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# A New Approach to Development and Democracy

*'I will give you a talisman...Recall the face of the poorest and weakest man whom you may have seen, and ask yourself if the step you contemplate is going to be of any use to him. Will he gain anything by it? Will it restore him to a control over his own life and destiny?...Then you will find your doubts and yourself melting away.'*

Mahatma Gandhi<sup>2</sup>

55. As the Commonwealth enters the twenty-first century, progress towards both democracy and development is under threat. Terrorism and the spread of international organised crime have created new obstacles to the pursuit of these goals. During the past decade there have been over 50 major internal armed conflicts, many of which have spread beyond national borders to create regional instability. The mixed success of international military interventions has raised questions about the appropriate methods for promoting democracy and development. HIV/AIDS is devastating whole communities, particularly in sub-Saharan Africa. Small vulnerable states and least developed countries (LDCs) have been especially prone to these problems and the instability of the increasingly global economy.

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

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

58. The Commonwealth has already made important contributions to supporting both democracy and development. It has been involved in conflict resolution and peace-building in the Pacific, Africa and the Caribbean, including through the use of the Secretary-General's good offices. The Commonwealth Ministerial Action Group exercises peer pressure on member countries violating democratic principles. Commonwealth institutions play vital roles in election observation, in addition to

providing technical assistance to strengthen the institutions required for democratic governance and the development of pro-poor national economic and social policy.

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

60. The relationship between development and democracy has been a subject of great debate in recent decades. While the dynamics of the relationship remain contested, one certainty is that the meanings of the central terms have changed. Just as development can no longer be equated with simplistic objectives such as growth of GDP per capita, so too democracy cannot be reduced to the narrow post-World War II procedural definitions based on regular civilian elections and multiparty politics. As the world changes, the concepts used to understand that world must also transform. A first step in providing a new approach to development and democracy for the twenty-first century is to define both ‘development’ and ‘democracy’.

## 2.1 What is Pro-Poor Development?

61. This Report emphasises *pro-poor development*. The Expert Group recognises and endorses four significant changes in development thinking in recent decades, which together inform the meaning of this term.

- *Defining development as strengthening human capabilities*

First, the principal aim of development no longer focuses on maximising marketable production of goods. The emphasis now is on expanding opportunities and strengthening human capacities to lead long, healthy, creative and fulfilling lives. Development is about enabling people to have the ‘capabilities’ to do and be the things that they have reason to value. Poverty can be defined as the deprivation of basic capabilities and development as the process of ensuring that the most basic capabilities are achieved by all. Although the list of desirable capabilities may differ from one society to another, current thinking is that basic capabilities include: being adequately nourished, avoiding preventable morbidity and premature mortality, being effectively sheltered, having a basic education, being able to ensure security of the person, having equitable access to justice, being able to appear in public without shame, being able to earn a livelihood and being able to take part in the life of a community.<sup>3</sup> Under this approach, issues of freedom and participation traditionally associated with democracy are also recognised to

be part of development itself. This stress on expanding human capabilities is central to the Fancourt Declaration.

- *Focusing on the poor*

Second, the scope of development policy has become broader, making ‘pro-poor development’ a vital additional analytical category that orients attention towards those people most in need. Recognising that ‘development’ is still used loosely in the policy world to refer to development strategies for poor countries, rather than particularly for poor people in those countries, the Expert Group believes that it is important to distinguish and promote ‘pro-poor development’. Development policies aimed at the general population may have a more limited positive impact on particularly disadvantaged groups. Pro-poor development concerns those policies that are specifically designed to enhance the quality of the lives of the poor. This Report highlights ways of supporting pro-poor policies in many development realms, from social policy at the national level to international trade regimes. Pro-poor development is also concerned with ensuring that current and future generations are able to meet their basic capabilities through sustainable use of the planet’s resources. These are themes at the heart of the Fancourt Declaration to which Commonwealth Heads of Government and civil society are committed.<sup>4</sup>

