

Democracy, Governance and Development: A Conceptual Framework

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Over the past decade considerable progress has been made across the globe in economic, technological, and social development - with world exports rising, foreign direct investment growing substantially and the daily turnover in foreign exchange markets taking off.ⁱ The world is also a more prosperous place than ever before, GDP having increased nine-fold in the past 50 years.ⁱⁱ As the speed, size and integration of the global economy increases, the global community in turn has become smaller and more interconnected. Travel, the Internet and multi media advances make information more accessible to more people, faster than ever before. Global concerns such as human rights, the environment and crime bring together citizens from diverse backgrounds to work together for a common purpose. As a result, civil society has grown and become more globalized in its membership and agenda. On the social development front, every region in the world reduced adult illiteracy rates from 1990 to 1997, with Sub-Saharan Africa seeing the largest (albeit still modest) reduction of eight percent.ⁱⁱⁱ The percentage of people living in extreme poverty in the world has been gradually declining from 29% in 1990 to 23% in 1999. Similarly, on average, all developing countries reduced the percentage of children under five who are underweight (1985-1995); and the number of people not expected to survive to age 15 (1988-1998).^{iv} There has also been an encouraging increase in the number of countries that have developed anti-poverty action plans at the national level.

However, despite these gains, serious gaps remain. Although the wealth of the world in general has increased, the gap between rich and poor has also increased. In the past 10 years, a smaller and smaller percentage of the world's population has controlled a larger and larger percentage of the world's wealth. The figures are startling: the top fifth of the people in the richest countries enjoy 82 percent of the expanding export trade and 68 percent of foreign direct investment—the bottom fifth, barely more than 1 percent.^v In 19 out of 41 Least Developed Countries (LDCs), people were poor in 1990s than in the previous decade on a per capita basis. Disparities between rich and poor are also evident in how they access and use improved information, communication and transit technology. For example, tourists tend to come from high-income countries; computer and Internet technology remain prohibitively expensive in many developing countries; and a quarter of the world's countries have not reached the basic minimum standard of one telephone for every 99 citizens.^{vi}

In addition, the social development statistics quoted above for all developing countries do not take into account regional differences, which reveal that in Sub-Saharan Africa the percentage of

children under five who are underweight actually rose between 1985 and 1995. Consumption per person has been declining—in Sub-Saharan Africa, for example, it has been declining by a rate of 2.2 percent per year since 1980.^{vii} And it is still true today that regardless of where they live, the poor are more likely to lack access to goods and services, to live shorter lives and to be the victims of violent conflict.

Terrorists and extremist organizations, drug cartels and the trafficking of human beings are seriously affecting human security in developing and developed economies alike. The September 11 terrorist attacks in the United States have brought to the attention of the world the global reach of the extremist organizations and the frightening consequences of their actions concerning personal safety, peace and security in the world, potential tensions among different segments of the society, and pressures on the state institutions.

There are many causes of human deprivation in developing countries. One is a lack of income to obtain basic necessities including food, shelter and health and education services. Others are people's assets including skills, land, access to infrastructure, savings, credit and networks of contacts. Because there are different categories of the poor - subsistence farmers, landless laborers, urban squatters, slum dwellers, for example - reasons for their deprivation are different. In the case of the rural poor, for example, the lack of adequate access to land, irrigation, agricultural extension services and adequate pricing for the agricultural produce are key reasons for their poverty. In the case of the urban poor living in slums and squatter settlements, regularization of their land titles for their houses and inadequate employment opportunities are key constraints on their ability to improve their living environment^{viii}

In addition to the above causes of poverty, critical factors that influence, and are influenced by, the positive and negative changes in developing countries are the phenomena of democracy and good governance—that is, the institutions and processes of democratic governance and their quality. When governance is democratic—that is, infused with the principles of participation, rule of law, transparency and accountability, among others—it goes a long way toward improving the quality of life and the human development of all citizens. Development is not sustainable without transparent and accountable institutions (electoral bodies, parliaments, human rights institutions and the judiciary), national and local capacity to formulate people-centered policies, and legal and regulatory frameworks. Free, fair and regular elections are the basis of political legitimacy and the incorporation of people's development needs in public policies. Transparent legal and regulatory frameworks are necessary conditions for promoting foreign investments and to enable developing countries to benefit from globalization.

The Evolution of Democracy

Today we are witnessing an upsurge in the popularity of democracy as the “primary vehicle for the fulfillment of individual aspirations, the articulation of interests and the nurturing of civil society.”^{ix} Myriad political systems and cultures adhere to the fundamental values of respect for human dignity, justice, equity, participation and accountability that underpin human rights, democracy and good governance. Even as democracy proliferates, however, its nature and models diversify.^x This is especially true for developing and newly democratic countries in

which variables such as cultural and political differences, economic and social development, history of democratic governance, and globalization impact on the way in which (and pace at which) democracy evolves.

As a concept and a system of government, democracy is quite old. Robert Dahl asserts that a certain rudimentary democracy most likely existed in pre-historic hunter-gatherer societies where the three criteria of group identity, little outside interference and assumption of equality prevailed.^{xi} Once human beings began to settle in large groups, however, a certain degree of hierarchy crept into their governance. According to Dahl, democracy did not reemerge forcefully until approximately 500 BC, when the Greeks and Romans established systems of government based on popular participation.^{xii} The Greek system of governance was more or less directly democratic in the sense of having few intermediary structures between the “people” (with the notable exceptions of women, slaves and others) and their government. The Roman system, on the other hand, employed a system of representative government known as the republic (but also omitting women, slaves and others). After the decline and fall of the Greek and Roman systems, democracy itself went into a long decline and did not reemerge until early in the 12th century in the city states of northern Italy.^{xiii}

Some scholars also assert that the early practices of democracy may be traced back not only to the ancient Athenians and Romans but also to the Phoenicians and the Egyptians. As Adel Safty writes, “the European thinkers of the Enlightenment were not the only, indeed not the first, source of the values that came to be associated with democratic governance. Long before Rousseau and Locke, Arab social philosopher Alfarabi spoke of liberty and equality and of rule on the basis of the consent of the governed.”^{xiv}

What is notable about these early experiments in democracy is their difference both from one another and from our modern conceptions of representative democracy. They all placed conditions on who could participate in the process and the institutions of democracy were incomplete, unsustainable or rudimentary in terms of representation.

