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Governance, corruption, socio-economic inclusiveness. The correlation between bad governance, income inquality and wealth gap, and sustainable development

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I hereby declare that this thesis is the product of my own work, that I haven't plagiarized previous works. I have written this thesis autonomously and have cited the sources used. This thesis is Chat Gpt free and hasn't used any other AI technology.

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Introduction:

This thesis' subject contains many concepts which ultimately boil down to two overarching ones that are quality of governance and sustainable development. Indeed, on the one hand there is the concept of governance and its related framing as bad to which we can add the concept of corruption which is and indicator of bad governance. On the other hand, there is the concept of sustainable development which encompasses economic, social and environmental concerns therefore including the concepts of socio-economic inclusiveness, income inequality and wealth gap. Therefore, this subject can be reformulated as the correlation between quality of governance and sustainable development. The concepts related to sustainable development are pertaining to its economic and social pillar, therefore this thesis will address sustainable development as sustained economic and social development i.e., socio-economic development that is lasting and perennial. The concept of governance can be broadly defined as "the exercise of political power to manage a nation's affairs" (World Bank, 1989: 61). Its related framing as good or bad is based on set of criteria to assess the performance of a given government in conducting its activities.

Since the early 90's the concept of governance has become increasingly used in discourses from international developmental organizations. The literature on conceptual definitions expended tremendously for two decades up until the early 2010's. The concept is strongly colored by developmentalist objectives whether in its definitions or in its uses by developmental organization as criterion for aid conditionality whereby donor agencies condition their aid to attainment of certain good governance standards. Although nowadays the concept of good governance is widely in use and expanding with deriving concepts affiliated to the private sector like environment social governance (ESG), the variety of definitions doesn't enable for proper utilization of the concept. Furthermore, it is widely based on the assumption that it fosters development, however, this premise lacks causal evidence on the interlinkages between quality of governance and level of development. Indeed, as the use of concept expanded, governance became a buzzword with many definitions across institutions and different interpretations. This evolution threatens its relevancy as it fragments the understanding of the concept and complicates the investigation of the postulate on its intrinsic link with development. For these reasons, exploring the linkages between governance, its framing as good or bad and its linkages with development is a relevant endeavor.

The purpose of this thesis is therefore to shed light on the impact of quality of governance on development. The research question guiding this undertaking will be the following: to what extent does bad governance impair sustainable development?

The approach will follow a funnel logic starting from reviewing the definitions and affiliated measurements of the concepts of development and governance, and its assessment as good or bad. It will also address the concept of fragile state in relation to the one of bad governance. The relation between both will be inquired to inform the understanding of the latter (1). Then the literature on the links between quality of governance and development outcomes will be explored to reflect existing findings on the correlation between both (2). Finally, this thesis will end with a cross country comparison looking at empirical elements of governance and development in three countries that are Brazil, India and South Africa to investigate the extent of the impact of bad governance on their level of development.

The overarching aim of this thesis is to contribute to the literature on governance by conducting an empirical analysis of the link between governance and development in the three chosen countries. This thesis is expected to answer the questions of whether quality of governance plays a role in development, and if so the degree of importance of the latter on the former and more particularly which components of governance are the most important.

Chapter 1: definition and measurement of the concepts

This first chapter will present definitions put forward both in the literature and by international institutions on the following concepts: Human development, inclusive development, sustainable development, governance, and its related framings as good or bad, and Failed State. It also presents some indicators of measurement affiliated to the concepts.

I- Defining and assessing development:

1- Human development concept and measurements

In 1990, is published the first Human Development Report (HDR) by the United Nations development program (UNDP) at the initiative of Mahbub ul Haq as project director. This HDR (1990) defines the concept of human development as a people centered approach to development whereby people are acknowledged to be "the real wealth of the nation" (HDR, 1990: 19). It departs from previous visions of development solely using the lenses of GNP to measure development as economic growth. Human development is measured with the human development index (HDI) which is an aggregate indicator using: life expectancy at birth, GNP per capita in purchasing power and education in mean years of schooling at 25 and past and expected years of schooling of children. These indicators measure the components that are needed for people to formulate choices and have access to opportunities. These components are the capacity "to lead a long and healthy life, to acquire knowledge and to have access to resources needed for a decent standard of living" (Ibid.: 20). To account for inequalities impacting negatively the three components of human development was developed the inequality-adjusted human development index (IHDI). It adapts the original score on the three HDI indicators with their corresponding level of inequality (UNDP, n.d).

2- Income distribution & poverty levels; the Gini index

Soubbotina & Sheram (2000) argue that income distribution and poverty are relevant factors to consider when measuring a country's development. The authors demonstrate the relevance of using income distribution instead of GDP per capita to assess life quality by comparing the Gini index of two countries with similar GDP per capita which resulted in high differences in their respective Gini coefficients. The Gini index is a measure of income or wealth distribution in a given population. It enables to assess income inequalities in a given country. It ranges from 0 to 1 whereby a score of 0 would mean perfect equality and 1 perfect inequality (IMF, n.d).

Income inequalities negatively impacts a country's development as it decreases quality of life and increases risks of poverty which in turn leads to poor health and education and higher crime rates. Furthermore, both can threaten economic growth by creating a vicious circle of poverty. Indeed, when looking at income and consumption, some economists assume that individuals save on their income for future consumptions, however, when people are poor saving is harder. The same goes for governments in countries that are poor, they have to meet current needs and have low savings. Due to these low savings, government's capacity to invest in human and physical capital is limited which impairs productivity and prevents raises in salaries. Hence, the vicious circle of poverty.

Inequalities and poverty can limit economic growth by impairing possibilities for saving and investment in the population and fostering political instability due to high portions of the populations being dissatisfied with their level of income. This political instability risk then negatively impacts the country's capability to attract foreign investments decreasing its potential for development. This vicious circle of poverty can turn into a vicious circle of political instability where both feed into each other.

3- Socio-economic inclusiveness: the concept of inclusive growth

The concept of inclusive development is rooted in the same paradigm shift than the one that led to conceptualization of human development i.e., enlarging the measurement of development past a countries GDP and per capita income.

Inclusive development also known as inclusive growth is defined by (Ali and Son, 2007) as "growth that not only creates new economic opportunities, but also one that ensures equal access to the opportunities created for all segments of society, particularly for the poor" (Ibid.: 12.). According to Sachs (2004) inclusive development is the opposite of perverse growth characterized by exclusion of parts of the populations from access to the consumer market and concentration of income and wealth. He defines inclusive development as guaranteeing fair inclusivity through the creation of equitable opportunities for the entire population to access public services among which he mentions education, health, and housing. He further states that inclusive development can't happen without "the exercise of civil, civic and political rights" (Ibid.:8). Indeed, he argues that through transparency and accountability, democracy is needed to ensure the process of development.

The World Economic Forum as part of its future of economic progress initiative developed the Inclusive Development Index (IDI) to capture countries' performance on eleven dimensions of economic progress according to three pillars: growth and development, inclusion, and intergenerational equity (World Economic forum 2018). Dörfel & Schuhmann (2022), developed a Multidimensional inclusiveness index (MDI) to answer limitations of the indices i.e., HDI, IHDI and IDI by incorporating not only inequalities, but also other indictors like the demography of the country, measure of human capital, the productivity of labor and the environment.

4- From development to sustainable development

The publishing of the Brundtland report popularized the concept of sustainable development as development that “meets the needs of the present without compromising the ability of future generations to meet their own needs” (United Nations, 1987: 43). It laid the foundation of the way we still grasp sustainable development today as having three pillars that are economic, social, and environmental.

A decade later, the UN general assembly resolution (A/RES/51/240) framed development as being aimed at improving life quality worldwide. It reaffirmed the multidimensional aspect of sustainable development, emphasizing the importance of economic growth for economic and social development to improve living standards while preserving the environment. An emphasis is put on the importance of transparency and accountability from the government and administrations across sectors of society and on the provision of opportunities for an effective participation by civil society (1997). This conception of sustainable development called for a social and collective process inclusive of citizens and respectful of human rights and freedoms.

This holistic definition of sustainable development and the concept of human development laid the groundwork for the millennium development goals and subsequent sustainable development goals (SDGs). Indeed, the UN 2030 agenda for sustainable development (2015) provides a comprehensive and actionable and measurable roadmap to development through 17 SDGs.

