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Governance and Good Governance: A Theoretical Framework

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Abstract
"Good governance" as an issue of development is being widely used for improvements in socio-economic outcomes and for aid effectiveness and considered as the effective tool for overcoming multidimensional challenges existed in both developed as well as developing countries of the world and it has generated increasing attention and debate both at the national and international level over the past two decades**.** The concept of 'good governance' conveys the qualitative dimension of governance that indicates effective, efficient, participative, or democratic form of government which is responsible for transparent and accountable management of human, natural, economic and financial resources for equitable and sustainable development. Addition of the adjective 'good' to governance has given a sense of enhancement and almost become an obsession in the recent debates on international development and public administration in developing countries. Other than the nations, international organizations such as the World Bank, the United Nations Development Programme (UNDP), Asian Development Bank (ADB), the Organization for Economic Co-operation and Development (OECD), the European Union (EU) and other donor agencies, have given rigorous importance to the issue of governance – particularly for aid receiving countries. The purpose of this article is to develop a conceptual framework on governance and good governance. This article highlights the emergence of governance as a shifting paradigm from government along with the differences between government and governance. It also focuses the meaning of governance and good governance in general and particularly the views from World Bank and UNDP as a problem solving mechanisms. For ensuring effective performance of the institutions, different international organizations like World Bank and UNDP addressed good governance indicators which are also explore in this article.
Keywords: Governance, Good Governance, Theoretical Framework

1. Introduction

Good governance is believed to be the key issue for providing quality services through ensuring quality management. It is believed that good governance is not only the appropriate mechanism for achieving superior quality but it is certainly a necessary one. Governance sets the parameters of management. A mismanaged enterprise cannot flourish **(World Bank, 2000:59 cited in Ehsan, 2008)**. The objectives of this article are to develop a conceptual framework regarding governance and good governance. For this purpose, the emergence of governance as a shifting paradigm from government is highlighted in this article along with the differences between government and governance as well as focusing the meaning of governance and good governance in general and particularly the views of World Bank, and UNDP as a problem solving mechanisms. This article also explores the good governance indicators which are addressed by different international organizations especially by the World Bank and UNDP for ensuring effective performance of the institutions. However, before conceptualizing the term "governance" and "good governance", we first try to explain the historical backgrounds of the shift from 'government to governance'.

2. From 'Government' to 'Governance': A Paradigm Shift

The general argument in the governance literature is that a wide variety of developments have undermined the capacity of governments to control events within the nation state. Trends like the flow of power away from traditional government institutions upwards to transnational bodies and downwards to regions and sub regions the rise of global markets, the increasing importance of networks and social partnerships, greater access to information, and growing social complexity are usually held accountable for this. As a consequence, the state 'can no longer assume a monopoly of expertise or of the resources to govern, but must rely on a plurality of interdependent institutions and actors drawn from within and beyond government' **(Newman, 2001:11—12).** This trend is also referred to as a shift 'from government to governance'.

The topic of governance is at the cutting edge of a number of cognate disciplines; for example, law, sociology, management and economics, political science and European studies. The notion is hard to pin down, but it does seem accepted that a number of forces have converged so as to change the nature of what it means to govern: forces such as globalization (in disputed ways), Europeanization, devolution, pressures on the traditional welfare state, and new political cultures in which traditional methods of delivering the services of the welfare state are no longer regarded as 'empowering'. It is also accepted that there is a discernible difference between government and governance. This is not to say that governance is displacing government; merely that the two forms of activity coexist **(Meehan, 2003:2).** Kettl defines government as the structure and functions of public institutions, and governance as the way of government gets its job done **(Kettl, 2002).**

Analysts of governance focus on a range of new arrangements and practices. These include the fragmentation or sharing of public power amongst different tiers of regulation such as the European Union (EU), state governments, and sub-state governments. Secondly, they point to other arrangements encouraging policies to be formulated and implemented away from the centre; the 'hollowing out' of the state through the 'agentization' of government and the privatization of the provision of utilities and services **(Rhodes, 1997)**. Thirdly, analysts note an increasing reliance on partnerships, networks and novel forms of consultation or dialogue that are at the heart of 'Third Way' thinking about policy design and delivery **(Meehan, 2003:2).**

