

**World Governance Survey Discussion Paper 10
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CONCLUSIONS: GOVERNANCE IN 16 DEVELOPING COUNTRIES

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Introduction

The discussion in the previous working papers has raised a number of questions that we have deliberately saved for a concluding assessment of the methods and findings of this study. We begin by acknowledging that given the limited number of countries and data points included in the survey, we have to be cautious in drawing any far reaching and specific conclusions. Yet, as we showed in Working Paper Two, when we compare our study with others in the governance and democratization fields, it holds up quite well. The fact that the overlap is not complete has, of course, a lot to do with the differences in design and orientation of ours when compared to these other studies. More specifically, the WGS is different in the sense that it is intentionally designed to capture phenomena that are left out of studies that focus exclusively on how well countries compare with an economic or political model that draws its inspiration from liberalism. The first thing we want to discuss in this paper, therefore, is what we found that is new and different from these other studies.

The second issue that we like to address here is whether we can meaningfully identify the ‘weak’ spots in the governance realm. As we have suggested in previous working papers, some arenas score lower than others. What does that tell us, and what are the implications? Even within each arena, there are differences: scores on some indicators are lower than on others. We would like to discuss the extent to which there are ‘patterns’

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that are of special interest for future research or are concerns that consultants and practitioners in the field of governance should take a special look at.

Throughout this study we have asked ourselves the question what the relationship between the different arenas is. We have treated them as equal in terms of weight assigned to the indicators, but judging from our results, is it possible to say that some arenas are more crucial for improving governance than others. More specifically, is there among the arenas one or two that serve as ‘driving force’? We like to discuss these questions since they have a bearing on research hypotheses for future studies as well as on how to plan further practical devices to improve governance.

We will conclude this paper by returning to where we began. Our first working paper started with an overview of how governance fits into the international development debate. It is appropriate that we discuss what this study tells us about the relationship between governance and development. That discussion also gives us an opportunity to engage in a concluding review of the implications of this study for future research and practice in the governance field.

Measuring Governance, Not Liberal Democracy

It is worth reminding the reader that our study is inductively designed, but deductively driven. Given that this is a first attempt to use governance for analytical purposes rather than as a heuristic device for programming specific governance ‘interventions’, there is inevitably an exploratory component to this study. Yet, it has an underlying theoretical base in systems theory. We have consistently treated governance as applicable to a political process with inputs and outputs. Our findings relate to the nature of this process, the assumption being that the extent to which rules-in-use are perceived as legitimate matters in two ways: as determinant of (a) policy-making, and (b) regime stability.

Our study has tried to strike a balance between theory and practice. We realize that governance is a practical political activity. It is ‘voluntarist’ in the sense that it involves human choices. In assessing what choices have been made and how, we have relied on a set of general principles rather than a particular model of democracy or governance. We

have as much as possible avoided an explicitly normative model in favor of a more empirical – and realistic – approach to governance. Compared to most other efforts at measuring governance – or any aspect thereof – we have taken a step outwards or backwards in order to get a better perspective on what is really happening with governance in various countries around the world. This doesn't mean that we have lost all sense of what is 'good' governance. As discussed in Working Paper One, we selected six principles that are important for any system to consider in different measures: (1) accountability, (2) transparency, (3) efficiency, (4) decency, (5) fairness, and (6) participation. Each of these has a bearing on how a particular political system functions. Political actors end up prioritizing some more than others at particular times. How well they reconcile the possible tensions or conflicts between these principles is reflected in the perceived quality of governance.

These principles provide us with the opportunity to make cross-national comparisons, but how they are being evaluated depends also on national context. The various acts of governance are being evaluated not so much in comparison with what actors do in other countries but in relation to a country's own past. A country may score quite low in terms of quality of democracy, but records progress in governance measures. For instance, in our sample, Indonesia and Peru recorded significant improvement in governance between 1995 and 2000, because regime changes responded to concerns that citizens had expressed about violation of certain key rules by their governments. Similarly, as discussed in Working Paper Three, the Philippines suffered a significant decline in governance quality because of the corrupt nature of the Estrada administration in the late 1990s. What these cases tell us is that successful democratization tends to enhance the quality of governance, because there is a definite overlap between democracy and governance. The opposite is not true. A growing trend toward autocracy does not lead to improvement in governance quality.

