

Good Enough Governance: Poverty Reduction and Reform in Developing Countries¹

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The good governance agenda is unrealistically long and growing longer over time. Among the multitude of governance reforms that “must be done” to encourage development and reduce poverty, there is little guidance about what’s essential and what’s not, what should come first and what should follow, what can be achieved in the short term and what can only be achieved over the longer term, what is feasible and what is not. If more attention is given to sorting out these questions, “good enough governance” may become a more realistic goal for many countries faced with the goal of reducing poverty. Working toward good enough governance means accepting a more nuanced understanding of the evolution of institutions and government capabilities; being explicit about trade-offs and priorities in a world in which all good things cannot be pursued at once; learning about what’s working rather than focusing solely on governance gaps; taking the role of government in poverty alleviation seriously; and grounding action in the contextual realities of each country.

INTRODUCTION

“People now place their hope in God, since the government is no longer involved in such matters” (Narayan, 100). So lamented a poverty-stricken citizen of Armenia, inviting us to imagine the range of “such matters” that government no longer attends to. Indeed, it is all too clear that when governments perform poorly, the consequences are wasted resources, undelivered services, and denial of social, legal, and economic protection for citizens—especially the poor. For many reform-minded citizens in developing countries, as well as for academics and practitioners in the international development community, good governance has become as imperative to poverty reduction as it has become to development more generally.²

However, good governance is deeply problematic as a guide to development. Getting good governance calls for improvements that touch virtually all aspects of the public sector—from institutions that set the rules of the game for economic and political interaction, to decision-making structures that determine priorities among public problems and allocate

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resources to respond to them, to organizations that manage administrative systems and deliver goods and services to citizens, to human resources that staff government bureaucracies, to the interface of officials and citizens in political and bureaucratic arenas. Getting good governance at times implies changes in political organization, the representation of interests, and processes for public debate and policy decision making. Not surprisingly, advocating good governance raises a host of questions about what needs to be done, when it needs to be done, and how it needs to be done.

When good governance is advocated as a necessary ingredient for reducing widespread poverty, these questions are compounded. This is particularly so for countries attacking poverty as a condition for debt relief. Among them are the poorest countries in the world. Almost by definition their institutions are weak, vulnerable, and very imperfect; their decision-making spaces are constricted by the presence of international actors with multiple priorities, their public organizations are bereft of resources and are usually badly managed; those who work for government are generally poorly trained and motivated. Frequently, the legitimacy of poor country governments is questionable; their leadership may be venal and their commitments to change undermined by political discord; their civil societies may be disenfranchised, deeply divided, and ill equipped to participate effectively in politics.³ In such contexts, getting good governance as a route toward poverty reduction can overwhelm the commitment of even the most energetic reformers.

However, expectations about what such countries should accomplish are high. The good governance agenda, largely defined by the international development community but often fervently embraced by domestic reformers, is unrealistically long and growing longer over time. Among the governance reforms that "must be done" to encourage development and reduce poverty, there is little guidance about what's essential and what's not, what should come first and what should follow, what can be achieved in the short term and what can only be achieved over the longer term, what is feasible and what is not. If more attention is given to sorting out these kinds of issues, the end point of the good governance imperative might be recast as "good enough governance," that is, a condition of minimally acceptable government performance and civil society engagement that does not significantly hinder economic and political development and that permits poverty reduction initiatives to go forward.

Moving toward good enough governance for poverty reduction means accepting a more nuanced understanding of the evolution of institutions and government capabilities; being explicit about trade-offs and priorities for poverty reduction in a world in which all good things cannot be pursued at once; learning about change from what's working rather than focusing solely on governance gaps; taking the role of government in poverty alleviation seriously; and grounding action in the contextual realities of each country. There are no technical or easy fixes to what is

inevitably a long, slow, reversible, and frustrating path toward better performing governments, but there may be ways of reducing the burden on those attempting to undertake the journey. This article suggests how a more realistic agenda for improved governance can be pursued.

TOWARD A GOOD ENOUGH GOVERNANCE AGENDA

The good governance agenda is overwhelming. It has evolved in part through research, when scholars have found links between particular kinds of policies and institutional arrangements associated with growth or poverty reduction, or when analysis indicates that factors such as corruption and instability constrain development.⁴ The good governance agenda has also expanded as a result of advocacy by committed partisans of democratic government, universal human rights, sustainable development, empowerment of the poor, free trade, participatory development, and other desirable conditions.⁵ Indeed, much of the agenda has emerged from the research, experience, and advocacy of international financial institutions, multilateral and bilateral donors, and international nongovernmental organizations (NGOs). However, this agenda has a very large constituency in developing and transitional countries among government reformers, NGOs and civil society organizations, intellectuals, and concerned citizens. Individually and collectively, many have embraced the importance of good governance as a precondition for effective development and poverty alleviation and have added to the list of factors that are essential for it.

