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## Is Good Governance a Good Development Strategy?

### About the authors

Jacques Ould Aoudia is specialized in development economics, working at the Ministry of economics (Treasury and Economic Policy Directorate General), France. One of his recent works has focused on links between institutions and development, and on the search of institutional indicators of development. This work resulted in the building of a database called "Institutional Profiles". He is also in charge of analysing the economies of the Mediterranean Arab countries.

### Recent publications:

- "Is 'Good Governance' a Good Development Strategy?" (with Nicolas Meisel)

Working Paper n° 2007/11 – DGTPE, November 2007, Paris.

[http://www.cepii.fr/institutions/11\\_2007\\_eng.pdf](http://www.cepii.fr/institutions/11_2007_eng.pdf)

- "Growth and Reforms in Mediterranean Arab Countries",  
Notes and Documents n° 28, 2007 – AFD, Paris.

[http://www.afd.fr/jahia/webdav/site/myjahiasite/users/admirecherche/public/N28\\_Growth\\_and\\_Reform%20N28\\_CROISSANCE%20ET%20REFORMES.pdf](http://www.afd.fr/jahia/webdav/site/myjahiasite/users/admirecherche/public/N28_Growth_and_Reform%20N28_CROISSANCE%20ET%20REFORMES.pdf)

Nicholas Meisel is a French economist whose research focuses on both development economics and finance. Since 2005, he has been working as an economist in the Strategy and Research Department of the French Development Agency (AFD). Previously he worked as a researcher at the OECD (Organisation for Economic Cooperation and Development) Development Centre. He holds a MSc. in Management from HEC, France's leading Business School, and a MSc. in Economics from the University of Paris-X Nanterre. His topics of interest include macro-economics of growth in Africa, financial systems, health and demography in West Africa, governance and institutional development. He has written several research papers among which his book *Governance Culture and Development: A Different Perspective on Corporate Governance* published by the OECD and very well received academically.

## About the paper

New data, new concepts, new results: This working paper offers tools to rethink the role of “good governance” in development strategies.

What is “good governance”? Transparency of public action, control of corruption, free operation of markets, democracy and the rule of law. With macroeconomic stabilisation, “good governance” has imposed itself as a universal imperative in development policies since the 1990s.

Yet, with the help of a new database (the 2006 Institutional Profiles database), we show that there is a correlation between “good governance” and the level of development (per capita GDP), but there is no correlation between it and the speed of development (medium-to-long-term growth). Why? Because it does not touch on the driving forces behind institutional, economic, political and social change. We therefore elaborated new concepts to analyse the reality of governance in developing countries, and tested them with the help of the “Institutional Profiles” database.

In this way, we identified the governance capabilities that developing countries truly need: “good governance” does not emerge as a priority for economic take-off. It becomes one later, along with the opening of the social regulation system when, having experienced sustained and lengthy growth, a country seeks to converge with developed countries. In other, non-converging developing countries, the priority is to build capacities for strategic vision and co-ordination among elites. We therefore propose a wider definition of governance (“governance for development”) and new indicators to measure it.

Access to the database is free on:

<http://www.cepii.fr/anglaisgraph/bdd/institutions.htm>