This means that we should expect some correlation between quality of democracy and quality of governance, but we should not be surprised if some countries that score low on democracy may score higher on governance. The universal principles that apply to governance are being assessed in the historical context of each country. Where the latter comes from has a bearing too on how people perceive governance. So does the extent to

which rules are stable or institutionalized. It is a definite finding of the WGS that governance is not only assessed in terms of regime quality but also regime stability. People learn to live with rules even if they are not optimal from the point-of-view of particular individuals or groups. These points are important for understanding the differences that exist between our governance scores, on the one hand, and the Freedom House Index, that is one of the most frequently used measures of democracy, on the other. The comparison is contained in Table 1 below. The left column shows the average governance score for the country included in our study with the highest listed at the top of the table, the lowest at the bottom of it. The next two columns indicate the country's score on Civil Liberties and Political Rights in the FHI², with the last two columns to the right providing the average score and the designation in terms of 'democraticness' – Free, Partly Free, or Non-Free.

² Freedom House uses a seven-point index with 1 being the top and 7 being the bottom score. Average scores between 1 and 2.5 translate into designation as "Free", 3-5.5 into "Partly Free", and 5.5-7 into "Not Free".

Table 1. Comparison of WGS country scores with Freedom House Index scores for 2000.

Country	Average WGS score	FHI Civil Liberties	FHI Political Rights	FHI Average Score	FHI country designation
Thailand	3.33	3	2	2.5	Free
Chile	3.30	2	2	2	Free
India	3.27	3	2	2.5	Free
Jordan	3.25	4	4	4	Partly Free
Tanzania	3.03	4	4	4	Partly Free
Mongolia	2.87	3	2	2.5	Partly Free
Argentina	2.77	2	1	1.5	Free
Bulgaria	2.77	3	2	2.5	Free
China	2.73	6	7	6.5	Not Free
Peru	2.73	3	3	3	Partly Free
Indonesia	2.67	4	3	3.5	Partly Free
Kyrgyzstan	2.50	5	6	5.5	Not Free
Philippines	2.50	3	2	2.5	Free
Russia	2.43	5	5	5	Partly Free
Pakistan	2.17	5	6	5.5	Not Free
Togo	2.08	5	5	5	Partly Free

As we had expected, there is variation between the two indices. Not all high-scoring governance countries are also the most democratic, although the latter tend to congregate at the top of our table. Argentina and the Philippines, both of which are among the more democratic in our sample, do not fare particularly well in governance terms. In Argentina, it may be primarily because the rules affecting certain arenas are perceived as being contrary to prevailing principles about transparency and fairness. In the Philippines, the reason seems to be first of all a lack of respect for existing rules.

There are both general and idiosyncratic reasons behind the variations between the two indices, but one that we want to comment on here is the way the data have been gathered. As we indicated in Working Paper Two, Freedom House uses panels of outside experts

who are being asked to rate countries according to the 7-point scale because they are knowledgeable about particular countries, yet have no stake in scoring them in particular ways. The assumption is that this way, Freedom House can arrive at ‘objective’ scores. The WGS index is the product of ratings provided by local respondents. The latter have a stake in the country’s governance, but not all of them want to inflate the score. Others want to deflate it. Thus, while our respondents live with the quality of governance on day-to-day basis, they do represent different walks-of-life and positions in society. For example, government officials and parliamentarians often have a higher appreciation of how the country is governed than well-informed persons in other elite categories. This way, we are able to arrive at an average score that represents both critics and supporters of the governance status quo.

So, what are the implications of measuring governance with the help of well-informed persons from the country in question? It is clear that our study broadens the categories that are being considered. The six principles, in combination with the six arenas, when considered together produce a more varied and multi-faceted basis for assessment than do comparable measures of democracy or governance that focus on a narrower set of indicators. The latter may be informed by a higher degree of moral or ideological clarity than ours, but we have shown that a broad and systematic approach has the advantage of including measures that are important to local respondents regardless of their ideology.

We do not imply that ours is necessarily better than other measures. The only claim that we make here is that our governance data are important complements to the data sets that measure democracy or a particular aspect of governance, e.g. transparency. By relying on such specific data alone, countries tend to be rated and ranked in ethno-centric or one-dimensional terms. Shortcomings are often blown out of proportion, as are achievements. By considering the whole political process and the rules that shape it, we have an approach that allows us to measure changes in the short term without losing sight of the longer term.

The Weak Governance Spots

Because we take a holistic approach to governance – examining each arena or dimension of the political process – we also have a better view of the relative strength or weakness of its various parts. It is inevitable that some parts function better than others; that the

rules are easier to sustain in some arenas than in others. The reverse is also true. If rules that build on any one of the key governance principles we have identified are violated or ignored, the costs and consequences are likely to be higher in some arenas than in others.

