

# POL201Y1: Politics of Development

Lecture 21:

Fostering good institutions and democracy

# Recap

- Prolonged macroeconomic failure in much of the global South by the 1970s/1980s – a “wicked hard” problem
- Neoliberal / Washington Consensus solution: structural adjustment reforms →
- Failure of reforms → gradual realization of the need to involve the state and politics →
- Rise of the good governance agenda

# Good governance agenda

- Recognition that structural adjustment failed partly because it sought to pare down the state, rather than increase its capacity, and did not engage politics
- The necessity of 'good governance' as a prerequisite for:
  - Corruption reduction
  - Accountability improvements
  - Government decentralization
  - Better public resource management
  - Protection of the rule of law
  - Development of well-functioning, capable bureaucracies
- Benefits:
  - Poverty alleviation
  - Development
  - Intrinsically good

# Good governance agenda

- Characteristics of a 'good governance' government:
  - Small and limited in its engagement, formalized in mission and process
  - High-quality civil service responsible for design and implementation of needed programmes and delivery of efficient and effective public services via participatory processes and disciplined, efficient financial management
  - High responsiveness to the citizenry's changing needs, effected through transparent, decentralized, and politically neutral structures
  - Support for the private sector
    - Andrews, Matt. 2008. "The Good Governance Agenda: Beyond Indicators without Theory." *Oxford Development Studies* 36 (4): 379–407.

# Problems with the good governance agenda

- Good governance agenda as a way for development agencies to talk about political development without having to use the word 'politics' (which most UN agencies, including IMF and the World Bank, do not have the mandate to become involved in) or understand how politics works

# Problems with the good governance agenda

- Assumption of the existence of single best model of government effectiveness that requires great investment and amounts to “telling developing countries that the way to develop is to become developed”
- “[M]uch work on the good governance agenda suggests a one-best-way model, ostensibly of an idyllic, developed country government: Sweden or Denmark on a good day, perhaps.”
  - Andrews, Matt. 2008. “The Good Governance Agenda: Beyond Indicators without Theory.” *Oxford Development Studies* 36 (4): 379–407.

# Problems with the good governance agenda

TABLE 3  
Summary of Institutional Evolution in the Now Developed Countries

	First Adoption	Majority Adoption	Last Adoption	United Kingdom	United States
<b>Democracy</b>					
Male suffrage	1848 ( <i>France</i> )	1907	1925 ( <i>Japan</i> )	1918	1870
Universal suffrage	1907 (New Zealand)	1946	1971 (Switzerland)	1928	1965
<b>Modern bureaucracy</b>	Early 19th century			Mid-1800s	Early 1900s
<b>Modern judiciary</b>				1930s?	
<b>Intellectual property rights</b>					
Patent law	1474 ( <i>Venice</i> )	1840s	1912 ( <i>Netherlands</i> )	1623	1793
Modern patent law	1836 (U.S.)	1960s	1990s (Spain, Canada)	1852	1836
Modern copyright law				1862	1891 (1988)
Trademark law	1862 (U.K.)				
<b>Corporate governance institutions</b>					
General limited liability	1844 (Sweden)			1856 (1862)	
Bankruptcy law				1542	1800
Modern bankruptcy law				1849	1898
Modern auditing/disclosure				1848	1933
Competition law	1890 ( <i>U.S.</i> )			1919	1890
Effective competition law	1914 (U.S.)			1956	1914
<b>Financial institutions</b>					
Modern banking	Mid-1920s (U.K.)			Mid-1920s	
Central banking	1688 ( <i>Sweden</i> )	1830s	1913 ( <i>U.S.</i> )	1694	1913
Modern central banking	1844 (U.K.)	1900s	1929 (U.S.)	1844	1929
Securities regulation	1679 ( <i>U.K.</i> )			1679	Mid-19th century
Modern securities regulation				1939	1933
Income tax	1842 (U.K.)			1842	1913
<b>Social welfare and labor institutions</b>					
Industrial accident institutions	1871 (Germany)	1898	1930 (U.S., Canada)	1897	1930
Health insurance	1883 (Germany)	1911	Still absent in the U.S.	1911	(Still absent)
State pension	1889 (Germany)	1909	1946 (Switzerland)	1908	1946
Unemployment insurance	1905 (France)	1920	1945 (Australia)	1911	1935
Child labor regulation	1802 ( <i>U.K.</i> )			1802	1904
Modern child labor regulation	1878 (U.K./Prussia)			1978	1935

