

# Revisiting Good Governance

## Asserting citizens participation and politics in public services

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Over the past decade there has been a marked difference in the intellectual discourse coming from the World Bank and other multilateral agencies. The emergence and prominence given to the concept of *good governance* in the discourse of mainstream development agencies since 1990 was striking. Considering its implications, there is a need to explore the factors underlying the emergence of the discourse on governance, and relate it to wider political and economic changes at the global level.

### The World Bank's new discourse and its context

The World Bank (WB) is a unique organisation. Using its financial muscle, it has been shaping policies of countries across the globe for many decades, with able support from the International Monetary Fund (IMF). At the same time, it has been the progenitor of the intellectual discourses that have ruled academic and policy circles over decades. These intellectual discourses, in turn, have often been used to legitimise and facilitate WB efforts to shape and change policies of countries.

### Genesis of the new discourse

Until the early nineties, the 'Washington Consensus' was the main influence in the discourse of the multilateral agencies (IBRD, 2005). The main prescriptions of the 'Washington Consensus' were the policies of liberalisation, privatisation and globalisation (or LPG policies). It was assumed that adherence to these policies by the developing world would result in higher economic growth and reduction in poverty. Further, the 'Washington Consensus' had a definite vision about the way development strategies should be pursued in the 'developing' world. It identified the omnipresence of the

state as the main problem, leading to perversions in the development process. Excessive intervention by the state was considered the major cause of slow economic growth. The suggested remedy was the liberation of markets from state regulation, which led to the notion of the 'minimal state'. Thus, emphasis on economic growth and efficiency, the dominance of market forces, and the 'retreating' or 'minimal' state could be regarded as the main pillars of the ideology that influenced the policy discourse of the key multilateral institutions.

In the early nineties, however, the 'Washington Consensus' and the policies of the IMF and the WB began to face severe criticisms from different sectors (Onis and Senses, 2005). Critics emphasised its failure on many counts, such as strikingly lower and unstable growth in the world economy, aggravation of economic and social problems in many countries, frequent financial crises mainly in the developing world, and slow progress in the fulfilment of the goal of poverty reduction. Thus, the fundamental principles and assumptions of the 'Washington Consensus' were seriously questioned. As a result of the unrest regarding the LPG policies, protests and resistance movements broke out in different parts of the world. In response to this growing crit-

icism and resistance, the WB restructured its discourse.

### **Key elements of the new discourse**

The changes that the WB introduced in its discourse can be summarised briefly in terms of its key elements (IBRD, 2005). First, there has been a renewed emphasis on poverty and inequality as the main concerns. Addressing the causes of poverty and inequality is regarded as essential for attaining economic and social development. There has also been a change in the accepted meaning of poverty. The WB recognised the multidimensional nature of poverty and, hence, the need to broaden development objectives to tackle this problem. The reflection of this emphasis on poverty could be seen in the choice of central themes for key documents in the subsequent period, such as the World Development Report (WDR) 1990 on 'Poverty', the WDR 2000-01 on 'Attacking Poverty', the WDR 2004 on 'Making Services Work for the Poor' and a special series called 'Poverty Reduction Strategy Papers'.

Second, the importance of institutions and governance has been increasingly emphasised in the WB's new discourse. The existence of 'weak institutions' and 'poor governance' was regarded as the main hindrance to the development process. For example, in a 1998 study titled *Assessing Aid: What Works, What Doesn't and Why*, the WB concluded that foreign aid would have made a greater impact on poverty reduction if it were focused on poor countries with stronger economic institutions and policies. Creating effective institutions was regarded as essential for successful development. The importance of sound governance and effective institutions has gained prominence over the years, with the Bank focusing on the operationalisation of 'good governance' in various ways.