If the *World Development Report* can be taken as a measure of mainstream thinking among domestic and international constituents of the good governance agenda, and if the 1997 report can be taken as a statement of revised perspectives about the role of the state in the development process, the list of what is needed for good governance has grown significantly in recent years. Table 1 summarizes statements about "what must be done" to achieve good governance that appeared in *World Development Reports* from 1997 to 2002/2003. These included the characteristics of good governance and the institutions, laws, policies, services, and strategies that are needed to achieve it. In the 1997 report, developing countries were advised to pay attention to 45 aspects of good governance; by 2002, the list had grown to 116 items. Even allowing for considerable overlap among categories in the table, it seems that countries in need of good governance must undertake a great deal to get it—and the longer they wait, the more things they will need to do to get it. Indeed, it may be difficult to identify a desirable condition or action that is *not* conducive to good governance, suggesting that the underlying agenda is actually a search for a cure to underdevelopment.⁶

The governance agenda is particularly demanding of states that are poor, disorganized, vulnerable to political disruption, and lacking in legitimacy. Among such states are many that are seeking debt relief through

TABLE 1

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

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

Examples of items listed:

^aGood governance means: checks and balances in government, decentralization, efficient/equitable/independent judiciary, free press, sound regulatory system, etc.

^bInstitutions for: bank and finance regulation, civil service, market efficiency, managing decentralization, participation, transparent budgeting, etc.

^cLaws for: trademark protection, enforcement of contracts, biodiversity, foreign investment, labor standards, intellectual property rights, etc.

^dPolicies about: land reform, land policy, capital markets, community development, downsizing bureaucracy, fisheries, insurance, social safety nets, etc.

^eServices for: HIV/AIDS, communications, public transportation, safe water, legal aid for the poor, microcredit, targeted transfers, etc.

^fStrategies for: asset creation for the poor, capacity building in the public sector, empowering the poor, engaging the poor, environmental protection, knowledge development, private sector development, etc.

the HIPC (highly indebted poor countries) initiative of the International Monetary Fund and the World Bank. As a condition for receiving debt relief, governments are expected to produce poverty reduction strategy papers (PRSPs) that outline a broad set of commitments to reform in a wide variety of policy and institutional arenas—governance among them (Casson; Whaites). To assist them in preparing these papers, the World Bank produced a *PRSP Sourcebook* that provides an outline of the kinds of reforms that are expected to reduce poverty. In terms of governance, the list is more parsimonious than the recommendations of *World Development Reports*, but still includes a daunting set of characteristics that HIPC are to consider, from efficient tax administration to effective national elections (see Table 2).

Unfortunately, the long and lengthening agenda often means that for any given country, a multitude of governance reforms are being undertaken at the same time, differentially supported by a plethora of donors,

TABLE 2
Dimensions of Poverty and Governance

| Poverty | Governance Issues |
|--|---|
| Empowering the poor | <p>Rules for seeking and holding public office</p> <ul style="list-style-type: none"> • Fair, transparent national electoral processes • Power-sharing arrangements to ensure stability in heterogeneous societies <p>Oversight by political principals</p> <ul style="list-style-type: none"> • Parliamentary oversight with independent audit institutions • Budget that is credible signal of government policy intentions • Pro-poor policies • Sound institutions for local and national representation |
| Improving coverage, efficiency, and sustainability of basic services | <p>Adequate, predictable resources for sectors, local authorities</p> <ul style="list-style-type: none"> • Pro-poor budget priorities for service provision • Stable intergovernmental transfers with hard budget constraints • Hierarchical and transparent budgeting processes <p>Demarcation of responsibilities for delivery</p> <ul style="list-style-type: none"> • Assignment of responsibilities according to subsidiarity principle • Capable and motivated civil servants • Merit-based recruitment and competitive pay • Hiring to fill real needs, within a hard budget constraint • Public service that earns respect <p>Accountability downward</p> <ul style="list-style-type: none"> • Publication of accounts for local-level activities • Dissemination of basic data on performance • Mechanisms for client feedback, including report cards and client surveys <p>Flexible delivery</p> <ul style="list-style-type: none"> • Involvement of civic and private (for profit) partners <p>Development of local capacity</p> <ul style="list-style-type: none"> • Incentives to deploy staff to poor and remote areas • Appropriate autonomy in deploying staff |
| Increasing access to markets | <p>Legal and regulatory framework</p> <ul style="list-style-type: none"> • Enforcement of antidiscrimination legislation • Incentives for deepening of credit and land markets <p>Methods for reducing exclusion</p> <ul style="list-style-type: none"> • Enforcement of legislation against barriers to entry • Provision of information on labor and credit markets <p>Demarcation of responsibilities and budgeting procedures to support development and maintenance of infrastructure (e.g., rural roads) to enable physical access to markets</p> |

TABLE 2
Continued

| Poverty | Governance Issues |
|--|--|
| Providing security <ul style="list-style-type: none">• from economic shocks• from corruption, crime, and violence | Rules for sound economic management <ul style="list-style-type: none">• Hard budget constraint for subnational and aggregate fiscal discipline• Efficient administration of tax and customs• Independent central bank to carry out monetary policy Safeguards against economic vulnerability <ul style="list-style-type: none">• Recognition of property rights over physical assets• Access to speedy social insurance and other services through hub-and-spoke arrangements Enforcement mechanisms <ul style="list-style-type: none">• Independent and adequately funded court system• Access to speedy recourse and redress• Reliable and competent police Efficient courts with competent judiciary and legal personnel <ul style="list-style-type: none">• Alternative mechanisms for dispute resolution |

Source: World Bank (2001a, Chap. 7:9).

often with little thought to their sequencing, their interdependence, or their relative contributions to the overall goal of creating governments that are more efficient, effective, and responsive, let alone those that are able to alleviate poverty (Bräutigam). The agenda does not set priorities or define sequences of actions.⁷ It does not separate activities that are easier to undertake from those that are more difficult, those that can be achieved in the short term from those that will take years if not decades to accomplish. It does not provide insight into the dynamics that surround efforts to change current conditions. It does not take seriously the contentious nature of the changes it recommends. And it does not separate an ideal state of good governance from one that is “good enough.”

