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Good Governance as a Concept, and Why This Matters for Development Policy

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Abstract

Almost all major development institutions today say that promoting good governance is an important part of their agendas. Despite this consensus, 'good governance' is an extremely elusive objective: it means different things to different organizations and to different actors within these organizations. This study provides a review of donor approaches and discusses good governance as a concept. While methodological discussions are often esoteric, the study argues that this one has real world relevance to development policy because donor agencies regularly measure and assess the quality of governance, condition assistance on these measurements, seek to design evidence-based policies, and justify their focus on good governance partly on the basis of claims that better governance promotes economic development. The weakness of the good governance concept calls into question each of these projects. Future work would do well to disaggregate the concept of good governance and refocus attention and analysis on its various disaggregated components, as defined here (e.g., democracy, the rule of law, efficient public management).

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A major problem confronting the contemporary world is how to build effective governments where they do not exist. (Levi 2006: 5)

1 Introduction

In 1989, the World Bank declared that 'a crisis of governance' underlay 'the litany of Africa's development problems' (World Bank 1989: 60-61). Since then, as Nanda (2006: 269) notes, '"good governance" … has assumed the status of mantra for donor agencies as well as donor countries'. The 2005 Paris Declaration's commitment to 'national ownership' has further focused the attention of donor agencies on good governance. As Hyden (2008: 267) notes, for instance, 'by channelling direct budget support to partner governments the DPs [development partners] are forced to think about governance as an integral part of their *modus operandi*'.

Proponents of the good governance agenda see it as a worthy goal not only in and of itself, but also as a means through which to impact 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. In a well-cited quote, former United Nations Secretary-General Kofi Annan noted that, 'good governance is perhaps the single most important factor in eradicating poverty and promoting development' (UN 1998). 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. A large related literature focuses on measures and assessments of governance quality in particular countries and cross-nationally (see, e.g. Besançon 2003; Arndt and Oman 2006; Knack 2006; Apaza 2009; Thomas 2010), while another significant body of work addresses the relationship between governance and key outcomes such as economic growth (see World Bank 1989; Kaufmann et al. 1999; Resnick and Birner 2006; Keefer 2009; Holmberg et al. 2009).

Opponents of the good governance agenda, on the other hand, raise strong challenges. Critics, especially in aid-recipient countries, argue that the use of governance criteria in the allocation of foreign aid effectively introduces political conditionalities and imposes Western liberal models of democracy (see Nanda 2006; NEPAD 2007: 3-4). Grindle (2004) points out that the good governance agenda is a poor guide for policy because it is ad hoc, 'unrealistically long', and not attuned to issues of sequencing and historical development (see also Booth 2011). Along related lines, Andrews (2008: 380) notes that prevailing models of government effectiveness are 'like telling developing countries that the way to develop is to become developed' and that the 'one-way-best model' of governance ignores institutional variation across well-governed states (see Pritchett and Woolcock 2004). An active body of research also raises questions about the causal effect of the quality of governance on various outcomes, especially economic growth (see, e.g. Kurtz and Schrank 2007a, 2007b; Khan 2009).

Yet, despite the importance of the good governance debate to international development policy, there remains considerable confusion over a basic question: what is governance, and especially *good* governance? Indeed, few discussions of governance fail to note this definitional ambiguity (see, e.g. Weiss 2000; Doornbos 2001; Andrews 2008; Keefer 2009; Williams 2009; Grindle 2010). Most studies simply proceed by selecting one definition among the many: in one of the more straightforward discussions of this, Keefer (2009: 439) notes that 'there is no agreed definition of "governance"' and thus that 'for various, sometimes necessarily arbitrary reasons', his review focuses on the literature that links economic development with secure property rights, voice and accountability, and the performance of the bureaucracy.

This study has two related parts. The first addresses what Keefer (2009) and other reviews of the literature have skipped: rather than 'arbitrarily' selecting one definition, it provides a systematic review and comparison of working definitions of good governance from donor institutions, the key voices in the good governance debate (Santiso 2001: 4-6; Nanda 2006; Hout 2007). The review identifies seven core components highlighted in working definitions of good governance and discusses how these definitions in use vary in terms of emphasis of these components, both across, and within, donor organizations. These components are: democracy and representation, human rights, the rule of law, efficient and effective public management, transparency and accountability, developmentalist objectives, and a varying range of specific economic and political policies, programmes, and institutions.

The second part of the study builds on the first to make two related arguments. First, good governance as defined by donors is a poorly specified concept. This may sound like a purely academic critique, but is in fact directly relevant to development policy. The importance of concepts for measurement and theory-building is a core point in work on social science research methods (see Sartori 1984; Gerring 2001; Goertz 2005; Collier and Gerring 2009; Shively 2010). In policy terms, the fact that good governance is such a poorly specified concept affects, for one, the ability of development agencies to defensibly measure and assess the quality of governance, one of the bases upon which aid may be conditioned. It affects also their ability to design and justify evidence-based policy, i.e., policy built upon precise and empirically-tested hypotheses about how political and economic institutions change, and about how this in turn affects economic development.

Second, this study argues that, given the weaknesses of this concept, future research and analysis by development analysts should focus more on the seven disaggregated components of good governance identified here, rather than on the *ad hoc* macro concept (see also Keefer 2009). The term 'good governance' has become a catchy shorthand way to describe a variety of institutions and is thus likely to remain in common public usage, but it is not a useful concept for development analysts. Disaggregation of the concept will allow for more precision in the formulation and testing of hypotheses, building on large related literatures from political science in particular.

This study begins with a discussion of governance and, building on that, an overview of working definitions of good governance from donor institutions. Next, it evaluates good governance as a theoretical concept. A final section discusses how the weaknesses of the governance concept pose problems for one of the most central claims in the policy literature, that good governance promotes economic development.

2 Governance

In common usage, governance—as distinct from *good* governance—is often equated with 'government' or 'the act or process of governing'.[1] International organizations and scholars have adopted more extensive definitions of the term. As Keefer (2009: 439) notes, 'there is no agreed definition of governance that would provide a convenient device for organizing the literature'. Weiss (2000), for one, lists seven different definitions from as many organizations.[2] The OECD (2009), as discussed further below, compiles another seventeen definitions.

According to the definitions listed in these sources, for instance, the UNDP (1997: 2-3) defines governance as 'the exercise of economic, political and administrative authority to manage a country's affairs at all levels', which 'comprises mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences'. For the IMF, it is 'the process by which public institutions conduct public affairs and manage public resources' (UNDP 2007: 128). For the OECD, it is 'the use of political authority and exercise of control in a society in relation to the management of its resources for social and economic development,' which 'encompasses the role of public authorities in establishing the environment in which economic operators function and in determining the distribution of benefits as well as the nature of the relationship between the ruler and the ruled' (OECD 1995: 14).

Not only do definitions vary across organizations, they also vary *within* organizations. Some of those used by the World Bank include:

- 'the exercise of political power to manage a nation's affairs' (World Bank 1989: 61);
- 'the manner in which power is exercised in the management of a country's economic and social resources', with 'three distinct aspects …: (i) the form of 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 governments to design, formulate, and implement policies and discharge functions' (World Bank 1994: xiv);
- 'the manner in which public officials and institutions acquire and exercise the authority to shape public policy and provide public goods and services' (World Bank 2007a);
- 'the rule of the rulers, typically within a given set of rules' (World Bank 2010); and

1 From Merriam-Webster Online, http://www.merriam-webster.com/.

2 He also lists a definition of good governance from UN Secretary-General Kofi Annan.

- 'traditions and institutions by which authority in a country is exercised' (Kaufmann et al. 2009: 5). This definition is operationalized in the World Bank's widely-used Worldwide Governance Indicators (WGI) project in terms of six aggregate indicators: (1) voice and accountability ('the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and free media'); (2) political stability and the absence of violence; (3) government effectiveness; (4) regulatory quality; (5) the rule of law; and (6) control of corruption (World Bank 2007b: 2).

