” when there are certain principles that are guaranteed and respected by a country’s leaders, and when these benefit all inhabitants of that country. And, at the same time, when the political leaders show the courage, leadership and the political will it takes to continue to develop good governance.

Three distinct dimensions of governance are in place: (a) the form of political regime; (b) the process by which authority is exercised in the management of a country's economic and social resources; and (c) the capacity of governments to design, formulate, and implement policies and discharge functions. Hence, the criteria that constitute good governance can be drawn from these three dimensions. It is all about allowing high ethical standards to have a place in the day to day work of the government.

Over the past two decades and a half or so, many African countries paid a high price for the absence of good governance. Until more recently, many governance issues were considered “taboo” in much of Africa. But with the wave of democratization, which in a number of countries replaced military and one-party regimes with multi-party systems and increased the influence of civil organizations, these issues now can be discussed more openly. A couple African states have taken important steps to improve their governance status, but further concrete measures are needed to enhance the prospects for sustainable development. Corruption, for instance, – using public money for private purpose – is one manifestation of bad governance, particularly in Africa. It has a corrosive effect on economic growth and poverty alleviation. It occurs all over the world but in various degrees and always has a negative impact.

The World Bank has identified corruption as the single greatest obstacle to economic and social development. It undermines development by distorting the rule of law and weakening the institutional foundation on which economic growth depends. The harmful effects of corruption are especially severe on the poor, who are hardest hit by economic decline, are most reliant on the provision of public services, and are least capable of paying the extra costs associated with bribery, fraud, and misappropriation of economic privileges. Corruption has massive consequences on economic and social development since it deters investment and hinders growth.

Seen in this regard, therefore, good governance is perhaps the single most important factor in eradicating poverty and promoting development. The United Nations Development Programme (UNDP) has been at the forefront of the growing international consensus that good governance and sustainable human development are indivisible. The UNDP's primary interest lies in how effectively the state serves the needs of its people. In the Millennium Declaration the world’s leaders also reiterated, in September 2000, that the development goals could only be achieved through good – or democratic – governance. They furthermore pledged to spare no effort to promote democracy and strengthen the rule of law. These goals constitute their joint vision for the next decade or so. Governance-related issues are again cited as necessary conditions for development in the New Partnership for Africa’s Development (NEPAD). It states that: “Without good governance, it is hard to

see how a country can in a sustainable way develop and lift its people out of poverty and hopelessness". The Pan African Parliament, created as part of the African Union (AU), constitutes another important continental institution of accountability and oversight and critical fora for the exercise of good governance in Africa.

This third edition of *TAABCO News 2006* addresses the theme "***Good Governance: Key to Socio-economic Development and Poverty Reduction***". It contains two articles. The first one takes a look at the issues of "Good Governance and Sustainable Development".

Governance is the framework of socio-economic systems, legal and political structures through which humanity manages itself. Indeed, governance and sustainable development are intimately tied together. Sustainable development here is meant to mean Development that meets the needs of the present without compromising the ability of future generations to meet their own needs. The concept contains within it two key concepts: the concept of "needs", in particular the essential needs of the world's poor, to which overriding priority should be given; and the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and the future needs. The second article focuses on "Good Governance and Poverty Reduction Measures: The Case of Kenya". It provides an overview of the past and current socio-economic status in Kenya. The article's aim is to contribute to the debate on the linkages between good governance and the move towards instituting sound poverty reduction programmes. It further identifies the key challenges to good governance that are still in place. Finally, the article offers an agenda for action.

In conclusion, let me hastily underscore that the democratic electoral transitions are becoming constitutionally accepted mechanism for changes of power in most parts of Africa. Kenya is no exception to this. Suffice it to say that, most African states are in their third era of democratic changeover of power. Also, Africa's political dispensations are increasingly getting more inclusive of all social groups. Whilst I do not wish to be over-optimistic of what lies ahead, I am of the opinion that bold and innovative moves will ensure brighter future for Kenya and the continent at large.

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Editor
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GOOD GOVERNANCE AND POVERTY REDUCTION MEASURES: THE CASE OF KENYA

By
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1. INTRODUCTION

“Governance” and “Poverty” are dual concepts that, particularly in the past decade, have come to the forefront of the development agenda. According to UNDP, governance can be defined as “the exercise of political, economic and administrative authority in the management of a country’s affairs at all levels. Governance comprises the complex mechanisms, processes and institutions through which citizens and groups articulate their interests, mediate their differences and exercise their legal rights and obligations. Good governance has many attributes. It is participatory, transparent and accountable. It is effective in making the best use of resources and is equitable. And it promotes the rule of law (UNDP 1997).

Poverty, on the other hand, is defined by UNDP as more than lack of what is necessary for material well-being. It is the denial of choices and opportunities most basic to human development – to lead a long healthy, productive life and to enjoy a decent standard of living, freedom and respect of others (UNDP 1997).