Given these problems with the governance agenda, is there anything that can be done to make it less overwhelming, less additive, more strategic, and more feasible for countries that may lack even basic capacities required to put authoritative changes in place? Possibly. Several actions might lead to a more realistic agenda for good enough governance—situating good governance historically and developmentally, addressing the link between governance and poverty reduction more carefully, asking different questions about change, assessing more carefully who needs to do what, and applying priorities on a country-by-country basis. While the governance agenda is likely to remain a challenging one, there are ways to provide better guidance about what needs to be done, how it needs to be done, and when it needs to be done.

Thinking in Time⁸

Much of the research and advocacy that has contributed to the good governance agenda is ahistorical. However, the practice of good governance emerged slowly and haltingly in today's developed countries and was often the work of generations. Undertaking more analysis of the emergence and consolidation of better performance by government and the sequences in which different ingredients of good governance were undertaken can provide clues for whittling down the agenda to more manageable proportions. Studies of this nature would provide insight into changes that are essential and those that are less so, sequences of changes, and alternative paths to better performance by government. Moreover, they would indicate that good enough is often what occurred historically in today's developed countries, and often what continues to characterize some of their institutions and policies.

Recent research hints at the advantages of thinking in time. In an effort to assess the institutional reform agenda of international financial institutions, for example, Ha-Joon Chang (2001) explored the development of different institutions of good governance in the history of now developed countries. He found that many factors currently considered preconditions for development were actually consequences of it (see Table 3). Indeed, he demonstrates that considerable economic development occurred long before countries had fully institutionalized democracies, professional bureaucracies, rules for corporate governance, modern financial institutions, and extensive social welfare services.⁹ Dani Rodrik and others (2003) argue that growth is often unleashed by a relatively few policy changes and that institutional innovations can be introduced in the wake of reform, rather than serving as preconditions to it. In a similar vein, Arthur Goldsmith (1) explored history to suggest that the imperative to "get the institutions 'right'"—particularly those of accountability and transparency—was not a necessary condition for industrial development. A number of economists link the capacity to develop not to a plethora of institutional innovations but to one they regard as more important than any others—the emergence of private property rights (for a discussion, see Rodrik). Similarly researching in time, Mick Moore (1998) argues that as governments become more proficient at tax collection, their overall organizational capacity improves.

While such findings do not mean that today's agenda should be shaped by the historical emergence of institutions in now developed countries or that institutional innovation can be ignored in the development process, they provide a platform for questioning the "essentialism" of current good governance reforms. As Chang concludes, "Given that institutions are costly to establish and run, demanding [that developing countries] adopt institutions that are not strictly necessary can have serious opportunity cost implications . . . Even when we agree that certain institutions are 'necessary,' we have to be careful in specifying their exact shapes."

TABLE 3
Summary of Institutional Evolution in the Now Developed Countries

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

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

Current international conditions are certainly distinct from those that surrounded 19th- and 20th-century government reform initiatives, but the more general lesson is that all good things are not necessarily prerequisites to laudable goals such as growth and poverty reduction.

Consulting history can also provide insight into the time dimension of change and promote greater tolerance for less-than-ideal characteristics even in the midst of improvements over time. Most developing countries are young and under pressure to create conditions that took developed countries decades and even centuries to achieve. It is worth remembering that fistfights, duels, and use of firearms were a regular characteristic of the institutional development of the U.S. Congress well into the 19th century, that spoils were a central fact of life in U.S. politics well into the 20th century, that a devastating civil war occurred long after the country was “stable,” and that its early experience was hedged about by compromises to hold the fledgling republic together, including tolerance for the morally obnoxious condition of slavery (Ellis). This is certainly *not* meant to justify violence, spoils, civil war, or slavery, but simply to be a reminder that the consolidation of good governance can take a great deal of time, even while economic growth occurs and poverty is reduced.

Assessing the historical experiences of developing countries that have achieved good enough governance can also help sort out changes that are essential from those that are less so—what factors, for example, contributed to decent conditions of governance in Costa Rica, Botswana, Kerala State in India, Poland, and Chile, or countries such as Sri Lanka during particular periods of their history? From another perspective, what kinds of factors undermined governance accomplishments in that same country, and in Kenya, Argentina, and Indonesia during some periods of their history? From yet another perspective, what governance imperfections were tolerated—or were even instrumental—in the growth of South Korea, Taiwan, Hong Kong, Singapore, Thailand, Indonesia, and the recent boom areas of India (see, e.g., Doner and Ramsay)? Knowing more about the emergence of good enough governance over time can provide additional insight into cause and effect relationships, historical sequences that suggest ways to discriminate between the essential and the merely desirable, and between changes that can be instrumented in the short term and those that take longer to emerge and produce benefits. More generally, thinking in time can be important in distinguishing between *being* developed and *getting* developed.

What’s the Payoff for Poverty Reduction?

