

## Good Governance: An Analytical Study

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<https://doi.org/10.62345/jads.2014.3.2.9>

### Abstract

*The main theme of this research paper is to highlight the importance of good governance. The study focuses on the meanings of the good governance and it also discusses the methods and tools to find out the good governance. The research paper tells the impacts of governance work on development outcomes. It also enumerates the importance of good governance in developing countries which argues that good governance has both intrinsic and instrumental developmental value. The research overviews on the developmental impact of different areas of governance work: democratization, justice and rule of law, corruption, decentralization, public administration reforms and public financial management. The direct and indirect sources are included in the references. The approach is analytical and descriptive. The conclusion is in the end.*

**Keywords:** Good Governance, Historical Perspective and Role of International agencies.

### Introduction

The concept of good governance emerged at the end of the 1980s, at a time of unprecedented political changes. The collapse of the Berlin wall on 9<sup>th</sup> November 1989 set off the disintegration of the Soviet Union which as a consequence thereof also led to the decay of the political and economic alliances of the Eastern bloc. These political changes created the breeding ground and gave way for a serious discussion on how a state has to be designed in order to achieve economic development, i.e. a discussion on good governance.

The good governance agenda has been in the field of international development since the mid-1990s. The term “governance” is broad and far-reaching, and the achievement of ‘good governance’ is premised on improvements to ‘virtually all aspects of the public sector’. Promotion of the good governance agenda will involve engagement with a wide range of institutions, that set the rules of the game for economic and political interaction, to decision-making structures that determine priorities among public problems and allocate resources to respond to them, to organizations that manage administrative systems and deliver goods and services to citizens, to human resources that staff government bureaucracies, to the interface of officials and citizens in political and bureaucratic arenas. Getting good governance at times implies changes in political organization, the representation of interest, and processes for public debates and policy decisions making. (Grindle 2004: 225)

The term was introduced in the development discussion by a World Bank study, which focused on the role of the state in development process. With this new view on the state and its overall performance, various new topics became important for the work of development institutions as the World Bank, e.g. the negative effects of corruption, the need for participation of the population and also the importance of human rights. The new focus on the performance of a state was combined under the term ‘good governance’. The contents of this concept were addressing the way power is exercised in the management of a country's affair. (Nicole Maldonado.2010, 3.)

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Good governance is an indeterminate term used in international development literature to describe how public institutions conduct public affairs and manage public resources. Governance is “the process of decision-making and the process by which decisions are implemented or not implemented. (UNESCAP, 2009)

The concept of “good governance” often emerges as a model to compare ineffective economies or political bodies with viable economies and political bodies. The concept centers on the responsibility of governments and governing bodies to meet the needs of the masses as opposed to select groups in society. Because the governments treated in the contemporary world as most successful are often liberal democratic states concentrated in Europe and the Americas, those countries’ institutions often set the standards by which to compare other states’ institutions when talking about governance. Because the term good governance can be focused on any one form of governance, aid organizations and the authorities of developed countries often will focus the meaning of good governance to a set of requirement that conform to the organization’s agenda, making “good governance” imply many different things in many different context. (Paula and rosendahl.2002)

### **Analysis of Good Governance**

The analysis of good governance can look at any of the following relationships:

- Between government and citizens,
- Between elected officials and appointed officials,
- Between government and markets
- Between government and private or voluntary sector
- Between local institutions and urban and rural dwellers,
- Between Legislature and executive branches, and
- Between nation states and institutions.

Three institutions can be reformed to promote good governance:

- The state,
- The Private Sector,
- The Society

However, amongst various cultures, the need and demand for reform can vary depending on the priorities of that country’s society. A variety of country level initiatives and international movements put emphasis on various types of governance reform. Each movement for reform establishes criteria for what they consider good governance based on their own needs and agendas. The following are examples of good governance standards for prominent organizations in the international community.

### **United Nations ‘s Perspective and Good Governance**

According to the United Nations, good governance has eight characteristics. Good Governance is:

- Consensus Oriented
- Participatory
- Following the Rules of Law
- Effective and Efficient
- Accountable
- Transparent
- Responsive
- Equitable and Inclusive (Wikipedia)

The UN Charter mentions human rights in various articles, calling for the promotion, respect, and observance of human rights. Regarding all these references to human rights,

especially Arts.1 para.3, the respect for human rights has to be interpreted as a main objective of the United Nations. (Preamble, UN Charter)

The United Nations Charter also contains human rights obligations for the organization itself; “With a view to the creation of conditions of stability and well-being which are necessary for peaceful and friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples, the United Nations shall promote;

(c0 universal respect for, and observance of, human rights and fundamental freedoms for all without distinction as to race, sex, language, or religion. (Art.55(c)

The UN Committee on Economic, Social and Cultural Rights stated with regard to art.22 International Covenant on Economics, social and Cultural Rights.;