In the 1990s the public sector experienced a shift in the dominant 'steering' paradigm. The idea that government could effectively intervene in societal developments and solve societal problems from a centralized and hierarchical position, detached from society, and according to the goals laid down in policy programs, met with a lot of criticism. Traditionally, the government was placed in the center of societal developments and problems. Ineffective government interventions were primarily seen as flaws in the 'machinery of government', as the result of imperfect knowledge about the nature and effects of the problem, and as the product of a mismatch between the policy instruments that were used and the policy goals that were formulated. In the 1990s, we can observe the emergence of a new steering paradigm which is called the 'governance paradigm', in contrast to the classical 'government paradigm'. This shift from government towards governance implies that **(Bekkers; Dijkstra; Edwards; and Fenger, 2007:3)**:

• Government is not an entity but a conglomerate of actors;
• Government is not the only actor that attempts to influence societal developments, and
• Government interventions are interventions in policy networks, in which power, resource dependency, and strategic behavior are vital elements.

Since the I990s, this idea has met with a lot of criticism, and some of these criticisms is captured under the label of the governance paradigm. These above mentioned are the key assumptions of governance paradigm.

The paradigm shift from 'government to governance' gives government organizations a position in complex exchange networks, characterized by (inter) dependency and communication relations with relevant stakeholders in their environments (other governments, citizens, companies, and societal organizations). A key element in the governance concept is the ability of organizations to self-organize and self-regulate along with other organizations, sectors and levels of government, out of which new forms of coordinated or collective action may arise **(Bekkers; Dijkstra; Edwards; and Fenger, 2007:3-4)**.

As has been stated in the previous section, the governance approach emerged against the background of critics of the state's capacity to deal with societal problems. The persistence of crime, unemployment, poverty, and hunger in Large parts of the world, created doubts about the problem-solving capacity of local, regional, national and supranational governmental institutions. More specifically, we can identify five 'crises of the state' that have contributed to the emergence of the governance paradigm: a financial crisis, a regulatory crisis, a rationality crisis, an implementation crisis, and a complexity crisis **(Bekkers; Dijkstra; Edwards; and Fenger, 2007:17)**.

The distinguish characteristics between government and governance is presented below:

3. Government & Governance: Comparative Concepts

Over the past two decades, there has been a shift in the approach to public administration is problem solving approach in all over the world. This section intends to explore the elements of the "government" with comparison to the "governance" perspective. The contents of Government and governance are examined followed by the evolution of the concept of governance.

In recent years, the vernacular of public administration has developed from discussions about "government" towards the concept of "governance" **(Kamarack, 2002; Newland, 2002; Sehested, 2003)**. Government and governance are concepts that have parallel meaning in terms of public problem solving, societal control systems, and extant political and policymaking activities. However, it is these very concepts at which the two terms diverge. If governance is distinguished from term government, it may be defined as - "governance" is what a "government" does. It might be a geo-political government (nation-state), a corporate government (business entity), a socio-political government (tribe, family, etc.), or any number of different kinds of government. But governance is the kinetic exercise of management power and policy, while government is the instrument (usually, collective) that does it. The term government is also used more abstractly as a synonym for governance, as in the Canadian motto, "Peace, Order and Good Government".

The term "government" refers to the dominant role of the state in directing the distribution of public goods and includes both traditional leadership perspectives and historic public administrative functions **(Knepper; Sitren and Smith, 2005).** "Government" is often depicted as an organization; in the United States there are more than 87,000 governments **(Milakovich & Gordon, 2001),** each a unique entity designed to address specific public concerns. The vast majority of these governmental entities are local units. This proliferation of government, particularly at the local level, has contributed to the evolution of government as a unique organizational unit, rather than government as a system of services, policies, and relationships among policymakers that crosses political and organizational boundaries. Further supporting the concept of government as a unit, substantial research has been conducted on government's direct service activities. For the general public, government is often considered through the veil of these services, government-as-problem solver is perhaps the most recognized popular conceptualization of government **(Knepper; Sitren and Smith, 2005)**.