Good governance is widely viewed as an essential ingredient for alleviating poverty (World Bank 2001b). Usually, a clear and compelling argument can be made about why each condition of good governance is critical—reducing corruption, improving accountability, decentralizing government, managing public resources better, establishing equality

before the law in practice as well as in rhetoric, restructuring the civil service, and so on. Moreover, many of the conditions of good governance are laudable goals in and of themselves—the efficient use of resources, the effective delivery of services, responsiveness to the poor majority, participation in policy decision making. Who can argue with such goals? And who doubts that conditions of poverty could be alleviated if governments performed better?

However, logical arguments need to be scrutinized carefully to assess their purported payoff for poverty reduction. In particular, it is important to assess which reforms are encouraged and pursued because they are good for governance, and which are particularly relevant to poverty reduction. Civil service reform, for example, should improve pay and conditions of work for government officials, and it may even reduce corruption and patronage, but may mean little to the poor unless other conditions are in place, such as political mobilization to ensure that public officials treat them fairly or organizational cultures that encourage a service orientation among public officials (DiIulio; Grindle and Hilderbrand). In contrast, increased responsiveness to poor constituencies may instead result from the particular details of how a policy is implemented, even while generalized conditions of clientelism and venality continue to characterize the public service. For example, simple procedures to inform beneficiaries of their rights and how to redress wrongs can significantly improve the performance of service providers (Tendler).

Similarly, decentralization—a widely advocated item on the governance agenda frequently recommended as a way to empower the poor—may remove bottlenecks in decision making and might even make regional and local officials more accountable to local citizens, but it does not necessarily do so; and decentralization can easily lead to increased inequality among regions and constituencies (Burki, Perry, and Dillinger; Manor). In contrast, local communities in Nicaragua and Bolivia gained increased capacity to hold local teachers and school directors accountable for what was happening in the classroom when they had decision-making power over resources that were valued by these service providers—a simple and direct measure that involved much less “reform” than a thoroughgoing decentralization initiative (Grindle 2004).

The *PRSP Sourcebook* provides other examples of governance reforms that may be important as objectives for improving the performance of governments but that may be only conditionally connected to poverty reduction. For instance, as indicated in Table 2, those who prepare the PRSPs are encouraged to consider the role that legislatures play in oversight, transparency, and monitoring of strategies and policies for poverty reduction. Certainly such activities can increase the checks and balances within government, but are most likely to result in greater commitment to poverty reduction and more effective strategies for it only when the poor are effectively organized and represented by political parties that

gain seats in those legislatures. For example, strengthening the role of Pakistan's parliament, long held up as a stronghold of "feudal interests" in the country, could not be expected to redound to the benefit of the poor majority in that country. Similarly, the better off, who generally have access to public services, may be more affected by corruption in their provision than the very poor in rural areas, who are rarely reached by such services. The danger, of course, is that governments will expend precious capacity, resources, and political capital making changes that may not have much impact on poverty, however laudable the changes are overall. As some of the examples above suggest, there may be shorter-term and more direct ways of increasing accountability and responsiveness to the poor while longer-term institutional changes for general governance improvement are discussed, debated, and initiated.

One way to begin to reduce the good governance agenda, then, is to assess more carefully and empirically the payoff of particular kinds of reforms for poverty reduction in a particular country. Do the poor, for example, regularly gain from efforts to reduce corruption? Do some kinds of corruption have greater impact on the poor than others? Is it more important to have an autonomous central bank or a judicial system that metes out more equitable justice? a judicial system that ensures equality for all or one that provides poor people with some protection from police harassment? a reformed civil service or increased ability to provide maternal-child health care in remote rural areas? an education system that provides basic literacy to all children or one that focuses on improving linkages between primary and secondary education? a political system in which people vote regularly or one in which the poor are integrated into political parties, interest groups, or labor unions? Questions such as these are difficult to answer, the options are not mutually exclusive, and responses to them undoubtedly vary by country. Asking them, however, focuses attention on what is usually very limited capacity to achieve all good things at once.

Thinking about the payoff of various kinds of reforms should also illuminate conditions under which particular reforms are more or less effective in reducing poverty. For example, the mobilization of the poor into political parties, interest groups, unions, and nongovernment organizations (NGOs) may be a condition under which judicial reform, civil service reform, decentralization, and other kinds of changes are most likely to have a significant impact on poverty or on the poor. If this is the case, poverty reduction might be advanced more effectively in some countries by focusing less on government and more on strengthening the clout of the poor in the political system. As an example of this dynamic, the greater concern for egregious conditions of poverty and inequality by Brazilian governments in the 1990s and 2000s was undoubtedly encouraged by effective mobilization of the rural and urban poor and the political ascendance of the Worker's Party in the country's political system.

Asking Other Questions

Typically, those concerned about government performance begin with questions about what's wrong: Why do public officials shirk their responsibilities? Why are they slothful and inefficient? Why isn't education (or water or health or . . .) delivered more effectively? Why is there so much corruption and such lack of accountability? These are important questions that shed light on causal relationships, lead to important ideas about what needs to be done, and determine why development tasks are being shunted aside or ignored.

However, looking for what is not in place is almost certain to add to the governance agenda, given the all-too-evident conditions of low growth, distorted markets, corruption, inequity, poorly provided services, instability, violence, and a host of other characteristics of many poor countries. Whatever the country, a great deal is likely to need remediation. Thus, asking about what's not working is likely to add to the tendency to create very long lists of things that need to be fixed. Such an approach also adds to the difficulty of assessing priorities, sequences, and feasibility.