The above two definitions implies that, the creation of an enabling institutional environment rooted on democratic principles becomes a basic component of any poverty reduction strategy. Improving the voices of the poor, their access to basic public services, their participation in decision-making, and encouraging them to engage in collective action to achieve their lasting social-economic and political empowerment all become important linkages between good governance and poverty reduction (Kenya 1999). So good governance is a *sine qua non* for development and a pre-requisite condition for any poverty reduction strategy (World Bank 2001).

Nowhere is the consensus on the need for capable states clearly more reflected than in the New Partnership for Africa’s Development (NEPAD) a leadership framework aimed at providing new impetus to Africa’s development efforts (ECA 2004). The NEPAD African Peers Review Mechanism (APRM) applies a host of innovative indicators to assess and monitor the progress of African countries in meeting the goals of achieving good governance and sustainable development. So far, 23 countries have signed up for peers review, opening up their policies and practices for scrutiny based on codes and standards for political, economic and corporate governance codes. The Pan African Parliament, created as part of the African Union (AU), constitutes another important continental institution of accountability and oversight and critical fora for the exercise of good governance in Africa (ECA 2005).

This article is about the importance of good governance in the process of instituting poverty reduction policies, with special focus on Kenya. The article overviews that past and current socio-economic status. It then identifies the key challenges that the good governance faced in the process of reducing national poverty. The paper then offers an agenda for action. While the article shows that considerable progress has been made in Kenya in a couple of fronts in the recent past, it also highlights many deficits. Corruption is still a serious issue which must be squarely addressed.

2. AN OVERVIEW OF KENYA’S SOCIO-ECONOMIC STATUS

After experiencing gains in social and economic development in the first two decades of independence beginning from the early 1960s, Kenya's economic performance deteriorated markedly from the early 1980s until the early 2000. The failure to generate adequate economic growth worsened poverty. Per capita income was estimated to be below US\$ 400 in 2000, which was lower than the Sub-Saharan Africa (SSA). As a result, poverty incidence rose from 49% to 56% over the same period. Preliminary results of the Kenya Demographic and Health Survey (KDHS) conducted in 2003 indicated that infant mortality (per 1,000 live births) went up from 63 in 1990 to 78 in 2002, and life expectancy declined from 57 years in 1986 to 47 years in 2000, largely due to near collapse in public health services delivery coupled with reduced family incomes and the HIV/AIDS epidemic. Other human development and social indicators also declined during the same period. As a result, Kenya ranked 154 of 177 countries in the UNDP Human Development Index in 2002 (Kenya *Economic Surveys* and UNDP 2003).

Non-income dimensions of poverty in Kenya also worsened. Illiteracy rates increase as enrolment rates in primary schools declined during the 1990s. Trends in nutritional status of children under the age of three show that the percentage of stunted children (short for their age) increased from 29 per cent in 1993 to 31 per cent in 2003. Similarly, the percentage of children aged 12 – 23 months who were fully vaccinated dropped from 79 per cent in 1993 to a dismal 52 per cent in 2003. But all these national averages conceal substantial regional variations.

In 2002, the National Rainbow Coalition (NARC) party won elections that were acclaimed to be free and fair, and took office in December that year. The main focus of the government since then has been how to deal with major government challenges in the country, particularly corruption. It also focused on how to improve the effectiveness of the public sector, address poverty, and create a viable environment for private sector activities. In pursuit of its goals, in 2003, the new government prepared and published its Economic Reform Strategy for Wealth and Employment Creation (ERSWEC) 2003-2007 with the full participation of the non-governmental organizations development partners, and other stakeholders. The strategy recognizes that poor financial management is the root cause of the country's economic woes. This is against the background of poor governance that is characterized by corruption, fraud embezzlement of public funds, inefficient public sector, weak judiciary and poor legal framework. The lack of financial accountability and transparency has further undermined the efficient allocation of resources and resulted in a weakening of the Government's capacity to finance poverty reduction programs. It therefore proposes a strategy that focuses on growth, poverty reduction and good governance. Under governance, it places great emphasis on financial management and legal and judiciary reforms. Furthermore, the Government has encouraged each Department/Unit to prepare its blueprint for the implementation of programme contained in the ERSWEC.

Although Kenya's economy has shown signs of strong recovery by achieving a GDP growth rate of 5.8% in 2005/06 against 4.9% in 2004/05 and only 1.9% over the 1997-2002 period, overall poverty levels at the household remains unacceptably high (Kenya *Economic Surveys*). Furthermore, there is evidence of disproportionate distribution with the richest 10% of the households controlling more than 42% of national wealth and the poorest 10% controlling less than 1%. It is further estimated that the proportion of the population living in poverty has risen from 48.8% in 1990 to 56% in 2006. Progress on poverty alleviation has been hampered by delays in initiating major poverty programmes in the social and economic sectors. Allegations of high-level corruption in the country are constraining relations with the World Bank and development partners. While the government

appears to be taking the issue more seriously than it has before, the development partners remain unconvinced that enough progress has been made. Development partners are demanding clear proof that the government is serious about fighting graft, and if this is not forthcoming, funding will be progressively withdrawn, to the detrimental of the economic performance and war against poverty.