For the purpose of this thesis, development will be considered through the lenses of the inclusive development and human development concepts with a particular attention to income distribution and poverty levels. This thesis will focus on the socio-economic elements of development and therefore will not address environmental aspects of sustainable development. Therefore, sustainable development in this thesis will be defined as sustained economic and social development i.e., socio-economic development that is lasting and perennial.

II- Defining and assessing governance

1- Definitions of governance

Following the world bank statement that “the litany of Africa’s development problems” stemmed from “a crisis of governance” (1989: 60-61), the concept of governance became increasingly important in development organizations.

Gisselquist (2012) notes that the breadth of the definitions of governance vary across and within institutions. He cites Keefer (2009: 439) that reflects his observation: ‘there is no agreed definition of governance that would provide a convenient device for organizing the literature’.

Table 1: Example of definitional variations in one institution the world bank:

(World Bank, 1989: 61)	“the exercise of political power to manage a nation’s affairs”
(World Bank, 1992: 1)	“the manner in which power is exercised in the management of a country’s economic and social resources for development”
(World Bank, 2006: 65)	“the manner in which public officials and public institutions acquire and exercise the authority to provide public goods and services, including the delivery of basic services, infrastructure, and a sound investment climate. Corruption is one aspect of weak governance.”

Source: Author compilation.

Table 1 illustrates that various definitions of the concept of governance can exist with one institution. It also shows variations in the breadth of these definitions.

Other institutions provide definitions of the concepts reflecting the boom in definitional endeavors. While some have a high degree of specificity others are short and entail a broader scope of what can qualify as governance. Indeed, The UN economic and social commission for Asia and the Pacific provides a short definition of the concept as “the process of decision making and the process by which decisions are implemented” (n.d.).

More detailed definitions of governance are provided by the UNDP and the OECD. The UNDP defines it as “The exercise of political, economic, and administrative authority to manage a country’s affairs at all levels. Governance comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, mediate their differences and exercise their legal rights and obligations” (1997: IV). The OECD considers governance to be “the use of political authority and exercise of control in a society in relation to the management of its resources for social and economic development”, encompassing “the role of public authorities in establishing the environment in which economic operators function and in determining the distribution of benefits as well as the nature of the relationship between the ruler and the ruled" (OECD 1993: 18).

Gisselquist (2012: 4) stresses that all definitions have the same three components that are process, power and management: "(1) the process (or manner) through which (2) power (or authority) is exercised (3) to manage the collective affairs of a community (or a country, society, or nation)".

The aforementioned definitions whether short like the one of the World Bank (1989) or extensive like the one of the OECD, provide interesting information surrounding the concept of governance. They reflect Keefer's observation on the breadth of the governance literature. The shorter definitions like the one of the UN Economic and Social Commission for Asia and the Pacific don't specify any institutional arrangement or regime type affiliated to governance leaving the door open to question of how and to what end governance is exercised. Others, the broader ones specify further components of governance. Indeed, three of them directly mention development and link it to governance like the definition of the OECD (1993), and the one of the World Bank (1992).

The links between governance and development are further embodied in the concept of good governance defined in the following section.

2- (Origin and) definitions of good governance

For donor agencies and donor countries of aid good governance has become an important criterion in aid allocations. However, Gisselquist (2012) refers to the widespread goal of fostering good governance by development institution to be an "elusive objective" due to different interpretations of the concept (p 1). This concept is also characterized by a high number of definitions across institutions.

Advocates of good governance see it as a generator of positive externalities on economic growth and development. Reflecting this stance, former UN Secretary General Kofi Annan Stated that "good governance is perhaps the single most important factor in eradicating poverty and promoting development" (UN, 1998). Indeed, poor governance is perceived to be synonymous with a corrupt bureaucracy, theft of aid by politicians or misallocation of these aids. Unaccountability of governments coupled with inefficient bureaucracies and weak institutions leads to incapability or lack of willingness to implement the desirable "pro-growth and pro-poor policies" (Gisselquist, 2012: p4). Therefore, proponents of good governance consider that it should be put at the heart of development policies by providing aid for reform in governance or with measures such as aid-conditionality to improve governance quality in recipient countries.

The overarching link between most of the definitions of good governance is its link with fostering development that rose from development institutions binding them together. The concept of good governance is strongly affiliated with the one of development as the former producing the latter as mentioned in the 2002 Human development report: “It has become common in recent years to hear policymakers and development experts describe good governance as the ‘missing link’ to successful growth and economic reform in developing countries” (UNDP, 2002: VI). Furthermore, good governance tends to be linked to democracy and therefore can be assimilated to democratic governance as source of development. This link is reflected by the statement of former world bank president Paul Wolfowitz in 2006: ‘“In the last half-century we have developed a better understanding of what helps governments function effectively and achieve economic progress. In the development community, we have a phrase for it. We call it good governance.”

For governance to be evaluated as good, the UN emphasizes the need for transparency of institutions and processes. It further develops sub-criteria that go hand in hand with this component of transparency. Among which are: elections and legal procedures without corruption and accountable to the citizens. It defines good governance as promoting “equity, participation, pluralism, transparency, accountability and the rule of law, in a manner that is effective, efficient and enduring”. These components are broken out in subprinciples with strong democratic features that are: the holding of free, fair and frequent elections, representative legislatures that make laws and provides oversight, and an independent judiciary to interpret those laws. The UN definition provides elements of what undermines transparency, security, participation and respect for fundamental freedoms that is the presence of corruption, violence and poverty.

The UN economic and social commission for Asia and the Pacific re-affirms and complements the definitions mentioned above by stating the need for States to ensure low corruption levels, the inclusion of minorities and vulnerable groups in decision-making and to consider present and future societal needs to ensure good governance.

Definitions of good governance across the UN embody the association of the concept with democratic governance and developmentalist objective in what comes abouts as a socio-political focus vis a vis a more economic one.

Gisselquist (2012) provides a relevant summary of seven components of good governance that are mentioned across definitions that are: democracy and representation, human rights, the rule of law, efficient and effective public management, transparency and accountability, developmentalist objectives, and a varying range of specific economic and political policies, programs, and institutions.

3- Assessing the quality of governance: related framings as good or bad, State fragility an embodiment of bad governance

There is an overlap between the definitions of governance and good governance. For example, the definition of governance by the UNDP “Governing systems that are capable, responsive, inclusive, and transparent” shares common traits with the definitions of good governance by the UN economic and social commission for Asia and the Pacific and the OECD (see table 2)

Table 2: components of good governance

UN economic and social commission for Asia and the Pacific (n.d.)	participatory, consensus oriented, accountable, transparent, responsive, effective, and efficient, equitable and inclusive and follows the rule of law.
OECD (cited in Gisselquist 2012)	accountability, transparency, efficiency and effectiveness, responsiveness, forwards vision and rule of law.

Source: Author compilation.

When definitions of governance are more output focus, definitions of good governance provide criteria on the process pertaining to government activities. Good governance definitions provide indicators to assess the quality of government’s performance. The differentiation between governance and good governance is solely pertaining to the fact that governance refers to an activity and good governance provides indicators for the evaluation of the performance of governments. This performance is then framed as good or bad depending on a government’s capability to meet the good governance criteria.

This is why (Holmberg & al., 2009) refer to governance as quality of government. They use the definition of governance by Kaufmann, Kraay (2002: 5) that defines it as “traditions and institutions by which authority in a country is exercised. This includes (1) the process by which governments are selected, monitored, and replaced; (2) the capacity of the government to effectively formulate and implement sound policies; (3) and the respect of citizens and the state for the institutions that govern economic and social interactions among them” refer to it as quality of government.

Kaufmann, Kraay (2002) associated six aggregate governance indicators to these three components of governance. To the first part of the definition, they associate the indicators of voice and accountability and political stability. To the second part of the definition, the ones of government effectiveness and regulatory quality, to the last part of the definitions the indicators of rule of law and control of corruption.

These six dimensions of governance form the worldwide governance indicators used to evaluate the quality of governance with a range between -2.5 and 2.5 from worst to best quality. Therefore, they can be used to determine the extent to which governance can be framed as good or bad.

