

Good Governance and Development: a critical analysis of the relationship

الحكم الراشد والتنمية: تحليل نقدي للعلاقة

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Abstract :

This paper aims at providing a critical analysis to the relationship between good governance and development through the qualitative analysis of data on 20 countries from the four levels of human development indicated in the Human Development Index in 2018, in a comparison with the same countries data on their levels of good governance that pointed out by the world bank indicators in the same year.

Keywords : *Good Governance, Human Development, UNDP, World Bank, Good governance- Human development Nexus.*

ملخص:

تهدف هذه الورقة لتقديم تحليل نقدي للعلاقة بين الحكم الراشد و التنمية من خلال تحليل كيفي (نوعي) للمعطيات أو (المعلومات) المقدمة لعشرين دولة عن المستوى الرابع للتنمية الإنسانية المشار إليه في مؤشر التنمية الإنسانية عام 2018 . في مقارنة مع معطيات نفس الدول بخصوص مستواها للحكم الراشد المشار إليه من خلال مؤشرات البنك الدولي لنفس السنة (2018).

الكلمات المفتاحية: الحكم الراشد – التنمية الإنسانية – البرنامج الإنمائي للأمم المتحدة (UNDP)

– البنك الدولي .

1- Introduction :

Over the last two decades, the relationship between development and good governance gained much attention from academia, policy makers and media. Good governance has been discussed in the international arena and particularly in the development strategies, policies and processes. Some analysts considered good governance as a tool for Sustainable development, some others seen believed/regarded that the formulation of development policies cannot ensure effective implementation in the absence of good governance. While some other analysts argued that development cooperation can be a tool for building good governance. To critically

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explore the nature of good governance- development relationship regardless to the regional and geographical groupings of countries, this research paper will arise the following main question. Does the wide adoption of good governance principles and policies automatically drive the states to promote its human development? In other words, this paper aims at critically examine the relationship between good governance and human development using a qualitative research approach.

1. *The concept of Good Governance*

Getting to a definition:

The concept of Good Governance consists of two words :Governance and Good .

Let us begin with the first term « Governance » :

The idea of Governance has become intellectually fashionable in recent years , yet this complex notion is open to multiple meanings. It is widely used as a synonym with government and people often get confused about the differences between « government » and « Governance », but does it have a distinct meaning?

We are going to discuss the differences between these two related words .

Following the definition of Finer, government is :¹

- The activity or process of governing.
- A condition of ordered rule.
- Those people charged with the duty of governing or governors.
- The manner, method or system by which a particular society is governed.

So, we can conclude that government is a body of representatives that govern and control the state at a given time, and by this meaning we cannot use governance as a synonym for government because it is broader than the term government.

Since governance is not about government, what is it about?

Governance signifies a change in the meaning of government, referring to a new process of governing, or a changed condition of ordered rule or the new method by which society is governed .²

- In this context, Hosenu distinguishes government from Governance by suggesting that government refers to activities backed by formal authority , whereas Governance refers to activities backed by shared goals .³

-The Institute on Governance defines it as « a process whereby societies or organizations make their important decisions, determine whom they involve in the process and how they render account »⁴

-So, we notice that Governance refers to how decisions are taken from different actors (formal and informal) and how they interact , because Governance is not only about where to go but also about who should be involved in deciding and in what capacity , i.e. Governance refers to the effectiveness of government or in other words « *State Capacity* », which determines how far regime authorities can achieve their goals and

perform functions essential for collective well-being , including maintaining order and security within the nation’s territorial boundaries , improving welfare outcomes for its population and expanding prosperity .⁵

-In this context , according to the Bank’s own definition , «Governance encompasses the form of political regime , the process by which authority is exercised in the management of a country’s economic and social resources for development , and the capacity of governments to design , formulate and implement policies and discharge functions » .⁶

-So, the International Bank focuses on the economic dimensions of Governance .which based on « **sound development management** » which includes public sector management , financial management , the modernization of public administration and the privatization of state – owned enterprises -⁷

Good Governance :

