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MEASURING GOOD GOVERNANCE AND SUSTAINABLE DEVELOPMENT BY STATISTICAL SERIES AND INDICATORS

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ABSTRACT

Statistics serves as a tool for measuring the performance of all aspects of an economy. Good governance in all its dimensions can be monitored using reliable series and indicators. Despite the enormity of the challenges faced by the Nigerian administration, it has failed to utilize adequate facts and figures in keeping track of its progress. The current administration has pledged to take joint responsibility to eradicate widespread poverty in the country and place it on a path of sustained economic growth and development. This paper highlights the series and indicators that can be used to appraise good governance and development. Governance is however contextual. While it is possible to identify concepts and principles of governance that are universal, they make no sense without adequate contextual reference. Nigeria can use the highlighted indicators as a measure of its performance in terms of economic growth, human development as well as democratic and political governance.

Keywords: Good Governance, Statistics, Series, Indicators, Human Development

INTRODUCTION

The Concept of Good Governance (GG)

There is no single agreed-upon definition in Good Governance. It can convey a slightly different meaning depending on who uses it. A note of caution is however expressed by Doornbos (2001) in referring to the applicability of this concept. He notes that its Western notion may not be universally applicable and that cultural contexts should be taken into consideration. Knack (2000) and others tend to use GG in a very narrow sense and limit its meaning to institutions only. The focus on institutions and their prime role in development has been increasingly important in the policy debate since the 1980s. As North (1995) puts it, Institutions are the rules of the game, and the incentive structure of society. Burnside and Dollar (2000) defines them as "systems of rights and obligations in the form of recognized, formal or informal, but enforceable rules that enable individuals to cooperate to achieve common purposes by creating regularized role relationships". Institutional quality, fostered by the government, is therefore necessary to provide a suitable environment for growth and development. It raises the confidence of economic agents in the performance of the system in which they operate and gives them incentives to invest in the future. As Stern, Goldin, & Rogers (2002) point out, "countries that have combined institutional improvements with market oriented policy reforms and greater engagement with the world economy saw their capita incomes grow in the 1990s at the very rapid pace of 5 percent per year". Others extend the meaning of good governance not only to the rules of the game, but also to the 'players' of the game, such as politicians and bureaucrats. This is the most familiar notion of good governance and refers to the way the 'players' use their power and authority through the institutions in place in order to manage the resources available for growth and sustainable development. This idea of Good Governance has been introduced and greatly used by the World Bank (WB) since the early 90s. For these reasons, the most common definition of GG is the WB's: "the manner in which power is exercised in the management of a country's economic and social resources for development" (WB, 1992). The WB also refers to GG as 'sound development management' and sees it as "central to creating and sustaining an environment which fosters strong and equitable development and it is an essential complement to sound economic policies" (WB, 1992). The WB's definition has been borrowed and slightly amended by many. Kaufmann, Kraay and Zoido-Lobatón (1999a,b, 2002) include in it the capacity of the state to effectively formulate and implement sound policies - which is in line with the 'good policy' prescription mentioned previously - , the respect of the state and the citizens for institutions that govern economic and social interactions and the aspects of the process by which those in authority are selected, monitored and replaced. The OECD's (1995) definition reflects the same idea as the WB's but also associates the term with democratization and participatory development. The OECD is of the view that four dimensions of GG are particularly important in order to achieve and maintain development. They are the rule of law, public sector management, control of corruption, and reduction of military spending. Neumayer (2003b) uses a similar definition of governance that incorporates elements of human rights, democracy and military expenditures.

As for Levy (2002), he separates governance into two distinct components: while the first one relates to institutional governance and is measured by the extent of formal rule-bound governance as well as the credibility of political authority, the second component relates to organizational governance and is measured by the quality of the bureaucracy. Apart from institutions such as the WB and the OECD, many individual donor countries have also adopted definitions of governance, as the focus on aid effectiveness shifted in this direction. In his treatise on foreign aid and political reform, Crawford (2001) reviews some of the definitions adopted by major donors. From his overview, the diversity of included GG components is noticeable. While the European Union adopts a broad view of governance, others restrict themselves to specific aspects. For example, the United States focuses on 'lawful governance', the United Kingdom puts more emphasis on the level of competence of the government in formulating policies, making decisions and managing service delivery. The Swedish are also concerned with public management and administration While the many definitions of GG preferred by different institutions and countries vary to some degree, they do convey the notion that the quality of institutions and public management is key to successfully developing countries.