The six indicators are perception based and defined as follows:

- Voice and Accountability: “the extent to which a country’s citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.” (Kaufmann, Kray, Mastruzzi, 2010: 3)
- Political Stability and Absence of Violence/Terrorism: “the likelihood that the government will be destabilized by unconstitutional or violent means, including terrorism.” (ibid.)
- Government Effectiveness: “the quality of public services, the capacity of the civil service and its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.” (ibid.)
- Regulatory Quality: the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.” (ibid.)
- Rule of Law: “the extent to which agents have confidence in and abide by the rules of society, including the quality of contract enforcement and property rights, the police, and the courts, as well as the likelihood of crime and violence.” (ibid.)
- Control of Corruption: “the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as “capture” of the state by elites and private interests.” (ibid.)

A specific criticism of the WGI provided by Rotberg (2007) is that it is relying on perception-based assessments of the components of governance. For example, one perception-based indicator used it the global corruption barometer which surveys the population of a given country on their perception of public sector corruption. Another relevant corruption indicator not used in the WGI is the corruption perception index (CPI) which provides a score to the perceived level of corruption by experts in 180 number of countries and ranks them accordingly. Both indicators are produced by Transparency international. (Transparency international, n.d).

Rotberg (2007) stresses the relevance of using more objective measures such as literacy levels and school persistence rates but also advises caution as the definition of governance is already broad. Other criticism of the WGI is its lack of differentiation of good governance from democratic governance.

Assessing the quality of governance enables its framing as good or bad. Drawing from the WGI assessment and the criteria given by good governance definitions we can define Bad governance as a government's lack of capacity in meeting the good governance criteria and/or that score low on the WGI.

4- State fragility:

The concept of state fragility seems to be an embodiment of bad governance. Indeed, The African Development Bank and the International Monetary Fund refer respectively to poor and weak governance as characteristics of States fragility. Both institutions mention challenges to development and the presence of insecurity. Therefore, relating to the WGI components and good governance criteria.

The World Bank definition of State fragility is corollary to the indicators provide by the WGI and adds elements detrimental to development. It states that fragile states "share a common fragility, in two particular respects: State policies and institutions are weak in these countries: making them vulnerable in their capacity to deliver services to their citizens, to control corruption, or to provide for sufficient voice and accountability. They face risks of conflict and political instability" (2005: 1).

Those two definitions bring forwards two components not mentioned as such but underlined in the definitions of (good) governance that are institutional capacity and service delivery. Therefore, enriching our conception of the concept.

State fragility can be measured with the Fragile State Index produced by the Fund for Peace. It uses cohesion, political, economic and social indicators that have each 3 sub-indicators. All sub indicators use a scale from 0 to 10, with an overall score ranging from 0 to 120. The lowest are the scores the better are the countries doing on the related indicators (Fund for peace, n.d). The following table presents definitions of some of the sub-indicators from the fragile state index that are linked to the previously mentioned definition of development, governance and good governance criteria.

Table 3: Definitional elements of the political, cohesion and economic sub-indicators of the Fragile State Index

State legitimacy	Governmental representativeness and openness and the degree of confidence of the citizens in the government and the way it materializes when it is low: going from mass public demonstrations to armed

	insurgencies. The quality of the election process and political transition and the nature of the latter if there are no elections. The extent of the government's representativeness of the populations.
Public services:	The provision of fundamental services like education, infrastructures, health and security. The extent of discrimination towards the population vis a vis the ruling elites in having access to these services. Or territorial discriminations. The degree of upkeep of infrastructures necessary for a country's development.
Human Rights & rule of law:	The protection and respect for human rights and freedoms. The extent to which legal, political and social rights are abused by individuals, groups or institutions. The presence of violence against citizens in the name of political ideals. The disrespect of international norms and twisting of democratic and constitutional institutions to authoritarian ends.
Security apparatus	The extent of security threats posed to the State, criminality factors and the level of trust of citizens in the security apparatus domestically. It reflects, the structure of a State's security apparatus and its use. It also reflects adherence of the population to opposition groups to the State or its armed resistance to the government as well as the presence of violent uprisings and independent groups that challenge the State monopoly of the use of force.
Factionalized elites	The extent of fragmentation of a state's institution based on appurtenance to a social class, religion, race or ethny. It registers discourses of the elites as nationalist or xenophobic and considers the extent to which an election process can be considered as credible or not, the political competition and transitions.
Group Grievance	The divisions across society that are mostly of social and political nature and how they impact access to services and participation to political processes. It also considers the historical aspect of it if there is. If specific

	portion of the populations are isolated or persecuted by the government authorities or other dominant groups.
Economic decline and poverty	It looks at a wide range of economic indicator per capita income, GNP, Unemployment rate, inflation, productivity, debt, poverty levels. Considers formal and to a certain extent informal economy. How the decline in the formal economy is addressed and translates into social struggles and impacts the perception of inequalities.
Uneven economic development	Assesses economic inequalities that are not produced by economic performance. It considers structural inequalities based on education, economic status, geographical location or identity groups as well as perception of economic inequalities. It looks at opportunities to improve economic status through the level of access to education or employment to further assess to what extent inequality as structural.

Source: Authors compilation (Fund for Peace, n.d.)

Quality of governance will be assessed through the lenses of the WGI, the political and cohesion indicators provided by the FSI with a particular focus on corruption as measured by the CPI.

To conclude on this first definitional chapter, the concepts of governance and development are intrinsically linked and go hand to hand in discourses by international organizations and development institutions. Definitions of development such as the one provided by resolution 51/240, inclusive development as defined by Sachs, or the SDGs that incorporate elements and criteria from good governance definitions. The concept of good governance across most of the definitions is rooted in two assumptions: that good governance fosters development and that it is synonymous with democratic governance. However, not enough research has been conducted on the nature of this relationships. Existing research point towards correlations but lack evidence-based causations. The concepts of governance and good governance overlap, one can see definitions of good governance as a list of criteria to assess the quality of the former. It sheds light on/informs what can be framed as good or bad governance. The latter seems to be resulting in state fragility which seems to feed the assumption that the quality of governance impacts capacity for development.

The following chapter will review the literature on the two assumptions present in the good governance literature. It will shed light particularly on the impact of corruption as indicator of bad governance.

Chapter 2: Literary review on the interlinkages between quality of governance and level of development

I- Limits of the concept of good governance

Good governance is inherently linked to development in international organizations discourses and the agenda for development is linked to the one for fostering good governance, whereas though aids to develop better governance or through aid conditionality vis a vis the estimated quality of governance in receiving countries. The critic of the concept of good governance is threefold: it has too many definitions with variations within and across institutions, it is built on the assumption that it fosters development without proper analysis of the causal effects and finally it is perceived as hegemonic and pushing forwards a western vision of development by looking at governance with western lenses (Klosowicz, 2018).

First, international organizations may use the same components to define governance and assess its quality, but these components are left undefined and understanding of what they mean can vary from one institution to another. Hence, it is difficult to have legitimate and comparable assessments of governance. Due to definitional differences, when the measured quality of governance is used to determine aid allocation, it can provide different results depending on the donor institution.

The quantity of definitions identifying different components of good governance can undermine the usefulness of the use of such concept in determining aid allocation. Indeed, it could impair perception of the fairness and impartiality of donor agencies which in time could lead time to a loss of their credibility and discontent from receiving countries.

Furthermore, due to this broad scope of definitions, it is hard to prove the impact of governance as a whole on development. This is why Gisselquist (2012) advices to take a disaggregated approach to study the link of the former on the latter by focusing on specific components of governance. A pitfall of this approach and more generally of this area of research is that researchers can orient their research findings based on the components they choose to look at.

Another limitation of the research on governance is that it doesn't provide targeted policies to foster better governance in practice or to improve governance in view of specific development outcome (Grindle 2004)

Finally receiving countries, express criticism towards the good governance agenda of development institutions as introducing political conditionality to aid allocation that push forwards a western vision of democracy. Some argue that pushing good governance is an inadequate solution has it doesn't factor in historical complexities and the needed time frame for institutional evolution. Furthermore, it usually assimilates good governance to democracy therefore, not considering other institutional organization in states that are well-governed (Gisselquist, 2012)

To conclude on the concept of good governance, its implementation is expected to vary across countries due to historical and cultural differences. More research should be devoted to the institutional modalities associated with good governance, a specification of its criteria, how to evolve from low quality to higher quality, develop understanding on its causality with development and what forms it can take in various settings.

II- Impact of governance on Human development:

Corruption is an indicator of low quality of governance. It has a negative impact on Human development as shown by Akcay (2006). This is further verified by Kaufmann that finds that a one-standard deviation improvement in control of corruption would reduce child mortality by 75% and lead to significant gains in literacy (Kaufmann 2004: 15–16).