Third, the WB redefined the role of the state in the late nineties. It now recognises the important role played by the state in the development process, although markets are regarded as the main engine of sustained economic growth. The state and the market are now viewed as complementary mechanisms rather than alternatives to each other. The role of the state in ensuring a conducive climate for increasing investments is considered important. The 'effective state' is also regarded as vital to creating an environment that allows the market to flourish.

It needs to be noted that the underlying concepts and the discourse have undergone many changes in subse-

quent years, following the changing concerns, needs, and priorities of the WB. Putting the themes of 'governance' and 'institutions' in the new WB discourse centre stage was followed by many international donor agencies, Northern governments, the academia, the media and even some civil society actors across the world.

### **The World Bank in the development sector**

The WB's new discourse focused on governance was therefore rooted in severe criticism of and resistance to the 'Washington Consensus'. The discourse was applied in many sectors, but more vigorously to the development and infrastructure sectors.

### **The continued centrality of economic growth**

Placing the themes of 'poverty' and 'governance' at centre stage in the WB discourse created an impression that the Bank has moved away from its earlier position of considering 'economic growth' as the sole objective of the development process. According to this changed discourse, the goal of poverty reduction has become the central objective of development efforts. This could be seen in the WB President's declaration of a 'war on poverty' and in the recognition of the multi-dimensional nature and social aspects of poverty (IBRD, 2005). Closer scrutiny of the literature produced by the Bank, mainly during the last decade, clearly indicates that the role accorded to economic growth as the main strategy for reducing poverty has remained unchanged, however.

In other words, the strategies for poverty reduction appear to be 'add-ons' to the core strategy of achieving economic growth. Furthermore, to achieve higher growth, well-functioning markets that expand economic opportunities for poor people are considered essential. Accordingly, market-friendly reforms – which involve the replacement of a strong state presence in the market by a strong presence of private enterprises – are prescribed as policies for poverty-ridden developing countries (World Bank, 2001:61-76). The market-friendly reforms are expected to create a vibrant and dynamic private sector resulting in the creation of new jobs and technological change that raises labour productivity and wages. Thus, the basic postulate of the WB development theory – 'centrality to economic growth through the free play of markets' – has not changed, even after widely publicised changes in its discourse and policies.



### **Good governance: the effective state**

The concept of 'good governance' assumes importance against this background. The WB maintains that the role of good governance is vital for well-functioning markets, and thus for the economic performance of a country (World Bank, 2002:99-101). Without going into the many different definitions of 'governance' and 'good governance', it could be said that 'good governance' essentially deals with the crucial issue of balance between the power of the state and the market. The WB had emphasised the need for the 'minimal state' until the nineties. However, in the post-nineties period the Bank acknowledged the 'effective state' as essential for economic and social development (World Bank, 1997:1).

It is recognized that the state should play a certain role to meet a broad range of collective needs, which are necessary even for markets to work better, and which markets by themselves cannot fulfil. Thus, the effective state is necessary, firstly, for providing an environment conducive for markets to flourish. Different functions of the state could contribute to fulfilling this objective. For example, the state could create, protect, and enforce property rights, without which the scope for market transactions would be limited. The effective state could ensure maintaining the rule of law in the society, thus creating a predictable and secure environment for economic agents to engage in productive activities. The state could provide rules and institutions for smooth market transactions. Another important function for the effective state is ensuring sound macro-economic policies that create a stable environment for market activity.

Second, the effective state is also seen as necessary for ensuring social justice and equality in the economy. This would indirectly help market forces, by widening opportunities for people to participate in market activities (World Bank, 2001:77-96). The effective state can also ensure social justice and equality by direct action. The state can employ coercive powers to achieve redistribution of resources and incomes. The state can also directly provide basic social services and infrastructure necessary to ensure social justice. In this way, the effectiveness of the role of the state in supporting smooth market transactions constitutes an important aspect of good governance.

