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# Debating Governance - Changing contours of 'statism'*in development discourse.

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## ***Abstract***

*Government has come to mean governance. This paper traces this change in the context of role of the state in development. The term "governance" has become increasingly used to refer to aspects of institutional arrangements as well as behavioural changes that considered being conducive to development since the 1980's. However, given the polysemous nature of the term and the evolving nature of approaches to governance, it is not clear exactly what does the term "governance" mean and thus, accordingly, the nature, prerequisites and challenges of development as well as the role of the state are not well understood. Intend of this paper is to shed light on this area. The paper is therefore not concerned with development policy in the general sense. Nor is it about governance as such instead it is confined to the relationship between the two, i.e. between development policy of the state and its governance. The paper proceeds as follows: in Section-1 there is an introductory discussion on continuity and changing role of the state and the concept of development. Section-2 deals with the very grand concept of governance and its measurement process to make a clarification of its nature and characteristics. Then section-3 articulates the correlation between governance and development policy of the state. This Section has the paramount importance because it is the core section of this paper. So it has divided in two parts. In the first part I have try to draw few perspective on the relations between governance and development. And in the second part empirical issues of governance and development are discussed. The next section contains the concluding remarks of this paper.*

*The word is first used by M. Bakunin in his book ***Gosudarstvennost' į anarkhiia*** which translated in English as ***Statism and Anarchy*** (1873) in which Bakunin defined Statism as something of governmentalism, statehood or like that.

**Key concepts:** State, development, governance, good governance

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## 1. *Introduction:*

There is no doubt that the concept and role of state is a great significance for the well-being[†]of the people. However, around the last three decades it have had witnessed far-reaching changes in the structure and dynamics of the state. By end of the last century, especially 1980 onwards, witnessed a big U-turn in the expanded role of the state all over the world. After the end of Second World War the de-colonization, pave the way for the states in Asia, Africa and Latin America assuming a positive role to make their own Nations as well as for overall development of the country. Not only in these newly independent nations the state also expanded its activities due to fascination for the socialist ideology of the type pursued by the Soviet Union during the communist regime. In these countries the state become all-pervasive and sought to follow a centralized command economy and planning for development by owning the means of production, distribution and exchange. But from the 1990s in these countries, the state is being forced to give more scope to other actors in development with the introduction of globalization and structural adjustment programmes. Besides this the end of Laissez faire at the end of the Second World War and growth of welfare state in the capitalist countries of the western world as they sought to regulate the economy and provide for social services. But from the 1980s the role of welfare state has also been declining under the influence of the neo-liberal Reagan-Thatcher ideology which advocates a drastic cut in public spending on welfare activities. As a result , in both developed and developing countries, there is growing pluralisations of state with multiple actors or agencies spread over from local to global level and trying to both supplement and supplant the conventional state in its basic role of development. Thus, certain emergent role of the market and private sector has gained greater prominence and correspondingly the status of state and role of the government have also undergone far-reaching change. We witnessed these change with emphasis from nationalization to privatization, from control to liberalization, from expansion of bureaucracy to de-bureaucratization, from apprehension to appreciation of (foreign and indigenous) private enterprise and from omnipotent to minimal state. The key driving force behind these changes is frequently assumed to lie in the impact of globalization on society (and later with postmodern epoch where the flow of power has been away from the nation-state and both upwards to international and supra-national authorities and downwards to the regions and localities) and the associated move from government to governance.

[†]For Aristotle state doesn't exist for the sake of life but good way of life as it synthesizes both the material affluence and ethical standards as highest ethical institution in the evolution of human civilization in the history. See Barker, E. (1959), *Political thought of Plato and Aristotle*, New York: Russell & Russell, pp. 284-287

All these has produced a situation in which it is widely argued that traditional hierarchical and rule-bound forms of decision-making (i.e. bureaucratic forms) are no longer sustainable and in contemporary democracies requires the involvement of a wider range of participants (or stakeholders), including those who are the object(s) of policy. The new governance that these changes demands must 'rely on a plurality of interdependent institutions and actors drawn from within and beyond government'. According to Stoker, the governance approach is seen as a "new process of governing, or a changed condition of ordered rule; or the new method by which society is governed."[1] Thus from a cosmopolitan point of view, the concept of "government" is generally subsumed under that of governance (See Table 1). Because the term "governance" covers various types of practices — economic (corporate governance); political (European governance); even both political and economical at the international level (global governance) — can be thought of as a kind of deformed echo of the world republic. This paper will later return to these matters when discussing the various schools of development in the context of governance.

Similarly, the issue of development has been central in social sciences discourses for a long time. Its content, form and meaning had experienced sea changes particularly with the emergence and maturity of capitalism as the first Global System. For a long time it has refers to the vague notions of 'evolution' 'good change' 'progress' 'growth' and 'maturation'. But today it signify; greater freedom, material well being, increased skills, creativity and self-discipline. Todaro and Smith , for instance, writes that " Development must therefore be conceived of as a multidimensional process involving major change in social structure, popular attitudes and national institutions as well as the acceleration of economic growth, the reduction of inequality, and the eradication of poverty. Development, in its essence, must represent the whole gamut of change by which an entire social system, tuned to the diverse basic needs and desires of individuals and social groups within that system, moves away from a condition of life widely perceived as unsatisfactory towards a situation or condition of life regarded as materially and spiritually better."[2] In other words, they imply that ". . . . development is the sustained elevation of an entire society and social system toward a 'better' or 'more humane' life".