The foundations for democracy as we know it today can be more readily discerned in the evolving political institutions and revolutions of 18th century Europe and North America. Representative national and local institutions—such as the British House of Commons or local councils in Scandinavia—and people-driven revolutions in North America and France advanced the ideas of equality, inalienable rights and government by consent of the governed.

Out of these foundations come the institutions and processes most readily identifiable with modern representative democracy—namely, elections, political parties, separation of powers,

representative bodies, etc. The three main systems of democracy to have emerged from Western Europe during this period are the presidential, parliamentary and mixed models of government. Parliamentary systems (also referred to as the “Westminster” system for the British version), features a parliament—sometimes unicameral and sometimes bicameral—from which a Prime Minister is chosen. The Prime Minister is the head of state. The presidential model, the most well-known example of which is the United States, features a strong, popularly elected president as the head of state and a unicameral or bicameral legislature that acts as his or her counterweight. The mixed system, of which France is an example, features a strong, popularly elected president who chooses a premier in consultation with (and sometimes at the demand of) the unicameral or bicameral legislature. Each of these models rests firmly on a foundation of party politics. Recently, however, some developing countries have begun to experiment with party-less politics. In Uganda, for example, political parties were initially banned but civil society organizations were allowed to exist and lobby parliament.

Today, for the first time in history, there are more democratic states than non-democratic states. Indeed, some view the rise of democracy as perhaps the most important event to have transpired in the 20th century.^{xv} The 2001 - 2002 survey of Freedom House—Freedom in the World—reports that about 65 percent of the world’s population lives in free or partly free states that afford their citizens some degree of basic rights and civil liberties.^{xvi} The Survey also showed that of the world’s 192 countries, 121 (63 percent) were “electoral democracies”. This is significant change from 1987 when only 66 out of 167 countries (40 percent) were in this category.^{xvii} The Freedom House survey goes on to point out that human liberty has steadily expanded throughout the 20th century and, “when viewed from the perspective of the century as a whole, democracy and civil liberties have made important and dramatic progress.”^{xviii} The United Nations studies show that since 1980, “81 countries have taken significant steps in democratization, with 53 military regimes replaced by civilian governments”^{xix} Globalization has been an important factor in accelerating democracy’s growth in recent years but it has also created as many challenges as it has addressed. In a globalized world, the rapid development and global proliferation of new technologies and telecommunications, and integration of the world economy through trade and investment, have increased the role and power of regional and global institutions that do not have to respond to the democratic control of citizens. Citizenship itself is being re-addressed, and the natural environment, crime and human inequality are becoming global issues demanding global responses.

Significant advances in democratization have taken place during the last two decades of the 20th century – including the fall of military dictatorships in Latin America such as in Ecuador and Peru, the emergence of “new democracies” in Central and Eastern Europe after the fall of the Berlin Wall, and ousting of long dictatorial regimes in Africa and Asia including those in Mali, Malawi and the Philippines. The progress in democratization has been the slowest in the Arab Region – with only 4 out of 17 countries with multiparty electoral systems, though there have been increased opportunities for people’s participation in Jordan, Tunisia and Morocco. Towards the end of the 1990s, some of the new democracies either reverted to authoritarianism or have slowed down their democratization process – including Sierra Leone, Belarus, Cameroon and Uzbekistan.

It is worth pausing here a moment to consider some of the differences between democratic transitions today and those of the more established democracies. Scholars have pointed out that older, Western democracies tended to have three things in their favor that facilitated both transition to and consolidation of democracy. These were economic prosperity and equality (enhanced by early industrialization); a modern and diversified social structure in which a middle class plays a primary role; and a national culture that tolerates diversity and prefers accommodation.^{xx} Today, however, many countries—particularly in the developing world—are struggling to consolidate democracies born out of popular revolutions that reflect the will of the people, but in very poor and sometimes ethnically divided countries where the pre-conditions of the older democracies do not prevail.^{xxi}

This is not to say that democracy is inapplicable to these newer transitions. Indeed, as Safty points out “from Poland to Yemen, from Bulgaria to Taiwan (province), from Mauritius to Guatemala, and from Albania to Nigeria, democratization seemed to respond to a universal human yearning for freedom and life with dignity, undiminished by our cultural diversity and ethnic differences.”^{xxii} It is merely to point out, rather, that newer democracies face many challenges their older siblings did not and to point out the fact that, indeed, democracy has proven to be a flexible and adaptable system under a variety of circumstances. Guisepppe di Palma lists four aspects that he feels influence the success of a modern democratic transition. These are: the quality of the finished product (the democratic rules and institutions that are chosen); the mode of decision making leading to the selection of rules and institutions (i.e., pacts and negotiations versus unilateral action); the type of alliances and coalitions forged during the transition; and the timing imposed on the various tasks and stages of the transition.^{xxiii}

On a related issue, simply because a democracy is old does not mean that it is any more likely to be stable or permanent. Przeworski found that “it is not true that democracy is more likely to be around if it has been around a long time,”^{xxiv} rather sustainability is more a function of income and human development having improved, and the stakes in the process having risen over time. In addition, long-established democracies face their own unique challenges. In consolidated democracies, there is a growing trend of apathy and disillusionment among voters, particularly the young, with respect to politics whereas in emerging democracies voter turnout tends to be high and many democratic movements are led by youth. A 1999 survey by *The Economist* found that in 11 of 12 established democracies, public confidence in political leaders and institutions has declined steadily over the past few decades.^{xxv} Similarly, in her 1999 book, Pippa Norris found that there is an “increased tension between democratic values, which seem to have triumphed across the globe, and ... the erosion of confidence in the institutions of representative democracy.”^{xxvi}

An expanding climate of consolidating and consolidated democracies gives way to the corresponding attempt to define democracy in a meaningful way. Seymour Martin Lipset describes the two major current alternative definitions of democracy as “minimalist” and “maximalist”. Lipset himself adopts a minimalist definition, viewing democracy as a “political system of political rights that specifies how leadership should be designated at the highest national level in a policy.” Similarly, Joseph Schumpeter defines democracy as “that institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people’s vote.”^{xxvii}