Note: Institutions entered in italics denote "premodern" varieties, which fell so short of modern standards in terms of coverage and enforcement that they are usually better regarded as different categories from their "modern" descendants. Source: Chang (2000, Appendix). The original contains many notes that are not reproduced here.

Grindle, Merilee S. 2004. "Good enough governance: poverty reduction and reform in developing countries." *Governance* 17(4) : 525-548.

# Problems with the good governance agenda

- Vagueness and complexity: good governance requires improvements of almost all aspects of the public sector
  - Institutions that set the rules of the game for economic and political interaction
  - Decision-making structures that determine priorities among public problems and allocate resources to respond to them
  - Organizations that manage administrative systems and deliver goods and services to citizens
  - Human resources that staff government bureaucracies
  - The interface of officials and citizens in political and bureaucratic arenas
  - Changes in political organization, the representation of interests, and processes for public debate and policy decision making
    - Grindle, Merilee S. 2017. "Good Governance, R.I.P.: A Critique and an Alternative." *Governance* 30 (1): 17–22.



# Problems with the good governance agenda

- Increasingly long and broad list of reforms:
  - “like a balloon being filled with air, definitions of ideal conditions of governance were progressively inflated, and increasingly unhelpful to those concerned about how to get there”
- Number of characteristics of good governance according to the World Development Reports:
  - 1997: 45
  - 2002: 116
  - Grindle, Merilee S. 2004. "Good enough governance: poverty reduction and reform in developing countries." *Governance* 17(4) : 525-548.
  - Grindle, Merilee S. 2017. "Good Governance, R.I.P.: A Critique and an Alternative." *Governance* 30 (1): 17–22.

TABLE 1  
The Good Governance Agenda (Based on Items Referred to in *World Development Reports*)

	1997	1998	1999/2000	2000/2001	2001/2002	2002/2003
Characteristics of good governance <sup>a</sup>	18	17	16	19	21	25
Institutions for good governance <sup>b</sup>	8	11	10	17	21	21
Specific laws <sup>c</sup>	4	14	6	9	16	9
Specific policies <sup>d</sup>	6	10	13	20	22	20
Specific services <sup>e</sup>	7	17	12	22	11	20
Broad strategies for achieving specific goals <sup>f</sup>	2	9	9	19	9	21
Total	45	78	66	106	100	116

Examples of items listed:

<sup>a</sup>Good governance means: checks and balances in government, decentralization, efficient/equitable/independent judiciary, free press, sound regulatory system, etc.

<sup>b</sup>Institutions for: bank and finance regulation, civil service, market efficiency, managing decentralization, participation, transparent budgeting, etc.

<sup>c</sup>Laws for: trademark protection, enforcement of contracts, biodiversity, foreign investment, labor standards, intellectual property rights, etc.

<sup>d</sup>Policies about: land reform, land policy, capital markets, community development, downsizing bureaucracy, fisheries, insurance, social safety nets, etc.

<sup>e</sup>Services for: HIV/AIDS, communications, public transportation, safe water, legal aid for the poor, microcredit, targeted transfers, etc.

<sup>f</sup>Strategies for: asset creation for the poor, capacity building in the public sector, empowering the poor, engaging the poor, environmental protection, knowledge development, private sector development, etc.

# Problems with the good governance agenda

- Requirement to produce poverty reduction strategy papers (PRSPs)—which outline a broad set of commitments to reform in a wide variety of policy and institutional arenas—as a condition of debt relief
  - Grindle, Merilee S. 2004. "Good enough governance: poverty reduction and reform in developing countries." *Governance* 17(4) : 525-548.