- *Identifying the poor*

The focus on ‘pro-poor development’ raises the issue of identifying the poor. This is a third area in which development thinking has changed. The poor used to be identified as a faceless mass or as a statistic. In contrast, current thinking is to specify the diverse population groups that suffer from basic deprivations and inadequate achievement of basic capabilities. These groups can be identified, for example, in terms of gender, ethnicity, religion, age or occupation. Since poverty has various dimensions some social groups may, for instance, be poor with respect to health, while others may be poor with respect to education. Particular effort must be made to identify those groups that are especially deprived (e.g., women) and vulnerable (e.g., those with HIV/AIDS). Such groups are entitled to special attention when resource constraints require setting priorities.<sup>5</sup>

- *Moving beyond the ‘trickle down’ view*

Fourth, the Expert Group recognises the empirical evidence that questions the association between economic growth and poverty reduction. Proponents of the ‘trickle down’ view of poverty reduction argue that the best way to help the poor is to make the economy grow.<sup>6</sup> Yet there is abundant evidence to suggest that growth is a necessary but not sufficient condition for poverty reduction. While in some contexts growth can create opportunities and reduce

income inequality, in other contexts (such as in countries where the poor lack a ‘voice’ and powerful and wealthy elites are able to pursue their narrow self-interest) growth may have little effect on poverty and may, perversely, increase relative and even absolute poverty. These findings reinforce this Report’s emphasis on pro-poor development strategies: Policies to increase economic growth must also enhance the lives of those in poor communities.<sup>7</sup> The pro-poor nature of growth is more important than its statistical rate.

## 2.2 What is Democracy?

62. The Expert Group believes that free and fair multiparty elections are central to any meaningful conception of democracy. The scope of democracy must, however, be widened beyond elections, so that democratic institutions and processes facilitate, protect and reinforce the full range of human rights.

63. Democracy requires realising in practice a range of values that are designed to give people a voice in their political governance and ensure liberty and equality. On the one hand are values relating to democratic *institutions* and on the other are values concerning *human rights*. This approach reflects the Harare Declaration, which places both democratic institutions and human rights at the core of the Commonwealth’s fundamental political values. Realising the institutional values is necessary to ensure sovereignty of the people and an inclusive political process, while facilitating, protecting and reinforcing human rights upholds the rule of law and constitutional guarantees, and delivers the substance of democracy to citizens. The relevant values are as follows.

### 64. *Institutional values*

- *Accountability and transparency*

Governments should be accountable to citizens through free and fair elections that express the will of the people. Accountability also requires transparency of government through the elimination of corruption and operation of oversight mechanisms such as ombudsmen, auditors-general and parliamentary select committees. In addition, states should embody horizontal accountability, meaning that no one element of the state, such as the military or executive, can act unchecked by its other branches. Any relinquishment of sovereignty should go hand in hand with citizen consultation and the development of public accountability mechanisms. As will be discussed below, accountability and other democratic values can also be applied to non-state actors, such as international financial institutions, businesses and civil society.

- *Representation*

Elected officials must effectively represent their constituents, and institutions

such as parliaments should take account of the interests of a wide variety of social groups. This is particularly important with respect to politically, economically and socially disadvantaged groups such as women and minorities, including indigenous peoples. Commonwealth Heads of Government set a target of 30 per cent of women in decision-making at their meeting in Edinburgh in 1997, but to date only three countries have achieved this percentage of women in their parliaments, and Commonwealth countries as a group have an average of only 13.4 per cent.

- *Local democracy*

Local democracy, particularly the strengthening of elected local government and citizens' participation, is an important way to 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, representative and adequately financed. Local democracy helps to ensure that individuals living in poverty can be involved in the decisions that affect their lives.

- *Participation*

Political participation must be promoted on a variety of levels. This means more than electing representatives in periodic national elections. It also requires opportunities for direct participation by those most affected by government decisions, particularly the most disadvantaged in any society. This means their involvement in policy formulation, design and delivery of basic services at the local level, and policy monitoring through, for example, participatory budgeting.

- *Civic associations and media and press freedom*

Vibrant civil society organisations (CSOs) and a free press and media can encourage citizens to hold their government to account, promote the representation of disadvantaged groups, enhance tolerance and strengthen the cohesion of diverse and multicultural societies. It is important that both groupings maintain appropriate standards of their own accountability and transparency.

