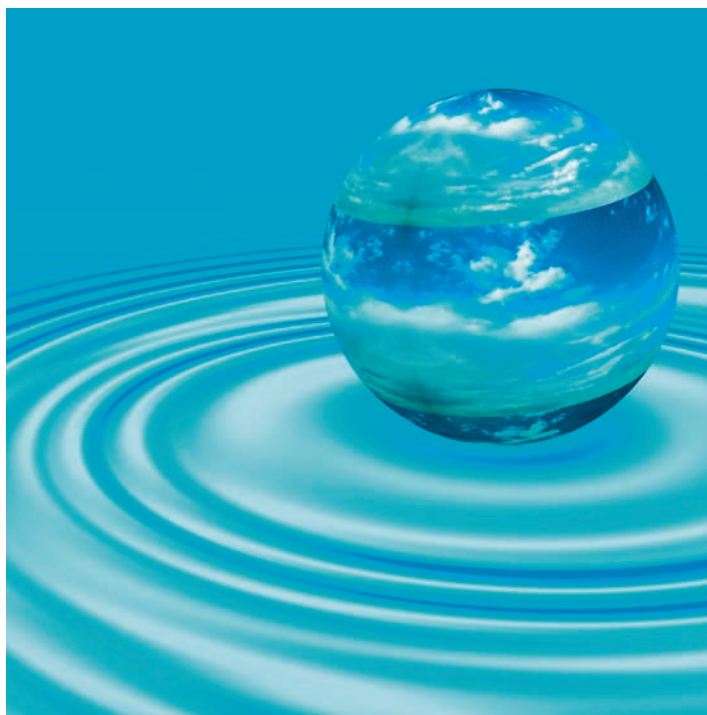


TRANSPARENCY AND ECONOMIC AND SOCIAL DEVELOPMENT

by Panos Liverakos

Political Scientist



Good Governance and transparency

Governments decide the policies they adopt to accomplish their political agendas. In democratic countries, however, all governments are held to certain standards of conduct in policy implementation, which are generally encompassed by the concept of good governance. The objective of good governance is to set goals of policy to be carried out as planned, but also to be implemented under the rule of law in ways that are consistent not only with the provisions in the Constitution and the laws of the land, but also in accordance with principles of equity and cost-effectiveness. Irrespective of the precise economic and social policies governments adopt, good governance practices are required to ensure that policy implementation is effective and consistent and that the chosen policies have their intended effect. Although policy aspects are important for economic and social development, the concept of good governance plays an important role in effective management. In essence, it dictates the norms of behaviour, within which governments actually deliver what they say they will deliver.

The good governance concept is composed of four dimensions: public sector management, accountability, predictability, and transparency. Perhaps of these, transparency may be the most important, because it combats secrecy, which is the breeding ground not merely of corruption, but also of the abuse of power. It may be assumed that the extent of good governance is determined by the management capacity of public organisations; institutional accountability, vis-à-vis citizen participation in the process of governance; the existence of a predefined set of rules and regulations; and the provision and availability of information. In this context, the extent of good governance practices denotes the legitimacy of the system since people want to be able to hold Parliament, their government and their public sector officials and organisations to account for results – positive or negative.

The dimension of transparency pervades many distinct domains of social and economic life, although, in many cases, it has been treated as if the term was limited to the domains of finance, or anti-bribery efforts, or the disclosure of the terms of some sensitive treaties. For the purpose of this paper, it is assumed that transparency refers to the norms and practices of legitimate centres of power¹ to, regularly disclose information to the public about their decisions, actions and state of affairs. It needs to be remembered that of the above facets of good governance transparency is technically the easiest to implement, in the sense that modern technology has provided

us with means with which to put in practice certain procedures, rules and regulations to ensure transparency, which were previously not available in cost effective ways.

