Measurements and/or appreciation of good governance at a regional level: questions of evaluation addressed to the work of the World Bank

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We have entered the knowledge and learning based economy and society. Beyond the national and international statistics available to states, a territory and what is at stake can be documented from now on thanks to the production of a qualitative and quantitative knowledge on finer space levels. Requests on the attractiveness or competitiveness or governance can also be documented on various levels. Moreover, knowledge makes, from now on, the object of a capitalization supporting the study of the evolutions. These learnings are however not easy to produce: they have qualities but also limits. All depends on choice of methods, on the interest of the authorities to improve knowledge. All finally depends on capacities to inquire or "know", on competences for the synthesis and the treatment.

Concerning the methods, they inevitably take several ways: qualitative methods, statistical methods, direct investigations, observations, collection of interviews materials. They are even characterized by the hybrid character of the majority of the practices. Moreover, one of the favorite approaches for the experts and the international actors, when it is a matter of making a diagnosis of the territories, is that of the comparative economy. It is a matter of giving itself the means of carrying out the benchmarking of various areas, nations, great areas from the point of view of various angles of attack or criteria. The same synthetic and crucial indicators representative of economic, social or political general interest are designed for several territories.

As to those who express an interest in knowledge, any actor is potentially in the list. Any potentially mobile agent in particular… is petitioning for himself, his company, his capital. Insofar as a territory must make flow new resources on its "basis", the official authorities which have the responsibility for it are petitioning. Quantitative measurements and the more qualitative or even conventional appreciations of the competitiveness, the attractiveness and the good governance on a regional level are an informational resource of quality. The good governance indicators and the public policies evaluation associated indicators treated in this article are obviously interesting for all the actors, but they are especially the prime objective of knowledge both for the elected officials and the voters.

Central editors for measurements and evaluations of "good governance" exist (the World Bank, the international IMD for example, cf bibliography). Their methodologies are at the same time tested and contestable. Of course, the indicators of "good governance" come within the normative scope, therefore simple reference frames and monolithic reference indicators should not be thought of. Ten years at least of the first work made it possible to avoid some errors. The first originators are pursuing the basic reflection effort (Rosselet-Mac Cauley, S., 2003; Garelli, S., 2003; Kaufmann, D., 2003).

We wish to bring here a more particular clarification on the only aspect of the "good governance". In our opinion, this field is judged too often nonpriority or to apprehend only on the political ground. The good governance is interesting for the economists as well as competitiveness at various levels because it appears that it can be an institutional source of growth.

Of course one will link the question of the regional or national official authorities rating under their good governance and the public policies evaluation problems. The rating and the evaluation rest both on the construction of synthetic indicators. This construction imposes theoretical choices and comes up against feasibility problems when it comes to the inquiries. The solutions suggested solve only one part of the difficulties. Various appreciation conventions are thus necessary, as well in the plan of the basic indicator as in the plan of the synthetic indicators.

The outcome of our discussion will be that the use of results, which however improve considerably knowledge of the public action, should only be careful. Work produces more general knowledge of the public action and its effects, but some uncertainties remain and the normative approach does not result obviously in reducing all of it.

1.Governance: recalls of the definitions.

- Origin
The word's origin returns to Latin "gobernare" (rudder, to control) as well as to the Greek "kybernan" (control system). Beyond the visible governments and official authorities, it is a question of identifying the system which ensures the power or which makes that influences are exerted in democracy by majorities, influences passing through various transmission channels, mechanisms or institutional arrangements. The latter must be taken in the broad sense of traditions, legislations, public political regulations, i.e. of everything which combines or is combined for the realization of official objectives or shared aims in fairly democratic societies.

The ultimate objectives are obviously multidimensional (so they are relevant to a multicriteria evaluation) and are carried at various geographical levels of authority and government: for instance, there is today a meta-objective, the lasting development, which is declined in the following way: populations

survival, health, order, prosperity, equity, sociocultural development and, beyond, deepening of the democracy and responsabilisation of the individuals and the populations.

Such ultimate objectives are carried out thanks to measurements, actions, laws, policies… which can, to simplify in complex universe, be regarded as causes producing realizations, then intermediate results (in the dimension of the intermediate objectives), then results (in the order of the ultimate objectives), then effects or an impact (in a great number of dimension of effects and not simply in the dimension of the expected results ex ante). The impact logical diagrams of measurements, actions, laws, policies… raise of modelings of "as if" type. They have a teaching function but each link must obviously be corroborated by empirical proofs and results.