3. KEY CHALLENGES TO GOOD GOVERNANCE ON POVERTY REDUCTION MEASURES IN KENYA

Poverty reduction in Kenya is today a national challenge. Initially, the government expected to eradicate poverty via economic growth. Economic growth was perceived as a short-term hardship, which would disappear as the nation, developed and grew in economic terms (Kenya 1999). Nonetheless, it is increasingly being recognized that economic growth *per se* is not a sufficient condition to reduce poverty. Poverty is multi-dimensional; it includes shortage of income and deprivation in other aspects, for instance knowledge and in the standard and quality of life experienced.

In Kenya, the poor tend to be clustered into certain social categories such as;

- The landless;
- The handicapped;
- Female headed households;
- Household headed by people without formal education;
- Pastoralists in drought prone arid and semi-arid land (ASAL) districts;
- Unskilled and semi-skilled casual labourers;
- AIDS orphans; and
- Street children and beggars.

Despite the planning and implementation efforts made to address national poverty and other social development issues over the past 43 years since independence, poverty has remained a key problem (Kenya. 2006 *Economic Survey*). The Government recognizes that challenges for sustainable development in the country are the reduction of poverty and achievement of sustained broad based economic growth. Hence, poverty reduction is viewed not only as a political necessity and a moral obligation but also as an economic imperative for Kenya's development.

3.1 Good Governance

An effective and socially responsible government is a critical factor in the attainment of sustainable economic growth and poverty reduction. The lack of effective checks and balances undermines good governance. In fact, lack of transparency and social accountability, corruption has been cited as common characteristics of bad governance.

3.2 Corruption

Corruption continues to pose a serious challenge in the country, undermining the legitimacy of institutions and the entire government, impeding investors and depriving citizens – women and the poor in particular – of the essential services. Whilst anti-corruption commission has been introduced, it lacks power to effectively trace and prosecute corrupt individuals at all levels of the society. As a consequence, many of the well-intended anti-corruption cases tend to fizzle out over time and the culture of impunity continue to persist.

3.2 Gender Equity and Poverty

The poverty of women, particularly rural women, requires special attention. Women's right to land are put at special risk by widowhood or divorce; lack of land jeopardizes women's incomes and economic well-being. Also, women's access to the justice system is limited to illiteracy, lack of resources, as well as by bias law enforcement agencies. The incidence of violence against women including rape remains staggering.

3.3 Poverty, Pastoralists and the Environment

The interaction between the poor and the environment has resulted in undesirable consequences which have contributed to the worsened poverty in the country. As a result of poverty, the poor engage in activities such as poor cultivation methods, burning of trees to produce charcoal, poor sewage disposal, etc. Such activities have negatively affected the environment and reduced the land potential particularly in the pastoralist arid and semi-arid areas making the struggle for survival hard and leading to over-exploitation of land and water resources. In other words, therefore, poverty and environmental concerns are intertwined and will need to be tackled simultaneously.

3.4 HIV/AIDS and Poverty Impacts

The impact of HIV/AIDS as a governance issue has still not been fully understood. HIV/AIDS reduces economic growth potential, and private sector employment opportunities; and erodes the tax base, negatively undermining domestic resource mobilization. It impacts severely on the ability to deliver services and diverts resources that could be otherwise deployed towards provision of basic needs and the responsibilities associated with governance (ECA 2004a). Hence the HIV/AIDS pandemic highlights the depth and urgency of the governance challenge.

4. An Agenda for Action

Fostering good governance with a view to reducing poverty in Kenya implies building democratic state with strong institutions promoting public interest and including the participation of all stakeholders, with particular emphasis to women, youth, handicapped, etc. Urgent actions are called for to address the following important areas.

4.1 Tackling Corruption

There are both short-term and long-term measures that are needed to eradicate corruption across all levels of the society. Improving the salaries of public officials is one immediate option for reducing the vulnerability. At the high levels of authority, leaders should be asked to declare their wealth upon assuming office. At international level, institutions such as development partners need to encourage best practices in the fight against corruption.

4.2 Mainstreaming Gender Concerns

Leadership training programmes for women, particularly young women, should be developed and supported to enable them rise to the challenges of elected or appointed office. Independent women's organizations should be encouraged and supported. Furthermore, a gender-sensitive and human rights-based approach should inform planning, implementation, monitoring and evaluation of Kenya's PRSP, MDGs and expenditure programmes. Partnership between men and women in addressing practices that have negative impact on gender equality should be developed.