In practical terms, transparency refers to the availability of information to the public at large, clarity about government rules, regulations and decisions, and the institutional state of affairs within which social and economic activities take place². It also means, however, that for most tasks of government, public administration must operate in the open, under the rule of law. In effect, this signifies that “secrecy” cannot be tolerated as in old bureaucratic regimes; that freedom of information is an essential right of citizens in a democracy. When a government regularly discloses sufficient information, all “cost-benefit” relationships become clearer to citizens and businesses, leading to better conditions for development by reinforcing people’s continuous confidence in the political and economic system³.

TRANSPARENCY AND ECONOMIC DEVELOPMENT

It is assumed that the quality of the environment within which economic and social activities are performed will reflect the effectiveness of the system, i.e. the quality of public sector management and services, and the level of availability of information, to ensure that the system is transparent⁴ and accountable. On the other hand, governments, being directly concerned with the process of economic and social development, re-



The Internet Governance Forum in Athens (November 2006)

alise that good transparency practices influence the institutional environment in which citizens and business interact among themselves and with government agencies and officials. Transparency in government decision making and public policy implementation reduces uncertainty and it helps inhibit corruption among public officials. To this end, rules and procedures that are simple, straightforward, and easy to apply are preferable to those that provide discretionary powers to government officials or that are susceptible to different interpretations.

Consequently, access to accurate and timely information about the economy and relevant government policies can be vital for economic decision making by the private sector⁵. This holds true across all areas of the political and economic

environment. Hence, it is often considered useful to strengthen the citizens and business' right to information with a degree of legal enforceability. Such practices normally lead to increased demand for and supply of information. Strong incentives for transparency exist for governments wishing to attract investment, but also for corporations wishing to invest, since the higher the transparency of a government, the lower the cost of information gathering. In other words, transparency positively affects decisions concerning investment and economic activities⁶.

The value of transparency is predicated on timely, objective, actual and honest information. Of course, this means avoidance of concealment or deceit. In reality, however, this has proved only possible when: [i] the government has no

monopoly of information; and [ii] when the information services (statistics, etc) are independent. A major trend in the attempt to increase transparency has been the adoption of e-government – the use of communication technologies like the Internet to open government processes and enable greater public access to information. E-government practices play an essential role in revealing to the public the policies their government is adopting or the actions the government is taking. For example, by posting on-line rules and regulations, requirements for government services (such as requirements for obtaining a license), and procurement tenders helps minimize subjective actions by officials. Furthermore, when services are available on-line, the citizen or a business may be able to track the status of their case and receive services on-line without the direct interaction with a public employee⁷.

TRANSPARENCY IN THE HELLENIC REPUBLIC

As a European Union member state, the Hellenic Republic is required to have transparent policies and laws in place for fostering competition. The country has made remarkable progress in introducing measures to increase and enhance transparency, not only in the economic, but also in the political sphere. One of the Government's top priorities has been the development of a legal framework for the implementation of policies promoting transparency in all public sector activities, to tackle effectively the phenomenon of corruption⁸. Laws have been introduced

to increase transparency in government operations, including transactions between the citizenry and the state, and to reduce corruption in all sectors of the economy.

One of the first legislative acts promoting transparency in the public sphere has been the establishment of the Ombudsman Office. The Ombudsman serves as a link between citizens and government and helps to provide information, improve government services and protect citizen's rights. His main functions are: [i] investigate citizen complaints about the government, and determine whether the government acted lawfully; [ii] make recommendations to the government for redressing wrongful acts and for improving the administration and laws; and [iii] report on findings to the government, the legislature, and the public.



The Greek Ombudsman

A set of measures for enhancing access to government information have been implemented⁹. The effectuation of a law designed to reinforce people's right to information, has prompted some positive developments, especially in the lo-

cal government realm. By proactively disclosing information and holding themselves accountable for their policies, some local governments are trying to open the way for people's participation in policymaking and policy evaluation processes. The aim is to reform the administrative system to better incorporate the ideas and opinions of the citizens, the users of public services.

A number of inspection bodies have been established to check out complaints and investigate cases of opacity and corruption in the entire spectrum of public administration, including local authorities. The main authority for these inspection bodies is the Office of the Public Administration Inspector General, established in 2002, whose mandate is to oversee all Inspection bodies, and set the pace for policies pursued within their jurisdiction¹⁰. What is sought through these inspectorates is to combat corruption and restore public trust in government. It is a costly process, but it needs to be understood that lack of transparency, as well as lack of public trust carry tremendous hidden costs.