The shift from the notion of Governance to « **Good Governance** » introduces a normative dimension; addressing the **quality of Governance** as a key determinant of the ability to pursue sustainable economic and social development .It means that Good Governance expresses approval not only for a type of government, but with its related political values (such as respect for human rights) and also for certain kinds of additional components.⁶ Good Governance demands political and economic reforms.⁸

In this context, for the World Bank, governance is the exercise of political power to manage a nation’s affairs and Good Governance involves:

- An efficient public service.
- An independent judicial system and legal framework to enforce contracts.
- The accountable administration of public funds.
- An independent public sector responsible to a representative legislature, respect for the law and human rights.⁹

A good Governance system extends beyond the capacity of public sector to the rules that create a legitimate, effective democratic state, give a way to **second generation of conditionalities** related to democracy, human rights and good governments a condition of aid being given , because the failure of structural adjustment and economic liberalization to achieve the intended beneficial results was directed at **poor quality Governance** which characterized by :

- Weak governmental structures.
- Administrative incompetence.
- Corruption.
- A lack of accountability and openness in policy making.
- Absence of the rule of law.¹⁰

These political dimensions and certain kinds of other components as defined by the United Nations (UN) : « policies for sustainable human development (including enabling the private sector to create employment) and government that is democratic ,

decentralized, empowering and accountable with properly functioning legislatures, legal and judicial systems to protect the rule of law and human rights. »¹¹

According to **Leftwich**, Good Governance implies three strands:

Systemic, political and administrative.

The systemic use of governance is broader than government covering the distribution of both internal and external political and economic power.

- **The political** use of governance refers to a state joining legitimacy to authority.
- **The administrative** use of governance refers to: an efficient open accountable and audited public service which has the bureaucratic competence to help designing and implementing appropriate policies.¹² The World Bank and the United Nations Development Programme (UNDP) both perceive Good Governance as the « manner in which a country's economic and social resources are managed and power is distributed », this means that Good Governance is a process and structure that guide socio-economic political relationships to achieve **Sustainable Human Development**.¹³
- Thus, Good Governance entails liberal democracy ~~that~~ encouraging wider participation in the design and delivery of goods and services through partnerships among **government business (private sector) and civic organizations**.

2. The key actors in Good Governance

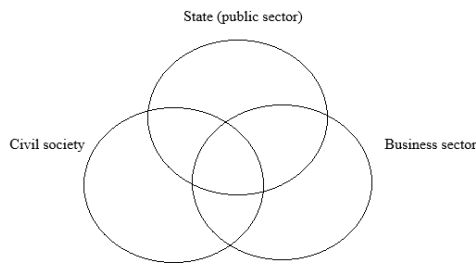


Figure N :1

Source : *NDDP (1997)*

- Throughout the history, the term Governance has been exclusively associated to the role of state ignoring other social factors, but this approach reconsiders the relationships between the three actors :State (public sector–civil society – private sector) as necessary requisite to act of Governance as **Gorringe** said : « institutions are created as a result of the necessity of improving the Coordination among the different members of society, preventing conflicts of interest and supporting cooperativism. »¹⁴

1.2. The public sector :

is the principal actor of government and a strong entity that recognizes the significance and autonomy of the other sectors without overwhelming them.

- To get to an efficient, effective and accountable public sector requires the following characteristics :
- Meritocratic process of recruitment, training, and career promotion, these processes are based on technical qualifications, expertise, and formal education, skills, conduct, experience and knowledge.
- Hierarchical and centralized decision making authority within large scale organizational structure allowing effective processes of Government oversight, decisions making, and political accountability .
- Functional specialization: officials have clearly specified fixed salaries, pensions, ranks, duties and obligations.
- Standardized procedures: actions are guided by transparent formal and impersonal rules, written regulations and legal codes designed to provide consistent, equal and impartial treatment of all citizens and employees.¹⁵

Rejecting administration on a case by case basis.