Poverty	Governance Issues
Empowering the poor	Rules for seeking and holding public office <ul style="list-style-type: none"> <li>• Fair, transparent national electoral processes</li> <li>• Power-sharing arrangements to ensure stability in heterogeneous societies</li> </ul> Oversight by political principals <ul style="list-style-type: none"> <li>• Parliamentary oversight with independent audit institutions</li> <li>• Budget that is credible signal of government policy intentions</li> <li>• Pro-poor policies</li> <li>• Sound institutions for local and national representation</li> </ul>
Improving coverage, efficiency, and sustainability of basic services	Adequate, predictable resources for sectors, local authorities <ul style="list-style-type: none"> <li>• Pro-poor budget priorities for service provision</li> <li>• Stable intergovernmental transfers with hard budget constraints</li> <li>• Hierarchical and transparent budgeting processes</li> </ul> Demarcation of responsibilities for delivery <ul style="list-style-type: none"> <li>• Assignment of responsibilities according to subsidiarity principle</li> <li>• Capable and motivated civil servants</li> <li>• Merit-based recruitment and competitive pay</li> <li>• Hiring to fill real needs, within a hard budget constraint</li> <li>• Public service that earns respect</li> </ul> Accountability downward <ul style="list-style-type: none"> <li>• Publication of accounts for local-level activities</li> <li>• Dissemination of basic data on performance</li> <li>• Mechanisms for client feedback, including report cards and client surveys</li> </ul> Flexible delivery <ul style="list-style-type: none"> <li>• Involvement of civic and private (for profit) partners</li> </ul> Development of local capacity <ul style="list-style-type: none"> <li>• Incentives to deploy staff to poor and remote areas</li> <li>• Appropriate autonomy in deploying staff</li> </ul>
Increasing access to markets	Legal and regulatory framework <ul style="list-style-type: none"> <li>• Enforcement of antidiscrimination legislation</li> <li>• Incentives for deepening of credit and land markets</li> </ul> Methods for reducing exclusion <ul style="list-style-type: none"> <li>• Enforcement of legislation against barriers to entry</li> <li>• Provision of information on labor and credit markets</li> </ul> Demarcation of responsibilities and budgeting procedures to support development and maintenance of infrastructure (e.g., rural roads) to enable physical access to markets
Poverty	Governance Issues
Providing security <ul style="list-style-type: none"> <li>• from economic shocks</li> <li>• from corruption, crime, and violence</li> </ul>	Rules for sound economic management <ul style="list-style-type: none"> <li>• Hard budget constraint for subnational and aggregate fiscal discipline</li> <li>• Efficient administration of tax and customs</li> <li>• Independent central bank to carry out monetary policy</li> </ul> Safeguards against economic vulnerability <ul style="list-style-type: none"> <li>• Recognition of property rights over physical assets</li> <li>• Access to speedy social insurance and other services through hub-and-spoke arrangements</li> </ul> Enforcement mechanisms <ul style="list-style-type: none"> <li>• Independent and adequately funded court system</li> <li>• Access to speedy recourse and redress</li> <li>• Reliable and competent police</li> </ul> Efficient courts with competent judiciary and legal personnel <ul style="list-style-type: none"> <li>• Alternative mechanisms for dispute resolution</li> </ul>

# Problems with the good governance agenda

- Result—multitude of governance reforms:
  - Undertaken at the same time
  - Differentially supported by a plethora of donors
  - Often with little thought to their sequencing and connections and their relative contributions to the overall goal
    - Grindle, Merilee S. 2004. "Good enough governance: poverty reduction and reform in developing countries." *Governance* 17(4) : 525-548.

# Whither good governance?

30th Anniversary Essay

Good Governance, R.I.P.: A Critique and an Alternative

MERILEE S. GRINDLE\*

Grindle, Merilee S. 2017. "Good Governance, R.I.P.: A Critique and an Alternative." *Governance* 30 (1): 17–22.