Conversely, the term "governance" has emerged to imply a more interactive and symbiotic relationship, in effect the creation of partnerships. The concept of governance is grounded in a collective action approach to problem resolution. This approach involves integrating stakeholders and communities to resolve complex and messy public problems by including not only the state but also many independent organizations (public, private, semipublic, and even religious) that somehow contribute to the pursuit of the public interest **(Kamarac,2002).** Governance recognizes and embraces a global perspective; and ultimately, it recognizes that new "tools" are required for achieving success in addressing contemporary public problems **(Knepper; Sitren and Smith, 2005)**.

There has been a historical perspective that governance is a process by which the government governs persons. This presumption, based on the theory of sovereignty, also presumes that a sovereign government is a collective unit that is able to govern and is not subject to governance by others. However, in a global environment with intertwined economies and instantaneous communication, this is no longer feasible **(Knepper; Sitren and Smith, 2005).**

Finally, the allure of the "governance" model for many public organizations is that partnerships have the potential to include collective input from the community thus increasing the degree of "social capital" available in the relevant district, county or state. This echoes the thoughts of German philosopher, Habermas who supported "a strong state and civil society, open access to decision making, new forms of participation outside institutional roles, more informed public judgment through citizen engagement in public deliberation and greater freedom for citizens to criticize the activities of the state" **(Reddel, 2002:57).**

3.1 Contrasting Dimensionality of Government and Governance

In examining the concept of governance the following question arises; how dissimilar are "governance" models from the "government" model? An analysis of the contrasting dimensions of the two models suggests that they are radically different. Governance rejects traditional public management theory of hierarchical designs with centralized control. Instead, governance embraces collaborative ventures that require facilitation, rather than coercion to accomplish desired tasks. In contrast to silo decision-making, governance relies upon a network of stakeholders working together to achieve outcomes **(Salamon, 2002; Mayntz, 2003; Daly, 2003)**. As traditional public administration and new public management emphasize management skills, new governance demands new skills of public sector employees by focusing on enablement skills and innovative methods for public problem solving. Enablement skills are those skills required to engage partners arranged horizontally in networks, thereby bringing multiple stakeholders together for a common good **(Salamon, 2002).**

Sociologist Max Weber's 1978 [1922] theory of a rule-governed bureaucracy, for example, was weighted heavily towards strict impartial rules and clearly defined roles that aimed to produce obedient and efficient public servants. In the past, a bureaucracy with clearly defined rules and roles was viewed as the solution to inequitable, unreliable and arbitrary practices. In fact, bureaucracies were viewed as a logical method of standardizing service delivery to the community, in hope of providing equity and efficiency. Contemporary critics of Weber's "government" approach argue that bureaucracies restrict agencies and governmental actors to concerns of dominance, orderliness, and permanence. These criticisms are frequently used to chide organizational structures that employ the "government" perspective, particularly the stereotype of the contemporary bureaucracy with a rigid hierarchy, high rate of inefficiency and minimal risk taking. A dichotomy exists between government's emphasis on nationalism and the governance reliance on federalism. **Oakerson and Parks' (1989)** argue that the government highlights a bureaucracy while governance represents a democracy. Furthermore, Reddel states "the concept of new governance centers on management by negotiation and dispersed networks rather than traditional methods of hierarchical command and control" **(Reddel, 2002:50).** Contrasting the dimensionality of government and governance models is summarized in Table 1.

Table 1: Government and Governance: Parallels and Dissimilarities

Attribute	**Government**	**Governance**	**Shared Attributes**
Motivation	Collective Goods	Collective Action	Broad scope
Control Mechanisms	Coercive	Collaborative, facilitative	
Primary Function	Direct Service/Indirect Service	Indirect Service	Indirect services
Infrastructure	Centralized/ Hierarchical/ Bureaucratic/ Rigid	Decentralized/public-private-multi-level-transnational/ Flexible	Some level of administrative structure
Vision	Client based problem solving	Constituent empowerment; engagement of stakeholders	Problem solving
Mission	Serving customers	Building relationships	Societal improvements
Sphere of Public Administrator's Influence	Local/Regional	Regional/Global	Regional
Accountability	Regulation, procedures, traditional public administration	Reward/punishment balance	
Unit of Analysis	Program and Organizational Outcomes	Community-wide, long term outcomes	Analytical Measurement
Teaching Emphasis	Internal mechanisms for improving administrative functioning, may include managing outsourcing of service deliverables	Creative thinking, enablement skills, mediation skills, cross-boundary relationship building	