- Good governance
"Good governance" belongs obviously to various normative universes.

The realization of such or such objective, the public actions real effect or impact is what is expected by the populations. All the governances have impacts and correspond to a particular degree of relevance (judicious choice), of efficiency (economical realization), of efficacy (realization of the official announcements). The outclassing of governance with regard to another is a matter of evaluation and this one can be only synthetic. Moreover, since we are in a multidimensional reference frame of values, outclassing is done within the framework of a multicriteria evaluation (with all the related problems: criteria choice, criteria weightings, rating on each criterion, negotiations of the acceptable concordances and the unacceptable discordances in the rating profiles by the various valuers in the various criteria categories).

Good governance is not judged compared to a given or visible target. It will be appreciated as a relative question. It implies a comparative approach, a benchmarking, comparisons between the comparable governance elements, the comparability being made satisfactory, (feasible and usable) by partial abstraction of the socio-economic contexts of the various areas or nations.

Good governance can only be judged in the opened political systems. It must include, by definition of the democracy, a participation, public debate opportunities, an electoral system with the citizens and the representatives involvement.

A good governance remains defective. Explanatory variables of future successes are still noncontrollable and the socio-political system remains open on account of uncertainty. The individual freedom in democracy produces also innovation. Social engineering can certainly ensure a reasonable efficacy of the new laws and public policies but those do not exhaust once and for all the recurring issue of the "best gouvernance".

The public actions and legislations cannot be too complete, too heavy or too expensive to set up and there is a permanent arbitration between more voluntarism and more laissez-faire.

Good governance implies a correct implementation of the laws and regulations.

The good governance includes the need to ensure the quality of the services given to the public. Thus public management has to be controlled which implies an upright and professional public office, a favourable legal framing, transparency and information of the public, a responsible behaviour for the civils servant, the acceptance of recurring procedures of monitoring and evaluation.

- Good governance and attractiveness
Good governance on a given geographical level, for example at the regional level, goes hand in hand and is correlated with the local attractiveness. The relationship is however not close with the degree of regional competitiveness. Thus it is seen that the United States come at the forefront of the worldwide competitiveness board in 2003 (according to the "world competitiveness scoreboard" of the IMD) but not in forefront for the good governance (within the meaning of the World Bank, for example).

- Good governance and social capital
Social capital goes beyond the human capital (individual human resources, competences, diplomas). It gathers also the collective value of all the laws, norms and voluntary social interactions, which allow de facto the coordination of actions in order to reach social cohesion and the common objectives. Social capital of quality is often correlated with a good governance (national economic and social forum, 2003). It is an acceptable assumption as the forum indicates: "There is a likely connecting thread from some types of informal social networks to formal association life to the quality of public governance. Interactions among people in these groups and organisations create horizontal networks of civic engagement that held participants to act collectively in a way that has an impact on community efficacy" (idem, page 39; also see Fukuyama, F, 1995).

2. Good governance within the meaning of the World Bank and knowledge of the public choices

Varied international organizations sought to appreciate on a national or even regional level the more or less satisfactory feature of the governance. The European Commission, for example, questioned its own governance system (European Commission, 2001).

In addition, one can imagine that many states and multinational firms seek to assess the political risk existing elsewhere and need permanently a system of wakefulness and good governance measurement (for example, Coface, 2003).

In fact, it is the work of the World Bank which draws one's attention the most. The World Bank uses the sources of 18 different organizations and 25 separated data bases. Its field covers 199 countries and territories and is watched regularly (1996, 1998, 2000 and 2002) (cf www.worldbank.org/whi/governance/govdata 2002). Basic work consisted in combining local and specific indicators by sensitive methods of aggregation in order to obtain synthetic indicators for six stakes, interests or dimensions of the good governance. These selections, combinations, aggregations reflect obviously an implicit model, the one of the World Bank. Therefore it is one political choice among others and this "model effect" is obviously not neutral on the results and the classification (see further, the discussion of this point).