### **Good governance: the un-intrusive state**

It is also recognized, however, that the arbitrary exercise of state power often impedes the development of markets

and results in slow economic growth (World Bank, 2002:7). Various arbitrary actions of the state such as over-taxation, corruption, and cronyism are said to be harmful for the functioning of the market. It is also argued that enormous expansion of the size and scope of activities of welfare states in different countries has not essentially resulted in meeting people's needs, while creating economic disincentives and liability in the process at many places. The changing situation – in the form of global integration of economies and technological changes that open up new opportunities for markets – is also said to be compelling a rethinking of the role of the state as the prime engine of economic growth (World Bank, 1997:2). Hence, another important aspect of good governance is reduced state power or the 'un-intrusive' state, which will not intrude on the economy and will allow more freedom and opportunities for market forces.

The power of the state could be controlled and reduced by different measures. For example, ensuring participation of people in designing and monitoring projects and programmes, bringing more transparency to state activities and making public officials and politicians accountable to people is one way of ensuring a more responsive state (World Bank, 2001:99-115). Decentralisation of state power can also check an excessive concentration of power. Effective and strong institutions can limit the spaces for arbitrary action and restrain corruption (World Bank, 2002:99). Effective institutions call for greater separation of powers among the different branches of state. An independent judiciary can ensure accountability of legislative and executive authorities. The provision of a regulatory regime can promote competition and innovation while constraining the abuse of monopoly power (World Bank, 1997:6). Carefully designed regulations and other active government initiatives can enhance the growth of markets. The introduction of greater competition in different areas such as hiring and promotion, policy-making and service delivery can improve the performance of the state and make it more responsive (World Bank, 1997:9).

Thus, the concept of good governance connotes two apparently contradictory ideas: the 'effective state' and the 'un-intrusive state'. The concept was developed by the WB advocates maintaining an active role for the state in some functions (e.g. creating conducive environments for markets to flourish), but only in a manner that would not intrude upon the efficient functioning of market forces.

## A critique of the new governance discourse

The discourse on governance initiated and led by the World Bank has been widely criticised by people from different backgrounds. The literature questioning the basic postulates of the governance discourse and analysing various issues involved is quite vast. The attempt is made here, therefore, to briefly introduce some of the main themes from this body of critique.

### De-politicisation through good governance

The first concern expressed by many critics and detractors is the process of de-politicisation involved in the donor-driven discourse on governance (Doornbos, 2003). It is indicated that the discourse is limiting the realm and role of politics in public affairs while maintaining the primacy of the economic sphere and its autonomy from the political sphere (Hibou, 2000). The de-politicisation of the governance process is the result of merely emphasising the procedural and formal aspects of governance, while neglecting the role of power in governing processes. It is claimed that a strictly non-political view of governance is reflected, in an increasing manner, in the successive definitions of governance adopted by the WB. It is also said that this was because the Bank had to adhere to its non-political mandate (Weaver, 2005:26). Consequently, the governance discourse does not address the fundamental issues of power relations or ownership structures, and consequently accepts the present power structures and power relations as given. Naturally, this silent acceptance on the part of the Bank is interpreted as an approval. In short, the agenda of good governance has been aimed mainly at better economic performance rather than challenging the existing unjust power relations.

The de-politicisation of the governance process is also a result of the increased use of technology in government, especially information technology, which is exemplified by the current focus on 'e-governance'. Technologicalisation is also achieved through the increasing centrality accorded to the techno-economic criteria for decision-making and the emphasis on techno-economic rationality – often at the cost of wider social and political rationality – during the governance process.

### Manipulating the state and its policies

Secondly, the discourse on governance is also viewed by many critics as an attempt by the international financial

institutions (IFIs) to establish indirect control over state institutions and policy-making processes in the South. According to critics, the emergence of the concept of governance – coinciding with the fall of the Berlin Wall and the collapse of the Soviet Union in the nineties – reflects the adoption of a highly interventionist strategy by the IFIs (Doornbos, 2003:3-17). It is said to be aimed at establishing control over government affairs in aid-recipient countries by de-legitimising state systems. Accordingly, a suitable conceptual framework is said to be required to enable and justify such intervention, and this need gave rise to the articulation of the new discourse. Eventually, the discourse of good governance provided the criteria or standards necessary to call for political and administrative reforms in the aid-recipient countries.