Source: Adapted from Tim Reddel (2002: 59)

Salamon (2002) argues that traditional "government" has been reluctant to embrace the "governance" model because it continues to utilize an inappropriate unit of analysis. **Reddel (2002)** describes the basic divergence of the government and governance models as the result of the dichotomy between centralized authority in traditional government administration, and the coordination and decentralization inherent to governance. In shifting the public problem solving focus from agencies to political tools, the new governance also shifts from a vertical structure (i.e., hierarchy) to a more horizontal structure (i.e., network). A dramatic shift in control mechanisms drives systemic changes in public problem solving and exchanges the concerns of dominance and orderliness for persuasion and complexity. Reddel (2002) illustrates the concept of new governance with a focus on management by negotiation and discrete networks rather than the traditional hierarchal command and integrated control **(Knepper; Sitren and Smith, 2005).**

4. Conceptual Definition

4.1 Governance

Governance is a multifaceted concept with wide ramifications. This is so because of the fast-changing and interdependent global environment. No country can afford to continue with a governance system that is outdated, slow, ineffective, expensive, and corrupt in this age of globalization **(Khan, 2003).** Governance though is increasingly widely used it is not a new term. It was first used in the fourteenth century. At that time it was used in two senses. In first case it meant action, method of governing; and in the second sense it included action and manner of governing **(Khan, 2006:19)**.

Governance has a dual meaning; on the one hand, it refers to the empirical manifestations of state adaptation to its external environment as it emerges in the late twentieth century **(Pierre, 2000);** on the other hand, governance also denotes a conceptual or theoretical representation of coordination of social systems and, for the most part, the role of the state in that process **(Pierre, 2000).**

In general terms, it can also denote "how people are ruled, how the affairs of the state are administered and regulated as well as a nation's system of politics and how this functions in relation to public administration and law" **(Landell-Mills and Serageldin, 1991:304)**.

Governance is defined as "a system" of government concentrating on effective and accountable institutions, democratic principles and electoral process, representation and responsible structures of government, in order to ensure an open and legitimate relationship between the civil society and the State **(Halfani et al. 1994:4)**.

In the broadest sense, governance concerns performance of the government including public and private sectors, global and local arrangements, formal structures, informal norms and practices, and spontaneous and intentional system of control **(Roy, 2006:5).** McCarney *et al* define governance as a system of government concentrating on effective and accountable institutions, democratic principles and electoral processes, representative and responsible structures to ensure an open and legitimate relationship between the civil society and the state **(McCarney et. al.**,1996 **Cited in Khan, 1997).**

Governance is basically a process by which stakeholders' interest are articulated, their input is absorbed, decisions are taken and implemented, and decision makers are held accountable **(Bakker, 2003 cited in Aminuzzaman and Sharmin, 2006).** According to **McCarney et al., (1995)** governance is "the relationship between civil society and the state, between rulers and the ruled, and the government and the governed." Governance, thus, not only include the political and administrative institutions of government and interrelationships but also the relationships between government and society including the disadvantaged **(McCarney, 1996).**

Governance broadly deals with the political process that attempts to raise the living standard of the people to create an environment for them to enjoy the benefits of freedom equally. The political philosophy and objectives of different governments, the economic policies, the internal and external security of the nation and the relationships with other nations are important aspects that shape the type of governance **(Gunapala, 2000).** However, there are at least seven separate uses of governance relevant to the study of Public Administration: corporate governance; the new public management; good governance; international interdependence; socio-cybernetic systems; the new political economy and networks **(Rhodes, 2000).**

The majority of the academic scholars, working with international development and donor agencies, has concentrated almost exclusively on the issue of political legitimacy, which is the dependent variable produced by effective governance. Governance, as defined here, is "the conscious management of regime structures, with a view to enhancing the public realm".

The contribution of Goran Hyden to bring greater clarity to the concept of governance needs special attention. He elevates governance to an "umbrella concept to define an approach to comparative politics", an approach that fills analytical gaps left by others. Using a governance approach, he emphasizes "the creative potential of politics, especially with the ability of leaders to rise above the existing structure of the ordinary, to change the rules of the game and to inspire others to partake in efforts to move society forward in new and productive directions".