SUSTAINABLE DEVELOPMENT (SD) IN THEORY:

When the World Commission on Environment and Development presented their 1987 report, Our Common Future, they sought to address the problem of conflicts between environment and development goals by formulating a definition of sustainable development: Sustainable development is development which meets the needs of the present without compromising the ability of future generations to meet their own needs. In the extensive discussion and use of the concept since then, there has generally been recognition of three aspects of sustainable development.

Economic

An economically sustainable system must be able to produce goods and services on a continuing basis, to maintain manageable levels of government and external debt, and to avoid extreme sectoral imbalances which damage agricultural or industrial production.

Environmental

An environmentally sustainable system must maintain a stable resource base, avoiding over-exploitation of renewable resource systems or environmental sink functions, and depleting non-renewable resources only to the extent that investment is made in adequate substitutes. This includes maintenance of biodiversity, atmospheric stability, and other ecosystem functions not ordinarily classed as economic resources.

Social

A socially sustainable system must achieve distributional equity, adequate provision of social services including health and education, gender equity, and political accountability and participation.

Clearly, these three elements of sustainability introduce many potential complications to the original simple definition. The goals expressed or implied are multidimensional, raising the issue of how to balance objectives and how to judge success or failure. For example, what if provision of adequate food and water supplies appears to require changes in land use which will decrease biodiversity? What if non-polluting energy sources are more expensive, thus increasing the burden on the poor, for whom they represent a larger proportion of daily expenditure? Which goal will take precedence? In the real world, we can rarely avoid trade-offs, we can "maximize" only one objective at a time. Norgaard concludes that "it is impossible to define sustainable development in an operational manner in the detail and with the level of control presumed in the logic of modernity." The strongly normative nature of the sustainable development concept makes it difficult to pin down analytically. Nonetheless, the three principles outlined above do have resonance at a common sense level. They satisfy the criterion set forth earlier for a powerful, easily grasped concept which can have wide applicability. Surely if we could move closer to achieving this tripartite goal, the world would be a better place – and most often we frequently fall short in all three respects. It may be easier to identify unsustainability than sustainability – and the identification of unsustainability can motivate us to take necessary policy action. It is instructive to examine the problem from different disciplinary perspectives. Certainly the goals set forth require the insights of multiple disciplines. Economists, one might assume, would tend to give greater weight to the economic objectives, ecologists to the environmental dimension, and social theorists to the social issues. But before we can attempt to balance these different perspectives, we need to understand them and explore their internal logics.

Each of the three areas is commonly referred to as a *system*: economic systems, environmental systems, and social systems each have their own logic. It is an impossible task to analyze all these systems at once. Therefore we must start by considering each separately, as suggested by the Balaton Group's report on sustainability indicators: The total system of which human society is a part, and on which it depends for support, is made up of a large number of component systems. The whole cannot function properly and is not viable and sustainable if individual component systems cannot function properly. Despite the uncertainty of the direction of sustainable development, it is necessary to identify the essential component systems and to define indicators that can provide essential and reliable information about the viability of each system and of the total system. This implies that we can use different indicators to measure different dimensions of sustainability.

STATISTICAL SERIES AND INDICATORS

Indicators imply measurement; measurement implies the theoretical definition of concepts to measure. The GG indices elaborated by Kaufmann, Kraay and Zoido-Lobatón (1999a,b,2002), henceforth referred to as the KKZL indices, are well suited since they incorporate 31 different indicators from 17 sources into 6 clusters and cover a more voluminous set of countries, thereby minimizing the risk of sample bias. When crossing the country data available for Official development assistance (ODA), other independent variables and GG indicators updated for 2000/2001, a total of 100 developing countries are included in the sample. It should be noted that KKZL indices are constructed from *aggregated subjective data*, and therefore have a somewhat important standard deviation. However, it is important to point out that, "they are also much more reliable than any individual indicator". The six clusters identified in the KKZL measure are the following (this description is mainly taken from KKZL (2002)):

Voice and Accountability

Measures the political process, civil liberties and political rights, as well as the independence of the media and the extent to which citizens are able to participate in the selection of governments.