1- Public health and Education

Transparency international (2006) mentions that there is a link between risks of corruption in health services and risks of infant mortality. Indeed, (Gupta et al. 2000: 24-25) found that corruption increased the rates of child and infant mortalities as well as a lower weight at birth of babies. Furthermore, investment in health doesn’t correlate with better quality and access in corrupt countries. When corruption is lower, investment in health leads to a decrease in child and infant mortality rates due to better spending efficiency (Swaroop & Rajkumar, 2002). (Cockcroft et al., 2008) explained that corruption leads to increases in health services’ costs which deprived poorer people to have access to it and that reforming health care system towards better quality and efficiency was rendered harder.

According to Gupta (1998) Corruption can weaken the tax system leading to lower tax revenues and increase operating costs for the government which decreases State financial resources and therefore capability for investment. This is why Mauro found that corruption is associated with low spendings in education and health. Furthermore, elites can influence the government to spend more on higher education and tertiary health that are more accessible to higher income groups. Tertiary health is more prone to bribery than other health related expenditures. Also, corruption increases expenditure related to wages vis a vis investment on operations and maintenance which lowers education and health services' quality (Tanzi and Davoodi, 1997). Corruption leads to lowered investments in education. Indeed, government expenditures tend to be distorted to the disadvantage of education because collecting bribes would be harder in this sector (Mauro, 1996).

2- Standard of living

(Holmberg & al., 2009) concluded that although the correlation between economic development and quality of governance is generally accepted, debates remain regarding the correlation between both and the impact of the latter on poverty. For example, Goldsmith (2007) argued that good governance is a result of development, and that economic growth fosters governance reforms. However, one doesn't arise completely independently from the other, it is hard to determine which arise from which as both can happen in interlinkage and third factors influence them.

Rodrick (2008) notes that to his knowledge there was no studies proving the impact of the governance criteria on growth but that there was evidence on the link of governance with income levels. (Holmberg & al., 2009) reflect Rodricks' observation hypothesis. Indeed, their study showed positive but weak correlations between rule of law, perception of corruption, government effectiveness and economic growth. However, they found that they had a strong correlation with GDP per capita.

Reflecting Holmberg and Rodricks findings and answering Goldsmith's argument that good governance arises from development, Kaufmann (2004) showed that high quality of governance led to an increase of income per capita but that the reverse wasn't true creating what he calls the governance deficit.

First regarding the impact of quality of governance on income per capita, he showed that an increase in governance by one standard deviation led to a fourfold increase of per capita income, specific components of quality of governance identified as leading to such 400% increase of income per capita are rule of law, control of corruption and voice and democratic accountability. He also found that there was a 0.7 correlation between rule of law and income per capita.

He showed that higher quality of government led to an increase of per capita incomes but that an increase of the latter did not lead to an increase of the former. He explained it by negative feedback from income to governance whereby higher income would lead to better governance. This negative feedback shows that there is no virtuous circle of governance through which improvement of governance would lead to increases in income that would increase the level of quality of governance. It entails that governments have to maintain continuous efforts to support a good quality of governance to maintain their income levels. Indeed, the corollary implication is that countries can suffer from downward pressure on their income levels due to a governance deficit i.e., "the distance between a country's actual governance level and the level required to support and sustain its income per capita level" (Kaufmann, 2004: 14). Put in other words governance deficit, is the discrepancy between a country's quality of governance and the one needed for supporting its current or desired income level.

Kaufmann explains the negative feedback by a form of corruption that is the phenomenon of State capture defined as "the undue and illicit influence of the elite in shaping the laws, policies, and regulations of the state" (ibid.). When State capture occurs, elites can influence the countries policy making to their advantages, which persists despite increases in income per capita. Overall, this weakens even more institutions making state capture hard to tackle.

Kaufmann (2004) has shown the positive impact of governance on per capita income used as a proxy for measuring a country's level of development. He explains the lack of feedback from income to governance because of state capture and stresses the need for states to adopt continuous effort to maintain and increase their quality of governance. He found a clear link between governance and income whereby good quality of governance i.e., rule of law, control of corruption and voice and democratic accountability led to an increase in per capita income, and bad quality characterized by the presence of corruption i.e., state capture contributed to the governance deficit preventing an increase in per capita income.

Akcay further finds that "corruption can indirectly affect human development by lowering economic growth and incentives to invest" (2006: 33). When the investment process is biased in favor of the rich and well-connected poorer people face added risks when choosing to invest. Disparities in risk allocation when investing in favor of the better-connected leads to higher return on investments for richer people. This translates in poorer income groups investing less or with lower returns leading to a perpetuation of poverty or its increase.

Other discussions surrounding the impact of corruption on economic growth through reduced investments shed lights on the fact that corruption increases public investments but in unproductive projects. It also reduces investments in maintenance of physical capital therefore decreasing the productivity of public capital. In addition, corruption decreases government revenues hence reducing the ability for governments to fulfill their role in providing critical goods and services to their population (Tanzi and Davoodi, 1997).

All in all, corruption distorts decision making and economic processes by constituting an illegal tax generating negative externalities on human development, reducing economic growth and reducing investment in social services such as education and health at the proper level. Corruption can affect income distribution and poverty via its impact on human capital formation and its distribution in the population through decreased access to education and health and less targeted social spending. (Chetwynd and al, 2003) concluded that corruption impacts governance and the economy though lower tax revenues, lower quality of infrastructures and less targeted social programs which in turn impact standard of living through income inequalities and poverty.

III- Income distribution and poverty reduction are impaired by corruption.

Kaufman's study is limited by the fact that it founds correlation but nor causation. Furthermore, the use of income per capita as indicator of level of development is limited as discussed by Soubbotina & Sheram (2000).

This subchapter will review the literature on the negative externalities of corruption on income distribution and poverty.

Corruption especially when present in the tax system tempers with the funding of public services which can lead people into poverty. Krishna showed that a reason for people falling into poverty may be illness striking a family member creating the need to pay for health services that are not properly publicly funded. It can lead them to fall in poverty when they are already vulnerable due to low income.

(Gupta, Hamid Davoodi & Al, 1998), found that corruption led to an increase of income inequality and poverty with results showing that an increase in corruption by one standard deviation led to an increase of 5.4 points of the Gini coefficient and a decrease of 7.8 percentage points per year income growth of the poor (p29). They explain this negative impact of corruption by proving the negative externalities entailed by corruption that are reduced economic growth, effectiveness of social spending, formation of human capital and progressivity of the tax system. They also demonstrate that corruption fosters unequal access to education and distribution of asset ownership. They deduce from their finding that curbing corruption will decrease income inequalities and poverty.

Some assets like land generate income, even more so in countries where income from land amounts to a large share of total income, also land can be used as collateral when borrowing and investing. Therefore, land ownership plays a significant role in level of income. Corruption leads to unequal land distribution translating into income inequalities. Corruption increases education inequalities when education impacts income level through the formation of Human capital. Therefore, corruption through increase inequalities in education and land distribution increases income inequalities.

Increase in social spending leads to increase in income growth of the poor as well as targeted social programs that decrease the impact of poverty. Poverty is correlated with decreased social spending and less targeted social program therefore decreasing income growth for the poor.

Economic growth leads to a decrease in poverty however, corruption reduces growth rate which leads to higher poverty.

Hence, corruption decreases income growth for the poor through lower growth rates and social spending therefore contributing to higher poverty levels. Its impact on land and education inequalities translates into income inequalities. Furthermore, corruption decreases the progressivity of the tax system which in turn increases inequalities. Overall, their findings suggests that countries that feature high corruption also have high inequalities in education and in land distribution, low mean in secondary education.

IV- Other factors of governance leading to development.

In addition to lower inequalities and poverty Soubbotina & Sheram (2000) identify the need for the social capital within society to foster development through increased life quality and economic growth.

Soubbotina & Sheram (2000) define social capital of society as the organizations, norms and relationships that bind a society together and generates social cohesion. It refers to factors that leads to societal development understood as interaction, cooperation and conflict solving in a society. Social capital is deemed to play a significant role in development as fostering trust and cooperation, increasing productivity and decreasing conflict occurrences and inefficiencies. They consider that a volatile social capital undermines the possibility for sustainable growth. Indeed, according to their definition of social capital, it influences political stability which as mentioned above impacts investments. The authors consider rule of law and good governance as components of social capital and present them as equally important than economic conditions presented above that are high savings and investments in fostering economic development.

