PROMOTING GOOD GOVERNANCE

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Abstract

From May 31 to June 4, 1999 over eight hundred participants from all levels of government and nongovernmental organisations attended the World Conference on Governance held in the Philippines. It had been organised by the Eastern Regional Organisation for Public Administration (EROPA), the Philippine Civil Service, and the National College of Public Administration and Governance at the University of the Philippines, in cooperation with numerous international and regional organisations, including the Asian Development Bank, the Canadian International Development Agency, the Economic Development Institute of the World Bank, the United Nations Development Programme and the United Nations Department of Economic and Social Affairs. Its theme was From Government to Governance with emphasis on public finance, capacity building and partnerships. But its major concern was promoting good governance, a topic which has been attracting increasing international attention since the late 1980s and has become a key objective of many technical assistance programmes. The World Conference can be seen as a culmination of these efforts to focus on good governance in institutional development and to prepare an agenda for future action by taking account of current ideas and opinions of all those involved. What follows is a brief overview of some major issues that run through the notion of promoting good governance.

The Issue of Definition

What exactly are governance and good governance? What exactly do people have in mind when they use such terms? The answer is not simple because this word cannot be found in any other languages. Although it has a long usage, it has had no precise definition. The New English Dictionary provides a range of meanings from the plain the state of being governed to the broad

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conduct of life or business; mode of living. It goes beyond government and what governments do to the wider notion that contemporary society, especially the global society, is ruled/governed by many other powerful institutions which are forced by circumstances to work together and that governments alone are incapable of tackling social problems. Indeed, incompetent governments are themselves a social problem and cause people to look elsewhere for possible solutions to their problems. Furthermore, the declining credibility of politics and government because of the disgraceful behaviour of politicians provides the term governance distance and some dissociation with the sordidness of political conduct. Governance gives the appearance of being beyond and above partisan politics, perhaps more objective and virtuous.

Nonetheless, the World Bank has defined and to some extent continues to define governance exclusively in terms of the state’s management of economic and social resources. In 1989, in its Sub-Saharan Africa: From crisis to sustainable growth, it stated

"By governance is meant the exercise of political power to manage a nation’s affairs. Because countervailing power has been lacking, state officials in many countries have served their own interests without fear of being called to account. Politics becomes personalised, and patronage becomes essential to maintain power. The leadership assumes broad discretionary authority and loses its legitimacy. Information is controlled, and voluntary associations are co-opted or disbanded. This environment cannot readily support a dynamic economy."

Good governance came to be defined in terms of accountability, the participation and strength of civil society, and the effective rule of law. ¹)

In contrast, the Canadian International Development Agency defines good governance as the exercise of power by various levels of government that is effective, honest, equitable, transparent and accountable. Although it recognises that there is no universally agreed definition, it introduces some characteristics that are generally agreed among international organisations:

1) the development and implementation of sound economic and social policies;
2) strong management in the public sector, with a professional administrative cadre and an effective public service;
3) the existence of a sound, predictable legal framework with a reliable and independent judiciary;
4) very low levels of corruption in public life and the existence of effective mechanisms to deal with identified corruption;
5) financial probity and accountability, with structures to ensure financial accountability and transparency;
6) appropriate levels of military expenditure and appropriate roles for the military in civilian life.²)

A decade ago, the Organisation for Economic Cooperation and Development had first recognised the vital connection between open, democratic and accountable political systems, individual rights and the effective and equitable operation of economic systems. At its Development Assistance Committee's workshop on Public Management in Support of Social and Economic Objectives, held in Paris in December 1998, the following were agreed as the key factors of good governance:

Technical and Managerial Competence

This factor has been improved as civil service education is now accessible to most countries although further skill development is needed to meet the requirements of rapidly changing societies.

Organisational Capacity

Development that relies on the personal or political will of a strong leader using state power is not sustainable over the long run. It is organisational capacity that makes for sustainable development and this may involve decentralisation, delegation of power, accountability, deregulation and strengthening management systems.

Reliability, Predictability and the Rule of Law

Government decision-making must be made by law, in which individuals are protected from arbitrary decision-making. Without this reliability, individuals are unable to make proper decisions. Political stability is also important for government decisions that are often reversed destroy reliability and predictability.

Accountability

Accountability ensures that the government is exerting its power properly in accordance with public interests. Governments have to clarify who is accountable to whom for what, which is usually strengthened by formal reporting and external scrutiny such as independent audit, inspectorate and complaint mechanisms.

Transparency and Open Information Systems

Through transparency, individuals access government information critical to them to make accurate decisions. Transparency also verifies government performance and compliance to law. Without it, accountability and the rule of law cannot function effectively.