### Imposing western norms

Thirdly, critics also question the universality of the standards of good governance designed by the western donor community. The fear is expressed that an insistence on donor-conceptualised standards of good governance would require compliance with western-derived standards of conduct by non-western societies (Doornbos, 2003:9). As a result, the diverse socio-cultural and political contexts in different societies would be undermined and uniform, western-rooted, IFI-sanctioned norms would eventually be imposed upon these societies, which then would guide the process of governance, policy-making and public administration.

### Preaching versus practice

Fourthly, there has been severe criticism targeted at the discrepancy between the preaching and practice of the IFIs. The critics claim that the concern of IFIs to create transparent and accountable institutions within nation-states does not extend to the international sphere. The IFIs themselves do not abide by the conditions of good governance in their basic structure, decision-making processes, or field operations (Onis, 2005:263-290). Further, it is claimed that the pursuit of neo-liberal policies propounded by the IFIs led to increased problems of poverty and inequality in many developing countries. These very institutions that were silent when their policies resulted in the collapse of some national economies and in the worst-ever situations for the poorer sectors of the population are now leading the process of rectification. It has also been pointed out that the current empha-



sis by these institutions on democratic principles of 'good governance' is hardly consistent with their past records. Many of these institutions have worked with military regimes, and have remained silent when key democratic institutions, social movements and NGOs were curbed in these countries. According to critics, the experience of more than ten years shows many examples of donor agencies paying 'lip service' to good governance. It is claimed that, for these donor agencies, attaining high growth rates is more important than the process through which that growth is achieved.

### Criticisms of elements of good governance

Fifthly, the yardsticks of good governance proposed by the WB – such as transparency, participation, and decentralisation – have been criticised on various grounds. While participation by local communities in the development process is widely upheld, critics emphasise an inadequate understanding of their social and political structures, leading to a limited view of 'empowerment' (Hickey and Mohan, 2005:237-262). The tendency to treat participation as a technical procedure or as a methodological issue fails to ensure meaningful dialogue between the community and outsiders. The concept of participation, focused at the level of individuals, tends to neglect group-level inequalities that result in marginalisation, and therefore does not allow individuals from marginalised groups to effectively participate. It is also emphasised that participation becomes meaningful only when participating individuals act as free and unbiased human beings. Different socio-cultural-political processes, however, tend to condition people's thinking such that they would adhere to mainstream values even where this creates a distorted perception of their own reality. Participation in this manner remains only a superficial exercise fulfilling the *political* function of providing legitimacy to the establishment in the eyes of its target population (Rahnema, 1992:125-6).

Critics maintain that the principle of decentralisation as part of the good governance agenda aims at reducing the power of the central state (Hickey and Mohan, 2005:237-262). As a result, the decentralisation agenda's potential to transform state legitimacy and forge a new contract between citizens and local state is severely undermined. The failure of decentralisation to overcome local socio-economic disparities within local regions has also been emphasised. It is argued that the capture of power by local elites, resulting in increased inequality

and further marginalisation of vulnerable sections of the population in regions with decentralised governance, has been a major threat to the very principle of decentralisation.

These are brief glimpses of the critique and criticisms of the new discourse around the theme of governance put forth by the WB. They do, however, provide an adequate background for understanding and appreciating the alternative proposed in the subsequent discussion.