This multidimensional aspect of development as a right is nicely exemplified in the following quote from the UN Working Group on the Right to Development, which describes the right as being "…... multidimensional, integrated, dynamic and progressive. Its realization observes the full observance of economic, social, cultural, civil, and political rights. It further embraces the different concepts of development of all development sectors, namely sustainable development, human development, and the concept of indivisibility, interdependence, and universality of all human rights."[3] Prof. A. Sen puts it in another vein "Development is indeed a momentous engagement with freedom's possibilities"[4] For Sen the primary objective of development is to focus on the people and they should have freedom to shape their own destinies. He argues that individual capabilities can flourish only when human beings are made entitled to freedoms that greatly depend upon economic, social and political arrangements.[5] Thus multidimensional nature of the concept of Development has been emphasized by many scholars and has evolved substantially over the years. Correspondingly, there came a spate of 'development theories', formation of 'development communities' and inauguration of 'development epochs or decades' etc. In fact there is vast literature on the subject of development that is presently available, yet there seems to be no clear unanimity regarding the meaning and nature of development due to its multidimensional character. The veritable concept of development is based on the fact that economic, social, political and physical environment, all combine to characterize the structure of the economy and the entire social system, as well as the capabilities of the people and their aspirations for better life. Many scholars and thinkers tried to evolve various approaches to conceptualize and define development at various times.

## 2. Governance Debate

The basic idea of governance has been in political science as long as there has been such a discipline, but the concept has become key buzzword in political sciences, public administration and management science over the past several decades. Etymologically, however, the word 'governance' can be traced to the Greek verb *Kubernan,* meaning to steer or pilot a ship or be at the helm of things and was first used in the context of collective societal decision-making by Plato to describe the role of a society's rulers. The Greek verb led to the Latin *gubernare,* also connoting piloting, rule-making or steering.[6] Then the medieval poets Geoffrey Chaucer use it as a pattern of rule or as the activity of ruling. He wrote, for example, of 'the gouernance of hous and lond' [the governance of house and land].[7] According to Pierre and Peters when the term governance was first used in France in the fourteenth century, it meant 'a seat of government.'

It was Harlan Cleveland, however, who first used the word "governance" as an alternative to the phrase public administration. In the mid-1970s, one of the themes in Cleveland's particularly thoughtful and provocative speeches, papers, and books went something like this: "What the people want is less government and more governance." Like many, Cleveland saw the blurring of the distinctions between public and private organizations and multi-organizational systems, and he associated this blurring with his conception of governance. He reasoned through what it meant as follows: "These new style public-private horizontal systems will be led by a new breed of man and women. I call them Public Executives, people who manage public responsibilities whether in 'public' or 'private'organization."[8]

Although the term governance has a long history and regarded is as old as human civilization. It was still unknown to the majority of the subject's experts until the 1990s. It is first at the end of the 1990s that 'governance' became a central scientific concept for many of the humanities.[9] So it has received serious attention from the researchers, policy makers and international development communities as well as a wide range of disciplines like sociology, social and public policy analysis, international relations, economics, systems analysis and political science in the recent past. The interest in the concept of governance emerged in the 1980s as a reaction to a change in the political practices and changes in society due to increasing globalization, the rise of network crossing the state-civil society divide, and increasing fragmentation of the world system. These developments raise the question of how to regulate and govern a society in an increasingly complex world and in situation of competing self-determination claims.[10] The promotion of the concept of governance is based on the common assumption that the inclusion of civil society will enhance both the efficiency and the legitimacy of government. Because governance analysis focuses on the effect of particular political framework within which citizens and official act and politics occurs, and which shape the identities and institutions of civil society.[11] It might be characterized as the capacity of the formal and informal institutional environment (in which individuals, social groups, civil associations and government officials and employees interact) to apply and carry through a given government policy and to improve coordination in the private sector.[12] As we may said the governance refers to the formation and stewardship of the formal and informal rules that regulate the public realm, the arena in which state as well as economic and societal actors interact to make decisions. In fact the concept of governance confirms that there has been a shift away from an authority based style of governing that has assumed the capacity of governments to exercise hierarchical control over society. For many the concept of steering is central to the discussion of governance: represents a shift to a new form of governing society that is more inclusive and cooperative than the traditional ordered rule of government and concept of political steering; moving from placing state governments and political authorities at the centre of action to control socio-political processes to meet socio-economic goals. In these versions of governance the process of steering involves an interaction of the public and the private sectors, formal and informal institutions and also an interaction between top-down and bottom-up conceptions of how society can be steered.

Despite its usage in a whole range of disciplines and being a widely used concept, no common definition of governance has yet been agreed on and the concept is applied in many diverse contexts. Like many fields of scholarship, the use of key concepts is also influenced by their disciplinary backgrounds, particular theoretical and empirical concerns and many other contextual and political influences that constitute domain assumptions. Thus the very definition and characteristics are ‘as varied as the issues and levels of analysis to which the concept is applied’. For example, Rhodes had observed that there were at least six uses of the term governance in the UK political system alone. Stoker also provided what he termed five ‘propositions’ that define governance. Weiss lists seven different definitions from as many organizations. The OECD compiles another seventeen definitions of governance. Thus Keefer notes, ‘there is no agreed definition of governance that would provide a convenient device for organizing the literature.’[13] However, One, and may be the most important, similarity between the different definition of governance is that they refer not only to state actors and institutions, but stress the role of networks in the pursuit of common goals. Thus Bevir stated that term “governance” can be used at various levels of Generality and within various theoretical contexts.[14] He acknowledges three different levels of generality connected to the concept of governance which can be referred to: changes in the nature and role of states after the reforms of the 1980s and 1990s; the pattern of rules of that arises if the state plays little or no steering role; and in general the entire pattern of co-coordinating rules. Also within its theoretical contexts, the word ‘governance’ is extremely multidisciplinary because its key concepts are derived from diverse disciplines (rational choice, new institutionalism, regulation theory, social constructivism and system theory), which often rely on different assumptions.[15] Hence the meaning of governance depends greatly upon the theoretical contexts and the range of meanings and definitions has expanded as the concept has increased in use in different subjects. However, for many, the governance concept’s multidisciplinary nature can on the one hand be confusing but on the other hand; it can constitute a bridge-concept between disciplines.