## **65. Human rights**

- *Political and civil rights*

These include the rights typically associated with the International Covenant of Civil and Political Rights, such as permitting free and fair elections and universal suffrage, freedom of association, freedom of speech and information, freedom of movement, equality before the law, due process, *habeas*

*corpus* and general security of the person. An independent, effective, non-corrupt and accessible judicial system is required to protect, respect and fulfil these and other human rights, as is the development of a range of human rights institutions.

- *Social and economic rights*

Such rights include: the right to an adequate standard of living in terms of food, clothing and housing; the right to physical and mental health; the right to education; the right to work; the right to organise and collectively bargain; and the right to social security.

- *Gender rights*

Democratic values also encompass group-specific gender rights to prevent discrimination against women, and to enable them to benefit equitably from all that society has to offer and to participate equally in its governance. Gender rights include, among others, the right to personal security and redress against violence, reproductive health, equal pay for equal work and political representation at all levels. They can be supported through policies and processes such as gender-responsive budgeting and gender mainstreaming. Gender rights also include men's rights not to suffer discrimination and to equity in pro-poor development strategies.

- *Group rights*

Group rights are necessary to protect those, such as indigenous peoples, who may suffer due to their religion, ethnicity or caste. Group rights cover areas such as the right to use indigenous languages in judicial systems, the right to education in one's own language, freedom of worship, special representation rights and the right to maintain, protect and develop land of sacred or historical importance. These group rights help ensure cultural diversity.

66. This perspective on democracy has a number of significant characteristics that set it apart from other approaches to democracy:

- *Reflecting a Commonwealth perspective*

The democratic values reflect and encompass the fundamental political values and commitments of Commonwealth member states expressed in the Harare and Fancourt Declarations. The Harare Declaration emphasises democratic procedures and institutions and the importance of an independent judiciary, the rule of law and just and honest government. It also prioritises respect for human rights and equality for women. The Fancourt Declaration stresses accountability, transparency and the elimination of corruption. In addition, it highlights the importance of participation and civil society, and the need to

oppose all forms of discrimination based on ethnicity, gender, race and religion.<sup>8</sup>

- *Embracing human rights*

Many analysts define democracy in a narrow procedural sense, focusing on free and fair elections and the basic political and civil rights required to make these possible. In contrast, this Report's definition is far broader and recognises important contemporary concerns such as local democracy and the full range of human rights.<sup>9</sup> Free and fair elections providing real political choice remain, however, central to any meaningful conception of democracy.

- *Embracing democratic diversity*

It is common to conceive of democracy as uni-dimensional and think that countries can be placed along a single continuum from non-democratic to democratic. This Report's perspective on democracy is multi-dimensional in the sense that it recognises a range of core values, discussed above. While a country may meet democratic requirements with respect to one value, it may be lacking in relation to another. Countries can thus be 'differently democratic'. The Harare Declaration commits the Commonwealth to the protection and promotion of democracy, democratic processes and institutions that reflect national circumstances.

- *Realising democratic values in practice*

Most countries have constitutions specifying democratic principles and have signed international agreements signalling their willingness to adhere to democratic values, particularly human rights. But they fail to realise many of these rights in practice. This Group's perspective on democracy firmly emphasises the importance of a country's practice, not merely its nominal commitments. It considers democracy to be meaningful in people's lives when it is put into practice rather than simply enshrined as constitutional or legal principles.

- *Emphasising interdependent values*

Democratic values are interdependent. For example, realising social and economic rights is necessary for achieving the civil right to equality before the law. In conditions of extreme inequality a poor peasant cannot afford the legal representation to counter a wealthy landowner in a land dispute case, nor would such a person have the education or financial means to run for political office. Similarly, making governments accountable to citizens helps guarantee that the state will uphold human rights. In this sense, realising different democratic values in practice can make them mutually reinforcing.

- *Promoting different arenas of democracy*

Democracy need not be confined to state institutions. This Report's approach to democracy is that democratic values such as accountability and civil rights, as well as economic and social rights, can be promoted in a variety of different arenas, including state institutions (e.g., the school system), international organisations (e.g., the IMF and World Bank), the economic sphere (e.g., transnational corporations), civil society (e.g., non-governmental organisations) and the household. Democratic practices in these different arenas help reinforce one another.<sup>10</sup>

### 2.3 Making Democracy Work for Pro-Poor Development

67. The global political landscape has changed dramatically in recent decades. Twenty-five years ago there were some 35 democracies in the world, most of them in the wealthy industrialised nations. Today this number has grown to around 130.<sup>11</sup> Many of these new democracies are in Commonwealth countries.