# Beyond good governance

- Mukand and Rodrik 2005; de Búrca et al. 2014: “experimentation”
- Knaus 2011: “principled incrementalism”
- Pritchett et al. 2012: “experiential learning”
- Heifetz 1994: “adaptive versus technical problems”
- Marsh et al. 2004: “positive deviance”
- Evans 2004 : institutional “mono-cropping” versus “deliberation”
- de Souza Briggs 2008: “democracy as problem-solving”
- Fritz et al. 2009: “problem-driven political economy”

# Beyond good governance

- Rondinelli 1993: “projects as policy experiments”
- Rodrik 2008: “second-best institutions”
- Senge 2006: “learning organizations”
- Andrews et al. 2010: “multi-agent leadership”
- Booth 2011: “best fit” strategies
- Institute for Development Studies 2010: “upside down governance”
- Levy and Fukuyama 2010: “just-enough governance”
- Grindle 2004, 2007, 2010, and 2017: “good-enough governance”
- Andrews, Pritchett, and Woolcock 2017: “problem-driven iterative adaptation”

# Good enough governance (Grindle)

- Need to think strategically about priorities:
  - Based on which actions produce more results in terms of efficiency, effectiveness, and responsiveness
  - Adapted to specific contexts, e.g.:
    - Afghanistan, Liberia, Haiti, and Sierra need basic institutions to ensure a modicum of political stability, basic physical protection of citizens, and initiatives that increase the legitimacy and authoritativeness of government
    - Nicaragua, Burkina Faso, Tanzania, Ghana, and Honduras can be assumed to have enough institutional coherence that they can begin to think more about expanding public services to their poor majorities, diminishing the most development-averse forms of corruption, and setting up systems for better management of public resources
    - India, Botswana, China, Thailand, Brazil, South Africa, and Mexico can undertake more difficult governance reforms such as putting in place transparent budgeting and accounting processes, regulatory frameworks, and risk mitigation systems for the poor
- The task of setting priorities is inherently political
  - Grindle, Merilee S. 2004. "Good enough governance: poverty reduction and reform in developing countries." *Governance* 17(4) : 525-548.

