

Demystifying Governance: A Three Dimensional View

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The issue of governance has gained prominent ground in the development discourse. The multilateral development agencies particularly the World Bank have been pursuing the improvement in governance system as one of the recipe for poverty reduction and the sustainable development at large. However, the profile of decades of experience with the governance reform is met with hardly any success in poverty reduction efforts. Indeed, the issue of governance, particularly good governance on a functional term has historically been proved to be futile. Therefore, it is high time to demystify the whole crux of the inclusion of governance in order to realistically understand the functionalities of governance in relation to poverty reduction. I would like to uncover this reality by looking at the perspective from a three dimensional view. First dimension of understanding the perspective is the time or the historical event that has led to think governance as a pivotal part of poverty reduction efforts. The second dimension includes contextualization of the space left for governance activities keeping the local and global governance in perspective. The third dimension includes the understanding of how the issue of governance has historically been set in motion. This will involve the dynamics of governance functions and the overriding principles and rules governing the poverty reducing endeavors that are at work at the local level. Based on the articulation of these three dimensions, I would like to analyze the weak functional link of governance to poverty reduction in the following ways.

Historical Juncture of Governance Issue

Indeed, the issue of governance is nothing new. However, it has always gone through a shift in focus with the passage of time. Historically, the issue of governance came into being around the world during post-war period when the establishment of national governments and building of development of public administration in the newly emerged nation states were greatly emphasized. With this spirit, lots of efforts were underway of which a UN report entitled *Measures for the Economic Development of the Under-developed Countries* produced during sixties was an important historical juncture in the sense that the report laid emphasis on good governance for the first time as a precondition for the development of the under-developed countries. According to this prescription, "development administration" was conceived as the vehicle for achieving economic growth whereby the prime focus was given to the development of bureaucratic structure and the management of development projects. And therefore, the governance activities included the training of civil servants and military personnel while the project management was geared towards the development of public corporations or various autonomous bodies. These governance activities were at that time preached with the *mantra* that development of experts followed by civil service reform on the one hand and the growth of public corporations on the other will vitalize the economy of developing

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countries which will consequently lead towards economic growth. However, this good governance *mantra* met with failure overtime because of unfettered growth of corporations and bureaucratic dysfunctionalities leading to corruption. The fatal fate of good governance initiative has been succinctly analyzed by A.M.A. Muhith in his book *Issues of Governance in Bangladesh* whereby he mentioned that deliberate bypassing of the reorganization of political structure at one end and prioritization for the establishment of civil servants and military personnel backed by the development specialists resulted in undue accumulation of wealth in a few hands; excessive external borrowing for consumption or wasteful investment purposes, increased spending on security and endemic corruption that led to serious questioning of the so-called economic growth. Since then, the issue of governance remained muted for about two decades and during this period, the recipe for economic growth appeared with what is known as Structural Adjustment Programmes (SAPs). Thus, the reality became reverse to post-war period in that SAP under its demand management policy, prescribed, among others, for the civil service reform precisely downsizing the public sector employees while bloating the bureaucratic structure was the prime focus of post-war period. Until early 90s, SAPs and its associated safety net measures targeted to avoid worsening poverty generated huge skepticism leading to world social movement against effectiveness of macro-economic policies, which incrementally surfaced with UNDP's call for *Structural Adjustment with Human Face*. Besides, the Structural Adjustment regime passed through 80s was viewed as the decade of stagnation. Given this situation, the regime tried to find out its twisting space with the reintroduction of governance followed by Washington Consensus in the 90s which has been termed by Jan Pronk (Professor of Theory and Practice of International Development Institute of Social Studies, The Hague, The Netherlands) as the new *Mantra* in development. As he argues in his address *Collateral Damage or Calculated Default? The Millennium Development Goals and the Politics of Globalisation*: while originally adjustment-cum-safety nets had been seen as transitional, soon a new mantra was introduced as a structural precondition for development: good governance. The Washington consensus about good governance made adjustment a lasting feature of development. This historical view of introducing governance into development agenda underlines the fact that the issue of governance has got its coating from time to time whereby the ultimate vision was to achieve growth with macroeconomic recipe. And to justify it, there has already been a theorization of link between governance and poverty reduction. Now let us see how this theorization looks like.

Governance-Poverty Equation: The Calculated Default

As I mentioned before, there has been a growing trend to consider governance, precisely good governance as a precondition for development and to signify this consideration, some attempts have been made by particularly multilateral development agencies to find crucial link between governance and poverty officially. The equation thus goes like this: governance increases growth and the increased growth correspondingly reduces poverty. This equation is basically driven by the macro-economic formula, which is echoed with the Structural Adjustment Programmes (SAPs). The new dimension or assumption, which is added to this formula is that if the governance of a country is good, poverty will reduce automatically. It is important to note here that the issue of governance has historically been viewed and put into action from two dimensions i.e., the economic and

administrative while the political aspects of governance has always to a great extent been kept at low profile. I have already mentioned before Muhi's observation about how this aspect was historically bypassed by the contemporary regime and the resultant failure of good governance followed by corruption. This indicates that governance is not only about economic or administrative reorganization, which took place in the past and also being, addressed currently. Rather, the political aspect of governance is crucial in that while the economic affairs of governance will ensure growth, the weak or lack of political development process will not ensure equity and justice absence of which will reproduce poverty instead of its reduction. Therefore, the governance-poverty reduction equation led by economic considerations is a "calculated default" because, the governance as such experienced during the last decades has failed to reduce poverty. It might be argued that the issue of governance was the official agenda of 90s and therefore the experience of 80s can not be part of this calculation because this decade, characterized by SAP regime, did not explicitly pronounce governance or good governance as part of poverty reduction efforts.