It is a well-known fact that excessive government regulation of business, especially of the smaller ones, tends to increase the share of economic activity in the informal sector. It also increases the possibility that regulators collect "rents" from potential entrants to the formal sector. Evidence shows that there exists a strong positive correlation between the number of procedures required to start a new business and the level of unofficial

economic activity¹¹. Thus, in order to simplify and expedite the investment process, a quasi-state investment promotion agency, the Hellenic Centre for Investment, has been established. This Centre functions as a one-stop shop for assisting investors in cutting through red tape, and acquiring the numerous permits needed to proceed with investments. It also advises the government on ways to streamline the investment process and to improve the general investment climate in Greece. The overall objective is to strengthen a climate of trust and to make the Greek economy more "investor" and "user-friendly".

There are also provisions to reduce red tape and other sundry obstacles that affect business activity. By making rules and regulations simpler and more transparent, the government allows businesses to complete their transactions with the state faster and more economically. The effort to reduce red tape also extends into the citizen - state relationship. A Standing Committee for Simplification of Administrative Procedures is continually working on identifying procedures which may improve the interaction between the citizen and central and local state administration units. In this context, all government units and agencies, as well as publicly owned corporations such as utilities, have introduced charters of citizen rights, which explicitly state their policies and procedures in their interactions and transactions with citizens and business entities.

The government has also put e-government in the service of citizens in order to increase trans-



parency. A good example of this is the introduction of Citizen Service Centres. Citizen Service Centres have been created at convenient locations, where citizens can access on-line services of several government departments. At these counters, which are run either by local government or private operators, the public does not interact directly with computer screens, but with skilled personnel who play the role of the mediator between a government agency or department and the citizen or a business entity¹². Such a system utilises e-government in the execution of its tasks, and it leads to greater transparency and reduced administrative corruption¹³.

Other systems used to promote transparency are the deployment of an electronic revenue and expense reporting system. The Hellenic Tax Authority has introduced rather sophisticated systems of recording, calculating, dispensing and collecting tax, in order to introduce objectivity, and thus transparency, into the system.

The fight against corruption and

the promotion of transparency in all government and business transactions is high on the Government's agenda. For this reason, legislation aimed at creating an independent authority to supervise and control all public procurement contracts is underway. This move will hopefully add more transparency and uniformity to public sector transactions.

Financial statements are required of political leaders and high-ranking public employees once they are elected or appointed respectively. High officials must disclose the nature and extent of their financial assets to ensure no conflicts of interest with the job they are performing, or that they are taking advantage of their position to enrich themselves.

Last, but not least, it seems that there exist instances where it is necessary to place limits on the principles of transparency. In doing so, it may be helpful to distinguish between information as a commodity and information as a process. For example, intellectual property rights may need to be pro-

tected in order to encourage innovation and invention; however, decision making on the establishment of intellectual property and rights thereto (i.e. to whom they are granted and why) should be transparent. Furthermore, there is also certain information, such as personal information, that requires exceptional treatment. In the Hellenic Republic, the Government has established an independent body to oversee the handling of personal information by business and government, and to safeguard the condition under which such information may be disclosed.

AN AFTER THOUGHT

Over the past few years, there has been a substantial change in the provision of public information in the Hellenic Republic, aiming to ease the access to information by citizens and businesses alike. Over time, a body of laws, regulations and practices have developed, making it easier for ordinary citizens and business to have access to important government information, to request and receive documents within predetermined time periods, and to have their say in government decisions and rule making. To various degrees, the principle of transparency has taken root. This is in line with worldwide trends, where the amount of information available and accessible is expanding. It should be emphasized that the process is still incomplete and that, to make it effective both the structure and the culture of public information must be transformed. The legislative framework needs to be greatly improved, but also public officialdom needs to be trained accordingly. If

the country is to instil further confidence in the economic and social sphere, considerable attention should be given to corruption, which remains an issue. Rapid developments in information and communication technologies provide new opportunities for enhancing and deepening transparency levels, contributing to economic and political development. Furthermore the goal of pursuing more openness in the system should remain a top priority for the government.