## 3. Governance and Development

### a. Governance as contours of development

Governance today occupies not only centre stage in developmental discourse but is also considered a crucial element to be incorporated in all sorts of developmental strategy. Development agencies have increasingly come to realize that good governance is a worthy goal not only in and of itself, but also as a means through which to affect a variety of other outcomes, particularly economic growth and development. In poorly governed countries, it is argued, corrupt bureaucrats and politicians baldly hinder development efforts by stealing aid contributions or misdirecting them into unproductive activities. Less obvious but equally pernicious, governments that are not accountable to their citizens and with inefficient bureaucracies and weak institutions are unwilling or unable to formulate and implement pro-growth and pro-poor policies. Poor countries are poor because they have bad governance and countries that grow or are rich are those that improved their governance. In a well-cited quote, former United Nations Secretary-General Kofi Annan noted that: “good governance is the single most important factor in eradicating poverty and promoting development as such it is a as a force ensuring respect for human rights and the rule of law, strengthening democracy, promoting transparency and capacity in public administration.”[16] Further the publication of the *1997 World Development Report* (*The State in a Changing Word*) signaled a pivotal change in the development game. This work claims that an effective state is vital for the provision of goods and services, and the rules and institutions, that allow markets to flourish and people live healthier and happier lives. Hence, good governance is not a luxury; it is a vital necessity for development. [17] Thus current paradigm puts issues of “governance" at the heart of an understanding of development. Such a view of development is now enshrined as a key mission of the World Bank whose former President Paul Wolfowitz summed up this conventional wisdom in the following way during a speech in Indonesia:

*"In the last half-century we have developed a better understanding of what helps governments function effectively and achieve economic progress. In the development community, we have a phrase for it. We call it good governance. It is essentially the combination of transparent and accountable institutions, strong skills and competence, and a fundamental willingness to do the right thing. Those are the things that enable a government to deliver services to its people efficiently . . . An independent judiciary, a free press, and a vibrant civil society and important components of good governance. They balance the power of governments, and they hold them accountable for delivering better services, creating jobs, and improving living standards."*[18]

*(Wolfowitz, Paul (2006) "Good Governance and Development"——A Time for Action," April 11, 2006: Remarks at Jakarta, Indonesia.)*

Today governance has become the most favoured policy priority among the policy makers of different countries across the world. Like the term, 'Third world', 'Developing Countries', Development Administration', the term governance has also been coined by the West for Third World Countries. Hence the current rebirth of 'governance' can be contributed to the macro-economic policy reforms initiated through the Structural Adjustments Programme (SAP) of the early 1980s (author discussed this in detail in the next section). This has actually made the World Bank examine and publish its first major analyses based on the experience of Sub-Saharan Africa in 1989. The Bank published its document entitled "*Sub-Saharan Africa: from Crisis to Sustainable Growth"*, which brought to light the key factors that thwarted the implementation of successful market-oriented reforms. The major factor was considered to be the failure of public institutions, which has been responsible for weak economic performance. This implies that failure in development efforts have largely been the results of 'bad governance' or 'poor governance' in these countries and the World Bank declared that 'a crisis of governance' underlay 'the litany of Africa's development problems.'[19] The World Bank, in its document entitled, '*Governance and Development'* defines the term governance 'as the manner in which power is exercised in the management of a country's economic and social resources for development.'[20] The World Bank outlines three aspects of governance: i) the type of the political regime, ii) the process by which authority is exercised in the management of a country's economic and social resources for development, and iii) the capacity of government to design, formulate and implement policies and discharge functions.[21] Thus, Governance was considered central to creating and sustaining an environment, which fosters strong and equitable development and is an essential component of sound economic policies. In the reports forwarded by the Bank's president the whole rational of good governance is unveiled: "Good governance is an essential complement to sound economic policies. Efficient and accountable management by the public sector and a predictable and transparent policy framework are critical to the efficiency of markets and governments, and hence to economic development."[22]

As a result, the need for Governance was emphasized and become a condition for development assistance from donor agencies. Since then, as Nanda notes, 'good governance" … has assumed the status of mantra for donor agencies as well as donor countries.'[23] Thus, proponents argue, good governance should be at the center of development policy: donors should not only provide positive support for governance reforms in aid-recipient countries, but also should incentivize better governance by taking into account the quality of governance in decisions about the distribution of foreign assistance. As Hyden notes, for instance, 'by channeling direct budget support to partner governments the DPs [development partners] are forced to think about governance as an integral part of their *modus operandi.'*[24]

Alongside, it has been advocated by donor and development agencies as an important factor broadening citizen participation and improving democratic governance, thereby promoting poverty reduction from the bottom-up. It has been widely advocated by bilateral and international agencies especially the International Finance Institutions (IFIs) as the World Bank, IMF and the WTO, IFC, SUSAD, but also other United Nations family institutions in the development field as ILO, UNICEF, UNDP, and UNCTAD have developed their own views on governance. All of them justified the governance as a way of managing national, economic and political development more effectively and efficiently and to some extent applied these new insights, thoughts and perspectives in their practical operational activities in the context of development co-operation. Thus governance has become a mechanism through public good services can be distributed effectively and efficiently. As a mechanism it provides training, ensures people's participation in planning and implementation, therefore state becomes more participatory more accountable and more effective and efficient. The basic assumption here is that if the state is minimized for participative democracy and individual freedom and if the governing system reduced to effective, efficient, accountable and transparent, it will lead to good governance that will results development.