The maximalist definition, on the other hand, enumerates various rights and liberties that have to be associated with a competitive and inclusive system of government.^{xxviii} Larry Diamond uses the maximalist definition of democracy as encompassing “not only a civilian, constitutional, multiparty regime, with regular, free and fair elections and universal suffrage, but organizational and informational pluralism; extensive civil liberties (freedom of expression, freedom of the press, freedom to form and join organizations); effective power for elected officials; and functional autonomy for legislative, executive and judicial organs of government.”^{xxix} The process of developing democracy, however, leads to different forms and stages – “electoral democracy” with minimum level of freedom of speech, press, organization and assembly; “liberal democracy”, which, in addition to elections, requires the absence of reserved seats for military or other groups, horizontal accountability of the office – holders to one another, and “extensive” mechanisms and provisions for individual and group freedom and political and civic pluralism; “midrange conception” that falls between electoral and liberal democracies including various degrees of freedom of expression but weaknesses in the rule of law; and “pseudodemocracies and nondemocracies” that are less than minimal democracies but are not like purely authoritarian regimes because they “lack at least one key requirement : an arena of contestation sufficiently fair that the ruling party can be turned out of power”.^{xxx}

In the late 1990s, it became popular to discuss the ascendancy of the “illiberal” strain of democracy over the “liberal”—the latter being defined in maximalist terms as “a political system marked not only by free and fair elections, but also by the rule of law, a separation of powers, and the protection of basic liberties of speech, assembly, religion and property,” and the latter being defined as the erosion of “basic constitutional practices” in countries where elections, paradoxically, “reflect the reality of popular participation in politics and support for those elected.”^{xxxi} But to engage in this argument it is necessary first to define democracy. If democracy is only defined in terms of elections, then it is possible to have an illiberal democracy—one in which the people freely choose a government that subsequently curtails their rights. This presupposes that constitutional liberalism and elections are two separable strands that make up democracy.^{xxxii} But if democracy is defined in terms of a bundle of indivisible institutions and processes based on the principles of choice, participation, rule of law, rights, etc., then illiberal democracy is simply not possible.

For a democracy to be consolidated, argue Juan Linz and Alfred Stepan, five inter-related conditions must exist – free and lively civil society, “a relatively autonomous and valued political society”, the rule of law to guarantee “citizens’ freedoms and independent associational life, functioning state bureaucracy which can be used by the democratic government, and “an institutionalized economic society”.^{xxxiii} Democracy, therefore, is “a form of governance of a state” and becomes consolidated in political situations where it is “the only game in town” i.e. those competing for power play by its rules.^{xxxiv}

There are as many different permutations of the definition of democracy as there are paths to achieving it. Despite the many differences in how democracy is defined—be it in maximalist or minimalist terms, or be it in terms of institutions, processes or outcomes—one can argue that there are two fundamental underlying rationales of democracy—namely, that all people are equal (equality) and that all people are free (liberty). In addition, certain minimum conditions must be

met in order for a system to be labeled democratic. These include, among others and in no particular order, respect for human rights and the rule of law; collective deliberation, choice and participation; and representative and accountable government. Democracy is generally understood to describe a system of government, the distribution of power within that system and the ground rules of and values inherent in the process. Democratization, in turn, is understood to be the process whereby democratic institutions, practices and beliefs are built and/or strengthened in a society. This includes fostering the participation of citizens in the democratic process. Participation can be effected through formal mechanisms such as elections, or through informal mechanisms, such as civil society organizations.

It has been argued that there are four reasons why “representative” governments may represent the interests of the people – the public spirit of those offer themselves for public service; the use of their vote by citizens to select candidates with identical interests and devotion to public service while in office; citizens’ use of their votes to remove those “who would stray from the path of virtue”, and the separation of government powers through a system of checks and balances “in such ways that, together, they end up acting in the people’s best interest”.^{xxxv} The question, however, still remains: Do contested elections, widespread electoral participation and political liberties enjoyed by the people ensure the true representation of the people? Manin, Przeworski and Stokes argue that “citizens’ control over politicians is at best highly imperfect in most democracies --- and elections are not a sufficient mechanism to ensure that governments will do everything they can to maximize the citizens’ welfare”^{xxxvi} To ensure effective representation, they point out, we need the electoral institutions with sufficient powers and responsibilities, independent boards for transparency in campaign contributions, independent office of the Auditor General, an independent source of information about the state economy, and a clear role for the opposition to oversee the media owned by the public sector.^{xxxvii} It has been argued in this book, that the context in which the democratic institutions – parliaments, electoral management bodies, human rights institutions and the judiciary - operate may affect the extent to which the representation of all segments of the society takes place. Though democracy is still more conducive to representation than other types of regimes, institutional reforms and innovations can promote a more inclusive democracy – a form of government in which needs and demands of the poor, minorities and other disadvantaged groups are adequately represented.

The emergence of different elements of liberal democracy may move in different directions and follow different routes and sequences. Electoral democracies can become more democratic or less democratic. Similarly, liberal democracies can improve or decline in their levels of accountability and responsiveness. There is, thus, “no guarantee that democratic development moves in only one direction, and there is much to suggest that all political systems (including democracies, liberal or otherwise) become rigid, corrupt and unresponsive in the absence of periodic reform and renewal”.^{xxxviii}

The Concept of Governance and Globalization

When most people hear the word “governance” they think of “government”. After all, both have “govern” as their root word. But governance is about more than just government. It is a complex yet universal force that exists in all societies. People use governance in their daily lives

to manage human relationships, just as corporations and countries use it to manage their interaction and activities.

Governance is a neutral concept comprising the complex mechanisms, processes, relationships and institutions through which citizens and groups articulate their interests, exercise their rights and obligations and mediate their differences. Good governance addresses the allocation and management of resources to respond to collective problems; it is characterized by the principles of participation, transparency, accountability, rule of law, effectiveness, equity and strategic vision.

In practice, these principles translate into certain tangible things—such as free, fair and frequent elections; a representative legislature that makes laws and provides oversight; and an independent judiciary that interprets laws. They also translate into the guarantee of human rights and the rule of law, and transparent and accountable institutions. Good governance also decentralizes authority and resources to local governments to give citizens a greater role in governance. Finally, good governance ensures that civil society plays an active role in setting priorities and making the needs of the most vulnerable people in society known. In sum, governance is good if it supports a society in which people can expand their choices in the way they live; promotes freedom from poverty, deprivation, fear and violence; and sustains the environment and women's advancement.

