

9-1-2002

Civil liberties, democracy and the performance of government projects Review

Yakubu A. Bello

Follow this and additional works at: <https://dc.cbn.gov.ng/efr>

Recommended Citation

Bello, Y. A. (2002). Civil liberties, democracy and the performance of government projects. *Economic and Financial Review (EFR)*, 40(3), 119-121.

This Article is brought to you for free and open access by CBN Institutional Repository. It has been accepted for inclusion in *Economic and Financial Review* by an authorized editor of CBN Institutional Repository. For more information, please contact jelongshak@cbn.gov.ng.

Civil Liberties, Democracy and the Performance of Government Projects

Mr. Yakubu A. Bello*

INTRODUCTION

The paper examined the link between government project efficacy and governance and found that there existed a strong empirical link between civil liberties and the performance projects. Greater efficacy in government business were traceable to increasing citizen voice, public accountability and better participation in governance. Governance was defined as the “manner in which power is exercised in the management of a country’s economic and social resources for development”, which was not quantified.

The Highlights of the Paper

Three major interrelated dimensions of government, namely: “*What*”, “*How*” and “*How well*” were identified. The “*What*” was related to public decisions such as enactment of laws, policies and regulations and their impact on the allocation of public expenditures and investments as well as incentives for all other sectors of the economy. The “*How*” signified to what extent social structures, political structures and official and unofficial institutions affect the level at which public decisions and authority were exercised. The “*How Well*” determined the efficacy of government in accomplishing its objectives.

Literatures on the “*What*”, “*How*” and “*How Well*” were reviewed with a note that some focused on the effects of measurable government action on growth, such as levels and pattern of public investment expenditures, with government actions including school enrollment rate, financial depth and macroeconomic instability. The “*How*” aspect of government action evaluates the effects of social structures, political structures and institutions on the level of public decisions and

*Mr. Y. A. Bello is a Senior Economist with the Research Department of the Central Bank of Nigeria.

authority exercised. The paper therefore, focused on the effects of civil and political liberties, the association between higher levels of income and higher levels of civil liberties and of popular political participation.

Project performance was viewed as an indicator of government efficacy. Using data on government investment projects financed by the World Bank through loans and credit from the International Development Association, the economic rate of return (ERR) was calculated and used as an indicator of outcomes, for all countries. Furthermore, the potential relationship between ERR and civil liberties that was specific to World Bank financed projects was also investigated.

In order to establish whether civil liberties have an additional effect on project performance, some measures of basic civil liberties were included as determinants of ERR namely: Freedom House Index; Humana Index and Media Pluralism Index and each of them showed a statistically significant and empirically large association with returns to projects. These effects of civil liberties on project returns were empirically large compared with those to macroeconomic policy effect (World Bank 1991).

Analysis of the data showed interrelationship among civil liberties, civil strife and project performance that suggested the possible mechanism of causation was from more civil liberties to increase citizen voice to better projects. Countries with high ERR have many more riots, demonstrations and political strife per capita (adjusted for population) than countries with poor project performance.

In conclusion, the paper noted that the extent of a country's civil liberties has a substantial impact on the successful implementation of government investment projects financed by the World Bank. Therefore, increasing citizen voice and public accountability through both participation and better government could lead to greater efficacy in government action.

Comments on The Paper

The study was very informative and unlike earlier studies on this issue, that focused mainly on the "What" and "How" of government projects, this paper went on to add the "How Well" dimension of government projects as financed by the World Bank.

The data on the study however, was more of micro nature as such could not stand a robust empirical analysis of macro economic nature which could have been better for that kind of study. As the paper rightly stated that governments of various countries may have "sample bias syndrome" where projects that were problematic or with high rate of returns were given to World Bank to finance,

while they finance the best projects out of their own budgets. Where such attitude exist, and for a better government efficacy in projects, it could have been better for a comparative analysis of World Bank sponsored projects vis-a-vis home government projects. This could have given a better insight in to the performance of government projects as well as eliminate the sample bias syndrome. Another variable which the paper could have included in its analysis especially for the Sub-Saharan African countries were the level of corruption, inaptitude of the populace towards governments projects as well as the level of literacy and awareness of their civil liberties and civil strife. The authors stated that type of government did not hindered World Bank financing of projects in countries. This statement could rarely hold as one of the criteria for any international finances such as loans and aids from International Financial Institutions were usually tied to the type of government (which has to be democratic in nature) in the receiver country than any other criteria.

The paper is relevant to Nigeria because it shows clearly that civil liberties would aid proper and judicious use of resources. Going by the new democratic dispensation in Nigeria where democracy is in the process of growth there is likely to be better project performance as more and free citizen voice are allowed.