Despite differences in language, most of these definitions include three common elements that point toward a minimal understanding of governance as (1) the process (or manner) through which (2) power (or authority) is exercised (3) to manage the collective affairs of a community (or a country, society, or nation). With a few exceptions, all of these elements are arguably clear even in the most succinct formulations.[3] In the World Bank (2010) definition, for instance, governance is 'rule' (i.e., the act or manner of exercising authority), carried out by 'rulers' (i.e., those with power/authority), within 'a given set of rules' (i.e., a common society).

This minimal definition of governance suggests description, leaving open multiple possibilities of how, and towards what ends, power might be exercised within the community. For instance, it might be according to popular vote, by consensus, according to a set of universally applied laws, through the dictates of a supreme leader, or through physical force. Key actors might include government agencies, elected officials, hereditary rulers, religious leaders, judicial authorities, or the voting public. The collective affairs of a community might include anything from national security to natural resources, from monetary policy to cultural affairs, from infrastructure development to educational standards.

Many definitions of governance also implicitly or explicitly include additional elements, in particular some conception of (4) the core objectives met by effective governance; (5) the principles, values, or norms that should be upheld in the process of governing; and (6) the specific institutions that well-governed countries should have. Definitions from OECD (1995) and World Bank (1994), for instance, both highlight development as a core objective: a country's affairs and resources are managed, according to the OECD, 'for social and economic development'. UNDP (1997) is suggestive of a sort of pluralist democracy, with channels for the representation of individual (citizen) and group interests. The World Bank's WGI highlights six broad principles or standards that well-governed countries should meet and touches on specific institutions such as a free media.

These more extensive aspects of definitions of governance suggest various criteria and standards against which the quality of governance can be assessed. (In these examples: does the manner of governing promote development? Is it representative and participatory? etc.) These criteria are addressed more fully in the next section of this study.

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3 USAID's definition is one exception: 'governance issues pertain to the ability of government to develop an efficient, effective, and accountable public management process that is open to citizen participation and that strengthens rather than weakens a democratic system of government' (USAID n.d., as cited in OECD 2009: 23).

Finally, as the UNDP (2000) notes: 'Governance, including its social, political and economic dimensions, operates at every level of human enterprise, be it the household, village, municipality, nation, region or globe' (UNDP 2000, as cited in OECD 2009: 24). Thus, the term is widely used in relation to a variety of specific contexts and approaches: e.g., corporate governance, participatory governance, global governance, information technology (IT) governance, environmental governance, local governance, NGO governance, and sustainable governance. Governance as addressed in the policy literature reviewed here refers primarily to governance in domestic politics and is distinct from these other uses. In general, this means a focus on governance at the national level, although governance at various sub-national or local levels is also central to some work.

Other uses of the term governance focus either on a different context (e.g., corporations, the international arena, NGOs) or highlight a particular manner of governing (e.g., participatory, sustainable). Thus, they are distinct—although sometimes relevant—to governance as addressed here. For instance, discussion of the governance policies, programmes, and projects of the United Nations, the World Bank, and other donors may relate to issues of global governance, or systems of rule in the international arena (see Biersteker 2010); the African Peer Review Mechanism's assessment of governance addresses corporate governance as one of its four focus areas; and in addressing how governance is carried out at the national and sub-national levels, many studies argue for the importance of deliberation and participatory governance (see Osmani 2007).

3 Good governance: working definitions and components

What then is *good* governance? Working definitions of good governance and the quality of governance more generally, are notable in their diversity. Table 1 gives examples from the major multilateral agencies, including the UN, the multilateral development banks, the European Commission, the IMF, and the OECD. These definitions are drawn 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). With the exceptions of the European Bank for Reconstruction and Development (EBRD) and the Inter-American Development Bank (IADB), all of these organizations use the term good governance widely and discuss its promotion among their main objectives. Both the EBRD and the IADB highlight a number of issues associated with good governance (democracy, the rule of law, human rights, institutional development), but neither frames its work in these terms. As the definitions presented in Table 1 suggest, there are clear similarities across working definitions, but there are also major differences.

Table 1: Working definitions of good governance from selected multilaterals

United Nations	
United Nations	'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 provides 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'. Source: UN website, 'Governance'
United Nations Development Programme (UNDP)	'Good governance refers to governing systems which 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'. Source: Remarks by Helen Clark, Administrator of the United Nations Development Programme, at the Fourth United Nations Conference on the Least Developed Countries High Level Interactive Thematic Debate on Good Governance at All Levels, Istanbul, 11 May 2011
Multilateral Development Banks	
World Bank	'"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".—Paul Wolfowitz, World Bank President, Jakarta, 11 April 2006' Source: World Bank, *Strengthening the World Bank Group Engagement on Governance and Anticorruption,* 21 March 2007, p. 1
African Development Bank	'Good governance is defined in several ways. According to the 2000 Bank Group Policy on Good Governance, governance is "a process referring to the manner in which power is exercised in the management of the affairs of a nation, and its relations with other nations". p. 2. The policy identifies the key elements of good governance as: accountability, transparency, participation, combating corruption, and the promotion of an enabling legal and judicial framework'. Source: AfDB, *Governance Strategic Directions and Action Plan Gap 2008-2012* (2008), fn. 1, p. 15
Asian Development Bank (ADB)	'Among the many definitions of "governance" that exist, the one that appears the most appropriate from the viewpoint of the Bank is "the manner in which power is exercised in the management of a country's economic and social resources for development".[4]… Although policy aspects are important for development, the Bank's concept of good governance focuses essentially on the ingredients for effective

4 *Webster's New Universal Unabridged Dictionary* (London: Dorset & Baber 1979).

	management. In other words, irrespective of the precise set of economic policies that find favour with a government, good governance is required to ensure that those policies have their desired effect. In essence, it concerns norms of behaviour that help ensure that governments actually deliver to their citizens what they say they will deliver. … [I]n formulating an analytical framework for addressing governance issues, the Bank prefers to draw a distinction between, on the one hand, elements of good governance and, on the other, the specific areas of action (e.g., public sector management) in which they could be promoted or their existence enhanced. In line with this reasoning, and building upon the approach of the World Bank, the Bank has identified four basic elements of good governance: (i) accountability, (ii) participation, (iii) predictability, and (iv) transparency'. Source: ADB, *Governance: Sound Economic Management* (August 1995), pp. 3, 4, 8
European Bank for Reconstruction and Development (EBRD)	The term 'good governance' is not in wide use in EBRD documents. Chapter 10 of the 2010 Annual Report deals with 'Governance and Accountability', which refers to 'good corporate governance' in EBRD's activities (i.e., 'All operations, programmes, strategies and policies are scrutinized by independent evaluation, which ensures accountability and allows lessons to be learned'.) Founding documents of the EBRD highlight several issues commonly associated with good governance ('multiparty democracy, the rule of law, respect for human rights, and market economics'), but do not use the term. Source: EBRD, *Annual Report 2010: Securing the Recovery* (2010), p. 64
Inter-American Development Bank (IADB)	The term 'good governance' is not in wide use in IADB documents, although documents highlight several issues commonly associated with good governance (accountability, transparency, democracy, institutional development). It is not highlighted explicitly, for instance, among the five institutional priorities approved by the Board of Governors in 2010 'to sharpen [its] effectiveness as a development partner in the region: (1) Social Policy for Equity and Productivity, (2) Infrastructure for Competitiveness and Social Welfare, (3) Institutions for Growth and Social Welfare, (4) Competitive Regional and Global International Integration, and (5) Protecting the Environment, Respond to Climate Change, Promote Renewable Energy, and Ensuring Food Security'. Source: IADB, *Development Effectiveness Overview 2010* (2010), p. xxv
Other Multilaterals	
European Commission	'"Governance" means rules, processes and behaviour that affect the way in which powers are exercised at European level, particularly as regards openness, participation, accountability, effectiveness and coherence. … Five principles underpin good governance and the changes proposed in this White Paper: *openness, participation, accountability, effectiveness and coherence*. Each principle is important for establishing more democratic governance. They underpin democracy and the rule of law in the Member States, but they apply to all levels of government—global, European, national, regional and local'. Source: EC, 'European Governance: A White Paper', Brussels, 25 July 2001, fn. 1 on p. 8, p. 10 *(sic)*
International Monetary Fund (IMF)	'Good governance is important for countries at all stages of development. … Our approach is to concentrate on those aspects of good governance that are most closely related to our surveillance over macroeconomic policies—namely, the 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'. (Michel Camdessus, IMF Managing Director, Address to the United Nations Economic and Social Council, 2 July 1997) 'The IMF is primarily concerned with macroeconomic stability, external viability, and orderly economic growth in member countries. The contribution that the IMF can make to good governance (including the avoidance of corrupt practices) through its policy advice and, where relevant, technical assistance, arises principally in two spheres: • *improving the management of public resources* through reforms covering public sector institutions (e.g., the treasury, central bank, public enterprises, civil service,