The most dramatic events between 1995 and 2000 that happened in countries included in our study were the military coup in Pakistan that brought President Musharaf to power, President Suharto's forced resignation in Indonesia, the degradation of the Estrada administration in the Philippines, and the rapidly growing opposition to the arbitrary and corrupt nature of President Fujimori's government in Peru. These events make a significant dent in the ratings by respondents in these countries, but in no instance did the political regime collapse completely. To be sure there was street violence in several places, but nowhere did a real transformation of politics takes place. This suggests two things to us. One is that regimes are more durable than is often assumed. Another is that some spots within the regime are weaker than others. These are the issues that we will explore in this section.

We begin by examining the six arenas to see if some can be declared more vulnerable than others. If we go by the average scores per arena, they come out as indicated in Table 2 below:

Table 2. Summed up score per governance arena 1995 and 2000.

Governance arena	1995	2000
Civil Society	233	242
Political Society	200	209
Government	226	231
Bureaucracy	205.5	214
Economic Society	220	233.5
Judiciary	197	214

Even if there has been improvement in each arena from 1995 to 2000, it is quite clear that the six arenas fall into two distinct categories. Civil Society, Government, and Economic Society have scores considerably above the other three. Political Society, Bureaucracy, and Judiciary stand out as the more problematic governance arenas. What does this tell us?

The first thing is that rules are more politically visible in some arenas than in others. In other words, a violation of a regime norm or rule in one place doesn't necessarily have the same consequences as in another. Based on our study, we are ready to conclude – and present as a hypothesis for further research – that the political costs of ignoring or violating rules are higher in arenas where adherence to formal rules is particularly important for assessing governance. Our research has confirmed over and over again that a major governance problem is that formal rules are replaced by informal practices that undermine the credibility of these rules. For instance, elections are not held in a free and fair manner; government officials are not hired or promoted based on merit criteria; judicial officers, including judges, are not immune to bribery, etc. In all these cases, there is a violation of multiple principles of governance, notably fairness, transparency, and accountability. Softness in adherence to the rules that govern public institutions such as elections, civil service, and judiciary, therefore, tends to have a more dramatic effect on the overall governance assessment than other indicators that are less directly dependent on the extent to which specific rules are followed.

The other three arenas – Civil Society, Government, and Economic Society – are all dependent on flexibility and the freedom that are granted to individuals. Members of voluntary associations want – and need – the freedom of assembly; cabinet ministers want the flexibility to negotiate and make policy of their choice; and, people in business like less rather than more regulation. As we shall see below, there may be 'threshold' rules that apply also to these arenas, but by and large, an assessment of governance is less dependent on strict rule adherence. This doesn't mean that chaos or anarchy can be allowed in these arenas, but as long as they function reasonably well – and help produce results – ratings are not going to be adversely affected in the same way as in the other three arenas.

What we have are two distinct governance challenges. One deals with rule adherence, the other with rule design. Both are important and need to be evaluated in any study of governance. In an era of liberalization and democratization, the issue of design – or re-design – may not be as acute as the issue of adherence, although the case of China, Pakistan and Togo indicate that the former remains high on the governance agenda in some countries. The principal challenge, however, is the institutionalization of rules, i.e. getting actors to take them seriously and not ignore or violate them. The weak numbers in the governance equation are clearly most immediately related to this set of issues.

This leads us to ask whether there are some indicators in each arena that are conditional for satisfactory and good performance. In other words, is there a threshold that countries must pass in order to make further progress in the governance realm? We believe that there is. Each arena has at least one indicator on which others are in part contingent. Drawing on our findings in this study, we like to propose the following indicators as being foundational for each governance arena:

Table 3. Foundational indicators for each governance arena.

Arena	Indicator
Civil Society	Freedom of expression Freedom of assembly
Political Society	Free and fair elections
Executive	Civil-military relations
Bureaucracy	Meritocracy
Economic Society	Absence of corruption
Judiciary	Impartial judgment

These key indicators all fall largely under the rubric of ‘rule of law’, confirming that the latter is critical to good governance. Governance, however, is more than just adherence to these specific rules. The question, therefore, arises whether in a future study of governance, indicators should be weighted differently or, even more radically, only those key indicators that are foundational to each arena should be included.

Apart from the added technical difficulty of assessing indicators that are weighted differently, there is the question whether on substantive grounds it is justified. We believe that because each arena contains a range of other governance challenges, it would be wrong to focus on these key indicators alone, even putting a varying weight on them. Civil society rules have a significant impact on how individual citizens are socialized into politics and how citizens relate to political society. The way the latter is constituted has a bearing not just on elections but also the operations of both party system and legislature. Government must be assessed in terms of how well rules help it achieve security and welfare for the citizens. Bureaucracy must be assessed in terms of how well it delivers and how accessible it is to members of the public. Economic society relies on many other rules, e.g. those pertaining to property and consultation. The judiciary, finally, faces other challenges than just fair judgment, such as access to justice and the existence of alternative mechanisms for conflict resolution. In short, we are convinced that a broader set of variables is needed in order to provide a balanced assessment of each arena.