Participation

Governments that ensure public participation make better decisions as they can better grasp public needs and priorities and once made their decisions are more likely to be acceptable, stable, reliable and predictable.

It has been generally acknowledged that the relationships among these elements are quite complicated. Moreover, they still omit essential items. This has led the United Nations Development Programme to provide an even more comprehensive definition:

*Good governance is, among other things, participatory, transparent and accountable. It is also effective and equitable* And it promotes the rule of law. Good governance ensures that political, social and economic priorities are based on broad consensus in society and that the voices of the poorest and the most vulnerable are heard in decision-making over the allocation of development resources.*

Its characterisation of good governance include

*Participation* -- all individuals have a voice in decision-making

*Rule of law* -- legal frameworks are enforced impartially, especially laws on human rights

*Transparency* -- those who are concerned with processes, institutions and information have access to them

*Responsiveness* -- institutions and processes serve all stakeholders

*Consensus orientation* -- governance mediates differing interests to reach a broad consensus in the best interest of all

*Equity* -- all individuals have opportunities to maintain and improve their well-being

*Effectiveness and efficiency* -- process and institutions produce results that meet needs while making the best use of resources

*Accountability* -- all organisational decision-making is accountable to the public as well as institutional stakeholders.

*Strategic vision* -- leaders and the public have broad long term perspectives on good governance and human development with a sense of what is needed.

As if this list was not already long enough, the 1999 World Conference in the Philippines added more. According to United Nations Deputy Secretary Louise Franchette, governance is the way a country or community of nations manages its affairs. It is the processes through which various sectors articulate their interests, exercise their rights and obligations and mediate their differences. Thus, governance is the resultant of the intricate relationships among all sectors. Good governance is based

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5) Good Governance and Sustainable Human Development, p.3.
on values treasured by the United Nations and the major world religions. These values include equality, tolerance, dignity, freedom, justice and peaceful resolution of differences. It is also honest, accountable and trustworthy and implies competence, effectiveness, responsiveness and transparency. Good governance promotes democracy, the rule of law and respect for human rights. It is based on the will of the people and stresses the empowerment of people. But as there is no standard model, each society must find its own, reflecting its unique history, culture and values. Other participants added timely justice, freedom of the press and electronic media, fair, free and timely elections, equality of economic opportunity, stewardship of governance (a moral and religious dimension), corruption-free public and business services which go well beyond the narrow definition of governance, certainly well beyond traditional government. Unfortunately, the wider the definition and the more inclusive the concept, the harder it becomes to do anything effective without demanding the transformation of society well beyond its capacity to development and well beyond international capacity to help.

The Issue of Mixed Signals and Coordinating International Policy

Because the major international technical assistance organisations pursue their individual interpretations of what constitutes good governance, there is some confusion among recipient countries as to what help they can expect. There is also confusion among them and the aid agencies about priorities and international policy although all are agreed that promoting good governance is important to their mission. Seemingly, the lead has been assumed by the United Nations Development Programme which clearly sees good governance as an essential part of sustainable human development and the elimination of world poverty. Developing the capacity for good governance achieves its other goals. It believes that good governance tackles the needs and concerns of the poor and provides opportunities for them to seek, achieve and sustain a better quality of life.

The International Monetary Fund encourages countries to correct macroeconomic imbalances, reduce inflation, and undertake key trade, exchange and other market reforms necessary to improve their efficiency and support sustained economic growth. It has enlarged its vision to include a much broader range of institutional reforms. Its role in governance has been increased as it has learned more about the importance of governance in macroeconomic stability and sustainable growth. It now promotes good governance, including ensuring the rule of law, improving the efficiency and accountability of the public sector, and tackling corruption, these being essential elements in a framework within which economies can prosper.7) As for the World Bank, good governance is the other side of the coin of corruption. It believes that corruption cripples

development by undermining the rule of law and weakening the institutional foundations on which economic growth depends. Long term development is impossible without effective government institutions.8) So how do these three agencies see their different missions?