4.3 Strengthening of the Local Media

The Government should accept an obligation to be transparent and accountable by providing information to the media when it is sought and answering questions about their performance to the best of their ability. They should allow media to function without interference. Media are there to inform the public about what is actually happening. On their side, therefore, they have the responsibility to report correctly and not speculate!

4.4 Strengthening of the Civil Society

Civil society and non-governmental has a vital role to play as a public watchdog – in exposing corruption, checking abuses of power and human rights. They ought to be free from interference, manipulation or pressure so that they can do their work effectively.

4.5 Tackling HIV/AIDS and Other Diseases

Fighting HIV/AIDS and other deadly diseases such as TB and malaria implies an urgent recognition of its devastating impact on governance. Actions should include: reviewing overall laws that relate to the well-being and protection of those affected with HIV/AIDS, such as anti-discrimination laws. Urban areas tend to be favoured over and above rural areas in terms of access to treatment. Improving health expenditure is therefore critical for upscaling of HIV/AIDS treatment and providing access to treatment in rural areas. Stigma and denial remain key barriers to addressing HIV/AIDS effectively. Political will needs to be complemented by programmes that address stigma and denial by involving PLWA, and providing consistent and accurate information.

4.6 Building Strong Partnerships with the Development Partners

Efforts are now being made by the government and its development partners to create an enabling institutional infrastructure for good governance, which is the aim of the proposed project. The proposed institutional support project aims at supporting judiciary reforms in Kenya. This includes the procurement system and the auditing system. It also aims at strengthening the Anti-corruption initiative of the

government. Kenya has taken many bold steps to promote good governance including the passing of several legislations, setting up of appropriate institutions, and giving them teeth to deal with anti-good governance tendencies. A number of reforms are still necessary to transform these achievements to effective institutions. As of today, there are still many backlogs in both internal and external audits to make their products useful for planning purposes, and to extend the exercise to municipal and district governments with the intention of promoting accountability and transparency at those lower tiers of government. Capacity both in terms of skills, procedures, and structures, is still a major constraint. Several development partners are harmonizing their support in the area of promoting good governance in Kenya (Box 1.1).

Box 1.1 Good Governance and Development Partners in Kenya

A number of Development Partners have offered to provide assistance to support the Government of Kenya to implement various governance activities, including support to the justice, law and order sector, based on the Government demonstrating its strong leadership in the effort to eradicate corruption and pursue reforms. For instance, the Governance, Justice, Law and Order Sector Reform Program (GJLOS-RP), which is supported by at least fifteen Development Partners is a Government-led initiative which lays out a five-year plan on a sector-wide, coordinated and coherent approach to reform of public sector institutions in the legal sector to be able to execute their mandate effectively.

The key outcomes of the program include a safe and secure environment, a fair humane and expeditious justice delivery system, and a more democratic state that respects human rights and the rule of law. The Government has also entered into partnership with Development Partners to plan and implement the Public Financial Management Reform Program with the aim of enhancing financial governance in the public sector for effective and efficient resource utilization for economic growth and poverty reduction.

The UNDP is also supporting the government through a program to alleviate poverty through strengthening capacity and participation of governance institutions and civil society organizations (CSOs) including NGO's and Community Based Organizations on public governance. This programme aims at promoting participatory development planning by involving grassroots communities and all parties concerned in public policy debates to build consensus, eliminate corruption, enhance transparency and accountability, and institutionalize integrity systems and other programs and regulations that impact poverty eradication.

The UNDP is also coordinating support from bi-lateral donors to the Public Sector Reform and Development Secretariat (PSRDS), in the Cabinet Office, Office of the President on improving public sector management, coordination and networking. The long-term objective of this support is to improve public sector management for more efficient, transparent, and accountable delivery of public services. Additionally, Kenya is one of the first four African countries (others are Rwanda, Ghana, and Mauritius) to be scrutinized by the African Peer Review Mechanism (APRM) by volunteering to be reviewed on good governance, democratic standards and economic policy. The New Partnership for Africa's Development (NEPAD) peer review is seen as a vital part of the African economic recovery plan. So far, 23 countries – covering some three-quarters of the population of Sub-Saharan Africa (SSA)-- have signed up to the peer review, opening up their policies and practices to scrutiny based on codes and standards for political, economic, and corporate governance codes.

Sources: ECA (2005), and African Development Fund (ADF) (2006).

5. Conclusions

Today, there is a clear consensus that good governance is a *sine qua non* for socio-economic development. It implies efficient and accountable institutions -- political, judicial, administrative, economic, and corporate – and entrenches rules that promote development, protection of human rights, respect of the rule of law, and ensure that people are free to participate in those issues that affect their lives.