According to them, good governance is part of a societies' social capital, and the latter is an unquestionable condition for development. Like the previously mentioned authors, they identify corruption as a threat to development via decreased social capital. Indeed, the authors mention corruption as threat to social capital and therefore development. They define corruption as bribery, misappropriation of public funds and misuse of authority amongst public servants. Its foreseen consequences are manyfold from wasting of resources, decrease in policies' relevancy as moving away from serving the interests of the majority. Other impacts perceived by the authors are its tempering with social capital by provoking rising apathy and cynicism among citizen, disturbing rule of law and increasing criminality. All in all, they stress the link between corruption and low economic growth as corruption would generate low citizen support for economic reforms overall discrediting the government's legitimacy.

V- Quality of governance in Democracies

Holmberg et al (2009), reviewed the causation between democracy and development in what they referred to as the democracy debate. This democracy debate reflects the assimilation of good governance and democracy in some definitions of the concept and the subsequent link with development.

They found that some studies show that democratic regimes through their respect for rights and liberties do promote better development outcomes. Indeed, civil liberties as well as political freedoms are linked to better equality as they are negatively correlated to the Gini Coefficient. Furthermore, an argument behind the assumption that democracies foster more development is that they have less corruption. The arguments put forward to show that democracies are less prone to corruption is that they guarantee accountability of public officials therefore preventing State capture by private interests and that they provide channels to report corruption discretizing its use and contributing to a reduction of the payments of bribes and increase in positive perception of the quality of education and health (Deininger & Mpuga 2005).

However, corruption as shown by (Sung, 2004) is also present in democracies therefore challenging the assumption that democracies have better quality of government as they feature corruption that is an indicator of low quality of government. Indeed, Diamond (2007: 119 cited in Holmberg et al. 2009) emits a warning on the plague that bad governance can be on democracy defining it as "governance that is drenched in corruption, patronage, favoritism, and abuse of power". He further stresses that despite a democratic regime, corruption and clientelist practices can persist due to embeddedness in culture.

Some autocratic regimes also feature low rates of corruption (Hollyer et al, 2011) Therefore, a positive correlation between regime and corruption as quality of governance indicators in not conclusive. It is necessary to look at other indicators of quality of governance to assess if overall democracies score higher than other regime in their quality of governance. Concerning the overarching correlation between quality of governance and development in democracies whereby democracies would foster more development because they feature better governance, the results are equally unconclusive. Indeed, the democratization wave in the 90's translated in decrease in HDI vis a vis the 80's in the new democracies. This can perhaps be explained by the fact that new democracies feature the highest rates of corruption, and that corruption impairs development therefore explaining the decrease in HDI following the 90's democratization wave (Holmerg et al, 2009).

From this democracy debate we find that corruption is pivotal when looking at the links between development and governance as it is a component of bad quality of governance as well as a threat to development. One explanation as to the fact that democracies are framed as fostering development is that they are more prone to adopt pro-poor policies than autocratic regimes as shown by Blaydes and Kayser (2007). Furthermore, results by Besley & Kudamatsu (2006) found that democracies promote more policies in health than other regimes and had higher life expectancy than in autocratic regimes. Explanations can lie in the fact that democracies tend to score higher in representation and accountability which empowers citizens to elect leaders that will promote and invest in health and education.

All in all, this literary review has shown that, good governance through high rule of law, control of corruption and voice and democratic accountability led to increased income per capita, and that bad governance studied through the lenses of corruption led to low human development and increase in income inequalities and poverty therefore impairing overall development. It showed that some authors point towards the role of social capital in fostering better development and that the link between better governance in democracies and their ability to foster more development was unconclusive. Indeed, high levels of corruption can also be present in democracies. Due to the high quantity of definitions on governance and good governance putting forward different criteria to assess the latter's quality, this literary review focused mainly on one indicator of governance that is corruption and touched upon more lightly on several others. After reviewing the impact of corruption on the components of human development, it used income distribution and level of poverty as a proxy for development. The following chapter will consist of a cross country comparison with the first subchapter detailing the methodology that will be used.

Chapter 3: cross country comparison

I- Methodology

The first chapter presented definitions of development and indicators of measure. It then defined governance and introduced the WGI as a way to assess its quality. Lastly, it introduced the concept of state fragility and related fragile state index as indicator of bad governance. Drawing from the first chapter, the second chapter reviewed the literature on the relation between governance and development. It showed that good quality of governance had a positive impact on income per capita and that a high level of corruption led to lower human development and higher inequality and poverty levels. Already providing a first level of evidence linking bad governance and impaired development.

Informed by the first definitional chapter and the findings of the literary review, the following chapter will consist of a cross country comparison to find empirical evidence on the negative impact that bad governance has on development. It will investigate the correlations found in the literary review by verifying if they are true for the three countries. A particular attention will be given to corruption as its impact has been underlined across the literature reviewed.

To do so, it will assess and compare the quality of governance (1) and the level of development (2) of three countries to shed light on correlations between bad governance and impaired development. Heading the advice from Gisselquist (2012) for future researchers to adopt a disaggregated approach to study the impact of governance, the cross-country comparison will review each indicator of the WGI and political and cohesion indicators of the FSI. Therefore, the indicators that will be used to do so are the FSI political and cohesion indicators, WGI, and the CPI (1) and the HDI and IHDI, Gini index, MDI, poverty levels, and the economic indicators of the Fragile States Index (2). The cross-country comparison will address and use other relevant indicators to complement the ones presented in the first chapter.

Therefore, the methodology of assessment will be mixed with a stronger qualitative than quantitative approach. Indeed, quantitative data provided by international organizations will be analyzed to assess overall level of development and quality of governance. The data will be reviewed with qualitative lenses to specify the characteristics of governance and development in the countries. This cross-country comparison is expected to find that corruption is the main component of governance influencing the level of development of the countries.

The three countries that have been chosen are Brazil, India and South Africa. The choice of these three countries is motivated by the fact that the three of them are considered developing and they are democracies that present relatively high levels of corruption which could indicate a low quality of governance. They each have a high level of development vis a vis their respective regions and seem to embody a paradox by featuring both bad governance and an ongoing development process. Thus, they seem to contradict the assumption that good governance leads to development since they feature bad governance but are still developing.

This cross-country comparison will not address the assumption made in the good governance literature on the positive impact of democratic regimes on development and their supposedly high quality of governance. Indeed, the fact that the three countries are democracies does not provide the opportunity for regime type comparisons.

The foreseen limitation of this cross-country comparison is that due to the small sample of countries, the empirical results will not be generalizable. This cross-country comparison like previous studies about governance and its impact on development is expected to draw correlations but no causation links between the two concepts.

II- Assessment of the quality of development:

The three countries are classified as developing countries by the OECD. However, looking at the income groups of the World Bank whereas Brazil and South Africa are categorized as upper-middle income countries, India is a lower-middle income country. The three countries have different demographics from most populous to least is India (1.44 billion people), Brazil (215.5 million) and South Africa (61.53 million). India has the highest GDP of 3.74 thousand billion dollars, then Brazil 2.08 and finally South Africa with 399.02 billion. However, looking at their GDP per capita purchasing power parity, Brazil (18.69 thousand dollars) and South Africa (16.09) are much higher than India's (9.07) (IMF, 2023). Overall, this first introductory paragraph seems to indicate higher level of development of Brazil and South Africa vis a vis India. This subchapter will assess further the level of development of the three countries looking at their Human development (HDI), level of poverty with world bank poverty lines, and inequalities (IHDI, Gini and world inequality report), and the state of their economic inclusiveness (MDI).

1- HDI & IHDI

Table 4: Measures of Human development of the year 2021 in Brazil, India and South Africa

	Brazil	**India**	**South Africa**
HDI (UNDP)	0.754	0.633	0.713
Compulsory and years of schooling (Ibid.)	12	8	9 (compulsory) 12 (free)
Expected years of schooling (Ibid.)	15.6	11.9	13.6
Mean years of schooling (Ibid.)	8.1	6.7	11.4
Average life expectancy at birth (Ibid.)	72.8	67.2	62.3
GNI per capita PPP (Ibid.)	14.370	12.948	6.590
IHDI (Ibid.)	0.576	0.475	0.471

Sources: Authors' compilation, UNDP (2022)

According to the HDI, Brazil is doing better than South Africa and India is doing worse than them. Indeed, Brazil has the highest HDI in 2021 with a score of 0.754. The average life expectancy at birth in the country was 72.8 years old, expected years of schooling was 15.6 years and the mean years of schooling was 8.1 years. South Africa had a score of 0.713, with a life expectancy of 62.3 years old, expected years of schooling of 13.6 years and a mean year of schooling of 11.4 years. Although having a lower life expectancy than Brazil and lower expected years of schooling, the mean years of schooling in South Africa is higher by 2.3 years indicating that the population in South Africa spends more time in school than Brazilians. Finally, India has the lowest score out of the three countries with 0.633, the life expectancy was 67.2 years old, expected years of schooling 11.9 and the mean year of schooling was 6.7 years. India had the lowest expected and mean year of schooling vis a vis Brazil and South Africa (UNDP, 2022). Their GNI per capita PPP in 2017 was $14 370 in Brazil, $12 948 in South Africa and $6 590 in India.