His views boil down to the following:

- Governance is a conceptual approaches that, when fully elaborated, can frame a comparative analysis of macro-politics.
- Governance concerns "big" questions of a "constitutional" nature that establish the rules of political conduct.
- Governance involves creative intervention by political actors to change structures that inhibit the expression of human potential.
- Governance is a rational concept, emphasizing the nature of interactions between state and social actors, and among social actors themselves.
- Governance refers to particular types of relationships among political actors: that is, those which are socially sanctioned rather than arbitrary.

According to **Rhodes (1997: 53)**, 'governance' has the following characteristics:

• Interdependence between organizations.

• Continuing interactions between all kinds of public, semi-public, and private actors within several societal domains and at different levels.

• Game-like interactions, rooted in trust and regulated by rules of the game negotiated and agreed by the actors involved.

• A significant degree of autonomy from the state.

If we concentrate our attention on the discussion on governance and the characteristics that Rhodes has discerned, we are able to stipulate three striking elements that give us an indication about the essence of governance.

The first element is the notion of self-regulation in policy networks. Due to the organizational fragmentation of society and government itself, government is not able to control society and societal developments from one single, super-ordinate position. Governance implies that government has acknowledged the fact those organizations (and in a broader sense society in general or specific societal actors) have self-regulating or self-organizing capacities. Collective action within society or within a policy sector can be seen as the outcome of self-regulation through negotiation, exchange and communication **(Kooiman, 1993).**

Following the recognition of self-regulative capacities and the necessity to coordinate their activities due to the increased interdependencies between the organizations involved, the issue of cooperation is a second striking characteristic of governance. Governance can be understood as the way in which different actors or organizations with different interest's positions and views are capable of co-producing common or shared goals or outcomes. For this reason, governance arrangements can often be seen as co-operation structures. Governance is about 'sustaining co ordination and coherence among a wide variety of actors with different purposes and objectives such as political actors and institutions, corporate interests, civil society, and transnational organization **(Pierre and Peters 2000:4).**

Third, governance might be seen as a way of creating binding decisions for a collective entity, which implies that governance practice can be understood in terms of a political order or a political system. Through the co-operation and co-production of several actors or organizations, the collective decision-making that takes place is, in essence, political decision-making the decisions refer to the allocation of public goods or public values for a community. This raises a number of questions that refer to the legitimacy of these governance arrangements. For instance, who is responsible for the quality of this decision-making process and its output and outcomes in these governance arrangements? Or, who has access to these 'new' decision-making processes that go beyond the established decision-making processes of the traditional institutions of representative democracy? **(Fenger and Bekkers, 2007).**

To conclude, it is clear that the concept of governance has over the years gained momentum and a wider meaning. Apart from being an instrument of public affairs management, or a gauge of political development, governance has become a useful mechanism to enhance the legitimacy of the public realm. It has also become an analytical framework or approach to comparative politics, administration and international relation.

4.2 Good Governance

The World Bank first used the concept of good governance in its 1989 report, *Sub-Saharan Africa: From Crisis to Sustainable Growt*h, in which it characterized the crisis confronting the region as a "crisis of governance" and linked ineffectiveness of aid with governance issues **(Singh, 2003)**. Since then, Good governance is now-a-days a widely used term in developed as well as developing countries. Politicians both in power and in opposition talk of their quest to achieve good governance. In true sense, government reform is a worldwide trend and `good governance' is the latest flavour of the month for international agencies such as the World Bank, shaping its lending policy towards third world countries. For instance, Good governance defines an ideal which is difficult to achieve in full. However, to ensure sustainable human development, actions must be taken to work towards this ideal. Major donors and international financial institutions, like the IMF or World Bank, are increasingly basing their aid and loans on the condition that reforms ensuring good governance are undertaken.