We use a metaphor from the motoring world to further justify why we should not concentrate on the key indicators only. Knowing how to drive a vehicle is foundational to everything else one does with it, but once a person is up and running, so to speak, he is being evaluated in terms of how well he adheres to traffic rules, how courteous he is to others, or how well he maintains the vehicle. Governance skills in each arena rely on more than the ability to handle a small number of key issues. Once they are taken care of, the real challenges lie elsewhere. That is why there is a need for a broader range of variables. By including these here, our findings tend to differ from those that focus only on the variables that are critical for democratic consolidation. We agree with Sylvia Chan who writes with reference to liberal democracy that “because theories have generally assumed a unitary product, ‘liberal democracy’, they have not theorized adequately about how the processes involved in institutionalizing the ‘liberal’ part may react with that of the ‘democratic’ part, and how these in turn are related to other important issues for these countries, for example, economic development.”³ There is more tension between different aspects of democracy than theories focusing on democratization imply and there is more

³ Sylvia Chan, *Liberalism, Democracy and Development*. Cambridge: Cambridge University Press 2002, p. 58.

to the relationship between governance and development than what is captured by these theories alone.

Is There a Driving Force?

We are now turning to an issue that is of special interest to those who fund governance or work practically with governance issues. Does our analysis of governance provide us with a set of policy recommendations about what should be done to improve governance practices? More specifically, is there one arena, or a set of indicators, that may be identified as having the ability to influence others?

Before we try to answer these questions, it is important to remember that governance is a voluntarist activity. It reflects choices that actors make in the governance realm. How they make these decisions depend a lot on circumstances. Some of these circumstances are economic and cultural others are political. We do not imply that countries are captives of their historical past to such an extent that they cannot change, but we do reject the notion that they can be treated as 'clean slates'. For instance, bilateral agencies in the international development community operate on the assumption that what is acceptable to their respective domestic political constituency should also be the prescriptive devices implemented in the field. The result is that many developing countries are recipients of advice on how to improve governance that has little to do with their political realities but is still being 'peddled' because it is part of donor priority.

There are many problems with this approach. To start with, it is ethnocentric. Second, it ignores local preferences and possibilities. Third, it is unsustainable. There is no doubt that a more fine-tuned and responsive approach to the task of improving governance is needed. The first step in such a direction is to improve the analysis that goes into making policy on these issues.

We have seen in previous papers that some countries have recorded substantial improvement or decline due to single events that have affected the governance climate. The change of government in Indonesia in the late 1990s is one such example. The serious deterioration of government performance during the same period in Peru and the

Philippines are yet other cases in point. These and other similar examples are ‘disjunctures’ that create the conditions for change in rules. They are what students of social movements refer to as shifts in the ‘political opportunity structure’.⁴ Such shifts apply also more broadly to governance, as public opinion changes and thus create the possibilities for new governance initiatives.

Some scholars refer to this situation as giving rise to a ‘honeymoon’ mandate. It is based on the assumption that political actors, if they have just come to power, enjoy a grace period during their first few months in office. Haggard and Kaufman, for instance, discuss this thesis with reference to middle-income countries in Asia and Latin America that were undergoing economic reform in the 1990s.⁵ Their point, and that of others writing in this vein, e.g. Joan Nelson⁶, is that during the honeymoon period, interests associated with the old regime are discredited and disorganized, thus providing an opportunity for reform that would not otherwise be there. In the longer run, however, the opportunity structure closes, as reformers must appeal to a broader spectrum of potential beneficiaries. Mette Kjaer has convincingly applied this thesis to her study of civil service reform in Uganda and Tanzania in the 1990s, showing that a ‘new broom’, i.e. a new political leader, can make a difference – but only for a while!⁷

What we are saying here is that structural conditions that typically shape what action may be considered are not ‘frozen’. They are malleable and sometimes change so dramatically that they leave new opportunities for action. Regimes can be changed with greater ease in such circumstances because governance measures enjoy a higher degree of legitimacy. Being able to seize such opportunities to introduce reforms that discredit previous rules is what typically helps to significantly enhance the quality of governance.