The United Nations Development Programme (UNDP) adopts and implements a good governance policy whenever declarations and agreements are reached at United Nations conferences. It focuses on sustainable human development, especially in eliminating poverty, creating jobs and sustaining livelihoods, protecting and regenerating the environment and promoting the advancement of women. About a third of its resources are spent on governance programmes which vary from region to region. In Africa, the Arab states and the former Soviet Union and east Europe, the largest amount is spent to support management and coordination. In Asia and the Pacific region, the largest allocation is for economic and financial management. In Latin America and the Caribbean region, planning and support for policy formulation predominate. Generally, the UNDP strongly supports global and interregional programmes in good governance, decentralisation and strengthening civil society. It is clear about its priorities: (a) creating sound governing institutions, including legislative, judicial and electoral bodies, (b) improving management, including leadership, policy development and administration, civil service reform, economic and financial management, and urban management, (c) decentralising government and supporting local governance, and (d) enhancing the capability of civil society organisation.9)

The International Monetary Fund (IMF) concentrates on its surveillance over macroeconomic policies, namely transparency of government accounts, the effectiveness of public resource management, and the stability and transparency of the economic and regulatory environment for private sector activity. It promotes good governance through different channels. First, to avoid corruption and rent seeking, it encourages the liberalisation of the exchange, trade and price systems and the elimination of direct credit allocation. Second, it helps member countries to enhance their capacity to design and implement economic policies, build effective policymaking institutions, and improve public sector accountability. Third, it promotes transparency in financial transactions in public budgeting and the central bank and provides assistance in improving accounting, auditing and statistical systems. It carefully keeps within its jurisdiction, relying on other international organisations to provide in such matters as enterprise reform, civil service reform, property rights, contract enforcement and procurement practices.

The World Bank, in its responsibility to ensure that its loans are spent economically and efficiently for their intended purposes, works closely with recipient governments to strengthen two broad areas of governance susceptible to corruption, i.e. economic policy reform and public insti-

tution development which are the foundation for open, honest, and effective government. Economic policy reforms, supporting macroeconomic stability and market liberalisation, emphasise deregulation and expansion of markets to bolster transparency and competition; they include privatisation and the elimination of price controls. Public institution developments focus on well-functioning public management systems, accountable organisations, a professional and motivated civil service, an independent judiciary and a healthy legal framework. The World Bank also emphasises partnership with civil society and nongovernmental organisations to complement government activities especially in helping the poor. It stresses its coordination with the IMF in expenditure policy and management, tax policy and administration, banking reform, government financial management and transparency in government operations.

As can be seen, there is considerable overlap among all three bodies and other international technical assistance organisations, public and private, which sometimes causes them to work at cross-purposes. The World Bank and the International Monetary Fund try to avoid duplication between them and their physical proximity in Washington, D.C. helps. They publish joint papers on the subject of good governance and corruption and there appears to be collaboration between them. But the United Nations Development Programme is located in New York and there is much overlap between it and the other two organisations in economic policy analysis, budgeting, development administration and corruption containment to mention just a few.

Perhaps the UNDP's role is the most critical for it has the larger mission to create a world environment for more sustainable human development and it has more experience in promoting good governance. But the World Bank and the IMF seem to wield stronger political and financial clout with member countries. In any event, they frequently work at cross purposes with the UNDP, stressing different priorities and alas offering contradictory advice in the field. Overlap is unavoidable and the need for good governance is so important that some redundancy is to the benefit of recipients. After all, the more the merrier unless they get in one another's way and their competition confuses their recipients who can play them off, ignore all advice just because it is contradictory and rationalise their inactivity. It is strange that these organisations which advocate partnership often do not follow their own brief and too rarely share information and experiences, alas working at cross purposes instead of dialoguing together. Recently, the UNDP has recognized the dangers and through its Comprehensive Development Framework has begun to try to coordinate all United Nations development efforts to avoid inconsistencies. It would seem that a division of labour is taking place, with the UNDP concentrating on the softer human aspects and the World Bank concentrating on the harder capital aspects. Furthermore, at local levels in the field, the people involved in development work closer together and usually find ways to reconcile any apparent differences among the international agencies and the recipient country staff and to avoid duplication. The problem of possible overlap and contradictory approaches is at a much higher level.
The Issue of Implementation

Differences in international policy initiatives are only one of several other issues in implementing good governance strategies, some ten of which will be raised here. First and foremost is that so far the intended recipient countries have not had much input into the process. Good governance strategies are largely imposed on them as if they had little to contribute to their own development. As O.P. Dwivedi has commented

If the concepts and principles of doing things (that is, the management style) differs across cultures, why should there not be a different development paradigm for the Third World? If the roots of such differences between the West and the South is culture, then should not culture be the foundation upon which one should build alternative models of development? And finally, how long will Euro-centrism or North-centrism continue to force its own cultural paradigm on to others with its push for a single-market world, profitable to the North-dominated development industry?... What is being suggested here is that the power to shape ideas and events, which has so far lain with the West, needs to be shared now. (O.P. Dwivedi. Development Administration, London, Macmillan Press, 1994, pp. 143-4).