There are several theories of governance and development has been emerged from various disciplines in the social sciences, as well as from interdisciplinary perspectives. A large related literature focuses on measures and assessments of governance quality in particular countries and cross-nationally while another significant body of work addresses the relationship between governance and key outcomes such as economic growth. Of them, there three main economic schools of thought on the role of governance in development (with several sub-schools of thought within each school) are: (1) the 'successful society'; (2) the governance for growth school, which has recently emerged as (what is sometimes called) the 'cautionary school of governance for growth'; and (3) the 'social order' school.[25]

**b. Governance in the Path of Development**

Here we will attempt to bring out the distinct features of the key phases of governance and the changing complexion of development through the first, second and third generation reforms. We have already sees that governance research has produced an astounding number of permutations and positions , but governance reforms, particularly as seen in Great Britain, New Zealand, Australia, and the United States is remained essentially within three different approaches of state, market and networks. The distinction between hierarchies, markets and networks used almost univocally in current governance research continues this tradition.

## I. First Generation Reforms: from (hierarchical) state to Structural Adjustment Programme (minimalist state[‡]):

The conceptual basis of good governance is neo-liberal theory of state in which the state is looked at as a facilitator, provider and enabler rather than doer, controller and regulator. When the postwar boom came to an end in the 1970s the shortcomings of state led development, which was based on Keynesian policies, became plain. They claimed that the main problem in the third world was the state itself, and that rapid development could only come about if the state was rolled back.[26] Thus the time was ripe for neoclassical theory to start a revolution. First-world electorates and governments, anxious for solutions to the worsening economic situation in their countries, looked to the new ideas and turned to the new right. This initiated a long attack on the state and the other institutions, such as unions, that were seen to be hindering the operation of the market. First-world donor agencies began pressuring third-world governments to make similar changes in their policies. Many third-world governments acceded reluctantly, because the debt crisis had weakened their bargaining power with their creditors. Others rolled back the state more eagerly, because local constituencies had already started pushing for reform.

However, the neo-liberal development discourse and practices of Structural Adjustment Programmes (SAP), which emerged in the early 1980s focusing on tough market reforms, and the downscaling of state institutions and social services, hardly embraced democratisation. Less state, more market: this was the essential thrust of the strategy known as structural adjustment. And this is based on the fundamental message of neoliberal political economy which has been summarized thus: in settling matters of resource allocation, imperfect markets are better than imperfect states.[27] Larner states that the term 'neo-liberalism' denotes 'new forms of political-economic governance premised on the extension of market relationships'. Whereas under Keynesian welfarism the state was charged with the provision of goods and services in

[‡]The concept of minimal state advances minimal intervention (according to Nozick only four major functions viz. law and contract enforcement, external security, individual liberty and protection of disabled persons to be performed by the State) by the state. Nozick, R.,(2001). *Anarchy, State and Utopia,* Oxford UK: Wiley-Blackwell, pp. 26-28

order to ensure social well-being, neo-liberalism is associated with the preference for a minimalist state.[28] In concrete terms, neoliberal perceptions of market reforms in the region includes the privatization and contracting out of public services (often to foreign multinationals), innovative ways of co-producing services between the state and 'civil society' or NGOs, as well as the private sector, and the creation of special (quasi-autonomous) agencies and zones (e.g. Special Economic Zones), along with the setting up of new regulatory agencies. The adoption of such reforms has led to market-type mechanisms that are based on the separation of the 'purchaser' (the public sector, nominally still the guarantor of the satisfaction of public needs) from the 'provider' role (responsible for delivering the services, a role taken on increasingly by the private sector and civil society).This comprised the following measures:

- Free trade
- Capital market liberalization
- Flexible exchange rates
- Market-determined interest rates
- Deregulation of markets
- Transfer of assets from the public to the private sector
- Public expenditure on well-directional social targets
- Balanced budgets
- Tax reforms property rights
- Protection of intellectual rights.

The preference for the market, as stated in above, stems from the belief that it is a better way of organizing economic activity due to the emphasis on competition, economic efficiency, effectiveness (3E's) and choice. In this common conceptualization of neo-liberalism as a policy framework, the renewed emphasis on markets is directly associated with the so-called globalization of capital in which new forms of globalized production relations and financial systems are forcing governments to abandon their commitment to the welfare state in the interest of economic efficiency and international competitiveness. While this conceptualization can and should be challenged, it is hard to deny the ideological force of New Institutional Economics (NIE) which, together with a new emphasis on New Public Management (NPM), comprises the intellectual basis of the neoliberal challenge to Keynesian welfarism, and provides the theoretical impetus for deregulation and privatization.[29]

The transition paradigm offered important conceptual and intellectual resources for the transformation of the development discourse from a neo-liberal market development paradigm often coined as the '***Washington Consensus'***[§] towards a neo-liberal *market democracy* paradigm.