Good governance is characterized by an accountable government at the top, an independent judicial system, freedom of thought and expression, and above all, freedom of choice for its citizens. Good governance also implies a democratic structure, human rights, and freedom of media. Governance can be viewed as the sum of three major components: process, content, and deliverables. The process of governance includes factors such as transparency and accountability. Content includes values such as justice and equity. It must ensure that the citizens, especially the poorest, have the basic needs and have a life with dignity. A dictatorship that delivers basic needs to the citizens is no doubt better than a dictatorship that does not, but it is not good governance. Similarly, regular elections alone do not translate into 'good governance'. Rule of law that is transparent, but unjust- such as apartheid- is certainly not 'good governance'. It is only when all these three conditions are fulfilled that governance becomes 'good governance'. Within this broad conceptualization of good governance there are two distinct positions. The first, articulated by the World Bank conceptualizes good governance as management of a country's resources and affairs in a manner that is open, transparent, accountable, equitable, and responsive to people's needs. Others argue that governance is 'good' when it serves not just any public interest but that of the most poor and marginalized people in society. Over the years, good governance has emerged beyond being a value concept. Increasingly it is understood as a process that when implemented in its totality leads to sustainable development and change **(Aminuzzaman, 2006)**.

5. Good Governance: from the view of World Bank and UNDP

The emergence of "good governance" as a paradigm structuring international interventions and the related trend of political decentralization have had a profound impact on the roles of, and interactions between, decision-makers at the international, national and sub-national levels.
Here the meaning of "Good Governance" is mentioned from the World Bank and UNDP's point of view:

5.1 The "Good Governance" Concept of the World Bank

Now-a-days, governance has become a central component in any explanation of economic and social development of any country. "By governance we mean the manner in which power is exercised (…) in the management of a country's social and economic resources" **(World Bank, 1994)**. According to the World Bank governance is defined as "the process of decision-making and the process, by which decisions are implemented or not implemented" (Kaufman et al, 1999). Following the definition from the World Bank, governance includes three dimensions, such as; "[1] the process, by which governments are selected and replaced, [2] the capacity of government to effectively formulate and implement sound policies and [3] the respect of citizens and the state for their institutions that govern interactions among them" **(Kaufman et al., 1999).**

According to the World Bank, the aim of governance should be to promote and establish effective institutions in order to support economic growth in a country. According to World Bank 'Good governance' is epitomized by predictable, open, and enlightened policy making, a bureaucracy imbued with a professional ethos acting in furtherance of public good, the rule of law, transparent process, and a strong civil society participating in public affairs. Good governance fosters strong state capable of sustained economic and social development and institutional growth **(World Bank, 1997).**

According to **Johnson (1997: 10)** the World Bank's perception of "Good Governance" is primarily focused on economic development, rather than on sustainable development and she points out that the World Bank "makes a clear distinction between the political and economic dimensions of governance".

The World Bank report "Aggregating Governance Indicators" from 1999 suggests six indicators to measure "Good Governance" performance of countries **(Kaufmann et al., 1999).**The latest estimates of the six dimensions of governance (Table-2) are from 2005 **(Kaufmann et al. 2005),** covering 209 countries for five time periods: 1996, 1998, 2000, 2002 and 2004. The values of the six governance indicators range from a minimum of minus 2,5 to a maximum of plus 2,5 with higher values indicating "Good Governance".

Table 2: The Indicators of Governance prescribed by World Bank

1.	Voice and Accountability
2.	Political Stability
3.	Government Efficiency
4.	Regulatory Quality
5.	Rule of Law
6.	Control of Corruption

Source: Kaufmann et al. 2005

The first indicator, "voice and accountability", includes indicators measuring different aspects of political processes, civil liberties and political rights. It captures the extent to which citizens of a country can participate in the selection and control of their governments. Further the existence and role of an independent media taken into account. The second aggregate measure, "political instability and violence", accounts for the likelihood that the government in power will be destabilized or overthrown by unconstitutional or violent means. The aggregate measures three and four refer to the capability of governments to formulate and implement sound policies. "Government effectiveness", captures the quality of public service provision and the bureaucracy, the competence of civil servants, the independence of the civil service from political pressures as well as the credibility of government commitment to policies. The fourth measure "regulatory quality" includes indicators of market-unfriendly policies such as price controls or inadequate regulations in foreign trade or business development. The fifth measure "rule of law" accounts for the existence of fair and predictable rules, which form the foundation of economic and social interactions. It focuses on the effectiveness and predictability of the judiciary and the enforceability of contracts. Finally, "corruption" as the sixth measure considers "the exercise of public power for private gain" **(Kaufman et al., 1999).**

The World Bank underlines that "governance is an ideal, which is difficult to achieve in its totality. However, actions must be taken to work towards this ideal with the aim of making it a reality" **(Kaufman et al., 1999)**.