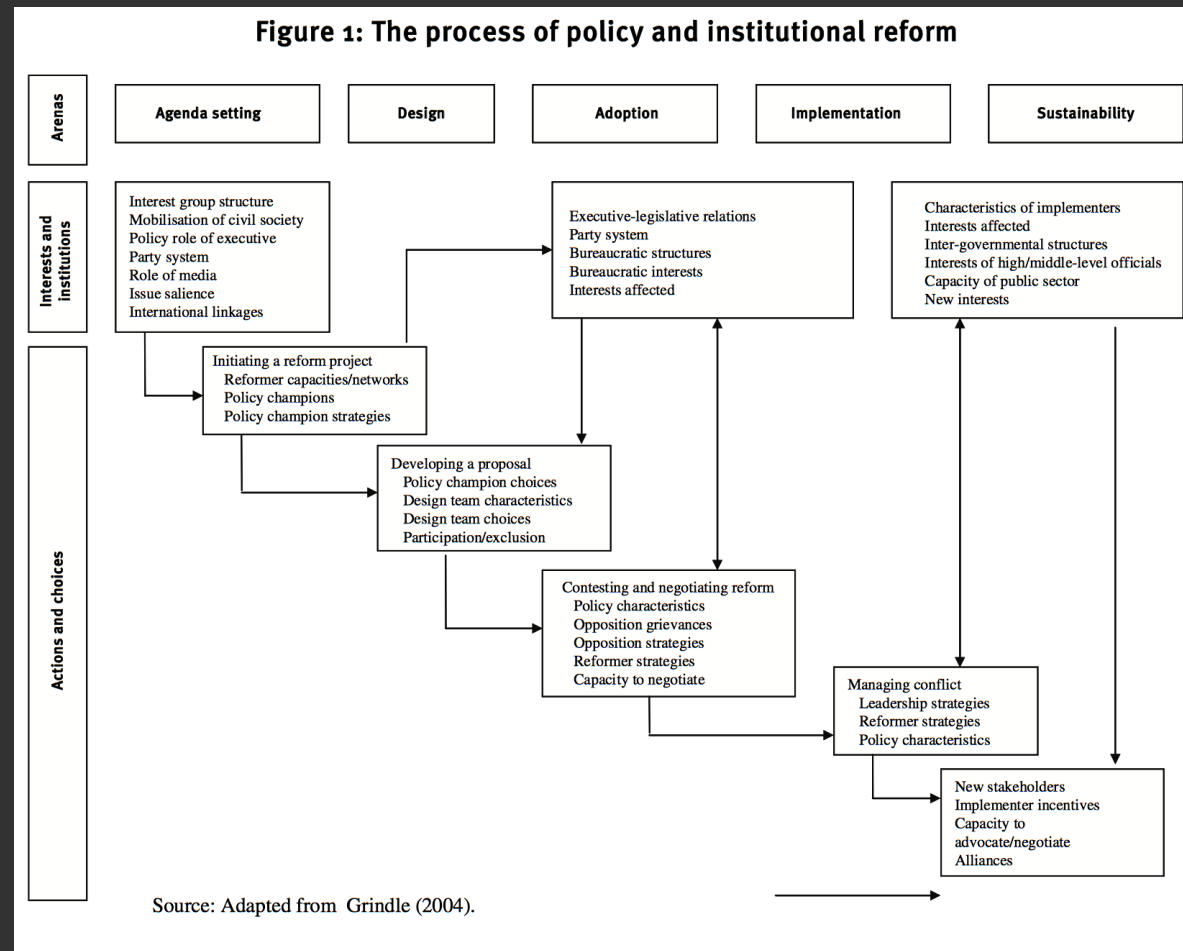
# Good enough governance (Grindle)

- Developing 'good enough' policies:
  - Assess historical record of good enough governance in now developed countries and developing countries that have achieved good enough governance
  - Assess payoffs to poverty alleviation
  - Ask questions about what is working, the roots of problems, the dynamics of change
  - Set priorities strategically
  - Assess responsibility for action
    - Grindle, Merilee S. 2004. "Good enough governance: poverty reduction and reform in developing countries." *Governance* 17(4) : 525-548.



# Good enough governance (Grindle)

- Necessity of incrementalism:



# Good enough governance (Grindle)

- “There are no magic bullets, no easy answers, and no obvious shortcuts towards conditions of governance that can result in faster and more effective development and poverty reduction.  
The task of research and practice is to find opportunities, short of magic bullets, for moving in a positive direction, yet recognising that this is not always possible.”

- Grindle, MS. 2007. “Good Enough Governance Revisited.” *Development Policy Review* 29 (September 2007): 199–221.

# Good enough governance (Grindle)

- However, some governance problems are easier than others:

**Table 6: Ease/difficulty of governance interventions**  
**Example: police professionalisation in country X as part of rule-of-law governance reform**

<b>Intervention</b>	<b>Degree of conflict likely</b>	<b>Time required for institutionalisation</b>	<b>Organisational complexity</b>	<b>Logistical complexity</b>	<b>Budgetary requirements</b>	<b>Amount of behavioural change required</b>
Increase salaries of police	low	low	low	low	medium	low
Police training in conflict resolution	medium	medium	low	medium	Low	medium /high
Civil service tests for police	high	medium	medium /high	medium	medium	high
Community boards to monitor police behaviour	high	medium	medium	medium /high	Low	high
Introduce performance-based management system	medium	medium	medium	medium	Low	high

# Going west in 2015



**Figure 6.1.** How would you get from St Louis to Los Angeles in 2015?

Source: Google Maps

Source: Andrews, Matt, Lant Pritchett, and Michael Woolcock. 2017. *Building state capability. Evidence, analysis, action.* Corby: Oxford University Press.