[§]According to the ***"Washington Consensus"*** development paradigm, international markets would always be available to absorb exports and provide imports at prices independent of the quantities of commodities traded. This applies in particular to "small countries" which are typically price-takers, as the volumes of commodities absorbed by or provided to foreign partners are

Todaro and Smith outline the history and purposes of the various structural adjustment and stabilization packages or programs developed by the WB and IMF.[30] Many scholars highlighted the importance of structural adjustment programmes. In Latin America they played a central role in triggering conflicts between the 'moderate' technocratic elite and the industrial elite and, thus, initiated the transition processes. In fact, one of transitology's main hypotheses suggests that the democratisation path opens up, if the status quo of economic distribution is maintained as a trade off for political participation, and better human rights protection. Hence, the transition paradigm not only conceived economic reform as a political process – thus sustaining the proposition that bad governance caused the crisis of economic reforms – but further legitimized structural adjustment programmes as a factor weakening authoritarian rule. Additionally, the rule of law, i.e. low institutional uncertainty, functions for the transition paradigm as the rationale for elites and the citizen to support democratic institutions and, thus, to maintain a stable political order. In the same vein, according to the World Bank [31] development needs liberal markets, which, in turn, need the rule of law to be established, and the rule of law can only be guaranteed within democratic structures, i.e. less but better government. In fact, the *Agenda for Development* calls for development by better governance and adopting a 'human focus', but stresses: "structural adjustment remains a necessary prescription."[32]

The results of structural adjustment policies in the eighties however were generally very poor. As Abrahamsen notes: "During the heyday of structural adjustment programmes, then, political participation was either relegated to a position of insignificance within development discourse or explicitly recognized as potentially harmful and detrimental to the overall aim of economic adjustment."[33] The development of *New Institutional Economics* had brought to the fore economic theories that identified governance capabilities that states needed to have to create the conditions for low transaction cost (efficient) markets. In addition, the poor performance in the 1980s and the growing perception of persistent poverty in developing countries also brought to the fore the requirement of pro-poor service delivery as a necessary capability for developing country states. The convergence of these different perspectives led to the emergence of a set of policy priorities for governance in developing countries that has come to known as the good governance agenda. The new consensus builds on the earlier commitment to liberalization and market-driven growth, but now the development of good governance capabilities has come to occupy the heart of development strategy.

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negligible in respect of the total volumes traded on the international markets. Additionally, foreign investment would complement domestic savings and would bring with it new 'modern' technologies, to the benefit of the less industrialized economies. Countries that adjust their domestic policies accordingly and enter the global arena would benefit from the new 'globalised' environment. Others that do not adjust would be marginalized from the 'development' mainstream. See Dollar, D. and A. Kraay (2004). *Trade, Growth, and Poverty, The Economic Journal*, F22–F49, p.114

## II. Second Generation Reforms: Towards (good) governance:

The reforms package based on market, which is promoted by neo-liberalism as structural adjustment programme, was partial in nature, as it was not supplemented by basic institutional and political reforms. It was realized that the state is important not only for development but also for democratization. This realization gave rise to second generation reforms with focus on state institutions, market as well as civil society. The World Bank gradually widened the governance agenda by qualifying it as 'good governance' to be core element of its development strategy in it's a number of subsequent documents (I have already discussed World Bank's perception of governance, hence our discussing here to be confined only to good governance).

The term "good governance" has been extensively used within the international community in the last thirty-five years and has acquired the characteristics of a "container concept", which incorporates a variety of principles and is as general as concepts such as globalization or global governance. Any attempt to define it would lead to a long discussion of *what* is governance as well as to a normative search of *what* is "good". Good governance is a term different to governance which is mainly a political and technocratic term without normative aspirations and suggests that governance should be "good" and not "bad". Again the notion of what is good is varies from one situation to another. It is used more like a flexible carrier which conveys a varying combination of messages which remain though in the same general logic.[34] Moreover, good governance can be understood as a mechanism of capacity building for states that despite being independent are not capable of making and implementing their own decisions. The quantity of goals has led to the introduction of the concept "good enough governance" that suggests that not all government deficits can be tackled at once and that they should be prioritized. Thus any working definitions of good governance and the quality of governance more generally, are notable in their diversity. For example the major multilateral agencies, including the UN, the multilateral development banks, the European Commission, the IMF, and the OECD are defined good governance either from each organization's current policy on (good) governance (e.g., the IMF's *Good Governance: The IMF's Role,* published in 1997) or its most recent major public statement on the topic (e.g., the entry entitled 'Governance' on the UN's website). All of these organizations use the term good governance widely and discuss its promotion among their main objectives and highlights a number of issues associated with good governance e.g. democracy, the rule of law, human rights, accountability, transparency, empowerment, decentralization, institutional development etc. Good governance, according to World Bank, is characterized by "predictable, open and enlightened policy making; a bureaucracy imbued with a professional ethos; an executive arm of government accountable for its actions and a strong civil society participating in public affairs; and all behaving under the rule of law."[35]

United Nations defined good governance in the following phrase 'in the community of nations, governance is considered "good" and "democratic" to the degree in which a country's institutions and processes are transparent. Its institutions refer to such bodies as parliament and its various ministries. Its processes include such key activities as elections and legal procedures, which must be seen to be free of corruption and accountable to the people. A country's success in achieving this standard has become a key measure of its credibility and respect in the world. Good governance promotes equity, participation, pluralism, transparency, accountability and the rule of law, in a manner that is effective, efficient and enduring. In translating these principles into practice, we see the holding of free, fair and frequent elections, representative legislatures that make laws and provide oversight, and an independent judiciary to interpret those laws. The greatest threats to good governance come from corruption, violence and poverty, all of which undermine transparency, security, participation and fundamental freedoms'.[36]

As per UNDP report, Good governance refers to governing systems that are capable, responsive, inclusive, and transparent. All countries, developed and developing, need to work continuously towards better governance. Good, or democratic governance as we call it at UNDP, entails meaningful and inclusive political participation. Improving governance should include more people having more of a say in the decisions which shape their lives'.[37]

From the above (although the list is too short) definitions and analysis of good governance as in use by various multilateral agencies, it should be clear that there are at least six or seven core components are collectively highlighted in these definitions and the link with development has also remained central. These elements tend to encompass a range of normative values and public policy objectives that perceived as socially desirable. Moreover, it could be discerned that there are two broad issues concerned with the notion of good governance.