### The alternative perspective: democratisation of governance

Alongside the development of its new discourse, the World Bank simultaneously started applying perspectives emerging from this new discourse in various sectors, especially in infrastructure and development sectors. The prescription for the problems in these sectors was called 'reform'. There have been worldwide criticisms and resistance to the WB's efforts to implement 'reforms' in various sectors. This was mainly due to their impacts – apprehended and actually witnessed – on the well-being and political freedom of disadvantaged sections of society, as well as on the sovereignty of developing countries. Unfortunately, many of these attempts to oppose and resist were justified on the basis of ideological statements and polemics. In other words, efforts to oppose and resist the WB prescription needed the support of a sound alternative perspective or prescription – developed in a systematic manner – that can respond to the criticisms levied not only against the WB prescription but also against the pre-reform 'statist' model. This paper makes an attempt to provide such an alternative.

The evolution of this alternative is guided by two main factors. One, its evolution draws from critiques of the new discourse of the WB, which are briefly described in the previous section. Second, it has also drawn lessons from analytical critiques and practical failures of the model of reform forced by the WB on infrastructure sectors – especially the electricity sector – in many developing countries. Due to limited space, the specifics of these critiques and failures are not discussed in this paper.

It needs to be mentioned that this is not an academic attempt devoid of connection with the reality on the ground. Rather, its formulation emerged from ground-level practice, involving actions aimed at exposing the limitations of the WB prescription, at bringing in desirable pro-people changes, and at resistance whenever nec-

essary. The conceptualisation in this formulation is firmly grounded, thus, in experiences, understandings, analyses, and insights of practitioners, including our colleagues in Prayas and from other organisations.

### **The basis of the alternative perspective: diagnosis and prescription**

The alternative perspective offered here proposes somewhat different definitions of two basic concepts. First, this perspective defines the term 'governance' as: *"the management of affairs in the public (non-private) domain of society, in order to serve the public interests at large"*. Second, the notion of *the public interests* is defined as: *"the sum total of the interests of all disadvantaged sections of society and the broader, long-term interests of society at large"*.

According to this alternative perspective, the diagnosis of the crisis in the infrastructure sector is also different. It traces the roots of the crisis to the strong influence or control wielded by different vested interests in the functioning of various agencies involved in governance of the sector. As a result, these vested interests have been able to draw undue benefits, thereby seriously injuring the public interests. Thus, we can say that the sector, in essence, have been facing a governance crisis, considering the above-mentioned definition of governance. Hence, the alternative prescription lies in dealing with the governance crisis by eliminating (or reducing) the influence or control over sectoral governance by vested interests, and in establishing people's (or public or democratic) control over.

The question that needs to be answered at this stage is: what would be required to bring about public control over governance? At a functional level, governance is seen as comprising three functions: making decisions (legislative, legal, policy, or executive), implementing decisions, and regulation. Here, 'regulation' means ensuring that the functions of decision-making and implementation are performed by adhering to the relevant statutes and norms. To make governance serve the public interest, these three governance functions should be performed properly. The norms for judging proper performance of these three functions would be as follows. First, all the decisions will have to be 'rational'. Here, 'rational' decisions mean decisions that serve public interests. Considering the definitions of the term public interests, rational decisions will have to stand the test of social and political rationality as well as economic rationality, not at

firm or sector levels but primarily at societal level. Second, implementation will have to be 'efficient'. Here, the term 'efficient' includes the features of 'timely', 'prompt', and 'sensitive'. Third, the regulation will have to be 'effective' in ensuring that the previous two functions are performed, by adhering to the respective norms. Consequently, in order to serve public interests, governance will have to involve 'rational' decision-making (RD), 'efficient' implementation (EI), and 'effective' regulation (ER).

To make this possible, it is proposed here that the structure and functioning of all governance agencies should be transparent, accountable, and participatory in respect of all people. It is important that transparency (T), accountability (A), and participation (P) of agencies should be open to all people, without any bar, and should not be restricted only to elected or NGO representatives. This is necessary to nip in the bud any possibility for manipulation by vested interests through 'representatives'. Further, the structure and functioning of all governance agencies needs to be designed and operated in such a manner that they are truly autonomous of undue influence from any stakeholder. The anagram *p*-TAPA depicting these four features is used in the subsequent discussion. The small '*p*' here is used to emphasise that *TAP* is towards people and not towards the investors as in the case of the WB model.