Donors and practitioners in the governance field are generally aware of this issue, but they do not always take the trouble to analyze the situation carefully enough in order to

⁴ See, e.g. Sidney Tarrow, *Power in Movement*. New York: Cambridge University Press 1998, pp 18-20.

⁵ Stephan Haggard and Robert R. Kaufman, *The Political Economy of Democratic Transitions*. Princeton: Princeton University Press 1995.

⁶ Joan M. Nelson, *Intricate Links: Democratization and Market Reforms in Latin America and Eastern Europe*. New Brunswick: Transaction Publishers 1994.

⁷ Mette Kjaer, *The Politics of Civil Service Reform: A Comparative Analysis of Uganda and Tanzania in the 1990s*. Aarhus, Denmark: Politica 2002.

maximize the use of it. Instead, they often rush into action supporting, if not blindly, yet often with little attention to key variables, any actor that comes forward to lead others. While this study confirms that opportunity structure is an important variable, we do believe that with our holistic approach to governance, we offer a more balanced, and more clearheaded, assessment of both opportunities and constraints in the governance realm as a whole. This way we acknowledge the importance of ‘honeymoon’ mandates without falling victim of an exaggerated optimism.

This leaves us with the question whether in situations where radically different opportunities do not exist there is a set of variables that one can count on as the ‘driving force’ behind efforts to improve governance. Our study suggests a few things that should be of interest and relevance to practitioners. The first is that interest in governance is very much influenced by the way that the international community defines approaches to development. We showed in Working Paper One that governance has become a development concern in recent years because there is a belief that development is sustainable only if ‘owned’ by local stakeholders; hence, the recipe for a participatory approach to development. We also showed that those funding development believe that ‘getting politics right’ is a prerequisite for development; hence, the interest in good governance as a recipe for reform of macro structures.

In fact, there is a growing trend among donors and others actively involved in development policy and practice to regard various aspects of politics as integral parts of development. Amartya Sen⁸ has contributed to this new thinking with his idea of ‘development as freedom’. Studies of poverty carried out in recent years suggest that such issues as personal security, access to justice, and freedom to speak out – all significant governance concerns – are viewed by the poor as being as important as material well-being⁹. The Gallup Millennium Survey, which we quoted in Working Paper One, confirmed that human rights are an important concern to ordinary people in both developing and developed countries¹⁰. In short, there is a growing tendency to assume

⁸ Sen, 1999, *op.cit.*

⁹ See e.g. Narayan et al 1999, *op.cit.*

¹⁰ Sprogard and James 2000, *op.cit.*

that promoting governance is not merely a means of accelerating development; it is actually the same as fostering development.

With this kind of thinking still prevailing in the international development community, more attention will be paid to non-governmental rather than governmental institutions. Voluntary associations and private enterprises are viewed as the most opportune targets for support by various development agencies. Providing incentives for these private and voluntary organizations as well as helping them to build their capacity have become core components of donor policy in recent years. With so much both intellectual and material weight being placed on supporting non-governmental actors, there is reason to assume that such organizations do provide a relevant 'entry-point' for thinking about improvement in the governance realm. To be sure, many such organizations are still weak. For instance, many lack real roots in society. In the business sector, small and medium size business is often at a disadvantage when it comes to competition within business, as we saw in Working Paper Eight.

The most serious shortcoming of the Civil Society arena, however, is the almost complete absence of strong social movements. Civil society scores high because it enjoys freedom of expression and assembly, but, as we saw in Working Paper Four, it does not have much policy influence. It doesn't connect to political society. The result is that its overall impact on the political process is quite low. The international development community cannot be the catalyst of social movements, but to the extent that it is interested in strengthening civil society actors, it should not hesitate to help boost their influence, even if it may be politically controversial.

If civil society is the springboard for improving governance, the real challenges lie in other arenas, notably Political Society, Bureaucracy, and Judiciary. The task here is institutionalization of norms that enhance the credibility of actors in these arenas. Most, if not all, countries already have legal provisions that prescribe, e.g. free and fair elections, merit considerations for hiring employees in the civil service, or the absolute integrity of judges and other court officials. The problem is that while such norms exist on paper, officers do not always follow them in a consistent fashion. We have shown that in all these arenas, this is a major shortcoming. There is still far too much personal discretion in

the way individuals in public office operate and make decisions. These individuals have yet to internalize the norms and principles that are enacted for their public office.

This is a different problem of institutionalization than the one that Samuel Huntington identified in his seminal work on the challenges of creating political order from 1968.¹¹ The issue then was that modernization and development rapidly raised popular expectations of what governments should be able to do for their citizens. Huntington's thesis was that regimes would crumble because institutions are unable to cope with these demands. The challenge today may still be associated with inflated popular expectations but not about government as distributor of benefits and resources, but rather the extent to which it has integrity. The issue is not one of political economy – who gets what, when, and how? – but one of governance – what rules matter when, and how?