When we speak of the quality of a country's governance, then, we mean the degree to which its institutions (such as parliament) and processes (such as the role of political parties in elections) are transparent, accountable to the people and allow them to participate in decisions that affect their lives. It is also the degree to which the private sector and organizations of the civil society are free and able to participate. "Good" or "democratic" governance is when the authority of the government is based on the will of the people and is responsive to them. It is when open, democratic institutions allow full participation in political affairs and when human rights protections guarantee the right to speak, assemble and dissent. And it is when government and governmental institutions are pro-poor and promote the human development of all citizens. In short, it distinguishes between the institutions and processes of governance, and their content and quality.

Ever more, it has become clear that the quality of a country's governance has a direct impact on the level of human development within that country's borders. Indeed, in today's world governance can no longer be considered a closed system. The state's task is to find a balance between taking advantage of globalization,^{xxxix} and providing a secure and stable social and economic domestic environment, particularly for the most vulnerable. Globalization is also placing governments under increasing scrutiny, something that may prompt improved state conduct and more responsible economic policies. In developed countries, globalization has also resulted in fewer state-supplied services in favor of private services. And, as the phenomenon of globalization spreads worldwide, it brings with it a proliferation in regional and global institutions that are neither elected by nor accountable to citizens. This has translated into the need for states to develop their capacity to maneuver within a new architecture and to facilitate policies that promote human development locally while protecting national interests globally. Developing countries in particular face the challenge of interacting with global organizations

such as the World Trade Organization, IMF and World Bank, where they negotiate from a position of weakness. There is an apparent need, therefore, to strengthen the negotiating power of developing countries by, for example, providing legal aid as they prepare and argue cases under the WTO's dispute settlement system or by establishing an Ombudsman mechanism within the World Bank or IMF to investigate cases of alleged injustice in operations.^{x1}

There is also a growing relationship between the quality of governance in developing countries and the trade and aid provided to those countries. Some democracy assistance providers and donors argue that the linking of conditionalities to assistance is a trend in the right direction. For example, Larry Diamond has argued that debt relief and other incentives should be used to prompt political liberalization, while others worry about separating the "winners" from the "losers" and leaving behind those very countries most in need of help.^{xli} It is important to recognize that external actors are always going to bring to the table certain concepts and conditionalities that are influenced by how that actor views governance and human development. This is true even for an impartial and multipartisan actor such as the UN, which approaches governance not simply from the political side but holistically, through a lens of sustainable development. This affects what services the UN provides and how it provides them. The important distinction or decision involves the set of criteria external actors use when deciding where and whether to provide democratic governance assistance.

In short, the number of democratic regimes continues to rise and good governance has become an important criterion for a country's credibility and respect on the international stage. There are compelling reasons to care about whether the quality of governance is good across the globe. For the good of their own people and for the sake of our common aims, the capacity of weak states to govern should be strengthened because countries that are well governed are both less likely to be violent and are less likely to be poor. A country that protects human rights and promotes inclusion is less likely to have citizens who are alienated enough to turn to violence as a means of addressing their problems. And a country where the poor have a voice in their government is more likely to invest in national policies that reduce poverty. When people's interests, needs and human rights are at the center of governance institutions and practices, there can be real progress in combating poverty.^{xlii} Good governance provides the setting for equitable distribution of benefits from growth. In short, more peaceful and more prosperous nations contribute to a more peaceful and more prosperous world. The linkages between good, or democratic governance, and human development are explored in greater depth in the next section.

Democratic Governance and Development

Since 1959, when Seymour Martin Lipset^{xliii} first presented an empirical correlation between a high level of economic development and stable democracy, the debate on the linkages between democratic governance and development has evolved considerably. We will first approach the issue in terms of economic growth alone, as opposed to from a holistic human development perspective. According to Carlos Santiso, this debate has centered primarily on three issues: (i) whether democracy fosters wealth and growth; (ii) whether higher incomes and wealth promote democracy; or (iii) whether there is a synergistic, combination effect of both.^{xliv}

Different scholars have come up with different answers to the question of whether democracy stimulates economic growth or vice versa. Adam Przeworski and Fernando Limongi conclude that they “do not know whether democracy fosters or hinders economic growth.”^{xlv} On his own and more recently, Przeworski has said that while the jury is still out on whether democracies generate economic development or vice versa, “democracies are much more likely to survive in wealthy societies.”^{xlvi} Robert Kaplan, on the other hand, concludes that certain prerequisites are needed in a society before democracy can take root, including a certain level of employment, economic stability and civil peace. As he put it, “Africans wanted a better life and have instead been given the right to vote.”^{xlvii} In Kaplan’s view, economic development first will increase the chances that a democracy will be sustainable.

Still other scholars, such as Tom Carothers, aver that political and economic development are synergistic and must not be artificially separated or sequenced. The argument for “sequencing” is seen by many as artificial and nothing more than a thin veil for authoritarianism. According to this view, it is the poor, and indeed all citizens of a society, who must decide whether they prefer to eat or to vote or to do both. This is a choice that they and no one else can make. And it is only through the exercise of democracy that such a choice can be made.

While it is often claimed that authoritarian regimes are better at bringing about economic development, comprehensive statistical analyses do not back up this hypothesis.^{xlviii} First, as Przeworski found, wide-ranging statistical analyses confirm that no linkage can be drawn between authoritarian regimes and economic development. Second, the recent economic crises in South East Asia proved that poor governance and lack of accountability and transparency can derail economic progress.^{xlix} And third, even if non-democratic governance were proven to promote economic growth, democratic governance has an intrinsic human development value in that it enables political and social participation. This is because human development is a measure of far more than just economic well-being. It is a process of enhancing human capabilities in a way that expands choice and participation.¹ In this way, democracy and its values go to the very heart of human development. Indeed, as Amartya Sen has pointed out, “since democracy and political liberty have importance in themselves, the case for them remains untarnished.”^{li}

Amartya Sen has long argued that poverty should be defined in terms of capabilities absolutely and in terms of commodities only relatively. This shifts the focus then from what people have to what they can do. In other words, “people are poor when they can do less and they can do it less well....Poverty is in one sense a lack of capacity to achieve well being.”^{lii} By defining poverty in terms of the inability to choose, to participate or to have a voice in decisions that affect one’s life, as well as in terms of material wealth, bolstering the human rights inherent in democratic systems is an obvious means towards poverty alleviation.