5.2 The UNDP Concept of "Good Governance"

From the View of UNDP, 'Governance' can be seen as the exercise of economic, political and administrative authority to manage a country's affairs at all levels and the means by which states promote social cohesion, integration, and ensure the well-being of their population **(UNDP, 2002).** It comprises the mechanisms, process, and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations, and mediate their differences **(UNDP, 1997).**

The United Nations Development Program defines the concept of governance in a broad sense and relates it to that of sustainable human development. "Sound governance has come to mean a framework of public management based on the rule of law, a fair and efficient system of justice and broad popular involvement in the process of governing and being governed" (UNDP 1997: 1). The aim of "Good Governance", according to the UNDP, is poverty eradication, job creation, better living conditions, and the advancement of women as well as better environmental standards. 'Good Governance', among other things, is meant participatory, transparent, and accountable. It is also effective and equitable. And it promotes the rule of law. It ensures that "the voices of the poorest and the most vulnerable are heard in decision-making over the allocation of development" (UNDP 1997: 1).

Governance has three lags: economic, political, and administrative. Economic governance includes decision-making process that affects a country's economic activities and relationship with other economies. It has major implications for equity, poverty, and quality of life. Political governance is the process of decision-making to formulate policy. Administrative governance is the system of policy implementation. Encompassing all three, good governance defines the processes and structures that guide political and socio-economic relationships (UNDP, 1997:2-3). Moreover, UNDP identifies nine core characteristics, Participation, Rule of law, Transparency, Responsiveness, Consensus orientation, Equity, Effectiveness and efficiency, Accountability and Strategic vision which can be considered as parameters for measuring good governance **(Mehta, 2000)**.

Governance encompasses every institutions and organization in the society, from the family to the state and embraces all methods - good and bad - that societies use to distribute power and manage public resources and problems. Good governance is therefore a subset of governance, wherein public resources and problems are managed effectively, efficiently and in response to critical needs of society. Effective democratic forms of governance rely on public participation, accountability and transparency.

Good governance is, among other things, participatory, transparent, and accountable. It is also effective and equitable, and promotes the rule of law fairly. Good governance ensures that the voices of the poorest and the most vulnerable are heard in decision-making over the allocation of development resources, and that political, social and economic priorities are based on broad consensus among the three stakeholders the state, private sector and civil society. All three stakeholders are critical for sustaining human development: the state creates a conducive political and legal environment; the private sector generates jobs and income; and civil society facilitates political and social interaction. With the advent of globalization and the integration of economies, the state's task is also to find a balance between taking advantage of emerging market opportunities and providing a secure and stable social and economic environment domestically.

6. Elements of Good governance

After mentioning some definitions of good governance, it is necessary to discuss its elements or factors or parameters for better understanding the concept of good governance. The following are the parameters which are identified for promoting good governance expressed by Overseas Development Administration (ODA), 1993; UNDP, 1995; and World Bank, 1999:

1. Participation; 2. Legitimacy; 3. Accountability; 4. Openness and transparency; and 5. Competence **(Kumar, 2000).**

The World Bank has defined 'good governance' with six main characteristics:

1. Voice and accountability, which includes civil liberties and political stability;
2. Government effectiveness, which includes the quality of policymaking and public service delivery;
3. The quality of regulatory framework;
4. The rule of law, which includes protection of property rights;
5. Independence of the judiciary; and
6. Curbing corruption **(Kaufmann, Daniel; Kraay, Aart and Zoido-Lobotón, Pablo, 1999).**

According to Governance Matters III, Governance Indicators for 1996-2002, World Bank identified substantially expanded and updated indicators of six dimensions of good governance. These are:

1. Voice and Accountability.
2. Political Stability.
3. Government Effectiveness.
4. Regulatory Quality.
5. Rule of Law and
6. Control of Corruption **(Kaufmann, Kraay, and Mastruzzi, 2003).**