	and the official statistics function), including administrative procedures (e.g., expenditure control, budget management, and revenue collection); and • *supporting the development and maintenance of a transparent and stable economic and regulatory environment conducive to efficient private sector activities* (e.g., price systems, exchange and trade regimes, and banking systems and their related regulations)'. Source: IMF, *Good Governance: The IMF's Role* (August 1997), p. iv, 3
Organization for Economic Cooperation and Development (OECD)	'In its work on public governance, the OECD focuses in particular on the principal elements of good governance, namely: **Accountability**: government is able and willing to show the extent to which its actions and decisions are consistent with clearly-defined and agreed-upon objectives. **Transparency**: government actions, decisions and decision-making processes are open to an appropriate level of scrutiny by others parts of government, civil society and, in some instances, outside institutions and governments. **Efficiency and effectiveness**: government strives to produce quality public outputs, including services delivered to citizens, at the best cost, and ensures that outputs meet the original intentions of policymakers. **Responsiveness**: government has the capacity and flexibility to respond rapidly to societal changes, takes into account the expectations of civil society in identifying the general public interest, and is willing to critically re-examine the role of government. **Forward vision**: government is able to anticipate future problems and issues based on current data and trends and develop policies that take into account future costs and anticipated changes (e.g. demographic, economic, environmental, etc.). **Rule of law**: government enforces equally transparent laws, regulations and codes' Source: OECD, Directorate for Public Governance and Territorial Development, 'Principal Elements of Good Governance'.

Source: Author's compilation.

As Table 2 (at the end of this study) catalogues, at least seven core components are collectively highlighted in these working definitions: (1) democracy and representation, (2) human rights, (3) the rule of law, (4) effective and efficient public management, (5) transparency and accountability, (6) developmentalist objectives, and (7) a varying range of particular political and economic policies, programmes, and institutions (e.g., elections, a legislature, a free press, secure property rights). Different definitions from Table 1 highlight different components. Table 2 quotes the specific terms used in each definition. UN (n.d.), for instance, addresses six of the seven components, but does not explicitly link good governance with development. (However, other UN documents *do* explicitly make this link, as discussed further below.) It also references equity and security as additional components. World Bank (2007a), by contrast, highlights efficient and effective public management, transparency and accountability, and the objective of development, steering clear of more 'political' components. It also includes discussion of technical capacity, leadership, and the delivery of public services. The IMF (1997) does not present a global definition but explicitly frames its discussion in terms of components of governance that are related to its mandate of dealing with macroeconomic stability.

These same seven components also figure in other definitions in use by donor agencies. The OECD's 2009 Sourcebook, *Donor Approaches to Governance Assessments,* provides a useful listing of definitions used by aid agencies from 12 OECD member countries and five multilaterals (ADB, EC, IMF, UNDP, and World Bank). Table 3 (at the end of this study) summarizes the components highlighted by each of these definitions. A careful reader might note that this listing explicitly compiles definitions of 'governance' (rather than 'good governance'). In fact, underscoring the lack of precision inherent in working uses of these terms, the listing refers to both interchangeably and most of the definitions of 'governance' reference criteria for assessing governance quality. Further underscoring definitional ambiguities, none of the multilaterals' definitions included in OECD (2009) are the same as those compiled in Table 1, and classifications for each thus differ between Table 2 and Table 3: Clearly, multiple working definitions are in use *within* all of these organizations.

As Table 3 shows, the definitions given in OECD (2009) highlight in particular the rule of law, and democracy and representation. Six tie governance specifically to developmentalist objectives (Austria, Denmark, Ireland, the Netherlands, the UK, and the ADB), while the same number highlight human rights, and efficient and effective public management. Sweden elaborates particular central democratic institutions, while the ADB discusses financial and regulatory institutions. A handful of additional components are also mentioned by several donors, including equity, sustainability, legitimacy, social welfare, the 'State's ability to serve the citizens', and public service provision.

As Tables 2 and 3 illustrate, there is a clear distinction between the more economic and management focused approaches in use by the multilateral development banks and the greater attention to political issues in the approaches of the UN, the European Commission, and many bilateral donors. This distinction is clearly rooted in the history of the concept and organizational mandates. As has been well-summarized by other scholars, the origins of the 'good governance agenda' can be seen clearly in work by multilateral institutions, and especially the World Bank, in the late 1980s and early 1990s (Doornbos 2001; Nanda 2006; Williams 2009: 607-608; Grindle 2010: 5-8). One of the first major statements on the issue was the World Bank's 1989 study, *Sub-Saharan Africa: From Crisis to Sustainable Growth*, which, as noted above, attributed 'the litany of Africa's development problems' in the 1970s and 1980s to a crisis of governance, arguing for the need to look beyond the external factors emphasized in other work to internal or domestic factors (60, 23). The study highlighted a number of pathways through which the quality of governance affected development in the region. These included the use of public resources for badly designed public investment projects, the introduction of price distortions, creation of institutional environments that discouraged productive private-sector activities (e.g., through costly regulations), spending on 'overblown' public agencies, and the waste and theft of aid resources by unaccountable public officials (62).[5] These issues have been reflected clearly in subsequent Bank policy on governance, which is inextricably bound up with developmental objectives, and includes both efforts to institute effective, efficient, transparent, and non-corrupt public management, and the adoption of free market policies, programmes, and other institutions seen to promote economic growth, such as

5 In particular, see Chapter 2, 'Sustainable Growth with Equity', 37-62.

secure property rights and a business-friendly regulatory environment. As the UNECA (2003) summarizes well:

> To the World Bank, good governance consists of a public service that is efficient, a judicial system that is reliable, and an administration that is accountable to the public. The World Bank elaborates on four elements of good governance (World Bank 1989, 1992):
>
> - Public sector management emphasizing the need for effective financial and human resource management through improved budgeting, accounting and reporting, and rooting out inefficiency particularly in public enterprises;
>
> - Accountability in public services, including effective accounting, auditing and decentralization, and generally making public officials responsible for their actions and responsive to consumers;
>
> - A predictable legal framework with rules known in advance; a reliable and independent judiciary and law enforcement mechanisms; and
>
> - Availability of information and transparency in order to enhance policy analysis, promote public debate and reduce the risk of corruption. (5)

