

## Good Governance: Origin and Evolution of the Concept

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### Abstract

The concept of Good Governance has gained prominence around the world in recent times. It has become a widespread word in the vocabulary of politic and administrative reforms, mainly due to the importance given to it by the international community.

This Article aims to explore the origin and evolution of the use of the concept of Good Governance.

**Keywords:** Governance, Good Governance, International Institutions, Sustainable Development.

### ملخص

اكتسب مفهوم الحكم الرشيد أهمية في جميع أنحاء العالم في الآونة الأخيرة. لقد أصبح كلمة شائعة بين مفردات الإصلاحات السياسية والإدارية، ويرجع ذلك أساسا إلى الأهمية التي يوليها المجتمع الدولي لها. يهدف هذا المقال إلى استكشاف أصل وتطور استخدام مفهوم الحكم الرشيد.

**الكلمات المفتاحية:** الحكم، الحكم الرشيد، المؤسسات الدولية، التنمية المستدامة.

## **1- Introduction: From Governance to Good Governance**

The origins of the Good Governance concept are due to developments in governance. The latter's emergence dates back to the 1930s and meant that it was the internal coordination measures of an institution. These measures appeared to be more efficient than the market, in order to regulate some tradeoffs. Thus, Corporate Governance became a dominant mode of business and economy in the 1980s.

When the British government in the Thatcher era adopted broad reforms in local government, through privatization and centralization, the concept of Urban Governance, which ran counter to the decentralized local government, emerged. However, the concept of Good Governance emerged only in the area of international relations at the end of the 1980s. For financial organizations, it meant good public administration standards in countries subject to structural reform programs. In loan institutions, Governance requires the institutional reforms necessary for the success of economic programs.

## **2- International financial institutions and the emergence of the Concept of Good Governance**

The concept of Good Governance is relatively new, and the World Bank is the first to use this concept in a 1989 report entitled Sub-Saharan Africa from Crisis to Sustainable Development, where the report described the crisis in the region as Crisis of Governance and Linked the ineffectiveness of the Bank's assistance to the countries of the region with governance issues<sup>1</sup>.

This report reflected a new start in the World Bank's policies towards the countries assumed to be subject to economic reform programs. The main motive behind the inclusion of this concept in the Bank's regulatory policies was the continued inefficiency of economic and financial assistance, the weak commitment of recipient governments to reform and the spread of corruption in developing countries<sup>2</sup>.

In the following years, the Bank expanded its policy landscape by considering Good Governance as an essential element of its development policy. In 1992, the Bank published a report entitled Governance and Development,<sup>3</sup> which explored the concept and its applications in the Bank's activities.

In 1997, the Bank redefined the Concept and emphasized the need for an effective state apparatus, along with Governance, as a prerequisite for Development,<sup>4</sup> and a policy of dialogue on the Concept and applications of Governance. Some international financial institutions such as the International Monetary Fund (IMF), the Organization for Economic Co-operation and Development (OCDE) and

some bilateral development agencies such as the British Overseas Development Agency (BODA) and the Danish Development Agency (DDA), have contributed to this dialogue<sup>5</sup>.

However, the main ideological thrust to consider Good Governance as a condition for aid loans was formulated by the World Bank in a 1998 report. The Bank explained in this report the interaction between development aid and quality of Governance. The report emphasized that the impact of aid on Growth depends on "Sound Economic Management" and the effectiveness of institutions<sup>6</sup>.

The 1998 report adopted a selective approach to aid grants based on the quality of political performance and commitment to reforms rather than on the extent of poverty and the development needs of assumed countries.<sup>7</sup> For the Bank, high governance in recipient countries through transparency, accountability and appropriate action can ensure that assistance is effectively used to achieve the goal of reducing poverty<sup>8</sup>.

In discussing governance, the Bank questions the ability, efficiency and, will of political authorities to effectively manage Governance for the public good. The Bank firmly believes that the quality of a country's Governance is the primary determinant of its ability to pursue Sustainable Economic and Social Development.<sup>9</sup> On this basis, the Bank's definition of Governance includes the political system, the process by which power is exercised in managing a country's economic and social resources for Development, and the ability of Governments to design, formulate and incorporate debt-repayment policies and functions.

In accordance with this new thinking, the Bank has made adjustments in its practical direction to give greater importance to the governance of aid programs. Since 1999, it has conducted reviews on Governance and institutions (IGR: Institutional and Governance Reviews) to assess the quality of Governance.<sup>10</sup> The Bank has also developed "Indicators of Governance" to measure the quality of Governance in more than one hundred and fifty member states<sup>11</sup>.

Thus, the Concept of Good Governance emerged on the World Bank's agenda. This Concept was one of the themes of the Annual Conference on Economic Development in 1991. Traditionally, the Bank did not take into account political issues, although it recognized its importance in developing aid programs in countries. Although Governance reform is not linked to economic issues according the Bank's charter, The Bank's policy and practices have been aimed at reforming the public sector, achieving economic growth, financial management, modernizing public administration and privatizing public institutions<sup>12</sup>.