68. Some processes of democratisation, however, have faltered. Despite the long history of democratic governance in some Commonwealth countries, in others there is an urgent need to encourage democratic reforms. A number of Commonwealth countries, for instance, have not established basic democratic procedures such as free and fair multiparty elections. Other countries, both inside and outside the Commonwealth, may have electoral institutions in place but have experienced little change with regard to the respect, protection and fulfilment of many human rights, including civil rights, gender rights and social and economic rights. Economic and political elites have frequently been able to preserve their privileges in the new democratic contexts, often at the expense of the poor. The wave of democratisation that occurred in the last quarter of a century has lost momentum. As the *Human Development Report 2002*, produced by the United Nations Development Programme (UNDP), points out, "the spread of democratisation appears to have stalled, with many countries failing to consolidate and deepen the first steps towards democracy".<sup>12</sup>

69. One of the central problems of these stalled processes of democratisation is institutional weakness. Democratic values cannot be achieved in practice through good intentions alone. Effective institutions are essential for successful democratisation. But many new and fragile democracies seem to lack the institutional infrastructure required to turn democracy into a reality. Some of the necessary institutions include, for example, electoral commissions, ombudsmen, parliamentary oversight committees, highly-trained civil servants in both central and local government, police forces, schools, and accessible and impartial judicial systems that uphold the rule of law and human rights. Free and fair elections, which are central to the democratic process,

require legal and political institutions to ensure freedom of information, speech and political association, and to guarantee a free and independent media. Guidelines for party funding are important to protect the integrity of the political process. Targeted strategies need to be adopted to increase women's representation in parliament and local government, such as setting quotas and leadership training. Internal democracy within parties can also contribute significantly to accountability within political institutions. Institutional mechanisms and appropriate constitutional and legal frameworks are required to check the potential abuse of executive power and to challenge corruption. It is also important that democracy is not reduced merely to majority rule, and there should be effective safeguards for protecting group rights, including the right to dissent.

70. For poor communities to have a voice in making decisions about resource distribution and other issues that affect their lives, there must be mechanisms and institutions that empower these communities, such as participatory budgeting processes.<sup>13</sup> Moreover, an effective public service is essential to help develop and deliver government policies. Successful local democracy requires strengthening the democratic structures and processes of local government. As UNDP recently emphasised: "In the long run building stronger and more accountable local government is the only way to make decentralisation pro-poor. But it requires time, resources and capacity building. For the poor the lasting benefits will outweigh the immediate costs."<sup>14</sup> Promoting local democracy and accountable and transparent decentralisation can also help to reduce the scope of avoidable conflicts.

71. Democracy also requires effective institutions beyond the nation state, at the regional and global level. For instance, international financial institutions such as the World Bank and IMF, and organisations within the United Nations system, need to ensure appropriate multilateral support for democracy in member countries and to themselves embrace institutional mechanisms that permit poor countries and small states to influence decisions.

72. Institution-building at the local, national and international levels is vital to help deepen democracy. These institutions are also necessary to deliver development policies to those people marginalised by poverty. This Report reflects these issues by encouraging wide-ranging forms of institutional development, for example with respect to state administration (Section 4.1) and international economic institutions (Section 5.2).

73. Despite the global wave of democratisation and attempts to build accompanying democratic institutions, the problem of poverty has persisted, both within the Commonwealth and worldwide (see Section 3).<sup>15</sup> This has led some analysts to suggest that democracy is not working effectively for pro-poor development.

74. Is there any concrete evidence that democracy and development reinforce each other? Social scientists have not established an unambiguous and indisputable relationship between the two.<sup>16</sup> While some have found a causal connection or statistical association, their evidence is contested. These diverse results partly reflect differences of method: Social scientists use a variety of definitions and measures of development and democracy; they examine different time periods; or they study different clusters of cases. But the lack of definitive results is also due to history. The rise of democracy in Western Europe in the nineteenth and early twentieth centuries occurred under specific historical conditions, including the growth of a strong manufacturing sector through the industrial revolution, the print revolution and the growth of the print media, the political struggles of well-organised urban workers and women, the waning of the landed aristocracy, and imperial exploitation and domination. Some of these conditions are unlikely to be repeated in the contemporary developing countries of the South. Instead a range of different relationships between development and democracy is evident. In contrast to the Western European experience, some countries, such as Chile and some of the East Asian ‘tigers’, have experienced economic development under authoritarian regimes. In Latin America in the 1990s, democratisation was associated with increasing disparities in income.