This paper has shown that unlike in the past, the Government of Kenya is gradually promoting and embracing inclusiveness, transparency and accountability in her ways of doing business. New avenues are being created to allow the civil society and other stakeholders to participate in the political process and express their demand. However, there are still serious issues of corruption that must be addressed if the government is to implement its poverty reduction programmes effectively. The good news is that several development partners are harmonizing their support on the area of good governance in Kenya. This is a commendable move that needs to be encouraged and supported.

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ANNEX 1:

Determinants of Poverty

- **National Income:** Falling per capita income can lead to a rise in poverty.
- **Income Distribution:** A high level of income and, regional inequality has a negative relationship on Growth and poverty reduction
- **Unemployment:** Unemployment is a major determinant and characteristics of poverty
- **Wages and Earnings:** When wage levels in the informal sector are seriously lower than those in the Formal sector (Informal sector constitute a large pool of the employed in most developing countries).
- **HIV/AIDS:** A recent contributory factor to poverty in most developing countries has been HIV/AIDS. The overriding poverty related HIV/AIDS concerns are AIDS orphans, population size, and Growth, cost of health care and child mortality.
- **Environmental Poverty:** Poor people depend on natural resources for their livelihood especially on Common property areas and they are more likely to live in marginal areas.
- **Social Insecurity and Poverty:** Poverty means more than inadequate consumption, education and health. Voices of the poor require to be heard. These voices manifest themselves in forms of illness, crime, domestic violence, fluctuations in food prices and lack of social security in old age, among others.
- **Corruption and Poverty:** Corruption increases poverty both directly and indirectly. It diverts resources to rich people and weakens Government's ability to fight poverty.
- **Women and Poverty:** Gender balance is essential in the eradication of poverty since women are more Vulnerable.
- **Governance and Poverty:** Developing the capacity of good governance is a pre-requisite for the Sustainability of poverty reduction efforts.
- **Other factors:** Poverty has many facets and therefore causes. Participatory assessment draw to the Exclusion, isolation and lack of trust in public agencies as causes of poverty.

Source: www.treasury.go.ke/prsp

GOOD GOVERNANCE AND SUSTAINABLE DEVELOPMENT

By

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Good governance is a major challenge today. The book of Isaiah 32:1-3 sets the stage on the biblical framework and understanding of good governance and leadership. Behold, 'a king shall reign in righteousness', and 'princes will rule in justice'. Each will be like a 'hiding place from the wind.....like the 'shade of a great rock in a weary land' then the eyes of those who see will not be closed, and the ears of 'those who hear will hearken'. Everyone must participate in good governance. What does it mean to reign in justice? From the ecumenical perspective, the approach to social ethics is focused on governance, the nature, purpose of state and government. (Dr. William Ogara, CORAT Africa)

1. Introduction

Governance refers to the processes and systems by which an organization or society operates. A governing structure is established to administer these processes and systems. Therefore, governance is the use of institutions or structures of authority to allocate coordinate and control resources and activities in society or economy. Good governance describes the process of decision-making and the process by which decisions are implemented. Hereby, public institutions conduct public affairs, manage public resources, and guarantee the realization of human rights. Good governance accomplishes this in a manner essentially free of abuse and corruption, and with due regard for the rule of law. Good governance means independent judiciary, an impartial and incorruptible police force.

Good governance is a prerequisite for national economic development. The characteristics of good governance assure that corruption is minimized and views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making processes. In good governance structure there must be equal participation by both men and women. Participation could be either direct or through legitimate intermediate institutions or representatives. Participation here means the freedom of association and expression on the one hand and an organized civil society on the other hand.

Governance can take the following forms: First, global governance. This refers to a system-wide structure that both allows and constrains the behavior of actors in interdependent relationships in the absence of an overarching political authority. The global international system offers the best example of this. The second form is corporate governance. Corporate governance specifies the relationships, distribution of rights and responsibilities between the main groups in governance. The groups include; Board of Directors (BoD), managers, staffs, shareholders or owners, regulators, clients, community (people affected by the actions of the organization) and the development partners.

Corporate governance is the process by which board of directors, through management guides an institution in fulfilling its corporate mission and protects the institution's assets over time. The board

of directors plays vital functional roles in an organization. They play leadership roles in setting strategic directions, goals, formulating policies and establishing plans and programmes just to mention a few. Project governance is used in industrial sector, especially in the Information and Communication Technology (ICT). It describes the processes that need to exist for a successful project.

Sustainable development here is meant to mean Development that meets the needs of the present without compromising the ability of future generations to meet their own needs. The concept contains within it two key concepts: the concept of "needs", in particular the essential needs of the world's poor, to which overriding priority should be given; and the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and the future needs.