The democratic process is superior, Dahl points out, in three different ways. First, the democratic process promotes individual and collective freedom better than any other alternative regime; second, it promotes human development, in the capacity for moral autonomy and personal responsibility for one’s choices; and third, the democratic process, though not perfect, is the best way by which people can protect and advance their common interests and goods.^{liii} In short, while it may be unclear whether democratic governance enhances economic growth, it is

clear that democratic governance enhances human development. Thus, to explore the merits democratic governance from the perspective of economic growth alone is to miss the forest for the tree.

Flowing from the above is the lesson that poverty alleviation strategies can only be sustained and effective in the long term where the affected group is involved at all levels of the decision-making process. Although many types of regimes including non-democratic ones—such as present-day Cuba or Chile under Pinochet—have been able to reduce poverty in the short-term, they have not been able to sustain such efforts. This can only be done through the effective participation of the poor in decisions that affect their lives, and this participation is most completely realized through democratic regimes.

This lesson has been reinforced with many examples from developing countries themselves. In Thailand, for example, local communities are planning their own development projects and mobilizing their own resources to bring them to fruition. In Bangladesh, entire villages, rather than just “the poor” segments, are mobilized to combat poverty through home-grown collective projects. In Bulgaria, local civil society organizations have trained unemployed workers in harvesting and other skills.^{liv} These are all examples of local government structures and civil society organizations, operating through the principles of democratic governance, directly impacting on the quality of life of disadvantaged communities.

Even though democracy is not a “cure all” for human development and poverty alleviation, it holds more potential for achieving these goals than any other system of government. Democracy creates opportunities and enhances capabilities of the poor and underprivileged.^{lv} As such, it has an intrinsic human development value. Moreover, most stable democracies tend to have lower levels of poverty, and, on the flip side, democracies that let their citizens remain in protracted poverty tend to be short-lived.

Democratic governance has three distinct advantages over authoritarian regimes.^{lvi} First, democracies are better able to manage conflicts and avoid violent political change because they provide opportunities for the people to participate in the political process of the country. Second, democracies are better able to avoid threats to human survival because the checks by the opposition parties, uncensored criticism of public policies and the fear of being voted out of office. Third, democracies lead to greater awareness of social development concerns including health, primary health care and rights of women and minorities.

In the aftermath of the September 11 terrorist attacks on the United States, a debate is taking place in the United States and indeed the whole world about the determinants of the rise of extremist and fundamentalist movements within some of the Islamic countries. Though the causes of national and international terrorism are highly complex, one of the predominant views being expressed is that the lack of effective democratic institutions and processes in many of the muslim countries leads to exclusion and foster extremist organizations because their members do not have adequate opportunities to participate in the political process in the country. The 2001-2002 survey by the Freedom House, for example, showed the “democracy deficit” in the Islamic World, especially in the Arab Region. Though majority of the muslims in the world live under democratic rule – because of the large size of such Islamic countries as Indonesia, Nigeria,

Bangladesh and Turkey and large number of muslims in India – only 11 of the 47 countries (23 percent) with Islamic majority had democratically elected governments.^{lvii}

4. Competing Explanations of Democratization

There is a wide body of literature on why and how democracies function effectively in some countries and not in others.^{lviii} Bratton and Van de Walle have examined contrasting interpretations of democratization that, to varying degrees, are relevant to Africa as well as the developing countries in other regions.^{lix} First, structural approaches attribute political change to the architecture of social systems. Democratization process thus is facilitated where there is breakdown of feudal systems of economic production leading to greater inclusion of more groups in the process of decision-making at the national, local and community levels. Second, “contingent” approaches focus on decisions and actions of individual actors and ability of leaders to inspire others towards political change. Third, international approaches emphasize dependency of national processes on international systems including conditionalities for democratic reform imposed by international donors and financial agencies and pressures from global actors including the civil society. Fourth, domestic approaches attribute the process of democratization to actors, organizations and institutions within the borders of a country. When well organized, these actors are able to put pressure from below to affect political change and become a “home grown constituency for political reform”^{lx}. Fifth, economic explanation of democratization emphasizes centrality of improved economic conditions because of which more actors and organizations have a stake in the system. Finally, political approaches focus on “the institutions that allocate power”^{lxi} Political processes and institutions internal to the national political system are thus vital to explain variations in different pace of democratization in various countries.

Their own empirical analysis on democratic experiments in Africa led them to four conclusions: (1) democratization was not found to be related to “any aspect of economic structure, change or crisis” and that “attempts at democratic transition can occur under a range of economic conditions and at any level of economic development”^{lxii}; (2) weak governments dependent in international aid and accompanied by increased popular resistance were more likely to be forced to reform politically.; (3) the most extensive democratic reforms took place in political regimes with such institutional legacies as the absence of competitive elections. (4), four variables accounted for two-third of the phenomena: military intervention, frequency of political protests, overseas development assistance, and opposition cohesion^{lxiii}

The significance of each of the aforementioned factors in explaining content and pace of democratization varies from one country to another. For example, the national leaders in South Africa, Ghana and Nigeria played a critical role in recent deepening of democracy by inspiring others in the country towards the values of democratic change . Architecture of social systems and feudal systems of economic production have significantly influenced democratization in Pakistan, Brazil, Nepal and Kenya. Conditionalities for democratic reform have influenced democratization in Haiti, Indonesia, Zimbabwe, Poland, and Uganda. The influence of external partners on democratization in these countries has been greater than in other countries because they have been going through various types of internal changes or crises that made them more dependent on external donors. Domestic pressures from local citizens and groups – “people power” - were perhaps the most significant factor in political change as shown in the case of the

Philippines, Indonesia, and South Africa. Rapid pace of economic development usually triggers democratic change as well as stability of democratic institutions as we find in the case of South Korea, Malaysia, Thailand, Botswana and Hungary.

In the final analysis, it is a combination of the above factors that account for variation in the process of democratization, the pace of democratic change and the performance of different countries in terms of the quality of their democratic institutions.