It is worth discussing, in brief, how these four characteristics are crucial to people-friendly governance. First, 'transparency' (T) provides unrestrained access to information and analysis that would form the objective basis for assessing adherence by governance agencies to the respective norms (e.g., RD, EI, ER). Second, 'accountability' (A) keeps the governance functionaries under the 'pressure' that they will have to pay heavily for their failure to adhere to norms while discharging their duties. Third, 'autonomy' (A) provides conducive conditions – free of any fear or favour – for the governance functionaries to adhere to norms, while discharging their duties.

Fourth, 'participation' (P) has multiple benefits. It provides opportunities to people, to public interest organisations (PIOs), and political organisations (POs) to ensure adherence to norms in an 'online' manner, for instance when governance functions are being performed. Participation also helps to elevate the 'quality' of governance because: (a) the truly participatory process puts continuous pressure on the functionaries, and (b) all



the participating stakeholders come into the process with their knowledge, experience, and expertise. Furthermore, true and meaningful participation facilitates adequate and proper representation of the concerns and expectations of the disadvantaged and marginalised sections of society in the process of governance.

### Operationalising the alternative perspective

The first step in operationalising this alternative perspective would involve bringing about *p*-TAPA in all governance agencies (including public services utilities). This is to be realised by making appropriate changes in the laws, rules, procedures and norms that define the structure and functioning of these agencies. Further, these changes would be made mandatory (not leaving their implementation to the discretion of any authority or 'representatives'), automatic (not requiring any other procedure), and 'invokable' by people at large. Thus, this first step could be seen as aimed at creating spaces (or opportunities) for ensuring *p*-TAPA.

The second step in operationalisation should involve efforts to nurture various civil society organisations (CSOs) that intend to work to protect and promote the public interests in the sector. These organisations include party and non-party political organisations (POs) working on a broader pro-poor political or social agenda. The CSOs also include non-political public interest organisations (PIOs) that are ready to work on sectoral issues with an objective to protect and promote public interests. Both these types of organisations should be able to effectively utilise the available spaces for *p*-TAPA, possibly using different ways and means. To this end, efforts would need to be made to impart the necessary capabilities (in terms of knowledge, expertise, skills) and provide resources (mainly financial and human) to these organisations.

In a situation where all of the governance agencies have *p*-TAPA, and people, PIOs and POs have the necessary capabilities and resources, then they, together, could ensure that decisions are made in a rational manner, that these rational decisions are implemented in an 'efficient' manner, and that regulation is performed 'effectively'. In this ideal-type situation, governance would be expected to protect and promote public interests at large.

Thus, this perspective relies on the establishment of public or democratic control over governance as the core remedy to resolving current crises in public services. Hence, it is called *public control over governance* or the

*democratisation of governance* perspective.

### The alternative perspective applied to the infrastructure sector

Using these formulations, we can now address the application of this alternative perspective to specific sectors. As mentioned before, the 'alternative' or the 'democratisation of governance' perspective does not recommend complete reversion to the old 'statist' model, but retains elements of the WB model that are useful for promoting public interests. The main features of the World Bank prescription for the infrastructure sector that are found to be helpful for promoting public interests in the prevailing situation are:

- Separation of governance functions and of the agencies handling these functions, especially separating the service-providing (or implementing) agency (i.e., utility) and the regulatory agency from policy-making agencies.
- The ownership of the utility could be privately owned or publicly owned, but preferably publicly owned. At the same time, this perspective rejects various features of the WB's reform model, which are against public interests. These include:
  - Insistence on privatisation – in different manners – of service-providing agencies.
  - Making the regulatory agencies independent only of the state agencies and neglecting the need to make them autonomous of all the powerful full stakeholders such as private utilities.
  - Structuring the regulatory agencies so that they are more responsive to the needs and methods of the private investors and are less responsive to those of the consumers and citizens.