Sustainable Development is a collection of methods that creates economic growth which protects the environment, relieves poverty, and does not destroy natural capital in the short term at the expense of long term development. To ensure sustainable human development, actions must be taken to work towards the ideals of good governance. According to *"Doubling Wealth, Halving Resource Use, A Report to the Club of Rome"*. The report indicates that without investment, companies will stagnate and collapse. If business enterprises do not prosper, there will be no economic growth, no employment, no taxes paid and invariably the country will not develop hence no sustainable human development. The country needs well governed business enterprises that can attract investments, create jobs and wealth and remain viable, sustainable and competitive in the global market place.

2. Good Corporate Governance

Good corporate governance refers to governance that operates in a context where power is exercised in the management of economic and social resources for sustainable human development (TAABCO 2006). Good corporate governance has assumed critical importance in these days of pluralism. It is a vital ingredient in maintaining dynamic balance in service delivery, accountability in the use of power, protection of human rights, freedoms and maintenance of corporate framework within each citizen to fully contribute to innovative solutions to common problems. Corporate governance encompasses the following aspects; the manner in which power of the corporation is exercised; the stewardship of the corporation's total portfolio of assets and resources conducted and the objective of maintaining and increasing shareholders value with the satisfaction of other stakeholders in the context of its corporate mission.

Bad governance is increasingly regarded as one of the root causes of all evil within our societies. Major donors and international financial institutions are increasingly basing their aid and loans on the condition that reforms that ensure "good governance" are undertaken. This article tries to explain, as simply as possible, what "governance" and "good governance" means. In general terms good corporate governance occurs in three broad ways; first through top-down methods that primarily involve governments and the state bureaucracy; secondly through use of market mechanisms where market principles of competition are employed to allocate resources while operating under government regulation and thirdly through networks involving public-private partnerships or with the collaboration of community based organizations.

There should be a clear distinction between the concepts of good governance and politics. Politics involves processes by which a group of people with initially divergent opinions or interests reach collective decisions. These decisions are generally regarded as binding on the group and enforced as common policy. Whereas, good governance conveys the administrative and process-oriented elements of governing rather than its antagonistic ones. Such an argument continues to assume the possibility of the traditional separation between 'politics' and 'administration'. This distinction is sometimes questioned in contemporary governance practice and theory, under the premise that both 'governance' and 'politics' involve aspects of power.

Good governance requires long-term perspective for sustainable human development. There is need to inculcate virtues of good governance so as to achieve the eight millennium development goals (MDGs). The 8 MDGs include; Goal 1 eradicating extreme poverty, Goal 2 achieving universal primary education (UPE), Goal 3 promoting gender equality and empowering women, Goal 4 reducing child mortality, Goal 5 in improving maternal health, Goal 6 combating HIV/AIDS, malaria and other diseases, Goal 7 ensuring environmental sustainability and Goal 8 Developing a global partnership for Development. All these goals are achievable with good governance. Good corporate governance seeks to promote; efficient, effective and sustainable institutions for the welfare of the society. It seeks a responsive and accountable corporation that creates wealth, employment and solutions to emerging issues. Good governance promotes an inclusive approach based on democratic ideals, legitimate representation and participation. It recognizes and protects stakeholder's rights.

3. Pillars of Good Governance

Good governance structure must have the characteristics outlined below. This is according to *“Principles for Corporate governance in Kenya and a simple code of best practices for corporate governance, Prepared by Private Sector Initiative for Corporate governance”*.

Accountability: Accountability is a key requirement of good governance. Not only governmental institutions but also the private sector and civil society organizations must be accountable to the public and to their institutional stakeholders. Who is accountable to who varies depending on whether decisions or actions taken are internal or external to an organization or institution. In general an organization or an institution is accountable to those who will be affected by its decisions or actions. Accountability cannot be enforced without transparency and the rule of law.

Participation: Participation by both men and women is a key cornerstone of good governance. Participation could be either direct or through legitimate intermediate institutions or representatives. It is important to point out that representative democracy does not necessarily mean that the concerns of the most vulnerable in society would be taken into consideration in decision making. Participation needs to be informed and organized. This means freedom of association and expression on the one hand and an organized civil society on the other hand.

Rule of law: Good governance requires fair legal frameworks that are enforced impartially. It also requires full protection of human rights, particularly those of minorities. Impartial enforcement of laws requires an independent judiciary and an impartial and incorruptible police force.

Transparency: Transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations. It also implies that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. It further means that enough information is provided and that it is provided in easily understandable forms and media.

Responsiveness: Good governance requires that institutions and processes try to serve all stakeholders within a reasonable timeframe.

Consensus oriented: There are several actors and as many view points in a given society. Good governance requires mediation of the different interests in society to reach a broad consensus in society on what is in the best interest of the whole community and how this can be achieved. It also requires a broad and long-term perspective on what is needed for sustainable human development and how to achieve the goals of such development. This can only result from an understanding of the historical, cultural and social contexts of a given society or community.