This approach to good governance has roots in two strains of the literature: (1) work in the 1970s-1990s that challenged the role of the state in development, spurred on particularly by the experience of market transition in the former Soviet Union and (2) the new institutionalism in economics and in particular Douglass North's *Institutions, Institutional Change and Economic Performance*, published in 1990 (Grindle 2010: 3-5). The Bank's institutional mandate also played an important role: because the Bank is prohibited under its Articles of Agreement from engaging in political affairs, focus on 'governance' by the Bank could only be justified insofar as governance directly affected economic development, i.e. only insofar as governance was relevant to the Bank's mandate (see Oestreich 2004; Harrison 2005; Moloney 2009). Nor has the Bank been free to engage fully in political analysis or consideration of human rights in its activities, both of which could be seen as 'political' activities favouring one form of government or one domestic faction over another (see Shihata 1988; World Bank 1998; Palacio 2006). Thus, 'governance' for the Bank, while addressing various issues dealing with public policy, representation, and public administration, has taken on a curiously apolitical character.

Since the early 1990s, however, use of the concept by other organizations has expanded to include a variety of other 'good things', including political liberalization and human rights (see Grindle 2010: 6-9). Unbound by the same constraints placed on the Bank, the UN, in particular, has used the terms 'good' and 'democratic' governance interchangeably. Core principles of representative democracy, such as participation, equality, and inclusivity are intimately bound up with the UN's approach. The United Nations Social Commission for Asia and the Pacific (n.d.), for instance, notes that:

> Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society. (1)

UN projects specify and work to support key democratic political institutions as part of these efforts. The UN's *Human Development Report 2002*: *Deepening Democracy in a Fragmented World* summarizes these institutions as follows:

- A system of representation, with well-functioning political parties and interest associations.

- An electoral system that guarantees free and fair elections as well as universal suffrage.

- A system of checks and balances based on the separation of powers, with independent judicial and legislative branches.

- A vibrant civil society, able to monitor government and private business—and provide alternative forms of political participation.

- A free, independent media.

- Effective civilian control over the military and other security forces. (4)

The UN also explicitly underscores the relevance of democratic principles in the design and management of its own governance projects and programmes: the Global Programme on Democratic Governance Assessments, supported by UNDP's Oslo Governance Centre, for instance, highlights its focus on 'nationally owned', rather than external, governance assessment, and provides financial and technical support to sixteen projects (Governance Assessment Portal, n.d.) Such assessments are seen as an accountability mechanism for local stakeholders, and also intended to be 'participatory', 'transparent', and 'legitimate' by including a broad and representative range of national actors, providing these actors with full information on the process, and making the results of assessments open to the public (UNDP 2009: 10-11).

While the definition of 'good governance' in use by some multilateral agencies has expanded, the link with development has remained central. The political components of governance are not just seen as 'good things' in their own right, but also because they promote development broadly defined. One of the clearest statements on this was made in the 2002 Human Development Report:

> It has become common in recent years to hear policy-makers and development experts describe good governance as the 'missing link' to successful growth and economic reform in developing countries. But attention has focused almost exclusively on economic processes and

> administrative efficiency. The central message of this Report is that effective governance is central to human development, and lasting solutions need to go beyond such narrow issues and be firmly grounded in democratic politics in the broadest sense. In other words, not democracy as practiced by any particular country or group of countries—but rather a set of principles and core values that allow poor people to gain power through participation while protecting them from arbitrary, unaccountable actions in their lives by governments, multinational corporations and other forces. (Malloch Brown 2002: vi)

The report further spelled out a three part argument for the ways in which democratic governance promotes human development:

> First, enjoying political freedom and participating in the decisions that shape one’s life are fundamental human rights: they are part of human development in their own right. …
>
> Second, democracy helps protect people from economic and political catastrophes such as famines and descents into chaos. … Nobel Prize-winner Amartya Sen has shown how elections and a free press give politicians in democracies much stronger incentives to avert famines. … Democracies also contribute to political stability, providing open space for political opposition and handovers of power. …
>
> Third, democratic governance can trigger a virtuous cycle of development—as political freedom empowers people to press for policies that expand social and economic opportunities, and as open debates help communities shape their priorities. … (UNDP 2002: 3)

Like the UN, the European Commission and many of its member countries also bind together focus on democracy, governance, and human rights, highlighting both the inherent importance of these topics and their relationship to development. The 2011 ‘Agenda for Change’ on EU development policy, for instance, notes that ‘good governance, in its political, economic, social and environmental terms, is vital for inclusive and sustainable development. EU support to governments should feature more prominently in all partnerships, notably through incentives for results-oriented reform and a focus on partners’ commitments to human rights, democracy and the rule of law and to meeting their peoples’ demands and needs’ (European Commission 2010: 5). The European Commission (n.d.) ‘believes that democracy and human rights are universal values that should be vigorously promoted across the world’ and intends to promote them in all of its external policies. Similarly, programming by the European Instrument for Democracy and Human Rights (EIDHR) is guided by five objectives: enhancing respect for human rights in countries where they are most at risk, strengthening the role of civil society, supporting actions in areas covered by EU Guidelines, supporting relevant international and regional frameworks, and enhancing democratic electoral processes, particularly through election observation.

Emphasis on the political components of governance has been especially strong in governance work on Africa, where it was explicitly incorporated into the mandates of several major organizations founded in the 2000s (see World Bank 1989; Abrahamsen

2000; NEPAD 2007). For instance, unlike its predecessor, the Organization of African Unity, the African Union explicitly recognizes 'respect for democratic principles, human rights, the rule of law and good governance' among its founding principles (African Union 2000). The New Partnership for Africa's Development (NEPAD), launched by the AU in 2001, identifies 'peace, security, democracy, good governance, human rights and sound economic management' as 'conditions for sustainable development' (NEPAD 2001: 18; see also NEPAD 2007). In 2003, NEPAD inaugurated the African Peer Review Mechanism (APRM), an initiative to develop voluntary self-assessments of governance by AU member states, with the objective of ensuring that countries comply with the *Declaration on Democracy, Political, Economic and Corporate Governance* (NEPAD 2007).

The interlinked issues of aid, democracy, and governance also remain sharply controversial on the continent.[6] In January 2007, for instance, the AU adopted the *African Charter on Democracy, Elections and Governance*, which builds on the constitutive act of the AU in order to promote adherence by all states to 'the universal values and principles of democracy and respect for human rights', including the rule of law, free and fair elections, judicial independence, political pluralism, gender equality, citizen participation, freedom of the press, and public accountability (African Union 2007, Article 2; Saungweme 2007; Kane 2008; Matlosa 2008). The Charter is to enter into force after ratification by fifteen countries. As of mid-2011, however, it was ratified by only ten countries: Burkina Faso, Ethiopia, Ghana, Guinea, Lesotho, Mauritania, Rwanda, South Africa, Sierra Leone, and Zambia (AU 2011).[7]

In this context, one central underlying critique of the good governance agenda is well summarized by Issa Shivji: Governance, he argues, 'is constructed primarily on the terrain of power', and 'the "good governance" discourse … does not admit the relationships of power. Rather it presents itself as a moral paradigm, distinguishing between the good, the bad and the evil'. Good governance as political conditionality has thus become 'a flexible tool in the hands of global hegemonies to undermine the sovereignty of African nations and the struggle for democracy of the African people' and 'the people are no longer the agency of change but rather the victims of "bad governance" to be delivered or redeemed by the erstwhile donor-community' (Shivji 2003).