The main challenge is to take the first two steps, in an effective manner, to operationalise the alternative perspective mentioned before. This would involve bringing *p*-TAPA into all governing agencies and providing the necessary capabilities and resources to people in general as well as to POs and PIOs in particular, which are necessary for making effective use of these spaces for *p*-TAPA. Once this is achieved, then the balance of power would start to shift.

PIOs, then, could effectively represent public interests before the regulatory agencies that have *p*-TAPA. The PIOs and the regulatory agencies would not face resistance from the utilities or the state agencies in these attempts, insofar as the utilities and state agencies would

also have *p*-TAPA. Thus, citizens would be able to use the 'client power' route effectively to protect and promote public interests. Similarly, if executive and legislature branches of the state and 'policy-making' function also had *p*-TAPA, then citizens would be able to successfully resist attempts by vested interests to distort the electoral system. Similarly, the political activism by pro-people POs would be more effective because of *p*-TAPA in the structure and functioning of the governance agencies. These two factors, together, would make use of the 'political' or 'voice' route by citizens more effective for influencing governance of the sector. Accordingly, it will be very difficult for the vested interests to draw undue benefits by distorting or perverting the functioning of governance agencies, resulting in a range of benefits to disadvantaged sections of the population and society at large.

Initial success could also set in motion a virtuous cycle. First, the POs and PIOs working for public interests would draw increasing legitimacy, strength, and acceptance from citizens and consumers due to these initial successes – resulting in further engagement, pressure and support from citizens for them to widen the scope of *p*-TAPA in governing agencies and restrain vested interests.

Now the question is how to achieve this in reality. The starting point would be acceptance of this perspective by PIOs and POs active in the sector. These agencies should then come together to make best use of the available opportunities (or spaces) for *p*-TAPA which are provided by mainstream-sponsored 'reforms', in order to promote and protect the public interest. To this end, they should strive to build their own capabilities and resources necessary to be more effective in making use of the available spaces. If POs and PIOs can show themselves to be successful in promoting and protecting public interests using the available spaces, this would serve as a basis to further increase their strength, legitimacy, visibility and acceptance, and put vested interests on defensive. Insofar as this changes the balance of power, the PIOs and POs would be better able to increase spaces for *p*-TAPA in all governance agencies involved. In other words, initial successes could be utilised by PIOs and POs to set in motion a positive virtuous cycle of increasing public control over governance and increasing promotion of public interests.

### **Extrapolating the perspective to the development sector**

As we saw in the previous discussion, the WB proposed

a particular perspective pertaining to the contribution of 'good governance' (and institutions) to the development objective of poverty reduction. We also summarised various critiques which indicated that the WB model prescribed not only privatisation of ownership but even privatisation of governance. As an alternative, it is possible to extrapolate the 'democratisation of governance' perspective to the development sector.

We have already demonstrated that the World Bank proposition is criticised for the dominance of the 'economic' over the 'political' aspects of poverty. It is also criticised for using a 'governance' discourse to de-politicise the functioning of the development sector. In the alternative perspective, both of these criticisms are addressed. The denunciation of existing political practices in fuelling poverty and the recognition of the political role of governance are given a prime place in the 'democratisation of governance' perspective.

Moreover, this alternative formulation goes a step further and takes cognisance of other (other than the governance-related, especially 'economic') criticisms of the WB proposition on poverty reduction. First of all, the objective of poverty reduction has been found to be limited in its understanding due to the underlying 'economistic' view of broad-scale deprivation suffered by marginalised people. Further, the argument that poverty reduction is to be achieved by increasing the economic growth rate effectively allows the re-establishment of macro-economic growth (and not poverty reduction) at the centre of the WB scheme. Eventually, in continuation with the past, the objective of economic growth is pursued, at times, at the cost of poor people and their livelihoods. Thus, the objective of 'poverty reduction' becomes antithetical to the core yearning of the poor and marginalised: security of their livelihoods.