A good number of international organizations recognize the significance of this challenge. For instance, Transparency International, headquartered in Berlin, Germany, works specifically on the issues related to transparency and accountability in both government and private corporations. It publishes an annual Index of Perceptions of Corruption. Since 2001, it also publishes a bi-annual global corruption report in order to highlight issues of concern to the organization as well as substantive findings in different countries around the world.¹² The United Nations Development Programme and many bilateral donor agencies also work on issues of institutionalization.

Drawing on our own study, we believe that this thrust is appropriate. Institutionalization of norms that are compatible with the credible conduct of public office is necessary not only for improvement in governance but in many cases also for regime stability. For instance, an increasingly cynical citizenry may rise against government or, perhaps even more likely, withdraw from political involvement, allowing misconduct to continue and possibly leading to military takeover of power. Institutionalization of civic public norms that make sense in the local context of each country is part of bringing state and society

¹¹ Samuel P. Huntington, *Political Order in Changing Society*. New Haven: Yale University Press 1968.

¹² The second such report was published in 2003, Transparency International, *Global Corruption Report 2003* (with special focus on access to information). London: Profile Books.

into more productive exchanges and relationships and, thus, a more congenial atmosphere for national development.

At the same time, we do have some reservations about the way this objective is pursued by the international organizations. The most important is that it is driven from the outside. These organizations have their own program mandate that they must follow. Some do it with such fervor that implementing it amounts to carrying out a 'mission'. While such enthusiasm for the cause may sometimes produce results, it also tends to be antagonistic. For instance, the international consultant or advisor comes across as too abrasive or arrogant. Much of the work backfires or fizzles out once the consultant has left. The more 'technical' approach that others prefer also has its problems. It assumes that governance can be improved by professionally conducted capacity-building workshops or some such mechanisms. While we have no doubt that individuals participating in these events learn quite a lot, applying their new insights usually proves difficult, if not impossible, because the 'real world' context in which they work is very different from the learning environment. We came across several references to the problems of implementing governance reforms that were initiated with the help of outside agencies.

Another problem with the approach of many of these agencies is the way that they collect their data. Organizations that cater for the business community tend to rely almost exclusively on subjective persons by members of this community or panels of outside experts. There is little or no effort to incorporate into their assessment the views of local actors from the countries that are being assessed. We consider this to be a serious shortcoming, especially since these assessments by outsiders are being used to rate and rank countries in terms of their quality of governance. The consumer of these assessments rarely understands the skewed nature of the data. It is this bias in the reporting that encouraged us to carry out the World Governance Survey, using a cross-section of well-informed persons from each country included in the study. We feel vindicated in our approach now that we have seen the results of the first phase of our research.

So, what can we say, finally, in response to the question whether or not there is a 'force' driving efforts to improve governance. In an international climate in which participation

and ownership of development activities are still considered primary objectives, civil society comes closest to being the arena that may help drive others in a positive direction. Our study, however, has also demonstrated that its potential as such is far from fully tapped. Any push by civil society actors, however, would amount to little without a more effective institutionalization of norms associated with the conduct of public office. Political Society, Bureaucracy, and Judiciary are the key spots for such efforts, but it also includes Economic Society, as market-based actors interact with government officials or other representatives of the state. Government, in terms of its overall responsibility for national development, is highly dependent on the governance quality in the other arenas. It obviously has the potential of influencing what is going on in these places, but our study suggests that even if it tries, its influence is limited.

Implications for Future Governance Research and Practice

In terms of future research, we see the benefit of focusing on governance, as broadly defined in this study, as a way of generating new hypotheses that address issues that tend to be ignored by those who focus on democratic transition or consolidation. The lines between authoritarianism and democracy have become blurred, and it is not clear that we really capture interesting and important things going on in these countries by being too preoccupied with fitting countries into an increasing number of ‘diminished’ sub-types of democracy. Assessing quality of governance would allow for a new ‘cut’ and provide a baseline that is based on a set of indicators that are less directly tied to a particular model like liberal democracy. In this study we have made a threefold distinction between ‘high’, ‘medium, and ‘low’ scoring countries. We also used a delineation of these three categories that allowed us to get roughly the same number in each group. In a future study along the same lines using a larger number of countries and data points, it would be preferable to use a more general scale of differentiation. For instance, using the thirty indicators with a five-point scale, we would recommend the division as illustrated in Table 4.