However, the transition from the Concept of Governance to the Concept of Good Governance introduced a normative dimension of the quality of Governance, where the system of Good Governance sets out other conditions for decision-making and policy formulation. "It extends beyond

the capacity of the public sector to the rules that create a legitimate effective framework for public policy management. It involves the conduct of public affairs in a transparent, responsible and fair manner. It requires active participation in policy-making, rule of law, independence of the judiciary, the division of powers and the role of effective monitoring agencies<sup>13.</sup> " Researchers at the World Bank Institute identified five main dimensions of Governance:

- Accountability and Freedom of Accountability, which includes civil liberties and political stability.
- Government effectiveness, which includes the quality of decision-making and public service.
- Lack of regulatory burdens.
- The rule of law, which includes protection of property rights.
- The independence of the judiciary and the fight against corruption<sup>14.</sup>

### **3- International Organizations and the Concept of Good Governance**

In addition to the international financial institutions, some international agencies and organizations have contributed to the development of the Concept and uses of Good Governance. The most important of these are the New Partnership for Africa's Development (NEPAD), the European Union (UE), the Organization for Security and Cooperation in Europe (OSCE), the United Nations Development Program (UNDP) and G8.

A World Bank study issued in 1991 identified "external agencies" as potential key political actors capable of exerting considerable influence in promoting good or bad governance. When exposed to deficiencies in the governance of a country, foreign agencies must raise the issue of government performance.<sup>15</sup>

The nature of the activities of international agencies and organizations, generally associated with development issues and the fight against poverty, has encouraged increased interest in governance. Based on that, many of the major donor agencies and organizations are pursuing the performance of government institutions within countries in terms of development policies, economic reforms and poverty reduction. Recent initiatives to reduce the debt burden of the poorest countries have linked debt reduction and Governance reforms<sup>16.</sup>

Within the framework of the New Initiative for the Development of Africa, the link between poverty reduction and Governance has become clear. The rhetoric of Governance has played a key role in the work of the G-8 Summits. Group leaders have encouraged international financial institutions to play an active role in Governance reform and institutional development in borrowing countries, through activities of providing loans, investment and technical assistance.<sup>17</sup> For its part, United Nations Development Program (UNDP) has identified a range of characteristics of

Governance, including participation, rule of law, transparency, responsiveness, equality, effectiveness, Accountability and strategic vision<sup>18</sup>.

There has also been an increase in the use of Good Governance practices by regional governmental organizations such as the European Union and the Organization for Security and Cooperation in Europe (OSCE), which seek to modernize their administrative organs and powers. In the Bucharest Declaration, The OSCE Parliamentary Council issued a resolution on the occasion of the 25th session of the Helsinki Final Act. The resolution presents a range of topics in the form of a report entitled: "Good Governance: Regional Cooperation, Strengthening Democratic Institutions, Promoting Transparency, Strengthening the Rule of Law and Combating Corruption<sup>19</sup>".

Through this report, it appears that the Organization makes the Concept of Good Governance inclusive of achieving multiple objectives such as regional cooperation, promoting transparency and combating corruption.

For its part, the European Commission contributed to the development of Good Governance discourse through the issuance of a document entitled "The European Governance: A White Paper", this document is a reaction to the growing belief that the European Union is far from its people and lacks legitimacy, especially after the Irish negative vote on the draft European Constitution.

The document sets out five principles to promote Good Governance:

- Openness: Strengthening and liberalizing communication policies to facilitate public access to UNHCR decisions.
- Participation: Broad participation in the development and implementation of EU policies to increase their effectiveness and acceptance by the public.
- Accountability: Legislative and administrative roles must be clarified through the identification of responsibility within Decision- Making bodies.
- Effectiveness: Policies must be applied within a clear framework of objectives.
- Coherence: Policies should be formulated in a framework of coordination and cooperation, despite the increasingly complex frameworks of Decision- Making<sup>20</sup>.

#### **4 - The Concept of Good Governance in the field of international law**

The Concept of Good Governance also had a significant impact on various Governance reports in all sectors at all levels.

In the context of international law, the Concept of Good Governance has been used, particularly in the context of human rights, where it has been increasingly considered as a standard reflecting the degree to which civil, cultural, economic, political and social rights are being universally recognized.

The United Nations High Commission for Human Rights (UNHCHR) identifies five basic characteristics of Governance: Culture, Responsibility, Accountability, Participation and Responsiveness (people's needs).

Resolution No. 64/2000 explicitly links governance to an appropriate environment to ensure the respect of human rights, and to promote sustainable human growth and development. Resolution 72/2001 also went in the same direction when it evoked "the role of Good Governance in the promotion of human rights"<sup>21</sup>.

#### **5- The Concept of Good Governance in the field of Development and Sustainable Development**

Economic Development has become a fertile ground for the development of the discourse of Good Governance, and the two Concepts have become intertwined in many research and studies, most of which have concluded that Good Governance is a prerequisite for economic development.

The Millennium Declaration, adopted by the United Nations General Assembly in 2000, states that achieving development and fighting poverty depends on the existence of a Good Governance. In May 2002, the Commission of Experts on Public Administration of the UN Economic and Social Council issued a report on Public Administration and Governance emphasizes the critical role of effective public administration systems, including Governance, in achieving development goals. The report also discusses the concept of governance from a broader perspective by bypassing the political framework towards the economic and administrative framework required by the process of running the state at all levels and levels. The Concept of Governance is not limited to the state apparatus but extends to civil society organizations<sup>22</sup>.

In the area of Sustainable Growth, the Concept of Good Governance was first introduced through the Johannesburg Plan of Implementation of the World Summit on Sustainable Development in September 2002. The plan stated that Good Governance within each country and at the international level is necessary for the promotion of Sustainable development<sup>23</sup>.

**In Sum**, Governance is an idea and a term commonly used since the early 1990s by international organizations, Financial Institutions and Donors as a way to achieve community development in developing countries as a result of the inefficiency of government departments in achieving this purpose efficiently and effectively. The new thesis also coincided with the new international order, which calls for enhancing development policies in developing countries.

### Footnotes:

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