4 Good governance as a concept

Given the stated importance of good governance and the amount of work that has been done on the topic, the looseness of the working definitions described above is notable. For instance, the World Bank's 2007 report, *Strengthening the World Bank Group Engagement on Governance and Anticorruption*, which outlines its strategy on governance, provides no explicit definition beyond a brief quote from former Bank president Paul Wolfowitz. Likewise, the African Development Bank's *Governance Strategic Directions and Action Plan GAP 2008-2012* defines good governance in a

6 For instance, see the papers presented at the 2011 conference on 'Two Decades of Democracy and Governance in Africa: Lessons Learned, Challenges, and Prospects', organized by the UNECA, the Council for the Development of Social Science Research in Africa (CODESRIA), and Johns Hopkins University.

7 It has been signed by 38 (of 53) African countries.

short footnote, while the European Commission's 'European Governance: A White Paper' provides a similar treatment.

Definitional brevity is not in itself problematic, but it is so in this case because of the clearly contested nature of 'good governance' and the complexity of its components. None of the donor organizations discussed above fully address, for instance, why one particular component of governance rather than another is included in its own definition. Why does the ADB define good governance as accountability, participation, predictability, and transparency, while the European Commission defines it as openness, participation, accountability, effectiveness, and coherence, and the OECD accountability, transparency, efficiency and effectiveness, responsiveness, forward vision, and rule of law? Further, how exactly are these various terms defined? Should human rights be understood to refer to both civil and political rights *and* economic, social, and cultural rights as specified in the International Bill of Human Rights, or primarily to civil and political rights, as emphasized in most discussions? Does 'accountability' mean the same thing to the ADB as to the EC, OECD, World Bank, AfDB, and UN? Does 'rule of law' refer to 'thin' or 'thick' variants? Is a country considered a democracy if it meets minimal Schumpeterian standards, or is democracy understood in its broader sense? If the latter, what are the major differences between 'liberal democracy' and 'good governance'?

In short, on the basis of working definitions, there is easily disagreement among donors in terms of which countries should be classified as well-governed and which as poorly governed. And, there is no clear basis upon which to argue the merits of one classification versus another or to evaluate the relative importance of various governance components. Rwanda suggests some of the dilemmas involved: on the one hand, many observers note Rwanda's progress in economic and management reforms since the genocide in 1994. Drawing on the WGI, Kaufmann, et al. (2009), for instance, highlights major improvements in governance in Rwanda between 1998 and 2008, focusing on measures for government effectiveness and the rule of law. On the other hand, many other observers focus on the problematic nature of Rwanda's recent record with respect to democracy and respect for civil and political rights (see McDoom 2011; Human Rights Watch 2011). Along those lines, Human Rights Watch, for instance, sharply criticized UK Department for International Development (DFID)'s policy in Rwanda, where it was the largest bilateral donor, noting that despite DFID's stated commitment to 'good governance':

> DFID's programmes do not appear to have made any appreciable impact on the observance of human rights or the responsiveness and transparency of governance in Rwanda. DFID's aid to Rwanda has increased year by year, without any corresponding improvement in these areas. Indeed, with respect to freedom of expression and political space, the situation may even have worsened in the last ten years. (Human Rights Watch 2011: 6; see also Tertsakian 2011)

Whether Rwanda should be considered well-governed because of its economic advances, or poorly governed because of its democratic deficits, has clear implications for development assistance in the region.

In other words, in social science terms, good governance is a poorly specified concept. While this point may seem purely academic, it is in fact central to development policy because concepts are ‘tools for fact-gathering’ and ‘elements of a theoretical system’ (Sartori 1970: 1052). Development practitioners need good concepts in order to undertake three major projects: measuring and assessing the quality of governance within and across countries; understanding the factors that influence the quality of governance in order to design evidence-based policy that promotes better governance; and analyzing the relationship between good governance and various outcomes, such as economic growth. Unless development practitioners can first identify what they are trying to measure, they cannot argue convincingly that they have measured it. As Adcock and Collier (2001: 532) show, ‘systematized concepts are the point of departure for assessing measurement validity’. Unless they develop valid measurements, they cannot know that the empirical relationships they observe between variables are meaningful or that they give any insight into hypothesized relationships. Unless they can specify and rigorously test hypotheses on these relationships, they cannot argue on the basis of empirical evidence that particular projects, programmes, or policies lead to improvements in governance, much less that they lead through improvements in governance to economic development and other outcomes.

Others scholars have commented on related points. Focusing on EU policy, for instance, Landman and Larizza (2010: 3) argue that:

> Despite the consistency in the overarching goals of EU policy regarding democracy, good governance, and human rights, there remains a degree of conceptual confusion and an omission of terms that make policy documents opaque, particularly on how aid modalities and cooperation will lead to the desired outcomes. More attention needs to be focused on how the EU defines democracy, good governance, and human rights, which in turn can lead to precise ways in which these concepts can be measured and monitored.[8]

Highlighting the weaknesses of the governance concept as an ‘element of a theoretical system’, Andrews (2008: 397-98) laments that:

> The discussion I provide on the theoretical framework of the [governance] indicators is limited because of the limited references to theory in the good governance literature. Where theoretical references are made in the good governance literature they are not consistent, referencing modernist Weberian models at some junctures, post-modern new public management at others. The only consistent citation is to [Douglass] North’s new institutionalism and the argument that institutions matter and that different institutional structures in governments will yield different results. This is simply not enough to call a theory of effective government, especially from an organizational perspective.

From an alternate but related angle, Shivji (2003) makes a case for understanding good governance not as part of a theory of institutions, but from a Marxist standpoint as a tool

8 On the World Bank’s Worldwide Governance Indicators, see also Kurtz and Schrank (2007b: 564).

of hegemonic power deployed as a moral paradigm by the dominant donor-community discourse. He concludes that 'African intellectuals must join issue with neo-liberalists and expose the paucity of concepts like "good governance"'.

Gerring (1999)'s eight 'criteria of conceptual goodness' provide a useful framework within which to consider the key weaknesses of good governance as a concept. Four of these criteria are especially relevant here: First, good governance lacks *parsimony*. In Gerring's (1999: 371) words: 'Good concepts do not have endless definitions. It should be possible to say what it is one is talking about without listing a half-dozen attributes'. As Table 1 illustrates, there are so many working definitions of good governance, each with multiple and different attributes, that to what exactly the term should refer is never immediately clear. This is well illustrated, for instance, in an exchange on governance and growth in the *Journal of Politics* between Kurtz and Schrank (2007a, b) and Kaufmann et al. (2007a, b). Kurtz and Schrank (2007a) define good governance as 'the quality of public administration' and proceed to use the Kaufmann et al.'s Worldwide Governance Indicators (WGI)'s measure of 'government effectiveness' in their reanalysis of the relationship between governance and growth. Kaufmann et al. (2007a) in turn reject Kurtz and Schrank (2007a)'s analysis arguing, among other points, that they have defined good governance too narrowly. 'While it is easy to get into endless terminological tussles over what governance is', they note, 'leading papers in this literature tend to focus on a more basic notion of governance going back to the seminal work of Douglas North: the norms of limited government that protect private property from predation by the state. This concept is much more closely related to our measures of the Rule of Law and Control of Corruption' (555 *sic*). Kurtz and Schrank (2007b) in turn defend their focus on government effectiveness, while Kaufmann et al. (2007b) maintain that Kurtz and Schrank's 'exclusive emphasis on this one particular dimension of governance to be idiosyncratic and not shared by the large economics literature on institutions and growth' (570). In the end, whether one accepts Kaufmann et al.'s position, their defense itself adds to conceptual confusion because their WGI measure in fact includes six components in all, only three of which have much to do with the 'basic notion of governance' that they defend in Kaufmann et al. (2007a, b).

