Review

Good governance enhance the efficiency and effectiveness public spending -Sub Saharan countries

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Effective and efficient governance is integral to any country’s well being. Governance is the exercise of power or authority; political, economic, administrative or otherwise to manage a country’s resources and affairs. It comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences. The main strategy of having effective and efficient governance is to relate to the functioning of the public sector focused on accountability and scrutiny. The second part relates to the performance of the public sector on the connection between policy and implementation. It provides a concept that allows the public to discuss the role of government in coping with public issues and the contribution that other players may make. It opens one’s mind to the possibility that groups in society other than government (for example, ‘communities’ or the ‘voluntary sector’) may have to play a stronger role in addressing problems.

Key words: Governance, managing resources, voice of accountability, transparency.

INTRODUCTION

Governance describes the mechanisms an organization uses to ensure that its constituents follow its established processes and policies. Suitable governance strategy implements systems to monitor and record what is going on, takes steps to ensure compliance with agreed policies, and provides for corrective action in case where the rules have been ignored or misconstrued (Alam, 2009). Governance describes the process of decision-making and the process by which decisions are carried out. Through governance, public institutions conduct public affairs, manage public resources, and guarantee the realization of human rights. Good governance accomplishes this in a manner essentially free from abuse, free from corruption, and with due regard for the rule of law (Alam et al., 2010). Good governance is not a reassurance only but a basic requirement for development (Alam, 2009. When creating policy, public bodies and affiliated organizations should investigate whether it will be feasible, and enforceable. They should determine in advance whether the policy will further the relevant to their objectives, at a minimum, the target groups should be involved in the process.

Good governance as a concept is applicable to all sections of the society, such as government, legislature, the private sector, the corporate sector, secular and religious communities and non-government organizations (Alam, 2009). In this paper the author confines the discussion to good governance in government in relation to a good society (Thich, 2009). Furthermore, they should not conflict with the goals of other policies; in other words, they should be externally consistent. Conflicting goals impede the effectiveness of the public sector. Good governance means competent management of a country’s resources and affairs in a manner that is open, transparent, accountable, equitable and responsive to people’s needs. Corruption, which undermines development, is generally an outcome and a symptom of poor governance. Establishing an effective system of government could resolve the problems that had been hindering the developments in most Sub Saharan countries for years.

However, at the end of thirty to forty years of independence, most of the Sub Saharan countries are still facing many challenges that impede them from realizing the full economic potential. Among other things, good governance is expected to streamline the role of the government and public organizations. Strengthening the internal revenue collection and mobilization of internal...
resources is crucial component to mitigate the problem. The most significant feature of those countries is heavy dependence on taxes.

Nearly 80% of all revenue of the government comes from the indirect taxes while the balance is from direct taxes. The tax-GDP ratio in those countries is less than 10% and is the lowest among the African countries. However, in order to mobilize internal resources, a strong and efficient governance system is necessary. However, strong governance models are of little value if agencies do not encourage employees to take responsibility for issues within their control and to actively deal with matters as they arise.

Good governance has long been a topic of discussion in the international arena, and particularly in the field of development assistance. Indeed, good governance is pivotal to the development process (Alam et al., 2010). Although, there will no 'one size fits all' solution to governance issues, there are clear priority areas that every country has a central role to play as an advocate of good governance. As governance, issues differ from place to place, and the solutions to governance problems must be tailored individually. Good governance is an essential precondition for sustainable development.

Government is one of the actors in governance. Other actors involved in governance vary depending on the level of government that is under discussion. Other actors may include influential land lords, associations of peasant farmers, cooperatives, NGOs, research institutes, religious leaders, finance institutions political parties, the military, etc.

The horn of Africa countries that are quite similar in terms of their natural resources and social structure have shown strikingly different performance in improving the welfare of their people. Much of this is attributable to standards of governance. Poor governance stifles and impedes development. In countries where there is corruption, poor control of public funds, lack of accountability, abuses of human rights, excessive military influence, and development inevitably suffers. Fiscal transparency is achievable through the following key principles: roles and responsibilities in government should be clear; information on government activities should be provided to the public; budget preparation, execution, and reporting should be undertaken in an open manner, and fiscal information should attain widely accepted standards of data quality and be subject to independent assurances of integrity (Trevor, 2002). The pertinent question of the day is; how far has Africa gone in trying to implement these principles? Until these principles are addressed, African governments shall continue to lack the good governance inputs required for macroeconomic stability and transparency.