¹ This includes local and central governments, international and supranational agencies, public (and private) corporations, civil organisations / NGOs and professional associations including trade unions.

² Incidentally, transparency also complements and reinforces predictability and accountability.

³ Studies support the idea of a positive causal effect running from transparency to development, as well as from better governance to better outcomes (Glennerster & Shin, 2003; Kaufmann, Mastruzzi & Zavaleta, 2003).

⁴ The transparency component is facilitated by the disclosure, regularly and proactively, of information on activities, by institutions and organisations involved in the process.

⁵ On grounds of efficiency alone, such data should be freely and readily available to economic agents.

⁶ There are also political motives for practicing a transparency policy on information disclosure: pursuit of legitimacy by governments and multinational authorities, and the fight against corruption.

⁷ For example, South Korea reduced corruption by reorganizing government activities such as licensing and permit approval, and creating an online monitoring system to track each application.

OPPORTUNITY GREECE

This program succeeded in reducing the number of bribes and collusion among corrupt bureaucrats because officials could now be held personally accountable for their actions.

⁸ [i] Adoption of the OECD Convention of 21 November 1997 on combating bribery of Foreign Public Officials in International Business Transactions, and ratification in November 1998 (L. 2656/1998); [ii] adoption of the Convention on the Fight against Corruption involving officials of the E.C. or officials of Member States of the E.U. (L. 2802/2000); [iii] adoption of the Convention on the Protection of the E.C. Financial interests and the protocols thereto (L. 2803/2000); [iv] amendment of the Criminal Code to strengthen the provisions on passive and active corruption (Section 2 of L. 2802/2000).

⁹ Administrative Information Disclosure Law, concerning access to information held by administrative organs.

¹⁰ Besides this main body of the Inspector General, inspection divisions exist at various Ministries and in the Greek Police and the Hellenic Coast Guard, acting as watchdogs on the practices and procedures of the various government departments, central, regional and local, across a range of activities such as taxation, licensing, permits, environmental compliance, etc.

¹¹ Diagnostic surveys in Romania (<http://www1.worldbank.org/public-sector/anticorrupt/RomEnglish.pdf>), and, a diagnostic study of corruption in Indonesia (<http://www.patnership.or.id/data/Diagnostic-Study-eng.pdf>).

¹² The benefits from this mode of service delivery include convenience (location and time) and shorter waiting periods.

¹³ So far, however, the reduction of corruption opportunities has often been an incidental benefit, rather than an explicit objective of e-government. It is a by-product, although of much importance, that is beginning to be recognised extensively.

USEFUL LINKS

World Bank Report, 2003

<http://www.cdt.org/egov/handbook/transparency.shtml>

<http://www.dailykos.com/story/2006/11/10/184736/14>

http://dcstat.octo.dc.gov/dcstat/cwp/view,w,a,11,q,491704,dcstatNav_GID,1449,.asp

<http://www.access.gpo.gov>

<http://www.treasury.gov.au/contentitem.asp?NavId=&ContentID=178>

[http://www.coe.int/t/dg1/greco/evaluations/round1/GrecoEval1\(2001\)15_Greece_EN.pdf](http://www.coe.int/t/dg1/greco/evaluations/round1/GrecoEval1(2001)15_Greece_EN.pdf)

<http://216.239.59.104/search?q=cache:sHliKvmmvPcJ:www.spea.indiana.edu/tac/colloquia/2001/pdf/Holzner.pdf+transparency+in+greece&hl=en&ct=clnk&cd=29>

<http://www.state.gov/e/eb/efd/2005/43029.htm>

<http://www.archives.nysed.gov/pubs/re cmgmt/egovernment/definiti.htm>

<http://www.transparency.org>

<http://www.gedd.gr>

<http://www.seedd.gr>

<http://www.gspa.gr>