- **<u>Six dimensions of stakes</u>**
The regroupings used by the World Bank provide six dimensions of stakes or synthetic indicators:

- **Depth of the democracy** within the meaning of political expression and political responsibility.
  In this dimension, the political and electoral process is appreciated together with the political rights and civil freedoms, the mechanisms of feedback and control of the voter-citizens towards the elected officials and official authorities, the media independence…
- **Political stability and absence of violence.**
  In this dimension the official authorities destabilization likelihood through unconstitutional, illegal or violent proceedings (terrorism for example) is appreciated together with the public policies continuity insurance, the electoral frauds and everything which decreases the political capacity of the voter-citizens.
- **Effectiveness of the government.**
  One assesses here a set of capacities of the official authorities to implement their announcements, to make their commitments credible, to select and allocate better their means, to improve services supplying quality, to raise the competence of the civils servant, to ensure the independence of the public office with respect to unjustified politicking pressures …
- **Quality of the laws and regulations.**
  One appreciates in this dimension the happy medium between relevance and heaviness of the laws and regulations. The policies are criticized in particular

those which prevent the expression of freedoms and of the competition on the markets (price control for example), the noneffective laws, bad regulation or supervision (for example, the one of the banks). One is also interested in the perception by the public of the laws and regulations like burdens or yokes more than like levers for the private action;
- **"Rule of Law"** or degree of adhesion and confidence in the socio-political principles. One appreciates here the degree of confidence in the justified feature of the great principles, the adhesion and the behaviour in conformity with the rules, consequences perceptions of the crimes and offences, the foreseeable and real character of the legal sanctions, the guarantees perceived for the contracts…
- **Control of corruption.** Corruption is the exercise or the influence of the political power in order to organize a system of lateral payments and private gains. One measures here the frequency of additional taxes payments, the capture of the lawmakers and regulators by corrupters etc…

3. Good governance and competitiveness indicators within the meaning of the IMD World report.

The IMD World annual report provides for national competitiveness an approach comparable with the one of the World Bank in terms of good governance. Methodology relates in fact to "good competitiveness". The scope is 59 countries or areas (Rosselet-Mac Cauley, 2003) and the analysis is published without a break since 1989. Three hundred and twenty criteria are retained with the participation of 52 data suppliers partners.

It is interesting to note that the choices of synthetic indicators retained for the competitiveness indicators can be highlighted. There are four dimensions of indicators or interest which, for some of them are found in the good governance indicators.
- The economic performance (75 criteria) concerning the macro-economic level, the international trade, the international investment, employment and the prices,
- the performance or the efficiency of the firms (69 criteria) which includes productivity, management and attitudes and values indicators,
- the scientific, technological infrastructure and human resources (96 criteria),
- the efficiency of the government (81 criteria) which introduces the public finance and the tax policy, the regulatory framework, the businesses and markets legislations and the societal policies.
The fourth competitiveness measurement dimension is obviously close to the dimension of good governance. One finds there gathered knowledge and appreciations on the conditions which enable competition to be expressed without coming up against too much state interventionism (that one previously found in the quality of the regulation). The macro-social conditions must minimize the political risk (which was found in the indicator of good gouvernance), with two specificities however: the stress laid here on the flexibility of the government to reform its policies in an international and changing government; and the stress laid on the education and the quality of the formation as bases of a knowledge based economy.

Specificities of the competitiveness indicators are explained by the needs for fast economic adjustment, which are expressed today in the worldwide economy. The competitiveness approach, as we can see, if it seems comparable in certain connections with that of the good governance, off-set the accent towards the economic issues, the wealth creation, the territories attractiveness and the environment favorable to the firms and their valorization.

4. Measurements and appreciations of good governance: discussion of the arbitrations between a scientific approach and the use of conventional judgements.

The good governance approach is based on knowledge of what is good for a society, in terms of economic, social, cultural and in fine political success. Beyond the firms and nations competitiveness measurement (Porter, Mr., 1990), it is a matter of appreciating the democracy and its consequences on the standard of living, the life quality or even the lifestyle. It is done through measurement but also through more qualitative or hazier appreciations. Some presuppositions for the ones are certainties for others. Thus, Michael Porter explained the American performance superiority compared to the one of the European Union by using two arguments. One was rather measurable, the competitive pressure. The other was hazier, the idea that the European institutions and beliefs were not good. This idea is evoked in the ambivalent cultural expression of Europe, more precisely: "the excessive intrusion of the governments in the economy in Europe, the absence of competitive pressures and a cultural ambivalence towards the capitalism with a suspicion of antisocial feature" (Porter, Mr., 2001). A priori, given what is known at the moment, there is not one single good social model. At the opposite, it will not be paid attention to the post modernism or to the socio-economies incomparability postulate.