2.2. *The private sector :*

The state is a big force for development, but it is not the only one. Most states recognize that the private sector is the primary source of opportunities of productive employment, and private enterprise must be encouraged and supported to be more competitive and transparent by:

- Creating a stable macroeconomic environment.
- Maintaining competitive markets.
- Ensuring that the poor (especially women) have easy access to credit.
- Attracting investment and helping to transfer knowledge and technologies, particularly to the poor individuals.

2.3. *Civil society :*

Citizens' rights should be protected by civil society, as well as organizations channel people's participation on economic and social activities and organize them into more powerful groups to influence public policies and gain access to public resources, especially for the poor. Checks and balances on government power could be provided and social abuses could be monitored.¹⁶

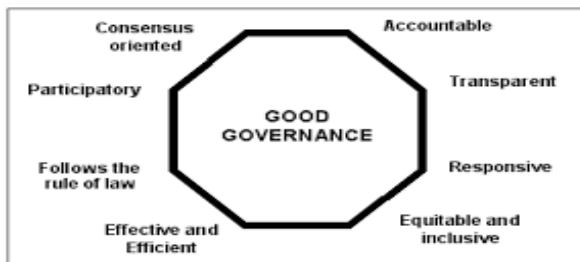
3. *Characteristics of Good Governance :*

Defining the principles of Good Governance is difficult and controversial .the United Nations Development Program (UNDP) enunciates a set of principles as follows :

- ***Participation*** : Both the world Bank and the UNDP regard participation as a human right that improves development projects effectiveness, also UNDP stresses how development requires a contribution from public participation via civil society organizations because governments cannot fulfill on their own all the tasks required for sustainable human development.

- **Rule of law:** the rule of law is a complex constitutional principle. It has multiple facets comprising different conceptions of justice as regularity, as equality, as ubiquity and as natural .The UN's development programme links the rule of law to poverty eradication , human rights and human development .Generally the rule of law is a process in which rules and regulations are adopted in accordance with procedures provided by law and are enforced impartially .
- **Transparency:** transparency 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.
- **Responsiveness:** good governance requires a good responsiveness that public services are delivered and requests and complaints are responded to within a reasonable time frame.
- **Consensus oriented:** Good Governance mediates differing interest to reach a broad consensus on what is the best interests of the group and, where possible, on policies and procedures.
- **Equity and inclusiveness:** All men and women have opportunities to improve or maintain their well being.
- **Effectiveness and efficiency:** Processes and institutions produce results that meet needs while making the best use of resources. The concept of efficiency in the context of Good Governance also covers the sustainable use of natural resources and the protection of the environment.
- **Accountability:** accountability is a key requirement of Good Governance. Not only governmental institutions but also the private sector and civil society organizations must be accountable to their institutional stakeholders .Accountability cannot be enforced without transparency and rule of law.
- **Strategic vision :** leaders and the public have a broad and long-term perspective on Good Governance and human development ,along with a sense of what is needed for such development . There is also an understanding of the historical, cultural and social complexities in which that perspective is grounded.¹⁷

Figure 2: Characteristics of Good Governance



Source: « what is Good Governance » UN-ESCAP

4. *The aims of Good Governance*

Development and improved governance have tended to go hand in hand , and a success in implementing reforms leads to more rapid and inclusive economic and social development. This is the central idea of aid donors whether be bilateral (Nation states such as USA and the UK) or multilateral.(International agencies such as the world Bank) .This later in its own report on « sub-Saharan Africa » which characterized the crisis in the region as a « **crisis of governance** ».¹⁸

The world Bank , using well over 100 indicators , introduced a composite indexes of Good Governance , based on perceptions of **voice and accountability , political stability .and the absence of violence , government , effectiveness , the rule of law , and levels of corruption .** by claiming that it had found a strong correlation between its governance indicators and economic progress.¹⁹

So the assumption of aid donors is that Good Governance will improve the chances of development in developing states, but it is important to distinguish between **growth centered development** as an approach represented by the « World Bank » and **people centered development** approach which is represented by UN's concern with people's well being.