5. Democratic Governance and Human Development

Human development is aimed at expanding people's capabilities and choices that enable them to lead long, healthy and creative lives and enable them to participate in decision-making affecting their lives. Its characteristics include people's empowerment, equity of opportunities, sustainability, and human security and freedom. By examining the set of these characteristics, a country's development performance and predictors thereof become clearer. These critical generic characteristics include life expectancy, adult literacy, school enrollment and per capita income.^{lxiv}

Also critical to human development performance are characteristics in a society that are more difficult to quantify but are more revealing. These include access to services; participation in decision making; income disparities; equality of opportunities; level of employment; economic growth by community; health and education indicators; and human security. This is why it is important to disaggregate, wherever possible, human development indicators so that they reveal development disparities along the basis of ethnicity, gender, age or other basis. In line with this, specific indices have been developed to measure such things as gender empowerment, human poverty (including access to water, health services and sanitation), education, access to information flows, economic performance, macroeconomic structure, environmental status, political life, crime, personal distress and other components of development.^{lxv}

As we have seen above, democratic governance is the most human-development-friendly system of governance. Why and how do democratic governance specifically affect human development performance? To take first the example of generic human development indicators, democratic governance can help to increase life expectancy, improve adult literacy and school enrollment, and raise per capita income by providing a system of government that responds to the needs of the people. If the people desire better health care, education and quality of life—and we must assume that these are universal human aspirations—democratic governance ensures that elected representatives act according to the will of the people in an accountable way. It further ensures that a system is put in place that is based on the rule of law and equal access to opportunities. Of course, as we saw above, other systems of governance—even those that are undemocratic—can also improve health care, education and income among their citizens. It is clear, however, that by looking at the more qualitative indicators of development the real benefits of democratic governance become clear.

To take each characteristic separately, democratic governance is the best system to ensure citizen participation in decision making because it demands the participation of the citizens in selecting their leaders and holding them accountable. It also provides local governance and civil society

mechanisms through which citizens can voice their concerns, make decisions at a local level and inform their elected representatives of pressing issues.

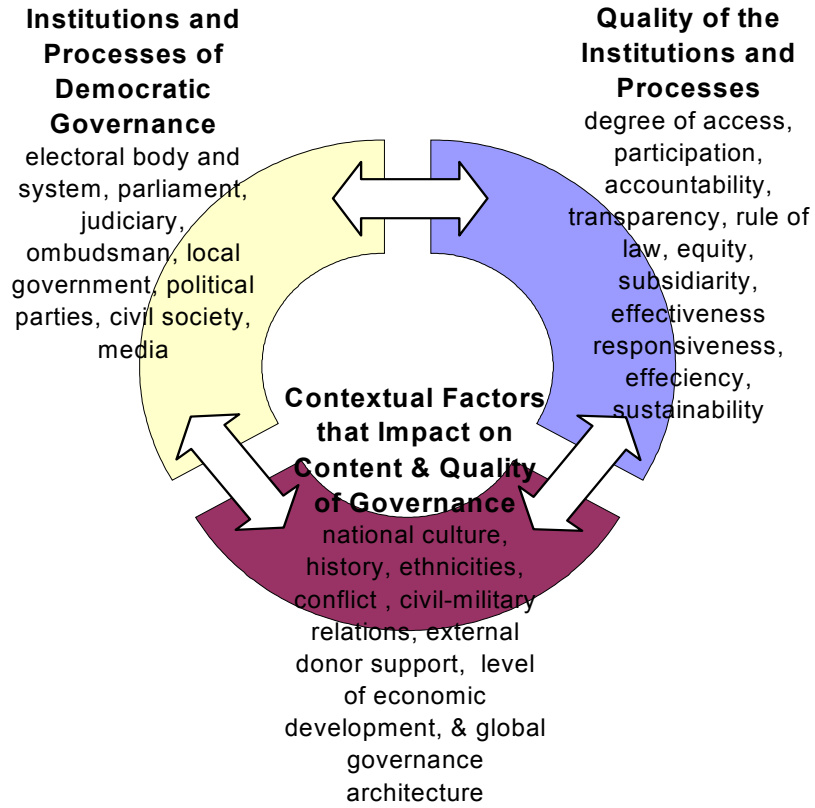
By providing local government structures that distribute resources in an equitable, transparent and accountable way, democratic governance also increases citizen access to services. Decentralization, when democratic, creates local structures that can make decisions and distribute services and resources independent of a central authority. This makes governance more efficient and responsive to local needs. Decentralized mode of program design and implementation improves delivery of and access to such services as primary health care, education, and shelter and low-income housing

Democratic governance can also reduce income disparities and provide equality of opportunities by protecting the rights of minorities from the “tyranny of the majority.”^{lxvi} National institutions, affirmative action and legal standards are all tools of democratic governance that can help to resolve income disparities among communities or help to encourage more women to participate in the political process.

Although the issue is still vigorously debated, there is some evidence that democratic governance can increase levels of employment and income. For example, Adam Przeworski finds that while “political regimes do not affect the rate of growth of total income...population grows faster under dictatorships, [hence] per capita incomes grow faster under democracies.”^{lxvii} Przeworski also finds that, irrespective of the specific linkages between economic indicators and democratic governance, democracies are rare in poor countries and are frequent in affluent ones.^{lxviii} In addition to the above, one specific element of democratic governance is very significant to income and employment—accountability and transparency in finances. Corruption in developing countries very often results in critical resources being diverted from the neediest and discourages investment both nationally and internationally.^{lxix} Both negatively impact on economic growth, income and employment levels. Democratic governance provides an institutional framework for freedom of press, active role of civil society organization, and checks and balances among the executive, legislative and judicial branches – factors that are critical to combat corruption and improve transparency and accountability in governance.

Finally, democratic governance can help to improve a society’s health and education indicators and protect human security by providing the foundation to build inclusive communities, provide care and equal access to health and education services. Democratic societies are more likely to invest in health and education because it is the people who lead the development agenda. Democracies are also less likely to go to war with one another or suffer from internal strife or famine.^{lxx}

Figure 1. The What, the How and the Why of Democratic Governance



To conclude, human development performance can be enhanced through enhancing the quality of democracy—including the devolution of power and resources, protection of human rights, removal of corruption and speeding up of justice.^{lxxi} In such an environment, the poor will be freer to self-organize and develop their capacity for collective action. In today's globalized world, the prospects for enhancing the quality of democracy are greater. Citizens globally enjoy increased access to information and comparative experiences. Corruption and human rights abuses are more difficult to hide from scrutiny. And civil society is becoming more active on regional and global levels.