For this reason, it is proposed in our alternative perspective that, not poverty reduction, but livelihood security (LS) of the poor and marginalised be made the explicit objective of development efforts. Furthermore, if we accept LS of the marginalised as the core development objective, then the role that the market can play becomes limited. In this scheme, the market has to play the role of a mechanism for economic exchanges, facilitating economic activities of production, distribution, and consumption. But the state agencies of governance and autonomous regulatory agencies come to play a crucial role in various functions such as: regulating markets, ensuring social justice in economic activities within mar-





kets, redistributing incomes, wealth and economic opportunities, and taking up economic activities that are necessary to protect and promote public interests. The task of ensuring social justice could be achieved by: (a) strengthening the resources used by marginalised people in conducting their livelihood activities, (b) protecting the rights of marginalised people over these resources, and (c) supporting, promoting and strengthening traditional and new livelihood activities of the marginalised. State agencies, autonomous regulatory agencies and the market play different 'economic' roles to achieve the objective of providing livelihood security to the marginalised poor.

Coming to governance functions, the market is regulated through two types of agencies – regulatory agencies and state governance agencies – to ensure adherence to techno-economic (at societal level) as well as socio-political rationalities respectively. Here, all the governing agencies (including the market) have true autonomy as well as spaces for people-oriented transparency, accountability and participation (or the *p*-TAPA). As a result, the public or citizens would have three active and effective routes for controlling governance, by exercising influence on all three governance agencies. The POs and PIOs could play their respective roles to facilitate democratic control via two different routes. As a result of effective democratic control, the influence of vested interests would be minimised and they would not have opportunities to collude with elements in the governing agencies. Therefore, the governance of the sector would work to promote public interests to fulfil the objective of providing livelihood security to the marginalised.

## Conclusions

The WB's new discourse calling for 'good governance', when translated into reality, became a tool to establish the supremacy of 'economics' (in the narrow sense of the 'economics of a firm or sector' at best) over 'politics'. It effectively reduced the influence of citizens or people and their organisations over governance, and allowed private investors and other vested interests to dominate.

Instead, the 'democratisation' perspective propounds

the opening up of the governance of the sector to influences by people. This is to be done by bringing in people-oriented transparency, accountability and participation as well as autonomy in all governance agencies, including the state agencies such as the executive and legislature. This would make it possible for citizens to influence the functioning of these agencies through the electoral process and through political organisations. Thus, the opening of the state governance agencies would strengthen the 'political' route for citizens to influence governance of the sector. This is an 'indirect democratisation' route. It is 'democratising' because it facilitates people's effective control over governance, and it is 'indirect' because it works on sectoral governance mainly via the state agencies that make policies for the sector.

The alternative perspective also opens up a 'direct democratisation' route for citizens and consumers (and the PIOs) to exercise their influence directly on the sectoral governance agencies. The autonomous regulatory agencies are expected to act as the medium for facilitating this route. The direct democratisation route is also useful in providing a counter-balance to the excessive pressures exerted by the electoral process and political organisations in favour of 'social and political rationality', often at the cost of the broader level of 'techno-economic' rationality. This balance is achieved by emphasising techno-economic rationality in the functioning of the sector, obviously not at the firm or sector level but at the societal level. Thus, the alternative perspective strengthens citizens' control over governance, by providing two effective routes, which are mutually supportive and, at the same time, mutually balancing.

This discussion has aimed to present the basic building blocks of an alternative perspective, which has many advantages when compared with both the pre-reform 'state-focused' model and the WB's 'reform' perspective. The task before us now is to further refine this perspective through detailed and comprehensive deliberations, and then to construct a discourse that is deep and wide enough to counter the lop-sided perspective sponsored by the World Bank and other mainstream development organisations.

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