The **first** pertains to institutions of governance, including public administration and public services connected, in particular, with the sound management of resources, delivery of and equitable access to public services, responsiveness to the views of citizens and their participation in decisions that concern them. Strategies adopted in response – including better personnel management, transparency in public finance, a curb on corruption, citizen participation and enhanced accountability – have since become common currency in public administration dialogue. In addition, performance norms have been the subject of debate in the fields of education, health, finance and other development sectors. Targeted goals within each functional area tend to echo emergent aspects of administration applicable to all government functions, namely transparency, accountability, integrity, equity, efficiency and responsiveness.

The **second** broad good governance issue is concerned with concepts of democracy and the rule of law, including with rights-based claims to equality before the law, judicial independence, participation in the conduct of public affairs, electoral integrity, political plurality, freedom of expression and media independence. These claims include demands for gender equality and the inclusion of youth and marginalized groups. Integral to effective implementation is an informed and empowered citizenry engaged in transparent and accountable governance processes. Free and pluralistic media are considered essential to such ends as is the right to freely access information held by public bodies. Considering the relevance of good governance in development management United Nations Economic and Social Commission for Asia and the Pacific identified eight major characteristic of good governance. These are: Participation, Rule of Law, Transparency, Responsiveness, Consensus oriented, Equity and inclusiveness, Effectiveness and efficiency and Accountability.

## III. Third Generation Reforms: Governance with Human face

Having identified good governance as a concern common to all countries, questions arise as to how member states might capture its various dimensions in a global development framework. Would it be feasible to propose explicit governance goals and targets in their own right? Should governance challenges be set out as part of the enabling conditions that need to be strengthened to foster development? Or, would it be better to mainstream governance issues into other development goals so as to build synergies among various development themes? Thus various new and also emerging issues are grown up in the governance-development conundrum. These issues are collectively pave the way for governance in more practical and with human face. We will caste a few new issues in the name of third generation reforms of governance.

### a. Human Development:

The concept of human development, however, came into its own with the UNDP's annual *Human Development Reports* commencing in 1990. The UNDP *Human Development Report* was established in 1990 thanks to the influential work of Amartya Sen, Mahbub ul Huq, Richard Jolly, Frances Stewart and Meghnad Desai at the UNDP. It provided a new framework known as 'Human Development' or the 'Capabilities Approach' and a related set of composite indicators led by the UNDP's Human Development Indices. Sen and UNDP (1990–2007) have argued that development is not, as previously conceived, based on desire fulfillment (utility or consumption measured by a proxy for income – GDP per capita) because this does not take sufficient account of the physical condition of the individual and of a person's capabilities. Income is *only* an instrumental freedom – it provides a means for the achievement of other constitutive freedoms. Sen does not ignore income; rather he argues that too much emphasis can be placed on this dimension of development. Instead, Development is the process of enlarging people's choices.[38] Development consists of the removal of various types of unfreedom that leave people with little opportunity of exercising their reasoned agency….Development can be seen……as a process of expanding the real freedoms that people enjoy…….the expansion of the 'capabilities' of persons to lead the kind of lives they value - and have reason to value.[39] Sen has argued that there is a broad set of conditions (including being fed, being healthy, being clothed and being educated) that together constitute wellbeing. Individuals have a set of entitlements (command over commodities) which are created through a set of endowments (assets owned – physical and personal characteristics – financial, human, natural, social and productive) and exchange (production and trade by the individual). These entitlements are traded for a set of opportunities (capabilities) in order to achieve a set of functionings (outcomes of wellbeing). Sen resolutely refused to name the capabilities although he did identify five basic freedoms.[40] These are: political/participative freedoms/civil rights (e.g. freedom of speech, free elections); economic facilities (e.g. opportunities to participate in trade and production and sell one's labour and product on fair, competitive terms); social opportunities (e.g. adequate education and health facilities); transparency guarantees (e.g. openness in government and business and social trust); protective security (e.g. law and order, social safety nets for unemployed). For Sen the focus is on the capabilities approach which consists of the means, opportunities or substantive freedoms which permit the achievement of a set of 'functionings' – things which human beings value in terms of 'being' and 'doing'. This, according to Sen, is the essence of Human Development. However, because 'capabilities' are difficult to measure, many of the components of the Human Development Indices are actually based on 'functionings'. The UNDP indices are amongst the most commonly cited development indicators, and the most widely used are the Human Development Index (HDI), the Gender Development Index (GDI) and the Human Poverty Index (HPI). In the case of the HPI two separate versions are provided: one for developing countries (HPI-1) and the other for industrialized countries (HPI-2). HPI-1 relates to absolute deprivation whilst HPI-2 relates to relative deprivation. The HDI, GDI, HPI-1 and HPI-2 each take account of wellbeing, which is related to life expectancy, health, knowledge and education, and most of these indices include some form of purchasing-power-adjusted per capita income as an indicator of the standard of living. The UNDP also publishes a gender empowerment measure (GEM) which is a measure of gender equality in politics, business and wages.