Equity and inclusiveness: A society's well being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires that all groups, but particularly the most vulnerable, have opportunities to improve or maintain their well being.

Effectiveness and efficiency: Good governance means that processes and institutions produce results that meet the needs of society while making the best use of resources at their disposal. The concept of efficiency in the context of good governance also covers the sustainable use of natural resources and the protection of the environment.

4. Linkages between good governance and sustainable development

The linkage between governance and sustainable development points to relevant societal problems at the beginning of the 21st century. There is no gainsaying that good governance brings forth sustainable development. The combination of the terms governance and sustainability refers to the question of steering societies towards becoming sustainable in the development arena. A combination of these two concepts brings analytical as well as normative aspects into focus. In general terms, governance and sustainable development are seen as the main issues within global development processes. Discussions about the limits to the steering capacity of nation-states are entwined with processes of economic globalization.

With the ongoing globalization processes, the world is seen as a global village. These processes are changing the possibilities for political influence. This holds true at the political level, where multi-level governance becomes increasingly important, and at the market level, where an increasing transnationalizing of economic relations is evident. Consequently, market actors may use their 'exit strategy', forcing institutions into adjustment processes, and putting the regulatory power of states into perspective directly or indirectly. But these adjustment processes are driven, too, by processes of societal differentiation. Intensive discussion processes are being conducted about steering capabilities against the background of economic and societal processes of differentiation.

This process is tightly knit to the governance concept. Despite variations in detail, the common core of most governance approaches is to include other actors, and not just governments, and their contribution to steering structures. Within international relations, non-state actors are gaining importance. Both facets of power of NGOs might be observed within the different stages of the policy cycle, starting with agenda setting via policy formulation to implementation. The importance of the inclusion of stakeholders in decision-making processes is increasingly recognized, as are the limits of decision processes, which are, on the one side, democratically legitimized but on the other side pre-structured by experts and interest groups. Approaches as they are developed within the European Union (White Paper on Governance [EC 2001]) show the need for not treating and regulating issue areas separately, but rather integrating them in a broader view and thus identifying and implementing integrated-solution approaches.

At the same time, awareness-raising processes concerning environmental protection have arisen, pointing out that certain types of environmental problems have not been solved even in a rudimentary fashion, and that simple solutions especially at the global level are not in sight. Environment has increasingly been regarded as a limiting production factor. The deterioration in the environment leads to more or less direct feedback effects. The new and global environmental problems as witnessed in Nairobi during the World Climate Change 2006 indicates that usually environmental problems have longer time-frames and the feedback loops are less significant in the short term. The Climate forum observed that environmental problems are strongly connected with different world-views and normative approaches.

The global dimension of the debate about sustainability is witness to this increased awareness. At the beginning the main reasons for this debate were not the limits of steering capacities of institutions but rather the globalization of environmental problems. These problems are increasingly not only concentrated at the regional or national level but at the global level, either by shifting from one medium to another or by cumulative effects. In sum global environmental problems are the outcome of myriads of individual actions. Traditional approaches of environmental policies, often hierarchic and focused on end-of-pipe solutions, fail, not least because of these developments.

As a result instruments and governance approaches become more differentiated and there is an increasing need for new governance mechanisms, which have to be embedded into changing economic and societal structures. Problems of sustainability prove to be intractable because of their spatio-temporal structures and interconnectedness, representing complex social–ecological problems. This is especially true concerning the global commons, and the global dimension and the interaction with national or regional levels might be one main theme of the general problems of governance. This holds true as more questions are raised not only about global governance but also about very different governance scales i.e. project governance, corporate governance.

5. Conclusion

To conclude, there is a sound argument for the analytical connection of the concepts of good governance and sustainable development although they are often characterized by different scientific traditions. To effectively achieve the millennium development goals, there is the need for good governance mechanisms for sustainable human development. The processes of globalization lead to changes of power between different actors; some actors lose influence while others, especially

mobile actors, win. Sustainability requirements are often mainly connected with actors that have only limited influence and therefore only one main source of power, that of discourse. Eventually discourse may become powerful and may change problem awareness and initiate learning.

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Civil Society Organizations building strong partnerships through good governance

By

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1. Introduction

The NGO Coordination Act 1990 defines an NGO as "a private voluntary grouping of individuals or associations, not operated for profit or for other commercial purposes but which have organized themselves nationally or internationally for the benefit of the public at large and for the promotion of social welfare, development, charity or research in the areas inclusive of, but not restricted to, health, relief, agriculture, education, industry and the supply of amenities and services."