Such definitional debates affect a variety of work on governance. To give just one other example, Holmberg et al. (2009) discuss the same problem with findings on the relationship between the quality of governance and income inequality (136). Indeed, they caution, the lack of a standard definition can be even more problematic than terminological confusion, for it poses a 'risk that researchers will employ definitions that best support their theory' (137).

Second, 'good governance' lacks *differentiation*: it is not distinguished from other related concepts. The most problematic of these is liberal democracy, i.e., a system of democratic rule with political liberties. As Bollen (1993: 1208-1209) summarizes, 'political liberties exist to the extent that the people of a country have the freedom to express a variety of political opinions in any media and the freedom to form or to participate in any political group', while 'democratic rule (or political rights) exists to the extent that the national government is accountable to the general population, and each individual is entitled to participate in the government directly or through representatives'. Liberal democracy is sometimes distinguished from other forms of elected governance such as illiberal democracy, which has contested elections, but lacks civil liberties, and related concepts of electoral democracy, delegative democracy, authoritarian democracy, and pseudodemocracy (see O'Donnell 1994; Zakaria 1997; Collier and Levitsky 1997; Diamond 2002). The differences between 'liberal democracy' and 'good governance' in the more political approaches to governance described above are not clear: both imply democracy and representation, respect for human rights, the rule of law, accountability in government, and particular institutions, such as free and fair elections, legislative bodies, and well-functioning parties and interest groups. A good shorthand way of describing 'good governance' as defined by the UN, European Commission, and many bilateral donors seems to be liberal democracy *plus* development, even though some donors shy away from the 'liberal' label and the cultural imperialism with which it is sometimes associated.

Good governance as defined by the multilateral development banks, on the other hand, has a number of similarities to the concept of the developmental state, i.e., a state that 'possesses the vision, leadership and capacity to bring about a positive [economic] transformation of society within a condensed period of time' (Fritz and Rocha Menocal 2007: 533; see also Gerschenkron 1962; Haggard 1990; World Bank 1993; Evans 1995). In fact, although not explicitly discussed by the multilateral banks, the core difference between the developmental state, and their concept of good governance appears to be the former's emphasis on state involvement and capacity. Gerschenkron (1962), for instance, highlights the central role of state involvement in industrial financing, while Haggard (1990) makes a case for how governments in East Asia were able to create rapid growth by skillfully pursuing mixed strategies of import substitution and export-led industrialization. The good governance agenda as pursued by the World Bank, on the other hand, advocates market-led and neo-liberal policies, in which the state plays a minimal role (see Hout 2007). Fully engaging with the literature suggests a potentially even more fundamental problem: if theorists of the developmental state are right, the concept of good governance as defined by the Bank is inherently conflicted because good governance is inextricable from development, but neo-liberal economic institutions may not be what is necessary to generate development.

This last issue points to a third weakness of 'good governance' as a concept: it lacks *coherence*. 'The characteristics that actually characterize the phenomena in question [do not] "belong" to one another' (Gerring 1999: 373). As Grindle (2004) points out, there is nothing much inherently wrong with most of the items that comprise the laundry list of the good governance agenda. Indeed, who would argue for the value of predatory states led by dictators who abuse human rights and treat state funds as their own? Yet, as discussed in more depth below, empirical evidence and theory both raise questions about the claim by proponents of the good governance agenda that all of the items on the list go logically together and all promote development. As the previous discussion suggests, several of the components identified in Tables 2 and 3 relate most clearly to liberal democracy, while several others have overlaps with the developmental state. Others are not necessarily captured by either concept. Additional issues highlighted by some definitions of governance (social welfare, sustainability, public service provision) add to the *ad hoc* nature of the concept.

A final problem with the concept of good governance is its lack of *theoretical utility*: it confuses, rather than aids, in the formulation of theory and the related project of testing hypotheses (see Gerring 1999: 381). The exchange between Kurtz and Schrank, and Kaufmann et al., discussed above underscores this basic point: much of this debate hinged not upon testing of the causal linkage between the quality of governance and growth, but upon failure to agree on common definitions and measures of good governance.

More generally, the way in which the good governance concept confuses theory-building is evident in policy discussions about the relationship between governance and growth. This relationship is generally accepted as fact: as NEPAD (2007: 4), for instance, notes, 'The evidence from cross-country analysis is clear'. Upon closer reading, however, many of the most frequently cited studies referenced as 'clear' evidence of governance's impact on growth deal with particular *components* of good governance, rather than other components or the concept as a whole: Knack and Keefer (1995), for instance, addresses the impact of property rights. Acemoglu et al. (2001) focus on extractive state institutions, and the main variable employed in their analysis is an index of protection against expropriation (the same data employed by Knack and Keefer 1995) (1376, 1377). Mauro (1995) and Gupta, Davoodi, and Alonso-Terme (1998), among others, focus on corruption. In short, although the record is mixed, the literature suggests much clearer evidence that secure property rights and low levels of corruption support economic development, than that democratic political institutions or good governance in general does (see Resnick and Birner 2006: 20-26; Holmberg et al. 2009: 138-44).[9]

Arguably even more troubling for theory development is the sometime use of good governance to refer to 'what helps governments…achieve economic progress' (Wolfowitz, as cited in World Bank 2007c: 1), i.e., whatever black box of institutions, norms, and practices promotes economic growth and development. This conceptualization assumes that good governance leads to development by definition, so theorizing and theory testing on the relationship is apparently nonsensical: the proposition that certain political and economic institutions contribute to economic development is a hypothesis, yet this hypothesis cannot be rejected with this conceptualization because if a measure of good governance is not empirically related to development, it must not be a good measure.

5 Good governance and development: correlations, disaggregation, hypotheses

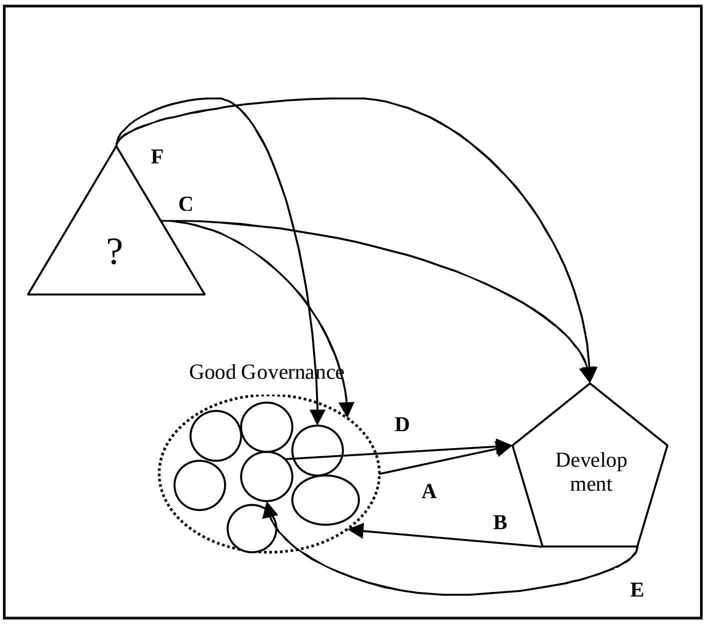
It is difficult to ignore the fact that many countries near the bottom of rankings such as the UNDP's human development index—the DRC, Burundi, Chad, the Central African Republic—are places with much weaker state institutions than those near the top of such lists—Norway, Australia, the US, Germany, Sweden (see UNDP 2011). Kaufmann and Kraay (2002: 169-72) show that there is also quantitative evidence that a positive correlation exists between measures of the quality of governance broadly defined and various measures of economic development, such as per capita income.[10] This correlational finding is debated—Khan (2009: 8, 2004, 2008), for instance, finds no significant differences in the scores on good governance of high-growth and low-growth developing countries—and thus requires further study. But, it appears to be robust enough that it is worth considering some of the causal processes that might be behind it.