“United Nations agencies involved in the promotion of economic, social and cultural rights should do their utmost to ensure that their activities are fully consistent with the enjoyment of civil and political rights. In negative terms this means that the international agencies should scrupulously avoid involvement in projects which, for example, involve the use of forced labor in contravention of international standards, or promote or reinforce discrimination against individuals or groups contrary to the provisions of the Covenant, or involve large-scale evictions or displacement of persons without the provision of all appropriate protection and compensation. In positive terms, it means that, wherever possible, the agencies should act as advocates of projects and approaches which contribute not only to economic growth or other broadly defined objectives, but also enhance enjoyment of the full range of human rights.” (UN Committee.1990)

### **World Bank and Good Governance**

The 1989 World Bank Study “Sub-Saharan Africa- from Crisis to Sustainable Growth” analyzed the development problems in Sub-Saharan Africa. In the 1980s, the economic performance of the countries in the region had worsened despite the implementation of the Bank’s structural adjustment programs (SAP’s). The SAP’s introduced conditionality on a macroeconomic level into the Bank’s lending activities. At the same time, the Bank changed its lending policy from project financing to program financing. The Africa-study defined governance as “the exercise of political power to manage a nation’s affairs”. The concept of governance was further developed in the Bank’s 1992 publication “Governance and development”. In this publication, governance was defined as “the manner in which power is exercised in the management of a country’s **economic and social resources** for development.” (World Bank 1992.p.1)

Two years later, the Bank substantiated his definition:

“Governance is epitomized by predictable, open, and enlightened policymaking, a bureaucracy imbued with a professional ethos, an executive arm of government accountable for its action, and a strong civil society participating in public affairs, and all behaving under the rule of law “.(World Bank 1994.P.vii)

### **Public Sector Management**

Public sector management, accountability, a legal framework for development and transparency and information has been initially identified as core elements of governance. The issue of public sector management referred to the classical field of work of the Bank, i.e. public expenditure management, civil service reform and public enterprises, to sum things up: improvement in efficiency of public institutions. Special attention within the topic of public expenditure management was put on public investments, budget planning concerning operation and maintenance, and on strengthening the budgeting process. Civil service reform in context of the good governance agenda meant in principle assistance to borrower countries

in their efforts to “re dimension” the state and “help the affected borrower countries manage less but manage better,” (World Bank 1991.p.14)

### **Accountability**

Accountability, by contrast, constituted an innovation in the Bank’s sphere of action and has been described as being “at the heart of governance”. Another description of the contents of Accountability was: “Accountability has to do with holding governments responsible for their actions. At the political level it means making rulers accountable to the ruled, typically through the contestability of political power.” (World bank, 1994, p.12)

In principle, the Bank followed *Hirschmann*’s concept of “exit and voice”, which had been further developed by Paul who applied the concept on accountability. In this context, “exit” means the possibility of the public to gain access to other service- suppliers in case the state does not provide for the services in a satisfactory way. “Voice” refers to the possibility of the public to influence the quality and quantity of public services by e.g. improving access to information and involving non-governmental organizations (NGOs)

This more participatory approach was pursued from the very beginning of the governance debate and can be seen as the underlying principle of the Bank’s governance agenda: “The global trend is toward less authoritarian modes of exercising power.” (World Bank 1994, p.13)

### **Legal Framework for Development**

Schlemmer- Schulte described the relation between the rule of law and good governance as follows: “The rule of law represents the legal dimension of good governance by a country.” (Schlemmer Schulte.p.697)

Judicial reform within good governance is now being understood as a comprehensive approach that encompasses the improvement of the judicial system including dispute settlement mechanisms:

- Legislative Reforms
- The improvement of legal education and training.

The United Nations initiated the Stolen Asset Recovery (StAR) Initiative in 2007, criminal law reform has not been put high on the agenda, but it is mentioned as only one means along many others to fight corruption.

### **Transparency and information**

According to the World Bank transparency and information would be beneficial especially regarding three areas:

- Economic Efficiency
- Prevention of Corruption
- And in the analysis, articulation and acceptance of governmental policy choices.

Economic efficiency was particularly understood as the access to information on governmental economic policies and as transparency of the decision processes in this regard.

### **Conclusion**

It is concluded as outlined above show, that the narrow approach towards human rights has changed notably in the past 20 years. Good governance comprises certain political and civil human rights, as freedom of expression, freedom of the press, freedom of assembly, freedom of information, and participation in political decision-making processes. Tomuschat says:” It is clear, that a framework of good governance, if actually established, leads to a significantly increased effectiveness of human rights.”(Tomuschat.P. 55)

The International Monetary Fund (IMF) declared in 1996 that “promoting good governance in all its aspects, including by ensuring the rule of law, improving the efficiency and accountability of the public sector, and tackling corruption, as essential elements of a framework within which economies can prosper.”<sup>16</sup>. (IMF. 2005)

A growing body of international experience shows that (DFGG) Demand for Good Governance approaches, which call for disclosure, demystification and dissemination of information, empower citizens to demand good governance through a range of feedback avenues, leading to improvements in governance and service delivery. Similarly, community participation in monitoring of public expenditures, services delivery, and government performance goes a long way toward making governments more responsive and accountable to citizens.

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