6, Conceptual Framework

As a final consideration, it might be useful to establish a tool for examining democratic governance and human development in a holistic way across countries. This tool—a conceptual framework—outlines the ideas and key components that help us determine progress being made toward democratic governance and toward human development and reveal where the strongest linkages between the two lie. The framework is based upon the premise that there are three essential things to keep in mind when studying democratic governance—the what, the how and the why: what makes up democratic governance (institutions, processes and practices), how governance is democratic (key principles of democracy as a form of governance) and why governance becomes democratic (internal and external factors that influence the development and consolidation of democracy). Figure 1 captures this dynamic interchange between the factors that comprise and affect the quality and nature of democratic governance. Once we understand more fully democratic governance, it becomes easier to evaluate, in a component by component approach, its impact on human development.

By taking a given country, examining it from each of the perspectives outlined in Figure 1 above and comparing this analysis with the relevant human development indicators, a comprehensive picture of democratic governance for human development emerges. Thus the conceptual framework proposed here synthesizes information elicited from Figure 1 with information from human development indicators on a country-by-country basis.

For example, taking Country X, we can examine its institutions and processes of democratic governance, the quality of those institutions and processes, and the contextual factors that impact on both. We can then take this information and synthesize it with Country X's human development indicators. This framework includes both generic (life expectancy, adult literacy, school enrollment and per capita income) and qualitative (access to services; participation in decision making; income disparities; equality of opportunities; level of employment; economic growth by community; health and education indicators; and human security indicators).

The following key democratic governance institutions and processes form one third of the dynamic depicted in figure 1.

Electoral Processes and the Role of Electoral Management Bodies

Elections are a critical component in any system of democratic governance because they are a regular and direct means of citizen participation in governance. Democratic electoral processes and systems also help ensure that government is responsive and accountable to the people. Such systems and processes together set the ground rules for a two-way relationship based on participation and accountability between the elected and those they represent. They provide a mechanism through which competing interests are articulated and debated and policy options identified. Yet, elections as events are not sufficient to make a country democratic. It is the quality of the electoral process, which promotes democratic governance. Quality in this context implies multi-party elections, active involvement of civil society organizations, frequency and regularity of elections, and acceptance of elections outcome by the opposition. Also important are the capacity of electoral management bodies as governing institutions to ensure efficient and transparent conduct of elections based on universally recognized standards.

Promotion of Human Rights Through Inclusive Democracy

Human rights and democratic governance are closely interrelated. In order to fully utilize their capabilities, citizens must have certain inalienable rights. They must be free from discrimination; from want; from fear and from injustice. And they must be free to develop and realize their potential; to think, speak and participate; and to work without being exploited.^{lxxii} Human rights are indivisible. All types of human rights are important – social, civil, political, economic, and cultural. Democracy is compatible with all categories of rights – economic, social, political, cultural and civil. Democratic governance protects and promotes human rights through the rule of law, through regular elections and through representative government that solicits citizen participation.

Some rights require institutions and legislation for promotion and protection of rights by the state while others require mechanisms for the protection of rights of the state.^{lxxiii} Four key defining characteristics of democracy are based on human rights – free and fair elections contribute to political participation; freedom and independence of media are conducive to freedom of expression; separation of powers among branches of government protect people from abuses of their civil and political rights by other individuals or the state; and encouragement of civil society and political parties promotes the right to peaceful assembly and association.^{lxxiv}

Democracy at the Grassroots: Political Devolution

Decentralization including devolution of power and resources help to strengthen the role and capacity of local authorities to become more responsive and accountable to the concerns of local communities and groups. Decentralization and local governance enable local authorities to involve civil society organizations and the local private sector in formulating, implementing and managing plans and policies. Simultaneously, communities and their organizations are empowered to become equal partners in local governance and development processes that are pro-poor, pro-gender and environmentally sustainable. Urban areas present specific challenges and require specific responses in terms of providing for the needs and enhancing the opportunities of the urban poor. In recognition of the role of decentralization in people-centered

development and promotion of the values of democracy and good governance, there is a global trend towards decentralization of power and responsibilities from the center to regions, and local governments.

Decentralization can take four forms: deconcentration of functions from the central government departments to local areas, delegation of authority to semi-autonomous bodies to perform specific functions, devolution of power and resources to local governments, and transfer to functions from the government to non-governmental organizations including the private sector. Devolution of political power and financial resources is the basis of “democracy at the grassroots”, though other forms of decentralization also facilitate people’s participation in local decisions affecting them. The practice of decentralization in Africa, Asia, Latin America and the Middle East, however, suggests that local governance reforms in most countries tend to focus on deconcentration and delegation and a variety of factors impede devolution of authority and resources to elected local governments.

Parliaments and Constituents

The legislative branch of government is the principal representative branch of a country’s governing institutions. In democratic countries, it is the forum by which people’s concerns are voiced in the governing of a country. The role of a legislative branch is generally associated with law making, representation and oversight. Thus, legislatures play a critical role in shaping human development strategies; determining resource priorities for health, education and the environment; and creating the enabling environment for the private sector to thrive.

In many developing countries, however, there are major gaps between the theory and practice of legislator-constituent relationships. Single party parliaments – still existing in many developing countries - are not conducive to discussion of alternative points of view. In addition, where parliaments are dominated by feudal groups, major reform efforts are thwarted because of the vested interests of these groups. Lack of education and low income levels prevent constituents from holding their representatives accountable to their needs and aspirations.

Institutional Capacity of the Judicial System and Access to Justice

Equal and fair administration of justice is among the first pillars of democratic governance. Strong legal and regulatory frameworks—including those pertaining to the constitution and electoral system—and equal access to justice are essential to establishing an environment in which human development can take place. Citizens need to know that laws will be enforced and that the administration of justice will be fair, in order to have faith in the system. And, the justice system needs to provide equal access to even the poorest and most marginalized in society.

There are several dimensions of judicial system and access to justice which have direct impact on promoting democratic culture and values: management of judicial system, structures and processes including planning for institutional development; human rights enforcement and related dimensions; globalization and legal protection of investments; legal aspects of environmental protection process; public safety, crime, and prison system; and access to justice

including legal aid system, promotion of alternative dispute resolution and public awareness campaigns through civil society and other mechanisms. In addition to the above, the judicial system should have independence to be able to hold the executive branch accountable for its actions

The role of Civil Society and Political Parties

Civil society and political parties play a vital role in deepening democracy and good governance. Civil society is a keystone of democratic governance in that it can act as a galvanizing force for positive social change.^{lxxv} Civil society and its organizations represent different voices, perspectives and values in a pluralistic society. A vibrant and active civil society is a critical element in human development, since it is the part of society that connects individuals with the public realm and the state. Civil society can provide checks and balances on government power and monitor social abuses and it can offer opportunities for people to develop their capacities. Today there is a growing dichotomy between domestic and international politics in the sense that civil society is growing on a national level and, at the same time, clarifying its role through global issues such as environment, debt, human rights, crisis and so on.