First we say that growth and development are actually two very different things , growth refers to an expansion in production , output and perhaps income . A common indicator of growth is **gross domestic product (GDP)**per capita or the newer term **gross national income (GNI)** per capita supposedly gives one an idea of how much income the average citizen earns in a year .While proponents of **Neoliberalism** would argue that one needs growth to fund development , **structuralist** point out that it is certainly possible to have growth without development because this later is generally understood to mean human development . And pertains to issues of distribution.²⁰

Human development has been defined as:

« Creating an environment in which people can develop their full potential and lead productive , creative lives in accordance with their needs and interest.... Expanding the choices people have to lead lives that they value Building human capacities »

In this context human development is measured by composite indices such as the physical quality of life index (PQLI) and human development index (HDI) , both offer a more detailed picture of the economic well being .²¹

Three essential capacities are commonly associated with development:

- The abilities to lead a long and healthy life.
- To be knowledgeable
- To have access to the resources needed for a decent standard of living.²²

That it is to say increasingly human development is being conceptualized as a **development of the people , for the people and by the people** , and each domain of governance : the state – the private sector and civil society has a unique role in

promoting sustainable human development , but it is difficult to make a real relationship between Good Governance and development , or that is good governance is a direct means to an improvement in human well-being , because standards of living have sometimes been dramatically improved without all of the components of good governance (voice and accountability , stability and lack of violence, efficiency , regulatory frame work ,governmenteffectiveness , rule of law) being present , and we have many examples of this case especially some states of South-East Asia such as Singapore.

5. Analysis of the relationship between Good Governance and Human Development

David C Korten's (1990) work was among the powerful works concerning the development strategies and frameworks, it is widely known as a comprehensive approach to development strategies; Korten has illustrated and analyzed three generations of development strategies and he suggested a fourth generation. Kortens' comparative summary of the four generations of voluntary development action indicated the First generation strategies which grow out of history of international voluntary action aimed at assisting the victims of wars and natural disasters, and providing welfare services to the poor. In this generation the NGO responds to an immediate and visible need. While the second Generationfocus on the community development strategies, which means the energies of the NGO on developing the capacities of people to better meet their own needs through self-reliant local action, because of their attention to sustainability. This category of development strategies differ in the extent to which they focus on human resource development or empowerment as the central issue.²³ Ignatius Swart and Dawid Venter (2000) observed Kortens's bias towards third and fourth generation development strategies, which could preclude a comprehensive approach to development strategy.²⁴The third generation strategies look beyond the individual community and seek changes in specific policies and institutions at local, national and global levels. It focus on creating a policy and institutional setting that facilitates, rather than constraining, just, sustainable and inclusive local development action.²⁵Because There is a need to energize decentralized action toward a people centered development vision on a much broader scale than is possible with the more focused interventions of either second or third generation strategies, korten suggest a fourth generation of development strategies based on the recommendation of Isagani R. Serrano and the theory of action.²⁶The fourth generation strategy points to an inadequate mobilizing vision as the root cause of the development failure, it calls for imbuing the public consciousness with an alternative vision adequate to mobilize voluntary action on a national or global scale. The focus of this generation is on the communication of ideas and information through the mass media, newsletters, recorded media, school curricula, major media events, study groups and social networks to energize voluntary action by people within and outside their formal organizations in support of social transformation.²⁷

The human development index (HDI) as well has been widely accepted to measure the level of deployment achievement all over the world.To globally examine the relationship between human development and good governance, the top 5 countries ranked in each category of human development level has been selected in this research

paper based on data provided in latest report was released on September 2018 by the United Nations Development Programme's Human Development Report. On the same month, The World Bank Group released the 2018 update of the Worldwide Governance Indicators (WGI), that cover the governance indicators for over 200 countries and territories for six dimensions of good governance that are mentioned previously. The following table shows the level of good governance in 20 countries selected from the Human Development index.