75. The relationship between development and democracy should thus not be oversimplified. The sequencing of reforms, the historical configuration of class relations, state strength and a country’s place in the geopolitical context all mediate the development-democracy relationship.

76. Despite these historical variations, however, the Expert Group emphatically supports both democracy and pro-poor development as objectives in their own right, and believes that they can be encouraged to be mutually reinforcing as is envisaged in the Fancourt and Harare Declarations. It is possible to learn from history and challenge the pessimism of those who question the association between development and democracy.

77. How can democracy and development be made to work together? Of the vast range of possible development strategies, some are consistent with democratic values while others have a limited democratic content. An example of the latter kind is top-down development solutions that do not involve consultation with, or participation of, the poor. This Report aims deliberately to focus on the former kind: those development policies that in themselves uphold or promote democratic values. For instance, in one case highlighted in this Report, local participation in creating school curricula has not only promoted development through improved education but at the same time has encouraged democratic participation and accountability at the local level (Box 3). In a different case government budgets have been monitored by women’s groups in a process that has not only highlighted the development gaps and gender bias of the

budget but simultaneously encouraged grassroots participation of local people in decision-making and gender rights (Box 1).

78. With these kinds of policies it is possible to make democracy work for pro-poor development. While encouraging development, such policies will simultaneously be strengthening transitions to democracy. As will be discussed below, making democracy work for pro-poor development requires a partnership between the state, the market and civil society.

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

79. This Report argues that the state, the market, civil society and the international community each has a vital role to play in delivering development and democracy. Indeed, it is a mistake to argue for the primacy of any one of these four elements as each is essential. That said, the foundations of democratic development lie in democratic and accountable institutions of government.

### ***States***

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

81. The foundations of a democratic state are worth recalling: a freely and fairly elected parliament that is broadly representative of the people of the country; an executive (government) that is answerable to parliament; an independent judiciary; a police force that responds to the law for its operations and the government for its administration; and armed forces that are answerable to the government and parliament. For democracy to survive and function properly each of these institutions must be held to account. This requires: an independent electoral commission; an independent human rights commission; a freedom of information commission; and an ombudsman. Furthermore, at the heart of democracy and development lie the resources of a nation. It is imperative that parliament is the only channel through which the executive is funded and that the public accounts system be transparent and straightforward, clearly reflecting where money is coming from and where it is going to. The financial affairs of any democratic government should be monitored by

parliament through a public accounts committee, and by an auditor-general answerable to parliament (Section 4.1).

## ***Markets***

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

## ***Civil society***

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

## ***The international community***

84. Beyond the state, the market and civil society, there is a need for action in the international community. The wealthier industrialised countries must not impede development through their own protectionist measures, including subsidies and restrictions on market access in agriculture and textiles. They must promote and work within a rules-based and transparent multilateral trading system that is more responsive to the needs of poor countries. Having committed themselves to the MDGs and to the New Partnership for Africa's Development (NEPAD), the industrialised countries must now implement their pledges, providing resources in ways that promote

democracy and development. Specifically, this means providing debt relief that releases adequate resources for governments to pursue development programmes, particularly in the areas of health and education, and increasing untied official aid and direct budgetary support to the levels needed to attain the MDGs. Where international economic organisations such as the IMF, the World Bank and the WTO set down conditionality or constraints on policy, it must be in the pursuit of pro-poor development, and must work in ways that do not erode democratic institutions and human rights at the national and sub-national levels (Section 5.2). Finally, in respect of war and armed conflict, when domestic efforts have been made and failed, the international community must take action to reduce conflict and insecurity (Section 5.3).

85. This Report is a call for responsibility and partnership – from governments, from firms, from civil society and from the international community. Without responsibility on all these levels, development and democracy will remain rhetoric rather than become reality.