This argument may seem to be convincing. But a deeper look could clarify the fact that SAPs are nothing but the reflection of an overarching ideology of governance in the sense that its package gave direction to particularly developing countries in terms of stabilization and growth. From this viewpoint, experience with SAP regime reveals that governance-poverty equation has been proved to be futile. Contemporary Poverty and Social Impact Analysis (PSIA) conducted in different parts of the world bears the testimony of it. In the context of Bangladesh, worsening condition of poverty can be attributed to what has been termed by Rehman Sobhan as "structural injustice" whereby the participation of poor people has remained absent from the dynamics of development process. Although PRSP appears to be pro-people and endorses ownership of a particular country, analysis of its process and content has already been evident as business as usual.

Given this worsening poverty scenario even, one might legitimize the governance-poverty equation on the ground that the equation will not work unless internal governance of a particular country reach the extent that is conducive to poverty reduction and therefore, it is ultimately the failure of a country, and to some extent, of the civil society to ensure governance or good governance rather than the SAP package or the PRSP process itself. The policy architects of SAPs often argues with the similar tone that they do not want to interfere with the governance issue of a particular country as it goes against its sovereignty. However, the argument for the failure of a particular country is more constructed than grounded reality because, SAP package and presently the end result of the PRSP process in functional term undermine the sovereignty of developing countries in terms of thinking of their own development in their own ways. This indicates that the space for developing countries to move the wheel of governance in their own way has shrunk. This also indicates that given the growth of governance both in the local and global level, it is critically important to look into the dynamics between local and global governance institutions in order to understand which level of governance matters to poverty reduction.

Governance Institutions and Space: Local Versus Global Governance

Overtime, the governance institutions have developed both at local state and the global levels. The issue of concern here is whether the local state level governance has enough space to govern various affairs of its own territory. To put it in other way, which level of governance has got much room for giving direction to a particular country is a matter of concern. Before shedding light on spatial perspective of governance, it is important to note here that there is always more or less the existence of *de facto* and *de jure* factors at both levels of governance. However, these two factors are more prominent in the global governance system. The *de jure* factor within global governance regime is basically characterized by the agencies under UN system while the *de facto* factors are characteristic of primarily the agencies under UN system which finally goes well beyond it and thus include a broad range of both market and non-market institutions encompassing transnational manufacturing, media and financial corporations including the transnational NGOs such as Oxfam International, Amnesty International etc. These global governance institutions have sprang up with the integration of economic, social and political relations across state boundaries particularly with the phenomenal growth of globalization. Now the question is to what extent globalization process characterizing/shaping global governance system of the contemporary world has left space for local state level governance. Although the globalization process was expected to ensure the distributive justice of global public goods, the ideology of 'globalism' emanated from neo-liberal principles has limited these potentials. If we consider economic liberalization policies and structural adjustment package under the aegis of globalization, it is empirically evident that while the development of national capacity and national growth are pivotal issues, these policies and package have hardly taken care of them. Instead, these policies have curtailed the space for national government to deal with these issues crucial for poverty reduction, which can be understood well when the issue of growth in a large way is conceptualized in such a way whereby the role of state is seen merely as the manager of conflict aroused at the local state level and the enabler of a suitable environment for business. Similarly, the Civil Society Institutions (CSI) are seen to be the saviors by providing safety-net for those who have been pushed out of poverty net as a result of dismantling of community-based livelihood mechanism caused by liberalization process. Thus, globalization process has shrunk the space for the local state level governance in general and the state in particular. As a matter of fact, the role of local state level governance has been reduced to legitimizing and implementing global policy decisions while the role of global governance has swelled up with the development and growth of global governance institutions under the aegis of globalization. With regard to the growth and influence of global governance institutions, I mentioned in my article on corruption published in the Daily Star on 8th May, 2004, that amongst three variants of these institutions, the 'global private sector governance' characterized by larger corporations of the industrialized world has unrivalled authority in terms of rule making without bothering the priorities and consequences that these global rules might have on the populace of the developing countries in general and the local state level governance in particular. This is further reinforced by the existence of the informal clubs of 7 industrialized countries known as G-7, which has been formed to be used as leverage for co-coordinating global economic policies in their favor.

Given this contours of global governance system, the leadership of local state level governance system has been passed to the outsiders and non-nationals weakening the already weakened local state level governance.

Making Sense of It All

The simple equation of governance-poverty reduction is not as simple as it is thought to be because of its relational complexity, which I have tried to figure out with a three-dimensional view of which the spatial perspective is most crucial. A holistic view of all three dimensions described so far indicates that, the issue of governance has been being used as coating of conventional macro-economic growth oriented model in order to give new liberal packages such as SAP, PRSP etc. a long lasting feature of development. My conclusion here is that governance-poverty reduction equation is not defaulted itself, rather defaulted by the way the whole issue is being governed in the contemporary world. That means the system of local state level governance will not be able to explore the potentials for poverty reduction unless the governance activities are controlled by supranational governance system or global governance system.