Table 1: *The status of Good Governance in selected 20 countries from different levels of Human Development in 2018.*

Human Development Groups	List of Top 5 Countries in each Human Development Group	Status of good governance*						
		The average rank among the 20 countries list	Voice and Accountability	Political Stability and Absence of Violence	Government Effectiveness	Regulatory Quality	Rule of Law	Control of Corruption
Very High Human Development	1 Norway	97.43 (1)	100	90.00	99.4	96.15	99.52	99.52
	2 Switzerland	97.12 (2)	98.03	92.86	99.52	97.12	98.56	96.63
	3 Australia	91.44 (3)	94.58	77.62	92.31	98.08	93.27	92.79
	4 Ireland	89.09 (5)	90.64	84.76	87.02	91.83	88.94	91.35
	5 Germany	89.54 (4)	95.57	66.67	94.23	95.19	91.35	94.23
High Human Development	60 Iran	21.66 (18)	12.81	15.71	45.19	10.10	25.96	20.19
	60 Palau	57.44 (8)	89.16	80.48	43.75	28.85	61.54	40.87
	62 Seychelles	61.72 (7)	53.69	69.52	67.31	47.12	58.17	74.52
	63 Costa Rica	69.14 (6)	84.73	64.29	62.02	69.23	67.79	66.83
Medium Human Development	64 Turkey	40.32 (13)	27.59	07.14	55.29	57.21	45.19	49.52
	113 Philippines	40.72 (12)	48.77	10.95	51.92	55.77	37.02	39.90
	113 South Africa	56.94 (9)	68.97	35.71	65.38	62.50	52.40	56.73
	115 Egypt	22.63 (17)	13.30	09.05	29.33	17.31	32.69	34.13
	116 Indonesia	45.91 (10)	50.74	29.05	54.81	51.92	40.87	48.08
Low Human Development	116 Viet Nam	39.85 (14)	10.84	59.52	52.88	36.54	47.60	31.73
	152 Solomon Island	44.87 (11)	62.56	54.76	15.38	21.15	55.77	59.62
	153 Papua New Guinea	27.96 (16)	51.23	26.19	25.00	27.88	20.67	16.83
	154 Tanzania	32.48 (15)	36.95	25.71	28.37	29.81	34.62	39.42
	155 Syria	1.92 (20)	1.97	0.95	1.92	03.37	00.96	02.40
	156 Zimbabwe	10.93 (19)	14.78	18.10	11.54	03.85	07.69	09.62

* *Percentile rank among all countries (ranges from 0 (lowest) to 100 (highest) rank)*

Source: *data collected from Human Development report 2018 and world bank dataset 2018 retrieved from*

http://hdr.undp.org/sites/default/files/2018_human_development_statistical_update.pdf

The very high human development category of states (Norway, Switzerland, Australia, Ireland, and Germany) shows that the relationship between good governance and human development is positively and highly connected, because the

same states has presented to top 5 states ranked in good governance among the 20 states that this research paper covered.

In the high human development category of states, the Iranian case was remarkable because despite its good rank in human development level (60 among the world ranking and 6th among the selected 20 countries) the good governance ranking was very low (18th among the selected 20 countries with 21.66 rank values). In the same category of states Turkey as well ranked 13 with 40.32 ranking value of good governance. The Iranian and Turkish cases indicate that the level of development doesn't automatically driven by the level of good governance. Despite of that in the same category of states, the statistics on Palau, Seychelles and Costa Rica presented good examples of the good impact of good governance on Human development.

With the exception of south Africa (which achieved a relatively good ranking in good governance), In the medium and low human development category of states, many examples show the negative impact of the absence of good governance on human development, and although that this is not a surprising result because the reason of emergence of good governance concept and policies was an effort to handle the developing countries problems especially in Africa as it mentioned previously, there are some examples among this category which are relatively positive. In comparison to its human development level, Indonesia and Solomon Island ranked in medium level of good governance.

6. Conclusion:

Despite there is no doubt that there is a dynamic relationship between good governance and development, the analysis of different examples, shows that good governance is very important environment to promote human security, but it is not a granter of it, in other words, where a very high level of good governance exist, the human development had been driven positively, which means that the relationship between good governance and development is strong, while in the medium and low level of good governance the relationship between both concepts isn't ensured.

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