9 However, evidence is clearly mixed. On the relationship between democracy and respect for civil liberties, and development, see, e.g., Li et al. 1998; Kaufmann et al. 1999: 15; Halperin et al. 2004; Holmberg et al. 2009: 138-39.

10 The conceptualization and measurement of 'development' is another important and related debate (see Myrdal 1974; Soubbotina 2000; Sumner and Tribe 2008).

Figure 1 presents six of the simplest causal possibilities: the first three are the most obvious: first, as donor agencies tend to highlight, good governance may ‘promote’ or ‘cause’ development (path A). Second, development may cause good governance (B). Third, another factor may cause both (C). Thinking in the disaggregated terms sketched above, it is also possible that *some component* of good governance may cause development (D); development may cause some component of good governance (E); or a third factor may cause both (F). To complicate the story still further, it could also be that some component(s) of good governance causes development (or some component(s) of development), while others contribute to economic stagnation, but that the effect of those that cause development is stronger. Alternatively, it could be that the *interaction* of several components of good governance causes development. Or, these ‘paths’ could operate sequentially, such that ‘B’ leads to ‘A’ or ‘C’ leads to ‘E’, and so on.

Figure 1: Six simple causal possibilities



Source: Author’s own illustration.

Existing work on governance by development institutions has been framed largely in terms of path ‘A’, but even a cursory peak into broader related literatures underscores the plausibility of the other causal possibilities sketched above. If we think in terms of classical Weberian frameworks, for instance, our obvious working hypothesis is that development leads not to ‘good governance’ broadly defined, but to the emergence of ‘modern’, efficient bureaucracies based on formal and universally-applied rules (the rule of law), and that these institutions in turn facilitate further economic growth, i.e., path ‘E’, followed by path ‘D’. Because the literature on ‘good governance’ does not disaggregate concepts in this way, however, this hypothesis has not been fully explored in existing work. One study that addresses it *indirectly* is Kaufmann and Kraay (2002: 188-204), which explicitly sets out to explore the related hypothesis that there is a sequential relationship at the aggregate governance level, from ‘B’ to ‘A’, but in fact tests this hypothesis (‘E’ to ‘D’) by using data on the rule of law from the WGI to measure governance.[11] Interestingly, Kaufmann and Kraay (2002) show, contrary to what the simple Weberian hypothesis predicts, that there is a *negative* feedback from per capita income to rule of law, a finding that should be further explored.[12]

The scholarly literature on democracy and development also raises questions about the assumption in the good governance literature that 'all good things go together'. Empirical studies, for one, suggest that democracy has no long-term impact on economic performance (Gerring et al. 2011: 1735; Berman 2007: 28).[13] Major work also spotlights several hypotheses most consistent with paths 'E' and 'F'. Indeed, it would be fair to say that from the standpoint of this literature, the important claim by the UN and other donors that *democratic* governance 'causes' development (path 'D') is highly debatable, if not obviously incorrect.

One of the central debates in the subfield of comparative politics for the last half century rather has been over the extent to which development 'causes' democracy (path 'E'). In a classic 1959 article, Lipset found that 'the more well-to-do a nation, the greater the chances that it will sustain democracy' (75). Building on the work of Marx, Toqueville, and Weber, as well as other modernization theorists, Lipset highlighted a number of underlying mechanisms, including the emergence of a 'participant society' (Lerner 1958); the growth of the middle-class and the increasing dominance of moderate middle-class values; the emergence of 'cross pressures' that make the lower classes less receptive to extremist ideologies; and the presence of intermediary organizations that promote participation in the 'mass society' (see Lipset 1959: 82-85).

One of the major critiques of this argument and modernization theory more generally was Huntington's classic 1968 book, *Political Order in Changing Societies,* which argued that development certainly leads to profound social changes, but that these changes are often associated with instability and violence, rather than the emergence of stable, democratic systems. Stable democratic systems are most likely to emerge, Huntington argued, only when the development of political institutions that can channel and respond to increasing demands for political participation is compatible with the rate of social mobilization. In other words, path 'E' operates only under specific conditions. In a more recent line of critique, Przeworski et al. (2000) offer another spin on path 'E': that it is not that development leads to democratic transition, but that countries at higher levels of development are less likely to experience democratic reversals once they adopt democratic institutions for other reasons. Least we think that the literature has

[11] This indicator is designed to capture 'perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence' (see http://info.worldbank.org/governance/wgi/pdf/rl.pdf, last accessed 23 January 2012). Kaufmann and Kraay (2002: 192) argue that because this indicator is highly correlated with both corruption and government effectiveness, 'we can view this one dimension of governance as representative of broader areas on which the quality of governance appears relatively poor in Latin America and the Caribbean'.

[12] Their interpretation of this result is that 'improvements in *governance* will not occur automatically as the development process unfolds' and 'interventions to improve *governance* are warranted' (204, emphasis added).

[13] Over the shorter term, other studies show that 'democracies and autocracies perform equally well, on average, though democracies are less volatile (Doucouliago and Ulubasoglu 2006; Mulligan et al. 2004)' (Gerring et al. 2011: 1735).

completely abandoned the Lipset hypothesis, other recent work shows support for it (Doorenspleet 2004).

Other major theories of democracy and development underscore the plausibility of path 'F'. The role of culture, and specifically of Protestantism, has been highlighted, for instance, both in the development of capitalism (Weber 2003) and of democracy (see Lipset 1959: 85). Cross-national empirical analyses point to the role of social cleavages, particularly ethnic divisions, in affecting both democracy and development (Przeworski et al. 2000). Relatedly, Acemoglu et al. (2001) suggest a sequential version of path 'F': geographic factors affecting potential settler mortality policies influenced first the development of early colonial institutions, and in turn the development of current political institutions and economic performance.

6 Conclusion

Almost all major development institutions today say that promoting good governance is an important part of their agendas. Yet, as this review suggests, this is an extremely elusive objective: good governance means different things not only to different organizations, but also to different actors within these organizations. Working uses of the term 'good governance' by donor institutions tend to highlight seven key areas: democracy and representation, human rights, the rule of law, efficient and effective public management, transparency and accountability, developmentalist objectives, and a variety of particular economic and political institutions. In other words, they reflect a variety of generally 'good' things that do not necessarily all go together in any meaningful way. Thus, while donors purport to support governance reforms as a means of promoting development and purport to condition aid on the quality of governance, their fuzzy thinking on the concept of good governance affects their ability to do both.

As the literature summarized above suggests, with some key exceptions, development practitioners and economists have dominated the contemporary debate over good governance, which is unsurprising given the origins of the agenda in the work of donor agencies (see also Andrews 2008: 397). As we examine the components of good governance highlighted in these discussions, however, the obvious and extensive overlaps between many of the issues studied by good governance practitioners and political scientists figure in sharp relief. As Putnam (1993: 63) notes, '"Who governs?" and "How well?" are the two most basic questions of political science'. Indeed, there are long traditions of research on almost all of the core components of good governance identified in this study and related topics: democracy, representation, human rights, the rule of law, bureaucratic development, public management, accountability, the developmental state, comparative political systems, and comparative financial systems, as well as state-building, civil conflict, the nation state, participatory democracy, constitutional engineering, electoral institutions, decentralization, modernization, and so on.[14]

In order to examine the disaggregated components of good governance fully, development practitioners and economists should engage much more directly with some

14 Most of these topics are core research areas in comparative politics are thus reviewed in standard overviews of the sub-field (Boix and Stokes 2007; Landman and Robinson 2009) and graduate survey courses (Domínguez and Remington 2008).

of this work. As shown above, even a cursory look into it highlights major questions about some of the assumptions that have been made by donors about ‘good’ governance and its relationship to development. To put it very bluntly, from the perspective of political science, many of policy claims made by donor agencies on good governance are puzzling indeed: they seem to blithely contradict well-established theories and empirical findings with seeming ignorance of long research traditions.