TAABCO envisages a strengthened government, civil society organizations, faith-based organizations and private sector organizations working towards the attainment of a just, participatory and sustainable society. As a professional learning organization, TAABCO believes that organizational strengthening is about effective and professional accountable strategic leadership. Stronger partnership is built through good governance. For good governance to flourish, there need for a good governing structure. This structure ensures that boards of directors are inducted to fully functional and operational governance for them to be able to guide institutions. In order for organizations to grow, manage change and make impact that empowers communities to undertake social transformation, governance must be modeled. It is in light of this that TAABCO undertakes board induction programmes on its partners. This has enabled them to strengthen governance and improve accountability.

2. Is good governance essential for NGO's operations?

In the last two decades, the number of NGOs has grown significantly, as well as the amount of resources they control. Kenya has registered a sporadic growth in the number of civil society organizations. It is estimated that there are about 3,000 NGOs registered in Kenya under various Acts. This massive growth has its limitations on the status of governance in the sector. Under the NGO Coordination Act of 1990, there is a code of conduct that clearly sets out rules and regulations for registered NGOs. These rules and regulations are enforced by the Regulatory Committee of the NGO Council. A look at what the NGO Coordination Act indicates that good governance is mandatory for sustainable human development. However, in Kenya, the coordination between NGO activities has been poor. Institutional preferences and jealousies have prevented collaboration between NGOs that would greatly reduce duplication, even at the national level. This has resulted from poor governance even though many NGOs have similar intentions.

The differences within these civil society organizations arises from their political, ideological, economic and sometimes personnel issues that prevent them from taking advantage of each others' strengths. This largely reduces the level of collaborations that could be achieved among NGOs. For coherency, good governance is essential for civil societies in Kenya. The growth of the NGO sector has been phenomenal elsewhere in the world. One of the reasons often-quoted is the "comparative advantage" or the ability of NGOs to deliver emergency relief or development services cost-effectively to those most in need. NGOs can reach groups that government and other agencies cannot, and past development strategies have given NGOs the legitimacy to act on behalf of the poor. When a disaster strikes, aid organizations attempt to get delivery systems set up quickly on the ground to deal with the inevitable human tide of suffering that follows. Rarely is much immediate thought given to coordinating their actions with the multitude of other agencies doing similar work. Indeed, coordination can be a value-laden concept. For some it has overtones of 'control' while others fear being swamped by interminable layers of bureaucracy. NGOs in particular have traditionally resisted formal cooperation among each other, though this may be changing. The last decade has seen a discernible shift in favour of closer, more routine coordination among those who deal with the ever-increasing demands of humanitarian assistance. This is, in part, a necessary response to the sheer scale of the operations underway.

NGOs collectively spend an estimated US\$9-10 billion annually, reaching some 250 million people living in absolute poverty. International governments increasingly channel resources, especially for emergencies, through their favored NGOs rather than through allegedly less accountable governments of the South. In several emergencies of the late 1980s and early 1990s, short term money available to NGOs - albeit mostly to international NGOs - exceeded even that of the UN. NGOs are now the frontline forces of 'neutral' intervention and are more closely linked to the UN, EC and donor governments than ever before. This has resulted from the good governance structures that promotes accountability and transparency

Field-based NGO coordination structures are potentially a way forward, for they can be 'owned' not only by the multitude of small local NGOs rarely seen on our television screens but also, with careful nurturing, by at least some of the voiceless majority they serve. NGOs in Kenya have come under heavy criticism over utilization, management and accountability of resources. While NGOs have often criticized mismanagement in government, some of them may just be as guilty of the same

vices as the government. To avoid this blame game all the institutions need to have good governance structures.

The experience of TAABCO is that Northern partners need to support CSO and FBOs in governance by building their capacity through board inductions. So far many do not know their roles. TAABCO has designed a programme of governance that informs the civil society organizations on best practices that promotes good governance. NGOs in the South in particular are demanding that far more attention is paid to building local capacities, even during emergencies where the tendency has been to bypass developmental principles in favour of rapid responses dominated by Northern capital and Northern agencies.

3. The way forward for CSOs, FBOs and development actors/donors on good governance.

As a way forward the CSOs, FBOs and Development actors need to inculcate the virtues of good governance for socio-economic development and sustainable human development for poverty reduction. With good governance the signs are that donors will be increasingly receptive to channeling money through Southern NGOs in the future as part of an attempt to bolster local institutions, the guardians of civil society for sustainable socio-economic development.

Annex 1

The applicable Laws that promote good governance include:

- The Constitution of Kenya [1998]
- The Non-Governmental Organizations Coordination Act, Act No. 19 [1990]
- The Non-Governmental Organizations Coordination Regulations [1992]
- The Non-Governmental Organizations Council Code of Conduct [1995]
- The Companies Act, Chapter 486 of the Laws of Kenya [1959]
- The Societies Act, Chapter. 108 of the Laws of Kenya [1998]
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