Consequently, stakeholders and the general public shall stand cheated. For emphasis of the relevance to good governance, these principles are outlined further below (Trevor, 2002).

While good governance can enhance the effectiveness of the economic development process, at the same time it can itself play a role in enhancing governance in developing countries. Specifically, good governance can support in improving economic and financial management, strengthening law and justice, increasing public sector effectiveness, and developing civil society (Alam and Hoque, 2010). One element of good governance is an economy needed for sustained development and operates in an ethical, accountable and appropriately regulated environment, which facilitates competition in the market place. Without good governance, there will be no driver for economic growth and sustainable development will not be possible (Alam et al., 2009).

A dynamic private sector, operating in a properly functioning competitive market system, creates jobs and income, generates wealth and helps ensure that resources are used efficiently. Studies have confirmed that investors prefer to stay and expand their investments in a place where governance is good. As business people, everyone knows that before entering a potential market, investors want to know what the rules are. They want to be able to comfortably rely on these rules of law. They want to predict their costs and manage their risks accordingly. Above all, they want to know that the rules will be enforced, whether they will be obligations imposed by contract or by the Legislature. The challenge of developing countries trying to devise an institutional reform and anti-corruption strategies is to learn the right lessons from the international experience and create feasible governance reform agendas appropriate and feasible to their own circumstances (Khan, 2006).

LITERATURE REVIEW

The mobilization of domestic resources and investment is the foundation for self-sustaining development. In this framework, a sound fiscal policy on mobilization resources and good governance are responsible for social spending and a competitive financial system. Establishing effective and efficient system of a government is crucial to economic and social development. It is a road map for developing countries and economies in transition should set up an effective, efficient, and liable system for mobilizing public resources and managing their fiscal polices is the need to secure fiscal sustainability, efficient tax systems and administration. A good tax system should generate revenue increase in line with nominal growth of GDP and without frequent changes in tax rates (Alam, et al., 2009). That makes it predictable for both the administration and the business community. This a particular issue in developing countries and economy in transition where the GDP growth may be led by a growing informal sector, which is hard to reach and not fully monetized. In addition most workers are employed in agricultural and/or small enterprises in informal sector where payment is
rarely regular or book recorded. In many developing countries, tax laws and fiscal policies themselves may be extremely well designed and detailed. Nevertheless, unless the accompanying tax administration and fiscal authorities are able to handle those laws in terms of having the appropriate staff to interpret and implement them, the field level reality of the actual incidence of the administration system may be quite different from the original objectives. The burden of taxes may be passed on to those on whom they are not meant to fall, and the distribution of the burden may turn out to be indiscriminate. Once public spending exceeds about one-third of GDP, higher spending is associated with lower growth in countries with weak governance, but no such relationship exists in well-governed countries (World Bank Group, DC 2007). High levels of public spending are risky when public institutions are weak, money is less likely to be well spent, fiscal deficits are more likely to emerge, and higher taxes needed to finance such spending are more likely to distort business and worker decisions. (World Bank Group DC, 2007)

Regardless of the level of social and economic development and in countries with varying forms of government corruption is always a two-way transaction with a supply and a demand side. Without the good governance at the highest level poses perhaps the greatest threat to the stability and well-being of societies. Therefore must be given the highest priority in the implementation of effective governance and strategies. It perpetuates double standards unfavourable to the development of an anti-corruption culture (Alam et al., 2010). Generally, it occurs in poor, and emerging economy, and some aspects of fraud and the misappropriation of assets or funds can occur entirely within the private or public sectors. All countries that have not done so should develop their own national strategies to promote good governance and eliminate corruption. If a nation has to succeed to eliminate corruption, they are required to have a strong political will at the highest levels of government. Furthermore, they should not be externally forced to adopt such a strategy, but must be internally driven and domestically owned strategy, based on the specific concerns and circumstances in each country. Policy reforms that can help to maximize transparency and certainty and minimize administrative discretion will reduce corruption as well as eliminate incentives, which generate corrupt practices (CPA, 2005). To be effective, they should be implemented in a timely manner and include principles inter-related platforms describes the exact need.

Improving the management, efficiency and delivery of public services should be an essential element of any national strategy to enhance governance and reduce corruption. When services are provided in an efficient manner, fewer opportunities for corruption arise, as citizens are no longer required to compete, often by way of paying bribes, for scarce and inefficient services. In view of the increasing trend towards poor governances, a measure should be implemented to improve management and efficiency should encompass all those who have responsibilities for providing goods and services in the public interest. The rule of law should apply to all those involved in the administration and provision of services in the public interest, as it does to the whole of civil society. Ethical standards should be promoted through education and training where necessary, which honour pride in the virtues of integrity, professionalism, efficiency, transparency and impartiality in the public service. Countries need effective institutional arrangements to resolve disputes between citizens, corporations and governments, to clarify ambiguities in laws and regulations, and to enforce compliance.