When factoring in inequalities on the three HDI indicators, their HDI greatly decreases, from 33.9% for South Africa, 25% for India and 23.6% for Brazil. While Brazil's HDI put it in the highly developed countries group, its IHDI downgrades it to the medium development group and becomes 0.576, regarding South Africa it goes from high human development to low human development with an IHDI of 0.471, India which had the lowest HDI putting in the medium development category is also downgraded to the low human development group with an IHDI of 0.475. Despite a high HDI difference, South Africa and India end up with similar IHDI due to South Africa's high percentage of inequalities on the HDI categories. South Africa is doing worse than Brazil and India with regards to the HDI adjusted to inequalities (UNDP 2022).

2- Income inequalities & poverty levels: socioeconomic inclusiveness

a) Inequalities

Table 5: measures of inequalities in Brazil, India and South Africa

	Brazil	**India**	**South Africa**
Gini index (World Bank)	52.9 (2021)	35.7 (2019)	63 (2014)
Top 10%/bottom 50% income ratio (World inequality lab, 2022)	29	20+ 2021	60+
Capture of national income by top 10% (ibid.)	59%	57%	65%
Inequality transparency index (Ibid.)	5.5/20	5.5/20	8.5/20

Sources: Authors' compilation, World Bank (2023), World Inequality lab (2022)

Looking at inequalities in income South Africa has the highest level of income inequalities with a Gini index of 63, the highest in the world. However, this result is hard to use for comparability purposes as it is a measure from 2014. In comparison, Brazil has a Gini of 52.9 in 2021 and India has the lowest Gini with 35.7 in 2019. Reflecting the results of the Gini index are the results from the World Inequality Report. Indeed, in 2021, the top 10% of the population in India earned more than 20times more than the bottom 50%. Looking at national income, the bottom 50% held only 13% when it was 57% for the top 10% and 22% for the top 1%. In Brazil inequalities are higher with the top 10% earning 29 times more than the bottom 50%, the top 10% have 59% of total national income and the bottom 50% only 10%. South Africa is the most unequal out of the three countries with the bottom half earning more than 60 times less than the top 10%. The top 10% captures more than 65% of the total national income when it is only 5.3% for the bottom 50% (World Inequality Lab, 2022).

However, there is a discrepancy between India's low Gini index and its results according to the report. This can be explained by its score on the inequality transparency index developed by the world inequality lab in 2019 that assesses the quality and availability of information on wealth and income inequalities. Brazil has the same score as Indi 5.5/20 whereas South Africa is doing better with a score of 8.5/20.

b) Poverty

Table 6: Measures of poverty in Brazil, India and South Africa

	Brazil (2021)	**India (2019)**	**South Africa (2014)**
Portion of the population under the $2.15 poverty line	5.82%	10.01%	20.49%
Portion of the population under the $3.65 poverty line	11.26%	45.91%	40.34%
Portion of the population under the $6.85 poverty line	28.36%	83.83%	61.63%

Source: Authors' compilation, World Bank (n.d)

In 2021, 5.82% of the Brazilian population was living in extreme poverty i.e., under the international poverty line of $2.15 per person per day at 2017 level of prices PPP, 11.26% were living under the $3.65 poverty line and 28.36% under the upper middle income class poverty line with less than $6.85 per day. In 2014, 20.49% of the South African population was living with less than $2.15 per day, 40.34% with less than $3.65 and 61.63% of the population was with less than $6.85 per day. It is estimated that 63% of the population is currently living under the $6.85 poverty line with 1.8million people having descended into poverty vis a vis the pre-pandemic period. In 2019, 10.01% of the population in India was living under the extreme poverty line, 45.91% was living under the lower middle income class poverty line i.e., $3.65 per day PPP and 83.83% under the $6.85 poverty line (World Bank, n.d). Overall, India has the highest level of poverty.

c) Inclusiveness

Considering the 2018 results of the Multidimensional inclusiveness index, Brazil with a score of 27.9 is more inclusive than India (19.7), which is more inclusive than South Africa (8.4), reflecting the results found in the IHDI, Gini measures and World Inequality report whereby South Africa features the highest levels of inequalities. From 1993 to 2018, the MDI score of Brazil improved by 13.6 points, the one of India by 1.6 and South Africa barely improved with an increase of only 0.4 points.

Inequalities and poverty in Brazil are characterized by regional discrepancies and racism. Indeed, the highest portion of inequalities and poverty are located in the north and northeastern part of the countries (world bank). Furthermore, income discriminations are racially motivated with most of the high-income households being white and most of the population living in poverty being black. It has been estimated that 25% of the Brazilian population is living in favelas or slums.

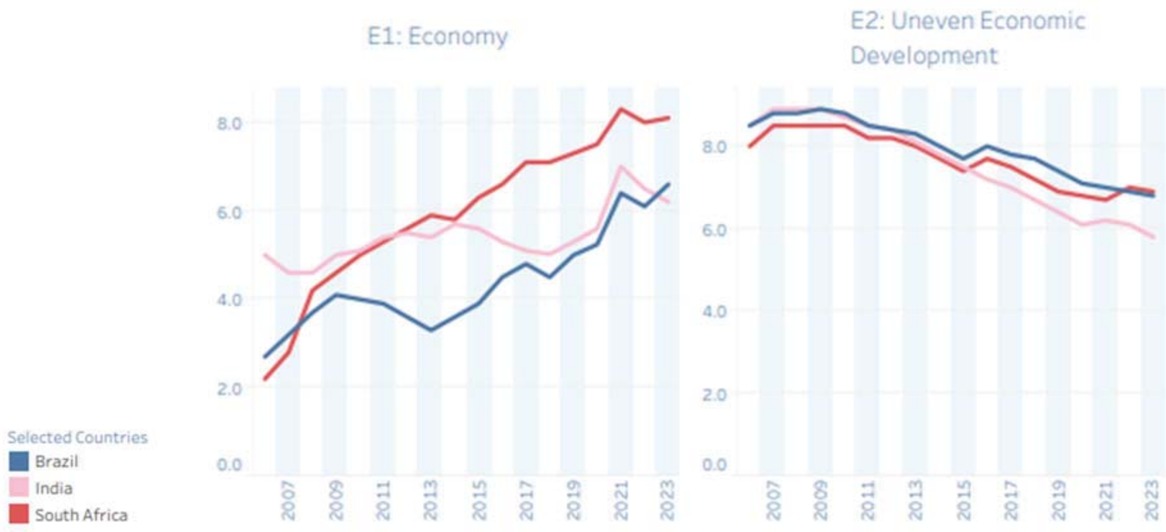
In India Poverty and inequalities are characterized by big disparities between rural and urban areas. Also, the historically formed lower castes and ethnic minorities are discriminated against and more subject to poverty and inequalities in income, education, and health care. Rural areas also have less access to public services like education and health care.

For historical reasons and the legacy of Apartheid, inequalities and poverty affects mostly black people in South Africa (BTI). Although representing only 10% of the total population, white South African are majoritarian in the top 10% wealth group (inequality report).

3- Fragile state index economic indicators:

The economic indicators are economic decline (E1), uneven economic development (E2), and Human flight and Brain drain (E3). South Africa (8.1) is scoring worse than Brazil (6.6) and India (6.2) on E1. On E2, South Africa (6.9) is again doing worse than Brazil (6.8) and India (5.8). On E3, India (4.9) is doing worse than South Africa (4.5) and Brazil (3.5). E1 has been multiplied by four in South Africa since 2007. In Brazil E1 got multiplied by three. It increased also in India but to a much lesser extent in India (+0.6) indicating that India has the most "steady growth". There has been an improvement in the three countries on E2 which is particularly relevant for the purpose of this thesis with the best improvement in South Africa which went from 8.5 in 2006 to 6 in 2023.