**Table 6.2.** A strategy to Go West in 2015

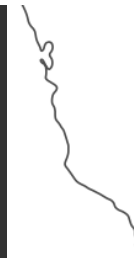
What drives action?	A clearly identified and predefined solution
How is action identified, carried out?	Reference existing knowledge and experience, plot exact course out in a plan, implement as designed
What authority or leadership is required?	A single authorizer ensuring compliance with the plan, with no other demands or tensions
Who needs to be involved?	A small group of appropriately qualified individuals

# Going west in 1804

**Table 6.3.** A strategy to Go West in 1804

What drives action?	A motivating problem that is felt by those involved
How is action identified, carried out?	Through experimental iterations where teams take an action step, learn, adapt, and take another step
What authority or leadership is required?	Multiple authorizers managing risks of the project (by motivating teams, and more) and supporting experimentation
Who needs to be involved?	Multi-agent groups (or teams) with many different functional responsibilities and talents

Source: Andrews, Matt, Lant Pritchett, and Michael Woolcock. 2017. *Building state capability. Evidence, analysis, action.* Corby: Oxford University Press.



**Figure 6.2.** How would you get to the west coast from St Louis in 1804?

# Problem-Driven Iterative Adaptation (Andrews, Pritchett, and Woolcock)

- 2 types of capability building challenges:
  - The 2015 / logistical challenge: doing things we know, using knowledge that has already been acquired, with very few unknowns about the context and very few risks
  - The 1804 challenge: doing things we do not know, given a lack of knowledge about what to do, with many unknowns about the context, many different interests, and many interactions that heighten risk

**Table 6.4.** PDIA as the strategy required for 1804 state capability building challenges

	A 2015 strategy (SLDC)	An 1804 strategy (PDIA)
What drives action?	A clearly identified and predefined solution <i>Average score: 2.4 out of 5</i>	A motivating problem that is felt by those involved <i>Average score: 4.2 out of 5</i>
How is action identified, carried out?	Reference existing knowledge, plot exact course out in a plan, implement as designed <i>Average score: 2.3 out of 5</i>	Through experimental iterations where teams take an action step, learn, adapt, and take another step <i>Average score: 3.4 out of 5</i>
What authority or leadership is required?	A single authorizer ensuring compliance with the plan, with no other demands or tensions	Multiple authorizers managing risks of the project (by motivating teams, and more) and supporting experimentation <i>Multiple leaders in all cases; average number of leaders: 19</i>
Who needs to be involved?	A small group of appropriately qualified individuals	Multi-agent groups (or teams) with different functional responsibilities <i>Evident in all cases</i>

# Problem-Driven Iterative Adaptation (Andrews, Pritchett, and Woolcock)

- 4 key principles of engagement into a way of thinking about and doing development work in the face of complexity:
  - Focus on specific problems in particular local contexts, as nominated and prioritized by local actors
  - Foster active, ongoing experimental iterations with new ideas, gathering lessons from these iterations to turn ideas into solutions
  - Establish an 'authorizing environment' for decision-making that encourages experimentation and 'positive deviance'
  - Engage broad sets of agents to ensure that reforms are viable, legitimate, and relevant—that is, politically supportable and practically implementable