The rule of law in a country is of vital importance for economic, social and political development. Inherent in the concept of the rule of law are the notions of impartiality, fairness and equality (Masud et al., 2006). The evidence from cross-country analysis is clear, governance matters instrumentally for socio-economic development performance. Better governance is positively associated with improved investment and growth rates. Government effectiveness, an efficient bureaucracy and rule of law are associated with better economic performance, adult literacy and negatively associated with infant mortality (Julius Court, 2006). Good governance has several major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. Participation by either direct or through legitimate intermediate institutions by all members of the society is a key cornerstone of good governance. In other words, participation means need to be informed and organized (Hashim et al, 2010). Good governance requires fair legal frameworks that are enforced impartially by an independent judiciary and an impartial and incorruptible police force. Transparency in a good governs means that decisions taken and their enforcement are done in a manner that follows rules and regulations. It also means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. Good governance also means promoting values for the whole organisation and demonstrating the values of good governance through behaviour (John et al., 2003)

Good governance requires that institutions and processes try to serve all stakeholders within a reasonable timeframe. There are several actors and as many view points in a given society, and 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. This can only result from an understanding of the historical, cultural and social contexts of a given society or community. The concept of efficiency in the context of good governance also covers the sustainable use of natural resources and the protection of the environment.
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. While there is no ‘one size fits all’ approach, the paper illustrates common themes that are fundamental to successfully implementing better governance, thinking about how best to govern is not a new issue. It was central to Aristotle’s thinking about how best to facilitate people’s ability to lead ‘flourishing lives’ in Ancient Greece (ODI Briefing Paper, 2006). There is now a substantial literature on governance. Virtually everyone agrees on some key points. Firstly, that governance refers to processes on how things are done, not just what is done. Secondly, that discussion of governance requires more than a focus on government. It also relates to the nature of relations between state and society. Governance refers to the nature of rules that regulate the public realm – the space where state and economic and societal actors interact to make decisions (Julius Court, 2006). Regardless of the size of the government, the government executive body puts together a leadership team, a group of individuals who are all going in the same direction and as far as customers and suppliers are concerned, operate as one. Serving the public needs to select and train the right kind of team members is one of top management’s most important tasks. In addition, it requires not just practical business experience, but also compassion, sensitivity, benevolence, and kindness or in one word, humaneness. Government has recognized the need to assign sets of activities to local control and to empower local communities through capacity building that would permit local decision-making in as many areas as possible. Participation of the people in national socio-economic development will not only change the nature and direction of development intervention but will lead to a type of development, which is more responsive to poor people’s position and interest. People are the central purpose of development and human will and capacity remain its most critical resources (Oloruntogbe et al., 2010). People-centered conception will take as its starting point local people knowledge, capacities, aspirations, desires, and places development activities in the service of improving people's lives in ways that best suit them. It is very essential to have appropriate governance committee structure, to oversee the process by which individuals are governed or instructed to conduct the business; and oversee matters of public service governance, including advising employees on matters of the organization and function.

CONCLUSION

The goal of good governance should be to furnish to the needs and aspirations of the citizens. Good governance works toward protecting the citizens’ fundamental human rights while endeavouring to build and sustain a society which is progressive; socially, economically, politically and spiritually. Accountable governance may not rapidly reduce poverty, or stimulate development, but it will create a context for the empowerment of the poor. It uses the resources at hand skillfully, while encouraging public participation and democratic systems and providing an environment where human beings can lead a peaceful co-existence. Accountable governance may not rapidly reduce poverty, or stimulate development, but it will create a context for the empowerment of the poor.

Empowerment will allow the poor an opportunity to reorganize their lives, tap the avenues and possibilities available within the state structure and participate in the development process.

Genuine efforts must be made to strengthen state institutions, like the bureaucracy, the judiciary and elective body, while non-state actors like the press, rural associational groups, trade unions, professional groups and the NGO community must be given a new lease of life. Governance refers to the nature of rules that regulate the public realm, the space where state and economic and societal actors interact to make decisions.

The governance body should initially develop a governance vision, policies, and standards that can be measured to track compliance and to quantify the benefit to the enterprise.

REFERENCES


Policy Spur Economic Growth