Admittedly, many recipient countries have ended in such a mess that they have little international credibility; their way has not been that successful. But they are all concerned that in adopting outside proposals they not lose some features unique to them, their cultures and their life styles which they still value. They do not want to be a carbon copy of somewhere else. They do not want blanket uniformity to some external model. They know they are different and they know that local circumstances may defeat all the good intentions. They may not be happy with what they have but they do not want to be made even less happy. They want to work out their own good governance model incorporating the best they have and maybe inventing their own unique institutions.

A second issue is that many have already suffered badly from imposed solutions particularly from the blanket policies of the International Monetary Fund, which may have looked good from a universal perspective but worsened matters from their own. In any event, some external remedies have not worked at all as the record shows in regard to liberalising food prices in Africa as an instance. But industry fared not much better, with inflation, higher unemployment, and reduced investment. Open competition on the world market did not benefit African countries with less accumulated capital and technology and which faced entry barriers in moving up the ladder of the international division of labour.10) Eliminating price controls and trade barriers may eventually benefit people in a country but such policies may not work as universal panaceas without taking into consideration a country's unique features and the impact on its poor.

Third, economic reforms may not coincide with promoting democracy if international donors pose stringent economic reforms. Ghana had already transformed peacefully from an authoritarian government to a democratic government by 1992. Then, structural adjustments were demanded in return for loans and investments. To reduce public spending, the government had to reduce public employment which brought it into collision with the trade union movement resulting in strikes and demonstrations which further generated social unrest. So unpopular was the government that public demonstrations forced it to rescind a newly introduced value added tax and thereafter the political system was destabilised. In other countries, newly created democracies were undermined by economic stringency as the public became disillusioned and turned against democratically elected governments which were replaced by coups and dictators. In short, in promoting both economic reforms and good governance, the international organisations have to show more flexibility and tolerance and to allow more time for countries to transform their institutions.

Fourth, even before the disasters of the Balkans and Africa had occurred, the Organisation for Economic Cooperation and Development had recognised the unintended results of promoting democratisation and human rights in exposing ethnic, racial and religious tensions to the point where democratisation may result in the disintegration of the state. Many developing countries face this problem and try to make the technical assistance organisations understand the dangers involved if in promoting democracy and human rights they destabilise recipient countries.

Fifth, international donors have not been too sensitive to the negative impacts of promoting good governance during transition and alas have not been too helpful when things exploded and recipient countries could not cope. They have neglected to deal with this issue and to think how they might minimise the negative impacts of what they do. For instance, much is written about successful privatisation but the failures have been ignored, particularly failures that have resulted in hardship, unemployment and loss of credibility. The outsiders have not provided sufficient safety nets such as protective social services, insurance policies and compensation packages which might restore faith in the reforms.

Sixth, there has not been sufficient effort to gain the active support of recipients without whose cooperation and commitment little will progress. External pressures can be and are effective in influencing those who have to change to make the necessary changes. International organisations within can and do propagate change and they provide information as well as expertise. But nothing compares to the active support of local native change agents and demonstration projects that work so well that little more persuasion is needed. The donors may have to assist local reformers by tacitly designing and sequencing reforms, compensate losers and build consen-

sus mong major stakeholders. The World Bank has not been remiss recently in this respect.\footnote{See World Development Report 1997: the state in a changing world, New York, Oxford University Press, 1997.}

Seventh, the international banks have weak checking systems and generally fail to practice what they preach to recipients. They are hardly participative, open, transparent, accountable, above suspicion themselves. They evidence needless waste, luxury, and perquisites and their sometimes opulent working conditions contrast widely with those in poor countries to whom they preach modesty, integrity, stringency and so forth. They threaten to withhold or suspend their operations for gross abuse and evident practice of bad governance but they rarely have. They have failed to manage and supervise macroeconomic policies certainly in Asia. They do not evidence on occasion good governance themselves.

Eighth, the international organisations deal with corruption in their recipients but tend to turn a blind eye at corrupt international organisations elsewhere which may be the major instigators and gainers. They only look at one side of the equation. The blame is not solely with the recipients, not when it comes to giving bribes, inflating costs, shoddy workmanship, bad labour practices, inhuman working conditions, disrespect for human rights and so forth. This neglect has been acknowledged and the international organisations have promised to tackle this issue, including their own possible collusion with corruption.

Ninth, there are limitations in collecting accurate data on governance. Donors have to rely mostly on what the recipients provide which is often incorrect and manipulated by dishonest governments. Consequently, it is difficult to know how effective policies are and what further needs to be done to remedy things. Donors may have to employ their own informants among the nongovernment organisations closest to the people outside official channels to get a more accurate reading but this raises other issues concerning their modus operandi beyond the scope of good governance.