A new set of the World Bank public sector governance indicators covering 212 countries from the period 1996-2008 has been recognized as an effective measurement tool across the world. These governance indicators focus on the following six dimensions **(Kaufmann et al., 2009):**

a) **Voice and Accountability:** measuring perceptions of 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 a free media.
b) **Political Stability and Absence of Violence:** measuring perceptions of the likelihood that the government would be destabilized or overthrown by unconstitutional or violent means, including politically motivated violence and terrorism.
c) **Government Effectiveness:** measuring perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.
d) **Regulatory Quality:** measuring perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.
e) **Rule of Law:** measuring 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.

f) **Control of Corruption:** measuring perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

UNDP identifies nine core characteristics which measure good governance **(Mehta, 2000).**

Core Characteristics of Good Governance

1) Participation : All men and women should have a voice in decision-making, either directly or through legitimate intermediate institutions that represent their interests. Such broad participation is built on freedom of association and speech, as well as capacities to participate constructively

2) Rule of Law: Legal frameworks should be fair and enforced impartially, particularly the laws on human rights

3) Transparency: Transparency is built on the free flow of information. Processes, institutions and information are directly accessible to those concerned with them, and enough information is provided to understand and monitor them

4) Responsiveness: Institutions and processes try to serve all stakeholders

5) Consensus Orientation: Good governance mediates differing interests to reach a broad consensus on what is in the best interest of the group and, where possible, on policies and procedures

6) Equity: All men and women have opportunities to improve or maintain their well-being

7) Effectiveness and Efficiency: Processes and institutions produce results that meet needs while making the best use of resources

8) Accountability: Decision- makers in government, the private sector and civil society organizations are accountable to the public, as well as to institutional stakeholders. This accountability differs depending on the organization and whether the decision is internal or external to an organization

9) Strategic Vision: Leaders and the public have a broad and long-term perspective on good governance and human development, along with a sense of what is needed for such development. There is also an understanding of the historical, cultural, and social complexities in which that perspective is grounded.

United Nations Center for Human Settlements (UNCHS) identified five elements of good governance are as follows:

1. **Accountability:** Good governance requires accountability by public officials; both elected political leaders and civil servants. Their public functions must serve the community at large.
2. **Transparency:** Good governance requires transparency in public procedures, process, investment decision, contracts and appointment. It is not sufficient that information simply be available, it must also be reliable and presented in useful and understandable ways to facilitate accountability.
3. **Participation:** Good governance requires wide participation in making public choices, such as policies and regulations (and even in the operation of markets).
4. **Rule of Law:** Good governance is built on the rule of law.
5. **Predictability:** Public and private institutions, such as government agencies and markets, must have some measure of predictability. The rule of law helps to protect against erratic uneven enforcement and the whims of public officials. But the process of making and changing public rules and expectations must also be predictable **(Mehta, 2000)**.

7. Conclusion

As evident from the above-mentioned characterization, the international agencies like World Bank, UNDP tend to equate 'governance' within the ambit of government with an emphasis on corruption, transparency, participation, and rule of law. Hence, their governance-related programs are concerned with public sector management, public administration, downsizing of bureaucracy and the privatization of state-owned companies. Without belittling the importance of these measures, the fact remains that such a narrow approach cannot help in understanding the myriad issues related to the concept of 'good governance.' The Bank as well as international donor community is oblivious to the relationship between 'good governance' and attainment of basic economic, social, and political rights. With an emphasis on technicalities, the important issues related to politics and power relations both within and among nations are not given due attention. In fact, it is due to the World Bank's financial clout and intellectual hegemony, its definition of 'good governance' has gained wider currency within the dominant academic, diplomatic and development cooperation circles **(Singh, 2003).**

It should be mentioned here more that from the above discussion of governance and good governance it is apparent that good governance is interrelated with participatory development, human rights, democratization, and economic development. A government can only be legitimate if it is based on the consent of the governed and if such is given through a recognized participatory process. Accountability of political and bureaucratic actors-a key requirement of democracy and human rights-can only be ensured through the free flow of information, scrapping of all black laws, freedom of print and electronic media, transparency in decision making and the institution of accountability mechanisms **(Khan, 2003).**

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