While it is important to ask what's missing in a country's governance profile, questions about improvements that are occurring and the conditions under which they are doing so can provide important insights into how change occurs, the dynamics of reform, and the kinds of interventions that produce changes that are good enough for improved performance. In recent years, asking such questions of high performing East and Southeast Asian countries added to understanding of policies that had spurred their development and the role of government in that process (Wade; World Bank 1993). Similarly, Judith Tendler's work (1997) on the role of nonmonetary incentives and communication in public health initiatives in Northeast Brazil may have added more to understanding factors that contribute to successful interventions than numerous analyses of what's wrong with public health delivery programs in a plethora of countries. Rodrik's (2003) assessment of the factors that allowed some countries to unleash growth trajectories similarly encourages thinking about a reduced agenda of things that must be done. Studies of how change occurs—rather than much more common accounts of the impediments to change—also provide insight into the conditions and dynamics of policy and institutional reform (Bates and Krueger; Grindle 2000a, 2004; Nelson 1990).

Asking about what's changing—for the better—can also bring to light aspects of governance that may be improving without specific programmatic interventions by governments and donors. For example, the mobilization of groups in civil society around issues of public corruption—often as a result of scandal or crisis—has been a factor promoting better performance in a number of countries recently.¹⁰ Improvements in the human rights performance of governments and the responsiveness of some service delivery programs have also occurred even when they were

not part of deliberate governance reform programs (Keck and Sikkink). Not all change has to be orchestrated by the state or demanded by the international financial institutions, and careful observation of what is occurring in particular countries can indicate some governance issues that are being addressed unexpectedly. Understanding the roots of this dynamic can add to understanding how change happens and what needs to be done to promote it.

Thinking Strategically about Priorities

Clearly, much of the above has to do with setting priorities among governance reforms—or asking if governance reforms are as important as other kinds of changes. Priorities can be better set if there is more understanding about which actions produce more results in terms of efficiency, effectiveness, and responsiveness; which produce the most benefit for the poor; which logically precede others; which are easier to undertake or produce results in the short term; and under what conditions particular reforms are likely to have the most impact. While assessing the administrative and fiscal capacity of countries to carry through on various commitments is important, setting priorities for actions requires a broader frame of reference (International Development Association and International Monetary Fund).

Priorities for action necessarily differ among countries. It is clear that establishing basic political legitimacy and order is an essential first step for countries with collapsed states. This task inevitably must take precedence over other important, but less urgent, reforms such as public expenditure management, civil service reform, and decentralization of public services. Thus, some countries—Afghanistan, Liberia, Haiti, and Sierra Leone come to mind—are in need of basic institutions to ensure a modicum of political stability, basic physical protection of citizens, and initiatives that increase the legitimacy and authoritativeness of government. Other countries—Nicaragua, Burkina Faso, Tanzania, Ghana, and Honduras come to mind—can be assumed to have enough institutional coherence that they can begin to think more about expanding public services to their poor majorities, diminishing the most development-averse forms of corruption, and setting up systems for better management of public resources. However, other countries—India, Botswana, China, Thailand, Brazil, South Africa, and Mexico come to mind—are in position to undertake more difficult governance reforms such as putting in place transparent budgeting and accounting processes, regulatory frameworks, and risk mitigation systems for the poor.

However, the task of setting priorities is inherently political. Priorities for attacking governance deficits differ among distinct reform constituencies. Donors, for example, often emphasize the efficient management of public resources and clarity about the uses of those resources. Politicians are likely to be more concerned about the political implications of differ-

ent kinds of reforms and might give priority to those that increase satisfaction among their supporters. Economic elites might place priorities on changes that improve their capacity to survive, to generate profits, to eliminate what they see as troublesome government bureaucracies, to enhance the benefits they receive from government, or to improve the security with which they do business. Poor people might give priority to the availability of services and basic conditions of personal security. None of these groups is homogeneous, adding to the difficulty of specifying what should be undertaken and what not. Poor rural people without access to land may give priority to some changes that conflict with important concerns of those who have land or of poor people in the urban informal sector.

Thus, conflicts about priorities are inevitable, and the more open a political system is, the more likely it is that such conflicts will be publicly aired and debated. While there may be some overlap among interests—economic elites and poor people may both be concerned about public security, for example—there is likely to be much contention about which are most important and which should be given more emphasis.¹¹ Sorting out priorities from the perspective of different interests and building coalitions for pursuing some of them are political processes, and ones that cannot be short-circuited by technical analysis or donor fiat.

There are also differential political payoffs to undertaking governance reforms. Producing tangible benefits in the short term might be a wise first step for many governments, particularly those suffering from reform fatigue or weak legitimacy. For example, improving garbage collection in poor neighborhoods and providing more security in public markets are high visibility changes that can build citizen trust that government services are getting better. Similarly, more ambitious reforms need to be assessed in terms of their political feasibility, given the context into which they will be introduced. Citizens of Colombia, for example, may grow tired of promises to generate peace and stability and ensure the rule of law when government after government has been unable to produce such beneficial conditions. In contrast, citizens of the capital city, Bogotá, have seen their faith in local government improved as a result of a series of recognizable improvements in the city's civic culture and service provision (Mockus). The overall goal of better government performance is not advanced when governments promise actions that are not politically or bureaucratically feasible and cannot deliver on their promises.