Tenth and finally, although building and strengthening civil society, especially nongovernmental organisations, is central to developing good governance, there are many pitfalls. Nongovernmental organisations are rarely publicly accountable and one needed task is to make them more so. They must be carefully selected for they may hold special interests or be prejudiced, partial, and partisan in the countries in which they operate or perceived to be so locally. Many are created with special goals, missions and interests and they may embody foreign values and ideologies, as is the case with religiously identified nongovernmental organisations. When selecting them as partners or contractors in public service delivery, they may be seen as infringing on the principles of fairness and equity.
The Issue of Partnership

This issue took up a whole day at the 1999 World Conference on Governance where its significance was highlighted by the participants who stressed that good governance could only be achieved through active cooperation among all social organisations, public and private, among all levels of governance, from local community to international, in conditions of mutual trust and good faith, as they sought clarification and coordinated objectives and strategies. Governments could no longer act alone or in isolation from other social organisations; all had to recognise their strengths and their weaknesses, their advantages and disadvantages, their different abilities and capacities, their different missions, functions and tasks, and to work together as much as possible to achieve better results. Coordination also required consensus building and conflict resolution mechanisms as part of the partnership arrangements to overcome the many obstacles in the way of effective cooperation. What was new at the conference were the case studies drawn from Asia illustrating what was involved in the partnership concept, how they brought different parties together, how they opened dialogues, forged programmes, combined talents and resources, mobilised society and empowered people, and resulted in better governance. Clearly, government did not have a monopoly of wisdom and creative talent but governance could draw on the whole society to contribute, could overcome the limitations of any particular sector, could provide better services, could make sustainable development more likely, and could transform society with less strain.

The promises are known. But what of the performance? Lip-service to pious international resolutions and intentions are legion but their implementation leaves much to be desired. Will this become the fate too of partnerships for good governance? The parties are unequal. Inevitably, the strong will try to dictate and the dependent will have little recourse other than to comply. This has been the experience in international technical cooperation and assistance where the donors always have the upper hand and remind the recipients that they can always leave. Governments do have the power and although other social organisations have countervailing power, they are not evenly matched. Alas, for every example of successful partnership, there are probably more failures as the more powerful exercise their advantage, certainly to the disadvantage of the world’s poorest, inevitably the losers. For instance, some partnerships that have been formalised into official committees with working bodies have found that these have taken on a bureaucratic life of their own which has impeded rather than encouraged innovation. Normal cooperation has been impede by yet another layer that has insisted on delaying decisions for public relations opportunities, pressures for deliverables regardless of their merits (thereby making the donors appear as arrogant, naive or intent on espionage), ignored expert warnings and their

outright opposition, manipulated and blocked information, and served merely to advance personal ambitions.

The 1997 World Development Report proposed that the state, i.e. government, should stick to what it does best and only attempt what its capacity permits. It should demonstrate discipline in refraining from doing things that other social organisations could do better. Better, it should provide an environment in which the other social organisations should take more on themselves and through partnership in governance all should increasc their capabilities. Again, these are fine proposals but has the world community shown any real intention of following through? At least, the issue of effective partnership is now on the agenda and can no longer be avoided. This indeed is an advance. What follows should be its implementation through the practical plans and programmes of the international community, already headed by the three major principals now presumably joined by all the other participants at the 1999 World Conference on Governance who seem to have committed themselves to the concept of partnership. And what they need to add which so far has been omitted is the needed partnership outside countries where North and South will get together and hammer out a model which goes beyond Western cultural imposition and includes such issues as the crisis in governance and human deprivation. In the past, development agencies posed conditions that were North-valued processes of good governance. The 1999 World Conference on Governance may have clarified that good governance is not so much an end but a means to an end. Recipients should first establish clear visions and goals for themselves and then persuade the donors accordingly. Only after agreement, can they plan the processes and measures by which to proceed, thus making the aid process goal-oriented not process-oriented. That way, recipients will have more flexibility to meet their goals, reflecting their own cultural and historical context.

Maybe what all the debate over good governance boils down to is that it is service to the people measured by how far a society is able to improve the quality of life of every member, particularly its poorest and most disadvantaged. It is about the partnership of all stakeholders and that includes all individuals in a society, respect for all social institutions not just government or business or voluntary associations, and the advancement of civil society which endeavours to make life more meaningful and enjoyable. It is about optimising resources, about transparency and decency, and about everyone working together for the good of society and all its members not just a privileged few. Good governance is not an end in itself but merely a means or a process to reach a better human condition for ourselves and future generations.
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