Table 4. Proposed Scale for Identifying Quality of Governance.

Level of governance quality	Points on a 150 scale¹³
Very high	121-150
High	101-120
Medium	86 -100
Low	66 - 85
Very low	30 - 65

This scale would have reclassified many of the countries included in this study, but we are ready to recommend a scale along the lines in Table 4 to provide a basis for future comparisons of a larger sample of countries, including possibly those that are already supposed to be well governed.

One of the few things that students of comparative politics tend to agree upon is that democratic countries do not fight each other¹⁴. There is much less agreement about the extent to which democracy also promotes development. A major reason is that both concepts are broad and include many dimensions. Depending on which combination of dimensions is used, therefore, the answer tends to vary. For instance, researchers continue to argue whether it is level of economic development, pace of economic growth, or direction of economic performance that correlates most strongly with democracy. Similarly, there is lack of consensus on the issue whether the causal link runs from development to democracy, or vice versa.

Our study confirms the conclusion by Przeworski and Limongi that the quality of political regime is not related to levels of economic growth¹⁵. As the figures in Table 2 show, average GDP growth 1999-2001 is not necessarily highest among the countries that

¹³ We have deliberately made the top and bottom categories wider, because there is a tendency in each assessment of this kind to avoid the very highest and lowest scores unless something quite outstanding motivates it.

¹⁴ Even on this issue, however, there is no absolute agreement. See, e.g. Errol Henderson, *Democracy and War: The End of an Illusion?* Boulder, Lynne Rienner Publishers 2002.

¹⁵ Adam Przeworski and Fernando Limongi, "Political Regimes and Economic Growth", *Journal of Economic Perspectives*, vol. 7, no 3 (1993), pp 51-69.

score high on governance in our survey. Similarly, the low-scoring countries in our study do not all have lower levels of economic growth than those that have higher scores.

Table 5. WGS Governance Scores and Various Development Indicators.

Country	WGS Score	GDP per capita 2000 (PPP US\$)	HDI 2000¹⁶	Average GDP Growth 99- 01¹⁷
Chile	100.5	9,417	0.831	2.38
Thailand	100	6,402	0.762	3.71
India	98.5	2,358	0.577	5.17
Jordan	98	3,966	0.717	3.77
Tanzania	92	523	0.440	4.40
Mongolia	87	1,783	0.655	1.91
Bulgaria	84	5,710	0.779	4.23
Argentina	82	12,377	0.844	-2.54
Peru	82	4,799	0.747	1.43
Indonesia	81	3,043	0.684	3.00
China	80	3,976	0.726	7.43
Russia	77.5	8,377	0.781	6.47
Kyrgyzstan	77	2,711	0.712	4.80
Philippines	75	3,971	0.754	3.60
Pakistan	66	1,928	0.499	3.83
Togo	63	1,442	0.493	1.06

Like Przeworski and Limongi we issue caution when it comes to assuming that the causal connection between governance and development is unilinear in that direction. We are so inclined partly because of the methodological limitations of our own study, but also because our study has highlighted the extent to which governance is contextually determined. The differences in scores among the 16 WGS countries are better explained

¹⁶ Human Development Index.

¹⁷ Calculated from data provided by the World Development Reports.

by factors that are specific to each one of them rather than by ‘objective’ indicators such as growth in Gross Domestic Product, quality of human development, or level of economic growth.

While we applaud the development of better governance indicators by Daniel Kaufmann and his colleagues at the World Bank, to which we have referred many times already¹⁸, their own work shows that margins of error are still quite considerable in the aggregate data set that they use. Their research also confirms that subjective perceptions data are not only more relevant but also at least as reliable as objective sources of data. Yet, they also agree that their approach to data collection and analysis is not the only one. As Kaufmann himself expressed it at the 11th International Anti-Corruption Conference in Seoul in May 2003: “No one has monopoly on data in this business”.

Our study has drawn on three sources of data: survey ratings and personal comments provided by the WIPs as well as insightful commentary and analysis by the country coordinators. Thus, ours draws on both quantitative and qualitative sources of data. This way, it is richer than the cross-sectional studies done by the econometricians in the World Bank. Behind each score we have an interesting story line. We realize that there is much more that could have been said in the seven data papers, but even with the limits we have been forced to accept, we consider the WGS to be an important complement to the aggregate data set that has been produced by the World Bank.