The politics of reform can also introduce difficult trade-offs among priority areas. Policy reform in Bolivia is a good example. Beginning in 1985, successive policy reforms were made possible by governing pacts established in the aftermath of inconclusive elections, when choices about control over the presidency were thrown into the congress and alliances were cemented among parties about supporting particular candidates (Gamarra). Until the late 1990s, and with varying degrees of success, these pacts usually lasted through a presidential term and provided the basis

for legislative approval of important and highly contentious reform policies. Without the pacts, it is unlikely that the reforms would have been legislated. At the same time, however, a number of efforts to reform Bolivia's public sector made only sporadic progress. This was because the pacts were based on the exchange of government patronage for political support in advancing the rest of the reform agenda. Thus, the price of widespread policy reform was to allow the old politics of patronage to continue in the public sector. This experience suggests that public sector reformers may be faced with difficult trade-offs and dilemmas—for example, might energetic pursuit of specific reforms limit the government's capacity to promote other important reform initiatives?

Setting priorities, therefore, is a multidimensional exercise, involving discussions of more technical issues such as sequences and degrees of administrative difficulty as well as trade-offs among country-specific needs and capacities, interests, and political benefits. Discussions about priorities also highlight again the need to face up to hard trade-offs in the commitment of resources, energy, and political capital—governance reforms are important, but are they as important as investing in rural development, infrastructure, better quality education, expanded health care for particularly vulnerable groups, more employment opportunities, and so on?

Who Needs to Do It?

Most of the good governance agenda is about what governments need to do to put their political, administrative, and financial houses in better order. At the same time, many of the poorest governments not only have low capacity to carry out such commitments, they may be captured by corrupt elites, have a history of not complying with their promises, lack even basic legitimacy in the eyes of many of their citizens, or be locked in conflicts that consume their energies and resources. Are there ways of improving governance when governments are unable or unwilling to make necessary changes in how they carry out their activities? Even when governments have more capacity, legitimacy, and commitment to change, are there ways to reduce the burden on their managerial and administrative systems?

Development practice in recent years has produced a wide range of innovative ideas about how to improve service delivery through community engagement, contracting out, various forms of delegation, and privatization; how to engage communities and municipalities in development planning and budget management; how to help NGOs take on activities that governments are unable or unwilling to provide; and how to find other surrogates for government in such situations. Jonathan Fox (2001), for example, has suggested ways in which citizens can monitor and evaluate services, reducing the burden on governments of developing full-blown monitoring and evaluation systems and increasing the extent to

which citizens are engaged in governance reforms. Similarly, Tendler provides examples of how the availability of better information about programs and client rights helped discipline community-level health workers without making extensive investments in administrative measures to achieve the same result. Participatory budgeting practices have multiplied far beyond their initial site in *Pôrto Alegre*, and have reshaped how fiscal accountability is achieved—and at relatively low cost (Abers). Many governments have continued to commit themselves to guaranteeing certain kinds of basic services, but have often determined that they no longer have to be exclusive providers of them.

Many such innovations are well known and have been effectively adapted in a variety of contexts. Some of the alternatives to government, of course, are politically threatening—empowering citizens to monitor government, for example, or allowing NGOs to deliver sensitive public services. Nevertheless, in the search for ways to make the governance agenda more manageable, and facing the reality of governments of very limited capacity, alternatives to government action and provisioning can be useful and even necessary. At the same time, however, it is important to question the extent to which these kinds of innovations provide short-term responses to serious governance deficits, but may not provide long-term solutions to them.¹²

Governance deficits are real, and much has been written about the problems of public sector organizations whose task is to deliver basic services (see, e.g., Savedoff). Often, these organizations are held in very low esteem. They are routinely criticized for being highly centralized and overly bureaucratized, and anecdotes are rife about simple problems that cannot be solved because they have to be referred to central headquarters, assessed through the lenses of hundreds of irrelevant rules and regulations, and signed by dozens of officials and departments. It is frequently charged that ministries have been captured by public sector unions that control personnel and resource allocation decisions. In such cases, the tenure of ministers and vice-ministers is often brief and their power is routinely contested by union officials and those who control internal bureaucratic empires (Corrales; Grindle 2004). Along with strong criticism of their efficiency and commitment to the public good come equally strong assertions that public sector organizations are corrupt, that they pay salaries to phantom employees or to those who “parachute in” on payday, that they provide contracts to favored vendors, and that their budgets are used to line the pockets of influential politicians. Moreover, the role of external donors in distorting organizational and policy priorities and in undermining the emergence of organizational capacity has not gone unnoticed (Bräutigam).

It should not be surprising, then, that efforts to improve service delivery often seek ways to bypass traditional bureaucracies. The creation of special agencies or implementation units, for example, allows for the recruitment of professionals at higher salaries and the provision of inputs

such as computers, vehicles, and training that are not available to sector ministries or their staffs. Social development funds established outside line ministries can provide quick, flexible, and demand-driven services. Decentralization, privatization, and contracting out of service provision have also been widely adopted, many NGOs have been enlisted to deliver essential services, and the private sector has been brought into the delivery of some services.

Defenders of these approaches—often donor agencies, but also domestic reformers deeply committed to making change happen—argue that needs are so pressing and line ministries so inefficient that it is impossible for them to respond adequately; it is better to circumvent the bureaucracy and get directly to the actions that respond to the dire problems that beset so many citizens. Understandable as such sentiments are, it is important to assess the long-term consequences of many alternatives to traditional forms of service delivery. Experience to date suggests that when administrations change, special agencies and units are shut down or left to wither for lack of new resources. NGO management capacity can be limited when services need to expand, these organizations may have favored clienteles, and they may resist downward accountability. Decentralization does not necessarily mean better performance. Privatization can mean extensive political backlash.