At the same time, political scientists are also guilty of insufficient efforts to provide clear answers to important real world questions.[15] As Levi noted in her 2006 presidential address to the American Political Science Association, ‘a major problem confronting the contemporary world is how to build effective governments where they do not exist’ and, despite the importance of questions of governance to the field of political science, ‘we still lack the recipes that transform these elements into a government that fulfills its population, all of its population, while also reproducing itself regularly and without destructive trauma’ (5, 13).

The question of ‘*how to* improve governance?’ is of course the most pressing from a policy perspective. This study has argued that it cannot be rigorously answered without first better addressing the concept of good governance: ‘how to improve *what exactly*?’ The most promising way forward in answering the question of ‘how to?’ is to formulate and test precise hypotheses about the causal processes behind the various components of ‘good governance’ identified above. This is a project both for students of politics and of development.

15 However, note some key exceptions that propose theories and measures of governance (e.g., Hyden and Bratton 1992; Hyden et al. 2004; Rotberg 2004; Rothstein and Teorell 2008; Holmberg et al. 2009; Joseph 1990; Rotberg and Gisselquist 2009) and critiques of the literature (e.g. Grindle 2004, 2010; Kurtz and Schrank 2007a, 2007b; Andrews 2008).

Table 2: Components of good governance in definitions from selected multilaterals[16]

	Democracy, Representation	Human Rights	Rule of Law	Efficient and Effective Public Management	Transparency and Accountability	Particular Institutions	Objective = Development	Other Issues
United Nations								
UN (in general)	'considered "good" and "democratic" to the degree in which a country's institutions and processes are transparent'; promotes 'participation' and 'pluralism'	promotes 'fundamental freedoms'	promotes 'the rule of law'	operates 'in a manner that is effective, efficient and enduring'	operates in a manner that is 'free of corruption and accountable to the people', promotes 'accountability' and 'transparency'	'free, fair and frequent elections, representative legislatures… and an independent judiciary to interpret those laws'		promotes 'equity' and 'security'
UNDP	'Good, or democratic governance … entails meaningful and inclusive political participation'			'governing systems which are capable …'	'governing systems which are … transparent …'			'governing systems which are … responsive, inclusive …'
Multilateral Development Banks								
World Bank				'function[s] effectively'; 'strong skills and competence'	'transparent and accountable institutions'		'helps governments … achieve economic progress'	'fundamental willingness to do the right thing'; 'deliver[s] services to its people'
AfDB	'participation'		'the promotion of an enabling legal and judicial framework'	'combating corruption'	'accountability' and 'transparency'			
ADB	'participation'			'effective management'	'accountability' and 'transparency'		'management of a country's economic and social resources	'predictability'

16 This includes all of those listed above, with the exception of the EBRD and IADB.

							for development’	
Other Multilaterals								
European Commission	‘participation’; ‘democracy’		‘the rule of law’	‘effectiveness and coherence’	‘accountability’			‘openness’
IMF[17]				‘the effectiveness of public resource management…’	‘the transparency of government accounts… stability and transparency of the economic and regulatory environment for private sector activity’	reforms to public sector institutions (e.g., treasury, central bank) and administrative procedures (e.g., expenditure control); ‘price systems, exchange and trade regimes, and banking systems and their related regulations’		
OECD	‘responsiveness … tak[ing] into account the expectations of civil society in identifying the general public interest’		‘rule of law’	‘efficiency and effectiveness’	‘accountability’ and ‘transparency’			‘forward vision’

Source: Compiled by author.

17 As given above, the IMF does not provide a general definition of good governance, but explicitly focuses on the aspects of good governance related to its own work.

Table 3: Components of governance and good governance based on definitions in OECD (2009)[18]

	Democracy, representation	Human Rights	Rule of Law	Efficient and Effective Public Management	Transparency and Accountability	Particular Institutions	Objective = Development	Other Issues
Selected OECD Countries								
Australia	*'citizens and groups state their interests, exercise their legal rights and mediate their differences'*		*'exercise their legal rights'*					
Austria	'upholds… democratic principles'	'upholds human rights'	'upholds… the rule of law'		'transparent and accountable management'		'for the purposes of equitable and sustainable development'	equity, sustainability
Canada								*'legitimacy'*
Denmark	'upholds … democratic principles'	'upholds human rights'	'upholds… the rule of law'		'transparent and accountable management'		'for the purposes of equitable and sustainable development'	equity, sustainability
France								
Germany/GTZ	'guided … by the principles of … democracy, such as equal political participation for all'	'guided by human rights'	'guided … by the principles of the rule of law…'	'effective political institutions'				'social welfare'
Ireland							*'management of a country's economic and social resources for development'*	
Netherlands	upholds 'democratic principles'	upholds 'human rights'	upholds 'the rule of law'		'transparent and accountable management'		'for the purposes of equitable and sustainable development'	equity, sustainability
Sweden	'incorporating participation and	'human rights'	'incorporating … the rule of	'an efficient and predictable		'central democratic		

18 Rows in italics use the term 'governance' only, while others use the term 'good governance'.

	the rule of law, i.e., with the characteristics of democratic governance’; ‘participation and an active civil society’		law’	public sector’		institutions like a democratic constitution, a parliament, general elections …’		
Switzerland	*‘mechanisms, resources and institutions through which groups and individuals in society articulate their interests, find compromises in a maze of differing interests …’*		*‘mechanisms, resources and institutions through which groups and individuals in society …exercise their legitimate rights and obligations’*					
United Kingdom	*‘mechanisms, processes, relationships and institutions through which citizens and groups articulate their interests …’*		*‘mechanisms, processes, relationships and institutions through which citizens and groups … exercise their rights and obligations’*				*‘affect public life and economic and social development’*	
United States USAID	*‘open to citizen participation and that strengthens … a democratic system of government’*			*‘efficient, effective… public management process’*	*‘accountable public management process’*			
Selected Multilaterals								
Asian Development Bank			*‘institutional environment in which citizens interact among themselves and with*	*‘functioning and capability of the public sector’*		*‘rules and institutions that create the framework for the conduct of both public and*	*‘management of a country’s economic and social resources for development’*	

			government agencies/ officials'			*private business, including accountability for economic and financial performance, and regulatory frameworks relating to companies, corporations, and partnerships'*		
European Commission	*relevance of 'democratization and democracy' and 'civil society'*	*relevance of 'human rights'*	*relevance of 'the rule of law'*	*relevance of 'sound public administration'*				*'the State's ability to serve the citizens'; 'a basic measure of the stability and performance of a society'*
IMF			'with due regard for the rule of law'	'management of government in a manner that is essentially free of abuse and corruption'				
UNDP	*'mechanisms and processes for citizens and groups to articulate their interests, mediate their differences…'*		*'mechanisms and processes for citizens and groups to … exercise their legal rights and obligations'*			*'rules, institutions and practices that set limits and provide incentives for individuals, organizations and firms'*		
World Bank								*provision of 'public goods and services'*

Source: Compiled by author.

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