

# ICPS newsletter

## Civil society oversight will combat corruption

*Good governance is a key ingredient to the success of economic and social development. In countries with effective and fair state institutions, a simplified and clear regulatory environment, independent mass media, and the rule of law supporting citizens and ownership rights, the welfare of society can improve and investments grow. These ideas were addressed by Mr. Daniel Kaufmann, head of the State Governance Department of the World Bank Institute, in his presentation at ICPS's roundtable titled "Emerging International Evidence and New Frontiers toward Good and Clean Government"*

### How do you assess governance effectiveness?

Mr. Kaufmann defines governance as the traditions and institutions by which authority in a country is exercised for the common good. This includes the process by which governments are selected and replaced, the capacity of the government to effectively formulate and implement sound policies, and the respect of citizens and the state for the institutions governing the economic and social interactions among them.

Mr. Kaufmann presented his own system of indicators that measure the quality of state governance, as follows:

- prevention of corruption;
- rule of law;
- absence of a regulatory burden;
- government efficiency;
- public voice and government accountability;
- political stability and lack of violence.

In order to improve the quality of state governance and to reduce corruption, it is necessary to ensure the existence of an independent judiciary, proper management of state enterprises, public participation in the policymaking process, deregulation along with tax and budget reforms, and the overhaul of financial and state procurement systems.

### Civil oversight is the way for good governance

The experience of many countries shows that the reduction of corruption and the improvement of governance require the existence of a balanced system of civic control that is able to restrict political and bureaucratic arbitrariness, as well as provide:

- clear division of authority between the executive, legislative, and judicial arms of government, and also between central and local authorities. This enables the independence of the judiciary and the effectiveness of the legal system. Moreover, responsibilities are clearly decentralised;
- the existence of civil society institutions and independent mass media which have great influence and should monitor the government;
- the functioning of a competitive market economy, without excessive intervention of the state.

The main cause of corruption in transition countries is the concentration of economic power in the hands of monopolies, which have a political influence on the government for personal gain. This problem is more acute in those countries where oil, gas, and aluminium monopolies have great economic and political power. This generates various types of corruption, including tax evasion, bank accounts in other countries, and lobbying for government decisions which restrain business activity and competition.

Civil society oversight over the policymaking process and the performance of the state and its enterprises is one of the most effective tools for improving the quality of governance and fighting corruption. The shift to transparency of social activities can be carried out through effecting fundamental changes in the policymaking process. Public hearings of draft laws, decrees, and other normative documents should be organised and court decisions should be published. An appeal system for government decisions should be developed, through which the community can have opportunity to judicially invalidate illegal decisions by state authorities.

### Strategy for good and clean government

#### Checks and balances:

- independent and effective judiciary;
- decentralisation with accountability.

#### Competition and Entry:

- competitive restructuring of monopolies;
- regulatory simplification.

#### Good and clean government

#### Civil society oversight:

- freedom of information;
- public hearings of draft laws;
- monitoring by media and non-government organisations.

#### Public administration and public finance:

- meritocracy in civil service;
- transparent, monetised, adequate remuneration;
- accountability in expenditures (treasury, audit, procurement).

#### Accountability of political leadership:

- disclosure of parliamentary votes;
- transparency in party financing;
- asset declaration, conflict of interest rules;
- notice of conflict of interest.

It is important for government at all levels to have organisational mechanisms of accountability, including:

- *mechanisms of political leadership accountability*: parliamentary votes, party financing, and income and asset declarations should be disclosed;
- *meritocratic, service-oriented system of state governance*: the recruitment of public officials and their promotion should be based on candidate's professional abilities. Proper agencies should be established to recruit civil servants, and a common performance evaluation system should be instituted where civil servant salaries and promotion directly depend on performance. Salaries of civil servants should be competitive compared to those of the private sector. Reforms of the public service may also involve fixing and publishing service standards, conducting surveys of consumers on how ministries and other

### **High-quality policymaking is a prerequisite for fighting corruption**

Viktor LYSYTSKY, Government Secretary of Ukraine:

"There are three main factors affecting the corruption level in our country:

- *the position of political leaders—room for corruption diminishes if politicians only make policy decisions but are not involved in administration;*
- *quality of decision-making procedures—all draft decisions should be discussed at government committee meetings, where any minister can participate with the right of a casting vote;*
- *the level of policymaking centralisation—the Cabinet of Ministers should delegate responsibility for making narrow sectoral decisions to the proper ministries."*

institutions meet these standards, with obligatory publication of results, etc.;

- *transparency and accountability in government expenditures*: requires a strong and extensive treasury system, as well as a transparent and competitive system of state procurements. For example, many developed countries publish their

justification of state expenditures, explaining government policy and its goals as reflected in the annual budget.

*The roundtable on "Emerging International Evidence and New Frontiers toward Good and Clean Government" was held at ICPS on March 20, 2000.*

## Ukraine, Poland, and Italy: Experience in European integration

**A conference titled "Ukraine's European Choice and the Partnership with Poland and Italy" was held in Rome on March 22. Participants discussed issues of the enlargement process of the EU and its implications for Ukraine, as well as larger regional cooperation in promoting Ukraine's European choice. In her presentation, Ms. Vira Nanivska, director of the International Centre for Policy Studies emphasised Ukraine's role in Europe, and mechanisms to transfer the experience of EU integration to Ukraine**

### Ukraine is a resource for the EU

The EU is truly an organisation for the third millennium. It is a union—or, rather, a partnership—existing for the sake of expanding the potential of its member countries, and of itself as a whole. Ukraine may be considered as a resource which adds to the potential of the EU, providing:

- political balance;
- experience in post-totalitarian transformation;
- a market for disseminating European values, forms of thinking, and intellectual goods and services;
- highly qualified engineers, scientists, and designers;
- an expanded territory for tourism;
- demand for improved transportation infrastructure;
- enormous investment potential; etc.

But in order for Ukraine to be used effectively as a development resource, we need to do the homework of reforms and to assert ourselves and our many assets (geographical location, high-level engineering and science, historical legacy)

on the European arena. The architects of the new Europe did not think of Ukraine as a potential partner and investment market while it was a part of the USSR, and now Ukraine's slow progress in economic reforms has placed it on the periphery of European thoughts and plans.

This might be understandable if we take only economic indicators into account, but the situation looks somewhat different if we talk about an overall development strategy for Europe. The experience of partnership and integration with post-totalitarian countries will become an important factor for the very future existence of the continent as a whole.

### The experience of successful integration will help in avoiding mistakes

In terms of European integration, Ukraine needs to capitalise on the experience of Central and Eastern European countries. We need to create and implement mechanisms to transfer this experience to the Ukrainian side, consisting of the following main elements:

- establishing contacts between Ukrainian

and CEE NGOs directly involved in studying European integration issues;

- ensuring that the "European vector" is incorporated into the job descriptions and professional interests of all Ukrainian public servants;

- studying the experience in European integration of Poland and Italy, and introducing it in Ukraine, with ongoing information on the activity of relevant government structures in countries involved in policymaking regarding European integration;

- including experts and consultants from European countries (especially Italy and Poland) in the work of Ukrainian government agencies, in order to directly transfer European integration experience in various fields;

- conducting joint conferences and seminars with the participation of Ukrainian, Polish, and Italian parties on European integration issues;

- establishing contacts between Ukrainian, Polish, and Italian educational institutions, in order to introduce existing courses on European integration into Ukrainian educational programs, and to develop joint research projects.

Knowledge about European integration will provide the opportunity to avoid many mistakes and problems which were faced by Central and Eastern European countries in the process of developing their relations with the European Union.

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