Frustrated reformers might well ask what alternative there is to working with line ministries that are inefficient, ineffective, unaccountable, and unresponsive. While some innovations may provide long-term solutions to these problems, many alternatives simply avoid confronting the real issue—governments and citizens need to be able to count on public organizations that perform well. These organizations control budgets, standards and regulations, critically important personnel such as teachers, nurses, doctors, and civil engineers, extensive infrastructure, assignments to fill service delivery positions, and at times the capacity to block initiatives they do not agree with. In reality, there may be limited long-term alternatives to the long, hard job of organizational reform in government.

CONCLUSION: GETTING ON WITH GOOD ENOUGH

The state of knowledge about governance reforms is limited. Much can be done through research and strategic analysis to make the good governance agenda less overwhelming for poor countries, as the summary in Table 4 suggests. This kind of work can help sort out the essential from the less so, the primary from the secondary, the short term from the long term, and the high priority from the less pressing. Considerable analysis can be carried out at a general level, but ultimately, setting priorities and developing strategies for improving governance in pursuit of poverty reduction must be determined on a country-by-country basis.

Nevertheless, getting good governance is extraordinarily difficult. Even getting good enough governance is fraught with ambiguities, chal-

TABLE 4
Reducing the Agenda

| Strategy | Action | Actors |
|--|--|--|
| Assess historical record of good enough governance in now developed countries and developing countries that have achieved good enough governance | Research to explore sequencing and time dimension in reforms, cross-nationally over time and country case studies | University research centers, individual scholars, think tanks, donor agencies |
| Assess payoffs to poverty alleviation | Research to explore the impact of specific reforms on poverty alleviation and to compare the payoffs to alternative reforms | University research centers, individual scholars, think tanks, government policy analysis and evaluation units, donor agencies, poverty and governance NGOs |
| Ask questions about what's working, the roots of problems, the dynamics of change | Research to explore country-specific evidence of governance improvements over time and the characteristics that facilitated change | University research centers, individual scholars, think tanks, government policy analysis and evaluation units, development practitioners, governance NGOs, donor agencies |
| Set priorities strategically | Assess capacities, interests, political benefits, trade-offs. Develop norms for distinct phases of governance development | Political leaders, political organizations, development practitioners, government agencies, governance NGOs, civil society groups |
| Assess responsibility for action | Consult innovations for alternative mechanisms for providing good enough governance, assess political trade-offs among reforms | Political leaders, political organizations, civil society groups, NGOs, development practitioners, scholars, government agencies |

allenges, and the potential for failure and less-than-anticipated results. Good—or good enough—governance is a long-term objective, and efforts to achieve it will often be halting and reversible. This article raises a series of issues aimed at making the good governance agenda more manageable. In addition, I have indicated cautionary notes about remedies for bad governance, suggested activities that might advance the cause of

better performance, and emphasized the political nature of policy and institutional reform. These perspectives can be summarized in a series of recommendations for promoting good enough governance.

Reformulate the Objective

Good governance is a laudable goal. Strong and compelling reasons can be advanced to demonstrate how important it is to the development process in general and the reduction of poverty in particular. However, for many countries, and particularly for the poorest, good governance is a distant possibility. More to the point, in being encouraged to seek this laudable goal, countries that suffer from weak or nonexistent institutions, unresponsive decision-making structures, inefficient organizations, and poorly developed human resources are likely to be overwhelmed by all the things that “must be done” to achieve it. It makes sense to find ways to reduce this extensive agenda by reformulating the objective of reform activities to be that of good enough governance. Currently, of course, it is not clear what “good enough” means. Research, analysis, and country-specific assessments can help develop the concept of good enough and can be useful in programming activities and assistance packages that are more feasible and geared to country-specific conditions.

Consult Longitude as Well as Latitude

Cross-national analyses have helped generate important insights about governance; advocacy about particular governance deficits has been important in spurring concern about the link between government performance and poverty reduction, human rights, environmental sustainability, and other important goals. However, much analysis and advocacy has contributed to the additive nature of the good governance agenda. Historical analysis and country case studies can provide insights about reducing the list of things that “must be done” as well as suggest sequences for putting governance reforms in place. Highly indebted poor countries are not the first to face problems of governance and poverty. More attention to the historical experience and to the lessons that can be drawn from specific countries or groups of countries as they faced up to governance deficits would help clarify good enough governance.

Make the Connection to Poverty Reduction

If the principle goal of the PRSP process and the reforms that come in its wake is direct impact on the extent and depth of poverty in a country, then governance reforms need to be assessed in terms of their contributions to this goal. As indicated, good governance is important for all countries and certainly is a condition that ought to improve as countries become more developed. In the short and medium term, however, some governance reforms may be less important than others in affecting pov-

erty, and some changes that improve the condition of the poor may have to do with factors other than governance. Sorting out what's critical and what's less so in affecting the life chances of the poor majority can save scarce energy, resources, and political capital as initiatives to reduce poverty are undertaken. It is an activity that requires research and critical analysis.