Measurement on universal reference marks (at least on a given geographical scale) thus will be necessarily completed with the locating of the position in such or such scale of conventions or of socio-political or economic beliefs (assumptions still not completely tested or testable). **Quantitative measurement is a priori more trusted because of precision, apparent certainty and... the magic of the figure. In fact, an assessment resorting only to the quantitative measurement of the public policies regulations impact and, more generally of the good governance compared to universals, would imply to be confronted with a system having several characteristics:**
1°) writing of the best model of governance. Possible writing of a distinction between the exogenous variables (regulation for example or public policy) and the endogenous variables.
2°) Writing of the testable relationships.
3°) Production of convincing results as a result of the empirical tests;
4°) possible experimentations of news governances, laws or policies with possible comparisons of the results with regard to reference scenarios or similar situations (production of a "contractual" or reference solutions)…

Main usual methodology consists in doing "as if" these modelling conditions were observed. One writes a model inside of which one or several impact logical diagrams are set, i.e., the causes to effects relationships for each cause and for the whole effects. Then one asks oneself the question the range of such a diagram purely logical at the start. One tests the crucial links in the transmission of the effects created by the initial impulse. This methodology corresponds to the usual process of an applied science implementation. One deduces universals: causal relationships leading to the good effects: this governance produces better effects...

But considering on the one hand the systems complexity, on the other hand the lack of universal reference frames in all the fields, more conventional appreciations are necessary. A second method, more qualitative and closer to the "measurement of a mirror-effect" or to a more subjective individual or collective appraisal (conventional) consists in collecting the results of individual inquiries, sometimes the experts statements (that is to say in gathering as much specialized knowledge as possible but also scattered knowledge). The experts statements can be completed or confronted with observations. Such investigations in various conventional reference frames are thus the basic material for 14 World Bank sources (Afrobarometer, Business environnement risk intelligence, Country Policy and Institutional assessment, State capacity survey for developed and developing countries, Economist Intelligence Unit, for example). We are far from plain and simple measurement in a single reference frame. Often besides the same questions asked in the inquiries can be differently interpreted depending on socio-economic or cultural context, depending on social norms in force. So the investigations have to be adapted to each state. Thus, the inquiry cost goes up and at the same time its results are less comparable. Moreover, in the poorest countries, reliable statistics resulting from real individual inquiries are less numerous. Finally, the specific problems of in transition economies deserve a particular attention and methodology, because in those countries, the reference is often much more difficult to construct.

It is impossible to discuss precisely the conventional appreciations benefits and drawbacks because of the too large gap, which separates them. The measurement uncertainty degree generated in particular by the "as if" hypothesis of the first approach can not be compared with the inaccuracy degree and the hazy or "self-maintained" feature of the second method more conventional judgements. Therefore one can only recommend directly to seek if necessary and when it is feasible, the crosschecking of methods. One will not attribute in fine a complete confidence to the results which will be obtained at the time of the knowledge synthesis. Rather significant confidence intervals must be retained.

**5. Appreciations examples
see the World Bank website**

6. Econometric problems of the qualitative appreciation method.

The World Bank approach raises the following problems:
- Choice of the items or values dimensions number and their grouping in six synthetic categories.
- Weights choice.
- Heterogeneity of the quality, of the availability and of the field covered by the sources.
- Heterogeneous indicators in experts' appreciations, dependence on the national contexts.
- Heterogeneous indicators aggregation problems.
- Logical circularity between "good governance" and "good statistics".
  …

The authors indicate very clearly that the six governance dimensions are appreciated not in a very precise way: the standard deviations are rather significant. The size of the confidence intervals varies according to the various countries and one represents it by a vertical line for the confidence interval at 90 %. Few countries have a measurement which holds on a quartile. It means that one cannot compare the countries governance for which measurements are close. As for the evolutions of the indicators which–can be observed in time series, they can be explained in three manners:
- changes of a source real perception,
- changes in the weights assigned to the various sources,
- changes in the sets of sources.

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