Political Stability and Violence

Measures the perception of the likelihood that the government in power will be destabilized or overthrown by possibly unconstitutional and/or violent means.

Government Effectiveness

Measures the perception of the quality of public service provision and of the bureaucracy, the competence of civil servants, the independence of the civil service from political pressure, and the credibility of the government vis-à-vis commitment to its policies.

Regulatory Quality

Is more focused on the policies themselves, and therefore responds to some degree to the 'good policy' prescription. It includes measures of the incidence of market-unfriendly policies such as price controls or inadequate bank supervision, as well as perceptions of the burdens imposed by excessive regulation in areas such as foreign trade and business.

Rule of Law

Measures the extent to which agents have confidence in and abide by the rules of society. It includes perceptions of the incidence of both violent and non-violent crime, the effectiveness and predictability of the judiciary, and the enforceability of contracts.

Control of Corruption (Graft)

Measures the perception of corruption, the effect of corruption on the business environment, and incidence of grand corruption in the political arena and public sector.

Wallis (1976), listed ten essentials of a positive government programme for growth as follows:

a. Orderly Government.
b. Equality of opportunity
c. Price level stability
d. Stability of Employment and Income
e. Taxes
f. Maintaining Competition
g. International Trade
h. Elimination Of Government Blocks to Growth
i. Public Works
j. Maintenance and Development of the System

THEORETICAL ANALYSIS AND EXPLANATORY FACTORS AFFECTING GOOD GOVERNANCE

There are four key challenges need to be singled out as challenges facing GG -

- Firstly, there are problems of an institutional nature with respect to, notably, the capacity of the state to execute its responsibilities, governance mechanisms for political oversight and the management of state-society relations. Here, capacity-building measures are necessary to help improve: policy-making process; delivery on policies and services at the national and local levels and management of national resources.

- A second challenge facing Nigeria is to address, with appropriate structures and mechanisms, more fully, the right-to-development issues so that all citizens participate actively and fully in the development process. The outcomes of such a process would foster gender equality, women empowerment, human rights and more active and meaningful participation of the civil society in the development process.

- Thirdly, the private sector in Nigeria has, and continues to face enormous challenges. Government should continue in their endeavor to reduce the costs of doing business by improving the quality of regulatory frameworks, reducing administrative barriers, improving physical infrastructure facilities and stamping out corruption. Further improvements in businesses' access to finance and market information and corporate governance, investments in human capital development and consolidation of the macroeconomic gains already realized are also called for. Lastly and more importantly, the attainment of the MDGs remains an immediate challenge.

CONCLUSION

Statistics is the bed-rock of good governance. Statistical series and indicators are tools for carrying out statistical analysis for the masses of data needed for the running of government. The goal of every government be it federal, State or local government is required to provide protection, economic development and social amenities to the people within its area of jurisdiction. To accomplish this Herculean tasks the various administrations need accurate information about their area of responsibilities, such information can only be obtained through accurate descriptive statistics. Our leaders should fully embrace the socio-economic transformation of the continent through the conducive space for development engendered by the formulation and implementation of appropriate governance policies, reforms and practices.

Finally, it is worthy to note that the usage of the highlighted series and indicators cannot perform any magic outside the "human factors" involved in manipulation.

RECOMMENDATION

In view of the issues discussed above, we recommend the following:

- Enabling environment should be provided for the use of statistical tools for measuring good governance.
- Government should emphasize on the use of vital registration and records for capturing data.
- Field offices should be provided to improve the efficiency of data collection agencies.
- Government should encourage manpower training in statistics.
- Government should make laws to handle cases of falsification of data.
- Members of the public should be enlightened on the importance of statistical information and danger of its abuse.

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