Learn from What's Working (Well Enough)

The good governance agenda has been largely developed by assessing what's not working or what's working imperfectly. Given the very large number of things that don't work particularly well—or don't work at all—in very poor countries, it is not surprising that the to-do list is long and growing longer. However, in almost all countries, even the most destitute, some activities of government work better than most. Consulting this experience can provide valuable lessons about why this is the case, what factors make for better (even if not good) performance, and what needs to be changed for progress to occur. Such lessons can suggest the types of reforms that have better-than-average chances of making a difference, the kinds of conditions that surround more successful activities, and the specific ingredients important to efforts to improve performance.

Assess Priorities Strategically

Setting priorities for good enough governance is extremely important, yet is extremely difficult because it means sorting out activities across a series of criteria. It involves discriminating the short term from the longer term, sequences and hierarchies of reform activities, feasibility and capacity, and political as well as efficiency impacts. Priorities will certainly differ by country, and even by political administrations within countries. Efforts to define priorities will also undoubtedly generate conflicts. Despite these difficulties, determining a hierarchy of activities is essential if any progress is to be made toward good enough governance.

Think of Alternatives, but Remember the Public Sector

The prospect for governance reforms aimed at poverty reduction promoted by governments in some countries may be particularly dim. Where countries are controlled by groups uninterested in either good government or poverty reduction, where the obstacles to change are overwhelming, where capacity is unusually low, or where conflict, corruption, or other factors rob governments of the ability to reform, there may be alternative ways to ensure basic services and the capacity of communities to protect themselves and survive. Even where governments are more committed to change, there may be alternatives to traditional methods of improving governance. The past two decades of innovative experiments

with new ways of getting the business of government done can provide a range of ideas to facilitate some change, even in very hostile environments. At the same time, many such alternatives provide only short-term solutions. Ultimately, good enough governance has to involve governments and ensure the regular provision of basic public goods, such as order, security, and legitimate authority. Governments have to develop public health infrastructure and ensure that all citizens receive basic services in health and education. They have to be able to protect the basic rights of their populations and encourage their political participation. That some governments are currently unable to provide these conditions is a good part of the challenge of encouraging the development of ones that can in the future.

Inevitably, governance reforms take place in the midst of conflict, confusion, cross-purposes, inefficiencies, and learning-by-doing. Currently, many governments are under intense pressure to introduce a range of changes that can easily outpace their capacity to manage reform and the conflicts it produces. Certainly there is much that needs to be done in most countries, and the poorer they are, the more likely they are to require extensive change before their governments work well. But it is unlikely that much can be accomplished when such countries are overloaded with commitments to change large numbers of conditions at the same time. From this perspective, it is better to assess capacities and feasibility more carefully, target fewer changes, and work toward good enough rather than ideal conditions of governance.

NOTES

1. A longer version of this paper, focused more on the PRSP process, was prepared for the Poverty Reduction Group of the World Bank in 2002.
2. I understand governance to consist of the distribution of power among institutions of government; the legitimacy and authority of state institutions; the rules and norms that determine who holds power and how decisions are made about the exercise of authority; relationships of accountability among state officials/agencies and between these officials/agencies and citizens; the ability of government to make policy, manage the administrative and fiscal affairs of the state, and deliver goods and services; and the impact of institutions and policies on public welfare.
3. On issues of governance generally in developing countries, see Bräutigam; Graham and Naím; Grindle (2000b); Grindle and Hilderbrand; Kaufmann, Kraay, and Zoido-Lobaton; Narayan.
4. For relevant cross-national research, see, for example, Aron; Court and Hyden; Kaufman, Kraay, and Zoido-Lobaton.
5. On advocacy and advocacy networks and their influence in setting national and international agendas, see Khagram, Riker, and Sikkink; Keck and Sikkink.
6. The good governance agenda echoes the lengthening of the agenda about what is needed for growth, and arguments for more realistic assessments of the reconditions for growth have been articulated by economists William Easterly and Dani Rodrik.

7. Recent reviews of the PRSP process (International Development Association and International Monetary Fund; World Bank 2002) recognize the importance of setting priorities and sequences, but indicate that these are issues that countries need to address in their PRSPs and the actions that follow from them. They recommend basing priorities on detailed costing of alternatives. The PRSP Sourcebook provides insight into the sequences of actions that need to be taken to introduce specific governance reforms. The point to be made here is that there is little knowledge currently available to guide strategic thinking about setting priorities and sequencing activities.
8. The term is from Neustadt and May.
9. There is, in fact, a large literature on the development of institutions of capitalist and democratic development in Western Europe and the United States (see especially Alston, Eggertsson, and North; North 1990; Rodrik).
10. For example, the election of the opposition party leader in Kenya in 2002 was in part a response to widespread citizen concern about the degree of corruption in the government. Elections in 2001 in Argentina were also in part a result of public concern about corruption. In Peru and Mexico, major scandals involving corrupt officials and leaders led to significant political changes in those countries.
11. An important argument for overlapping interests among the poor and not-so-poor is found in Nelson (2003).
12. In commenting on the role of NGOs in food security in developing countries, for example, Robert Paarlberg (49) observes, "In sum, asking NGOs to provide essential public goods where national governments have failed to do so is usually asking too much. NGOs are good at many things, but they have not yet demonstrated an ability to keep or restore the peace in divided societies, and they are unable to push governments to embrace democracy or to make the research and infrastructure needed to supply the rural poor with better transport, power, water, or technology options. NGOs can help with all of these tasks if governments are doing their job. But when national governments fail or abdicate, NGOs can compensate only to a limited degree."

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