This does not mean that what we have achieved so far is good enough. We would like to extend our survey in a second phase to a larger number of countries, including this time also countries belonging to the Organization for Economic Cooperation and Development (OECD). Our study has shown that good governance is not the privilege of the rich. It is possible and occurs also in poorer countries of the world. We are interested to be able to compare ratings from industrial societies with those of the developing world. Our assumption is that in a subjective perceptions index of the kind that we have developed, there is room for interesting surprises. In addition to refining our instrument, we would

¹⁸ See, e.g. Kaufmann et al “Governance Matters”, *op.cit.*, Governance Matters II, *op.cit.*, and “Governance Matters III, *op.cit.*

also like to ensure improved sampling procedures and an even more enriched commentary, especially by the country coordinators.

We also believe in the value of specific case studies to highlight peculiarities in the aggregate data. We believe, as suggested above, that there is no single road to good governance. Moves in that direction follow divergent paths. There is enough evidence from around the world to suggest that too rigid adherence to a single paradigm may constraint rather than facilitate the development of better governance. The example of the Asian financial crisis in 1997-98 is a case in point, as is the economic crisis in Argentina in 2001. Poor implementation of the ‘right’ policy is not an adequate explanation. Missing is a reference to the value on indigenous institutions and their own dynamics. We share the perspective of the “Governance in Asia Revisited” Study Group, to which we have referred above, when its members point to the value of seeing improved governance not merely as a result of adopting practices from the outside but as the product of strengthening already existing institutions.

What we are saying here is that while progress continues to be made in terms of quality of data on governance issues, the research community still has a long way to go. We are also indicating that even with further improved data, it is necessary to be cautious in interpreting correlations between governance and development. We are unable at this point – and probably in the future as well – to confirm to the interested policy-maker whether the causal link goes from improved governance toward reduction in poverty or vice versa. We may be able to demonstrate which requisites are associated with good governance, but not which of these are also prerequisites for good governance.

We also believe that a focus on governance has its advantages over a more narrow and normatively defined focus on democratization. The vast majority form ‘diminished’ subtypes of democracy, i.e. they are to be found somewhere in the no man’s land between democracy and autocracy. Furthermore, it is by no means clear that all countries are moving in a democratic direction. Even though one has to be cautious in reading too much into the aggregate data of the World Bank, Kaufmann and his colleagues are issuing a warning when they show that their study reveals a decline, not an improvement

in governance over the past six years¹⁹. Governance, if defined as a voluntarist activity aimed at changing and managing the rules of the ‘political game’, emphasizes that progress is possible even at levels and in contexts where liberal democracy is not much present. It also demonstrates that malgovernance is present in countries which may rank high on a democracy index. A governance focus also allows us to discern the fact that people appreciate not only the democratic quality of a given regime but also its stability. It suggests to us that patience often matters, a quality that many international agencies supporting democratization or ‘good governance’ tend to have very little of.

Conclusions

Having presented our work in detail and having completed the analysis of the data, we do wish to remind the reader about what we consider to be the principal achievements with this first attempt at making sense of the governance concept in an empirical and ‘real-world’ context.

The first achievement is our ability to develop a comprehensive framework and process-oriented set of indicators for assessing governance at the national level that have been accepted and produced meaningful results in all countries where the study was conducted. The sixteen countries included here represent over half the world’s total population.

The second achievement is the success we experienced in the actual field tests of our approach. Nowhere did we encounter objections or refusals by our respondents. Our response rate in the survey was generally good or excellent. The opportunity for qualitative comments in addition to the ratings added considerable value to our study, as did the reports that we receive by each country coordinator on the quality of the data and the contextual factors that may help explain the ratings. As suggested throughout the data papers, these reports have been valuable in the overall analysis that we have done of the aggregate data.

¹⁹ Kaufmann, Kraay and Mostruzzi, *op.cit.*

The third achievement, in our view, is our ability to apply the governance concept for analytical usage. The 'rules-in-use' orientation that we have adopted in this study provides not only a more coherent focus but also a better understanding of how governance is a dynamic, yet different, variable from policy-making or policy implementation. We bring to the table the idea that governance relates to regime and thus to the framework of rules within which policy is being made and implemented.

The fourth achievement is a definite sense that our approach is a valuable complement to other studies in the governance and democratization fields. First of all, it adds value to the econometric studies of governance that are being used by the World Bank and many other agencies in this field. Secondly, it provides a challenge to the many studies of democratization that try to measure a set of variables that are problematic in a global perspective because of their particular Western origin. It shows that good governance is not correlated with level of economic or political development. It is possible many different kinds of context.

These achievements notwithstanding, we are the first to admit that we still have a long way to go in terms of making better sense of governance. Our study has been exploratory and meant to indicate governance research for the future as much as to provide definite answers to key governance questions.