Like civil society organizations, political parties are an important vehicle responsible for articulating and aggregating the diverse demands of society. One of the key differences however—and the reason they are addressed separately here—is that political parties compete for political power and have the ability to directly translate these diverse demands into public policy if voted to power. Where civil society organizations are often issue-based, political parties must develop positions on a wide range of issues and approach those from its ideological standpoint. A vibrant multi-party system is essential to the health of democratic governance because it ensures that positions are established ideologically and provides a series of platforms for action that citizens can accept or reject.

Civil society organizations and political parties are directly involved in the electoral process, functioning of the legislature, the promotion and protection of human rights, anti-corruption strategies, decentralization and local governance systems and governance in crisis and post – crisis situations. In this sense, they are cross-cutting and are, therefore, examined in each of the related chapters.

Globalization and Public Sector Capacity

Public sector institutions and civil service systems are the institutional foundations of the state's capacity to govern, formulate and implement development programs and pursue human development towards poverty eradication. In today's globalized economy, public sector institutions must play a new and demanding role. Public sector institutions worldwide are being challenged to abandon central planning in favor of strategies that encourage private sector activity and increased investment, reward good organizational and individual performance, increase productivity and use and manage resources more efficiently. Public sector institutions today need to enable rather than control, to facilitate rather than interfere and to manage less but more effectively. This requires new skills and capacities on the part of central ministries and

departments of planning and finance, independence of the central bank, and other public sector institutions involved in economic policy formulation.

Political institutions – electoral management bodies, parliaments, anti-corruption bodies, court system – are more likely to be effective where public sector institutions pursue complementary objectives at the national level and where local officials from the government departments have the capacity and orientation to improve the access of the people to such services as primary health care, agricultural extension, population welfare, education and low-income housing. Thus, effectively functioning public sector institutions and capacity of the public sector to lead the process of policy – making and implementation can deepen democracy and good governance and enable the country concerned to benefit from the phenomena of globalization.

Integrity in Governance and Combating Corruption

Integrity in governance and anti-corruption strategies apply to and impact on not just public institutions but private and civil society organizations as well. The public sector is perhaps the most important, however, because it is responsible for managing and allocating public funds, international assistance and public goods, therefore its effectiveness, efficiency and transparency are critical to human development. Integrity in governance - including accountability of public officials, transparency of public decision –making, access to information, and enforceable ethical standards and codes – has significant impact on the institutionalization of democratic political institutions and processes as well as on poverty eradication. Investment by national and international interests are also very much dependent upon investors’ confidence in the integrity of governance and the likelihood that someone will be accountable for their capital at the end of the day.

Democratic Governance in Crisis Situations

Many countries, especially in Africa, find themselves in situations of marked internal and external conflicts that result in social and economic dislocations. During and after crisis, democratic institutions and processes that protect the vulnerable are usually destroyed and need to be rebuilt. Countries in crisis and post – crisis situations face peculiar problems of democratic governance – human rights, human security and livelihoods of the people need to be protected; institutions dealing with judiciary, police and public administration need to be rebuilt; political reconciliation among fractured communities need to be achieved; the displaced population need to be rehabilitated and integrated; and new elections needs to be organized, usually under the supervision of international observers, to restore political legitimacy after crisis. Building democracy in such situations requires a holistic approach.

Contextual Factors and Global Forces

And finally, Figure 1 captures contextual factors, which are intended to explore the impact that culture, ethnicity, history and other factors have on the quality and content of democratic governance institutions and processes. Some suggest that certain cultures are inherently inhospitable to democratic values and institutions. However, a critical analysis of the evolution of the democratic idea and practices, and of the global advance of democracy in governance,

suggests otherwise.^{lxxvi} Democratic governance appeals to and grows out of the universal human values of dignity and freedom. Where democratic governance has failed, it has done so more due to imperfect institutions or execution rather than to the “unripeness” of a given country. Indeed, countries possessing such diverse cultures as India, Costa Rica, Mali, Poland and Indonesia have all come to the conclusion that democratic governance is a positive thing. This is not to say that the process of democratic governance will take the exact same form in each of these countries or that democracy will take roots in different societies with the same speed. Local cultures and traditions will impact upon the way democratic values and systems are built and supported. In Mali, for example, where a high premium is placed on dialogue and consensus building, the government created a new democratic institution known as the “day of questioning.” Once a year, the government, represented by the Prime Minister, fields questions from citizens on any matter.

Independence of media is generally seen as a prerequisite of participatory democracy. Indeed, the media perform an important civic educational function in explaining political processes, positions and events. Free access to information and ethical print, radio and televised media are critical if citizens are to stay informed and if government institutions are to be held accountable for their actions. In many democracies it has been the media that has exposed corruption and other abuses of the public trust that have prevented citizens from realizing their full human development.

Also an integral part of Figure 1 is the quality of democratic governance institutions and processes. This draws attention to the degree of access, participation, accountability, transparency, rule of law, etc. that these institutions provide. It is not enough merely to have the architecture of democratic governance in place. These institutions and processes must be infused with the principles of democracy—the most important of which are liberty and equality—in order to work.

In addition to internal factors, the pace of democratization is also affected by global forces and roles of external actors. Rapid pace of globalization requires systemic changes in internal governance as well global governance architecture. This would ensure that globalization works for all and not for a few.

It is important when examining the linkages between democratic governance and human development to remember that there is no one size that fits all. That is to say, each country transitioning to or consolidating democracy faces certain unique contextual factors that will impact upon the pace and nature of change. These include the evolution of democracy (historical and colonial legacies) within a country; the class structure; the history and current status of civil-military relations; the past history of conflict and resolution; geographic and demographic considerations; and the role of international donors.

ⁱ United Nations Development Programme (UNDP), Human Development Report, 1999.

ⁱⁱ Ibid.

ⁱⁱⁱ UNDP, Overcoming Human Poverty, New York, 2000

^{iv} Ibid.

^v UNDP, Human Development Report, 1999.

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^{lxxv} Kaplan, Robert, "Was Democracy Just a Moment?", *The Atlantic Monthly*, December 1997.

^{lxxvi} Safty, Adel.,,