These reports argued that development should be "woven around the people"[41] or "of the people, for the people, by the people"[42] while illustrating how much existing development trends were detrimental to the well-being of people. In particular, the UNDP argued against economic growth that was not beneficial to the people in several crucial ways.[43]

## b. Democratic Governance

Across the western world, there is today a search for new models of democratic governance and thus central, regional and local institutions are redesigned. To some, democracy implies certain institutional arrangements, which raises political sensitivities. According to Elgstrom and Hyden, democracy is system of government with the following attributes: (a) There are institutions and procedures through which citizens can express effective preferences about alternative policies at the national level and there are institutionalized constraints on the exercise of power by the executive (competition); (b) There exists inclusive suffrage and a right of participation in the selection of national leaders and policies (inclusiveness/participation). Larry Diamond uses the maximalist definition of democracy as encompassing "not only a civilian, constitutional, multiparty regime, with regular, free and fair elections and universal suffrage, but organizational and informational pluralism; extensive civil liberties (freedom of expression, freedom of the press, freedom to form and join organizations); effective power for elected officials; and functional autonomy for legislative, executive and judicial organs of government.

In fact democracy is a "universal value" based on the freely expressed will of the people to determine their own political, economic, social and cultural systems and full participation in all aspects of their lives. The blending of transparent, accountable and capable institutions of governance with concepts of democracy and the rule of law is common in governance debates as they are closely connected and mutually reinforcing. An efficient, responsive, transparent and accountable public administration is not only of paramount importance for the proper functioning of a nation, it is a central part of democratic governance and also the basic means through which government strategies to achieve the integration goals can be implemented.

Some consider democracy as a set of values and governance as a process of interaction among three sets of actors, from the state, civil society and the private sector, which implies governance based on fundamental and universally accepted principles, including: participation, accountability, transparency, rule of law, separation of powers, access, subsidiarity, equality and freedom of the press. These claims include demands for gender equality and the inclusion of youth and marginalized groups. Integral to effective implementation is an informed and empowered citizenry engaged in transparent and accountable governance processes. Free and pluralistic media are considered essential to such ends as is the right to freely access information held by public bodies. The commitment to democratic and accountable systems of governance was reaffirmed at the World Summit in 2005, and again by Heads of State and Government in 2010. Member States consider progress in these areas to be essential for the realization of social and people-centered sustainable development. The second broad governance issue is concerned with concepts of democracy and the rule of law, including with rights-based claims to equality before the law, judicial independence, participation in the conduct of public affairs, electoral integrity, political plurality, freedom of expression and media independence. The UNDP *Human Development Report, 2002* stated that "For politics and political institutions to promote human development and safeguard the freedom and dignity of all people, democracy must widen and deepen." The UNDP concludes that "advancing human development requires governance that is democratic in both form and substance—for the people and by the people."[44]

## c. Network governance

Today, the role of the government in the process of governance is much more contingent. Local, regional and national political elites alike seek to forge coalitions with private businesses, voluntary associations and other societal actors to mobilize resources across the public–private border in order to enhance their chances of guiding society towards politically defined goals.[45] This approach is focused less on national political or social systems, but rather emphasizes interactions within policy domains. One of the most important of these more circumscribed terms has been "network governance", and indeed a good deal of the movement toward governance as an approach to political life has been focused on the capacity of networks to provide governance. In contrast to the often-comparative approach of the state-society studies, these are studies from different disciplinary and theoretical perspectives that focus on the processes of interaction of actors in multi-organizational (and often multi-sectoral) networks, the prevalence of network collaboration, or its outcomes. Networks are usually informal groups of actors sharing an interest in a specific set of issues. Networks can also be instruments of territorial mobilization. Their attractiveness stems from the informal organization, the absence of hierarchy and their closeness to the issues to be resolved. In terms of their composition, networks can be exclusive or inclusive. Exclusive networks are usually fairly organized, and membership is restricted. New members are admitted after deliberation among the existing members. The reason for such restricted membership is that the network wants to ensure that there is a high degree of homogeneity among the actors in terms of objectives and values. Inclusive networks, by comparison, want to maximize their membership and allow essentially everyone who wants to join to enter the network. The basic conviction of network governance, however is that self-organizing networks of social actors are better suited to coping with the complexity of contemporary governing demands than are hierarchical mechanisms. Kjaer outlined the importance of policy networks in the context of the activities of the UK government suggesting that this involved the greater use of non-government actors and agencies to undertake service delivery.[46] Center for Democratic Network Governance suggested that network governance differs substantially from markets and hierarchies. Network governance was characterized by:

a. Relationships between actors, pluri-centric and interdependent (Kersbergen and Waarden 2004, p. 148). Hierarchies are mono-centric and based on dependency and subordination. Market governance is multi-centric, consisting of a virtually infinite number of independent actors.

b. Decision-making. Networks are characterized by reflexive rationality, continuing negotiation and the pursuit of collective solutions. Hierarchies are centralized and top-down; markets directed by Adam Smith's 'invisible hand'.

c. Compliance. Networks rely on trust. Hierarchies on rules and laws; markets on the fear of economic loss.[47]

## Incorporation of governance into post-2015

Experience to date with the Millennium Development Goals has shown that, in many cases, sustained progress towards the MDGs has been underpinned by good governance and women's empowerment, and hampered by their absence.(See, for example, United Nations Development Programme, Human Development Report: Deepening Democracy in a Fragmented World (New York, 2002); United Nations Development Programme, The Path to Achieving the MDGs: a synthesis of evidence from around the world (New York, 2010); United Nations Development Programme, Beyond the Mid-point: achieving the MDGs (New York, 2010)

Clearly much depends on the scope and format of the post-2015 development agenda. As noted earlier, objectives such as transparency, accountability, inclusion and so on apply both in general and to specific sectors. They reflect fundamental principles, such as openness, equity and engagement, while at the same time enabling achievement of particular development outcomes, such as poverty reduction, education for all and environmental protection. Thus, as a technical matter there appears to be some latitude in the formulation.