Figure I: Brazil, India and South Africa economic indicators of Economic Decline and Poverty and Uneven Economic Development trend



Source: Fund for Peace (2023).

4- Education & health in the countries

a) Health:

Table 7: Indicators on access to health in Brazil, India and South Africa

	Brazil	**India**	**South Africa**
Government expenditure on health as share of GDP (OECD, 2020)	4.5%	1.1%	4.3%
Universal health Coverage (World Bank, 2021)	80	63	71
Out of pocket healthcare spending (10%) (World Bank)	12% (2017)	17.% (2017)	1.% (2014)

Source: Authors' compilation, OECD (2020), World Bank (n.d)

In 2020, the governmental health expenditure on health as share of GDP was 4.5% In Brazil, 4.3% in South Africa and only 1.1% in India in 2020. The 2021 Universal health coverage of services index rating countries on a scale from 0 to 100, i.e., from worst to best attributed the scores of 80 to Brazil, 71 to South Africa and 63 to India. Reflecting this ranking is the 2020 governmental health expenditure on health as share of GDP of the countries whereby it amounted to 4.5% of GDP In Brazil, 4.3% in South Africa and only 1.1% in India in 2020. However, when considering the results of the out-of-pocket healthcare expenditure as measured by portions of the population spending more than 10% of their household income on health, South Africa was doing better than Brazil and India with the latter doing worse. Indeed, in 2017 it was 17% of the population in India and 11% in Brazil. It was only 1. % in South Africa in 2014.

b) Education

Table 8: Access to education in Brazil, India and South Africa

	Brazil	**India**	**South Africa**
Compulsory and free years of schooling (UNESCO, 2020)	12	8	9 (compulsory) 12 (free)
Public spending on primary to tertiary education (2019)	14%	14.5%	16.9%
Portion of young adults not having a secondary education degree (2022)	29%	46%	66%

Source: Authors' compilation, OECD (2019, 2020), UNESCO (2020)

Brazil has the highest number of compulsory years of education with 12 years, then South Africa with 9 years and India has 8 years. These mandatory years of education are free in all three countries with South Africa guaranteeing 12 years as free despite only 9 being compulsory.

Public spending on primary to tertiary education is the highest in South Africa indeed, it amounted to 16.9% of total government expenditures in 2019, it was 14.5% in India and 14% in Brazil. The highest portion of young adults not having a degree of secondary education is in India with 66%, then South Africa with 46% then in Brazil 29%, it is well above the OECD average of 14% (OECD, 2022).

Brazil is doing better in all the indicators chosen to assess the level of development except for inequalities in income in which India is doing better and poverty wise it also exhibits the highest level of extreme poverty. India is doing the worse on the indicators of poverty and it has the lowest HDI. Indeed, looking at health and education levels it also has the lowest government expenditures in both sectors and the worst level of educational attainment out of the three. Its overall IHDI decrease is mitigated by its low income inequalities. A peculiarity is South Africa which even tough having less catastrophic out of pocket spending than the two other countries and important investments in health it still has the lowest life expectancy. Moreover, despite doing good in education and health it has the highest degree of inequalities and poverty. These results are reflected in the IHDI whereby India ends up with a better score than South Africa when accounting for inequalities.

Overall, even if Brazil is doing the best vis a vis the two other countries it is still under OECD average for education attainment level and its IHDI puts it in the medium developed group. All in all, the three countries present different developmental problem. In the following part this thesis will assess the quality of governance of the three countries to shed light on the reasons behind the developmental results found.

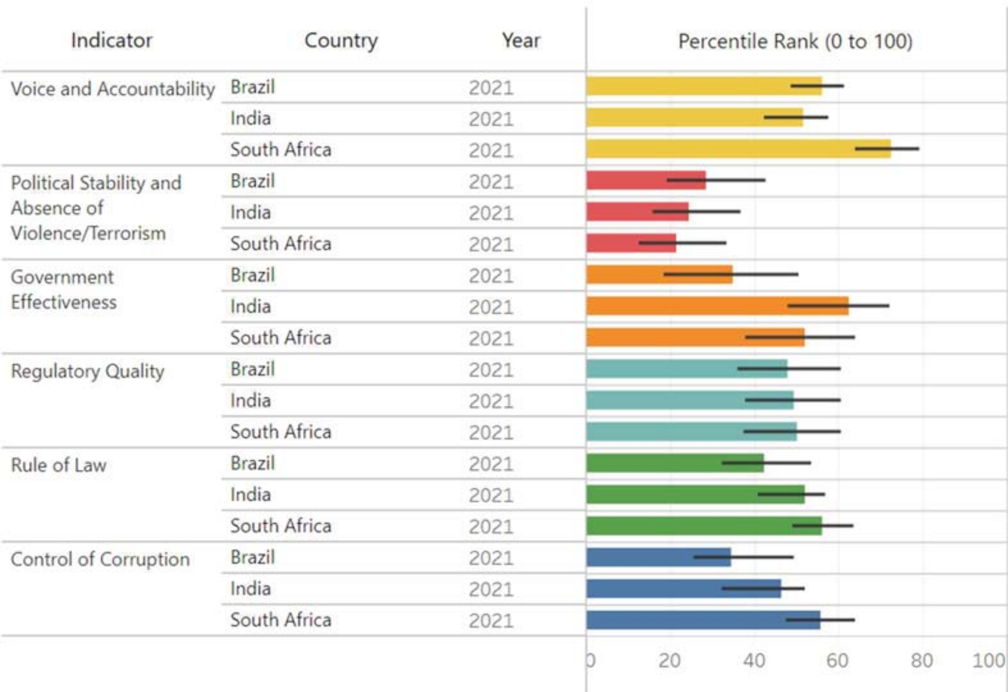
III- Assessment of the quality of governance

This part will first review the overall results of the three countries on the WGI, the political and cohesion indicators of the fragile state Index and the CPI. It will then look more closely first at corruption (WGI and CPI) and government effectiveness (WGI) and state legitimacy and public policies (FSI). Then it will look at, voice and accountability, political stability and absence of violence/terrorism and rule of law (WGI, and security apparatus, rule of law and human rights, factionalized elites, groups grievance (FSI). The choice to breakdown the indicator in that way is motivated by the complementary and sometimes overlapping aspects of some of the indicators.

1- Overview of the results on the WGI, CPI and FSI indicators

a) The WGI

Figure II: The percentile ranks of Brazil, India and South Africa on the WGI (2021)



Source: WGI (2021)

The chart represents the percentile rank of each country on each of the WGI. The longer the bar the higher the percentage of good governance vis a vis the full sample of countries. Looking at overall percentile ranks of the countries they are not doing so good vis a vis the 197 other countries in the sample. South Africa overall is doing better than Brazil and India on all indicators except for two that are government effectiveness and political stability and absence of violence/terrorism. On the latter, Brazil is doing the best out of the three countries, and on the former it is India. Regarding control of corruption Brazil score is the worst. These results on corruption are reflected in the CPI. Brazil is scoring worse on all indicators except for political stability and absence of violence/terrorism and voice and accountability which is the only indicator where India is scoring worse.

All three countries have very similar results on the regulatory quality indicator. This indicator will not be further addressed as the similitude of the results doesn't leave much room for comparison. Furthermore, its definition defers to aspects of governance not addressed in this thesis that are the role of the State in fostering private sector development.

b) CPI

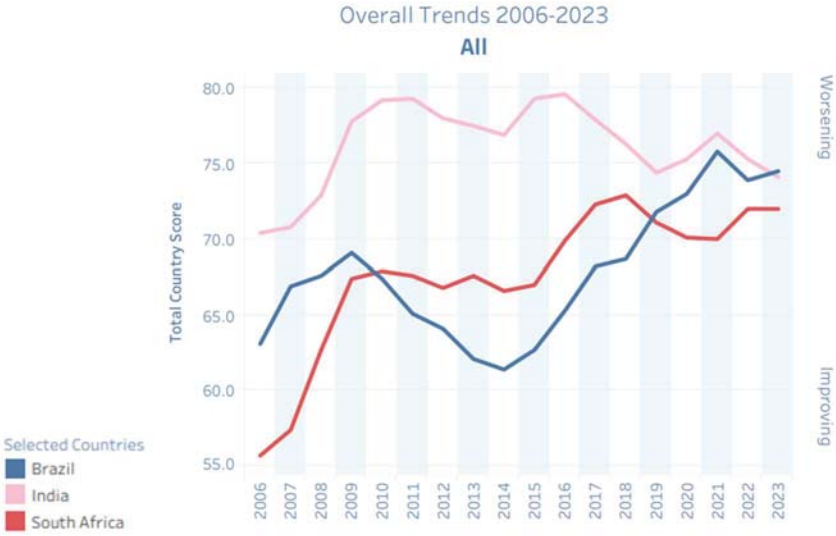
Reflecting the control of corruption indicator of the WGI, Brazil has the worst ranking out of the three countries in the CPI, with a rank of 94 out of 180. Then we have India ranked 85 and finally South Africa which is doing better with a rank of 72. Score wise, the lower it is the higher is the corruption.