# Problem-Driven Iterative Adaptation (Andrews, Pritchett, and Woolcock)

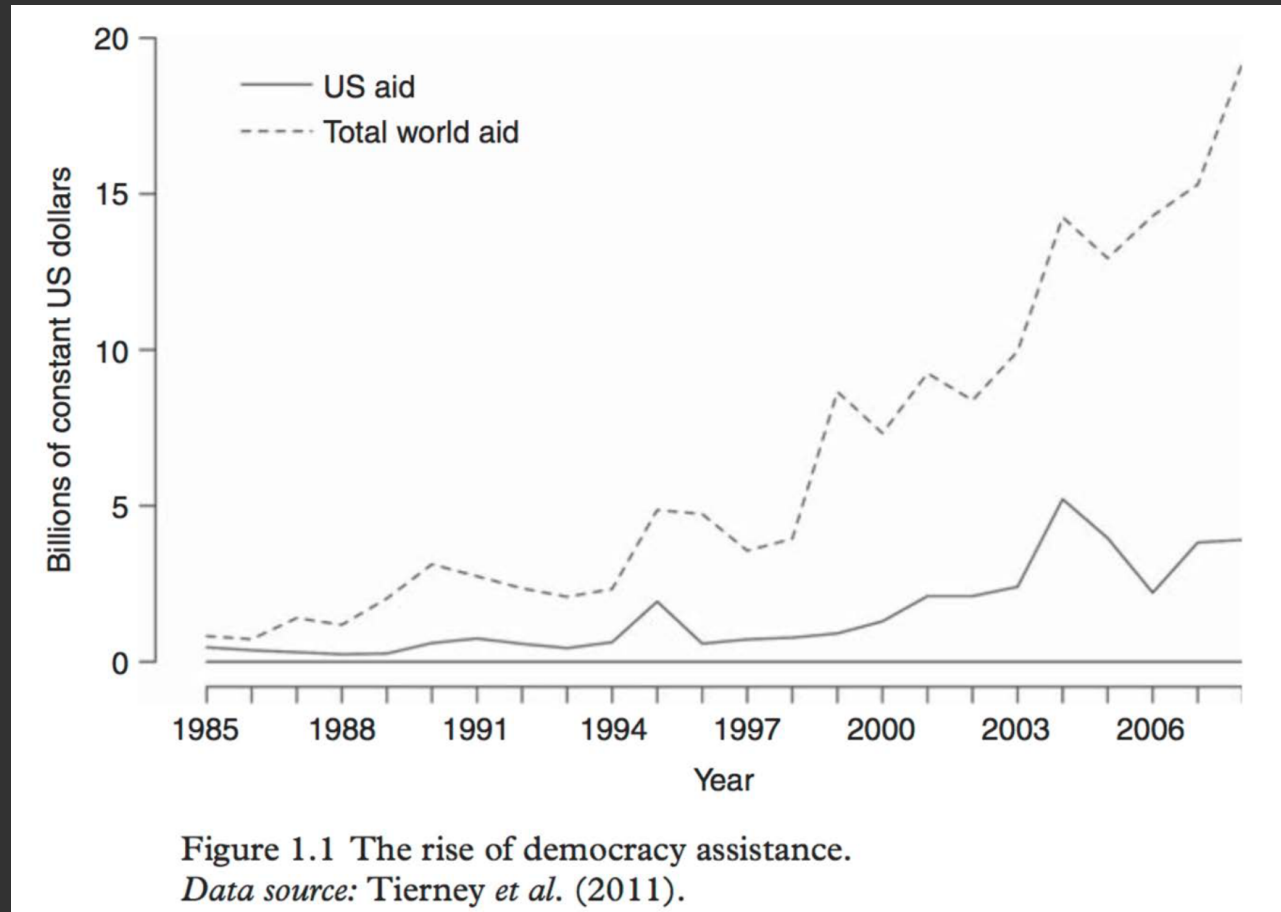
**Table 6.5.** What do my challenges look like?

My challenges	The 2015 challenges	The 1804 challenges

Source: Andrews, Matt, Lant Pritchett, and Michael Woolcock. 2017.  
*Building state capability. Evidence, analysis, action.* Corby: Oxford University Press.



# Democracy promotion



# Democracy promotion

- In the 1980s and 1990s, extensive Western support for dissidents and political organizations
- More recently, shift towards programmes that do not disturb the status quo:
  - Election monitoring
  - Local governance improvements
  - Civic education
  - Support for civil society groups
  - Training for journalists and political parties
  - Encouraging women to participate in political life
- I.e. focus on electoral processes, not electoral outcomes
- Why?
  - Donor focus on short-term, measurable intervention outcomes
  - Broader shift to incrementalism?