One approach may be to reiterate a set of principles for the exercise of political and administrative authority at national and local levels. Drawing on international human rights treaties, the UN Convention against Corruption and other major agreements with near universal participation, such principles, clearly and simply stated in the post-2015 development agenda, might encompass commitments to increased transparency, enhanced accountability and oversight, stakeholder engagement and participation in decision-making, judicial independence and so on. Many of these principles have already been established as global reference points. Their non-binding nature in the context of the post-2015 agenda would help to reassure countries, especially those most challenged by weak institutions and issues with peace and security, that there is no conditionality attached. Such an approach, however, could be seen to avoid the lessons learned from the MDGs where principles without measures were not taken as a priority. If governance principles are adopted, their implementation would need to be regularly monitored and reported to generate the necessary impetus for moving forward.

A more direct approach could also be considered whereby countries commit to governance as a goal within the existing MDG-type framework as has been done in a few countries, accompanied by operational targets in specific sectors, for example working to enhance taxation, court administration or statistical capacity at the national level. This could provide a stronger basis for galvanizing support, particularly if also linked to other goals such as gender equality.

Governance monitoring and capacity development could usefully draw on the work of DESA, UNDP, the World Bank, OECD and others, while taking into account that implementation measures must be country-owned, and useful to national governments and other national stakeholders in the diversity of settings in which the UN operates, including in countries emerging from conflict and those in transition.

The Economic and Social Council and its subsidiary bodies are currently considering their role in the elaboration of and follow-up to the post-2015 development agenda. The functional commissions have been invited to prepare written inputs on cross-cutting and emerging issues that should find their place in the post-2015 development agenda. Inputs received by the end of 2012 may be fed into the contribution by the Council to the special event to be held during the 68th session of the General Assembly next year to follow-up on efforts towards achieving the MDGs.

Recognizing the importance of promoting a coherent, evidence-based approach to the governance issue, the Committee of Experts on Public Administration considered how it might contribute to discussions on the post-2015 agenda at its 11th session. The Committee reinforced many of the points made above and expressed interest in studying the effect of specific national and local governance practices on development with a view to sharing the findings with ECOSOC at the 2013 substantive session.

## Conclusion:

The concept of ‘good governance’ is used in differing meanings in the discussion about the relationship of good governance and development. The resultant ambiguity means that doubt is sometimes even cast on the usability of the concept. It has shown in section 3.II that good governance has many fathers and that it therefore covers a multitude of aspects. It is a product of many different forms of thought: ‘the triumph of Western democracy’, neo-liberalism, the human rights movement, the international legal order and the rediscovery in politics and scholarship of institutions and, as such, embraces a mixture of ideological, idealistic and functional thinking. The various discourses are not always distinguished in practice. Although it is frequently and readily used the meaning of the concept in relation to development is by no means self-evident. The consensus to which reference is made for the sake of convenience can therefore prove elusive in practice. An important source of confusion is that insufficient distinction is drawn between good governance as a necessary precondition for development, and the desirability of good governance and policies as an intrinsic aspect of development.

It is true, as Frederickson and Smith write, that "Lacking a universal definition, governance is currently more an acknowledgement of the empirical reality of changing times than it is a body of coherent theory" (2003, 209). John (2001, 172) argues that evaluation of the concept should be based on "whether the set of causes and consequences of governance makes sense in a history of reforms and developments of interrelationships." As cross-national research has shown, it does in fact represent some overall trends we are witnessing across societies. In their influential study *Aid, Policies, and Growth* (1997), Burnside and Dollar conclude that financial aid on a significant scale only has a positive impact on economic growth in those developing countries in which there are not just institutions supportive of the market but also sound fiscal, monetary and especially trade policies. The research sought to help explain why the results of structural adjustment programmes often disappoint. Burnside and Dollar's findings do not nullify the approach to these kinds of programmes but do result in their amendment. Where economic policies are poor, the importation of conditions in respect of these programmes proves incapable of eliciting better policies; in these circumstances aid does not have any positive effect on economic growth. But where there is good governance and policy in the 'narrow' sense, the message was that a 'reward' in the form of aid does indeed result in higher growth.

The research also devoted attention to the quality of market-supporting institutions, the presence of which is again positively correlated with the growth of GNP, Human rights, the rule of law and democracy did not form part of Burnside and Dollar's research.

The crisis in the welfare states in the 1980s necessitated a review of the relationship between the state and society. Supported by neoliberalism, the role of the government was initially scaled down, but since then the attention has shifted more towards the positive influence that governments can exert on the preconditions for effective market forces, social cohesion, democracy and the rule of law in society. Their 're-inventing of government' did not mean the reconstruction of what had been dismantled but a reorientation of policy. Both the movement aimed at the withdrawal of government and that re-emphasizing the importance of state institutions have in common that they place the effectiveness of government action at the centre. This also applies when it comes to the disbursement of development funds. As Kaul has concluded: "Above all, the public service as the protector and provider of essential services, and as the symbol of an accountable government in action, must recover and retain its pride. The public service must not only be a part of the national and international changes taking place, it should be at the forefront of the process-guiding, initiating, innovating and managing."[48]

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