Brazil's score (38/100) hasn't changed from 2020 to 2022, it has improved vis a vis the 2017-2019 period. India's score (40/100) has steadily increased and therefore improved since 2013 with a one-point decrease in 2019. The score didn't change onwards. South-Africa's score (43/100) decreased by on point vis a vis 2021. Its score had improved since 2013 until 2017 where it lost 2 points it then increased again by one point in 2019 when it didn't change until 2022 and the one-point increase.

c) Fragile state index:

The three countries have similar scores and rankings in the FSI, South Africa is the one doing better with a score of 72, India and Brazil are slightly behind with respective scores of 74.1 and 74.5. Ranking wise, Brazil is 71st, India 73rd and South Africa 78th. In the FSI countries are ranked from 1st i.e., country doing the worst that is in a very high alert to 179 i.e., doing best and being very sustainable. Their score and rankings put the three countries in the same category of countries with a degree of elevated warning (Fund for Peace, 2023). Since 2006, the situation in the three countries as worsened as showed by the following graph:

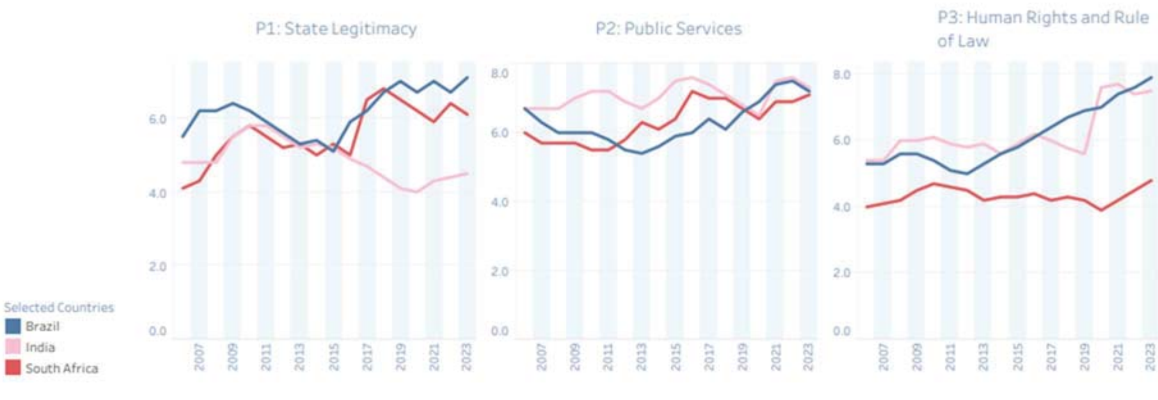
Figure III: Brazil, India and South Africa score trend (2006-2023)



Source: Fund for Peace (2023)

The political sub indicators are State legitimacy (P1), Public Services (P2), and Human rights & Rule of Law (P3). Although, all three countries have similar score on P2 with an average on 7.2, results vary a lot between India and South Africa on the P1 and P3 indicators. Indeed, while India (7.5) is doing worse than South Africa (4.8) on the latter, it is doing better on the former with respective scores of 4.5 for India and 6.1 for South Africa. Brazil is doing worse with 7.1 on P1 and 7.9 on P3 (Fund for Peace, 2023). Overall, the common Political indicator where all three countries struggle to relatively the same extent is P2 with scores of 7.1 (South Africa), 7.2 (India) and 7.3 (Brazil).

Figure IV: Brazil, India and South Africa political indicators trend

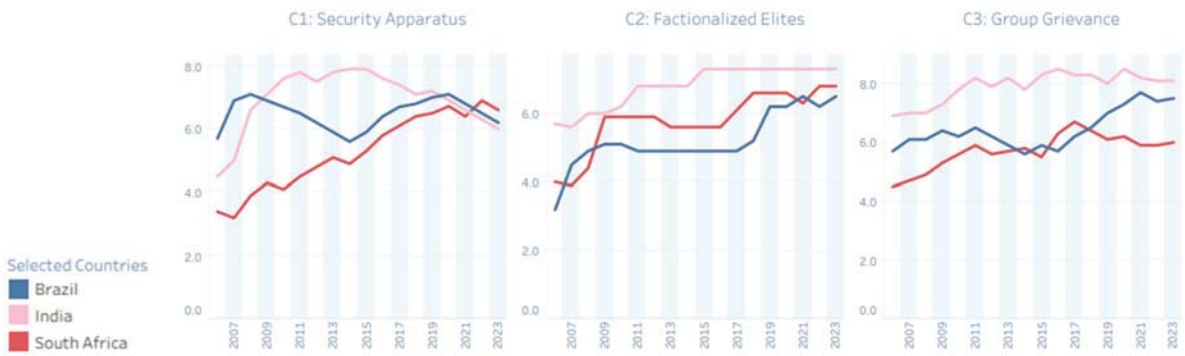


Source: Fund for Peace (2023).

The cohesion indicators are Security Apparatus (C1), Factionalized Elites (C2) and Group Grievance (C3). While on the political indicators, Brazil was doing worse in all categories, the results are more mixed with regards to the cohesion indicators. Indeed, on C1 India (6) is doing better than Brazil (6.2) and South Africa (6.6); on C2 Brazil (6.5) is doing better, followed by South Africa (6.8) and India (7.3). Finally regarding C3, South Africa is doing better (6), then Brazil (7.5) and India which is doing worse with a high score of 8.1. The biggest difference between the three countries can be found in the C3 indicator where India has very high group grievances vis a vis South Africa.

A convergence towards the same score on C1 can be observed with a constant worsening of South Africa since 2006 and an improvement of Brazil and India since 2019. There haven't been any variations in India on C2 since 2015.

Figure V: Brazil, India and South Africa cohesion indicators trend



Source: Fund for Peace (2023)

Overall, South Africa is doing better governance wise according to the WGI and CPI. With regards to the WGI, since the three countries score poorly on the indicator of violence and terrorism. Considering the FSI results, Brazil is doing worse on all political indicators and South Africa is doing better than India on P2 and P3 with India doing better on P1. Results are more mixed on cohesion indicators whereby Brazil is doing better on C2, India on C1 and SA on C3.

2- Corruption and government effectiveness : State legitimacy and public services

Table 9: Corruption, government effectiveness, State legitimacy and public services in Brazil, India and South Africa

	Brazil	India	South Africa
Control of corruption (2021)	34.62	46.63	55.77
Government effectiveness (Ibid.)	35.10	62.50	51.92
CPI (2022)	38/100	40/100	43/100
State legitimacy (2023)	7.1	4.5	6.1
Public services (Ibid.)	7.3	7.2	7.1

Source: Authors' compilation, WGI (2021), Fund for Peace (2023), Transparency International (2022)

a) Brazil

Corruption is present in Brazil since the early set of the history of Brazil as democracy. Indeed, its first president to assume office following election, Fernando Collor de Mello was impeached following a corruption scandal. Overall, two presidents were impeached with Dilma Rouseff's impeachment also related to corruption under Lula (Bertelsmann Stiftung's Transformation Index,2022)

Operation car wash that lasted from 2014 to 2021 shown further light on the extent of corruption in Brazil. This investigative operation originally stemmed from concerns with money laundering but uncovered a web of corruption linking various companies and public officials across countries. The enlargement of the investigation originated from suspicion of corruption linked to Petrobras, the Brazilian state-owned oil company, that were proven right. The corruption took the form of construction and infrastructure companies organizing themselves as a cartel which bribing public official and political parties to get contracts for high prices. Indeed, almost all political parties in Brazil were tied to dubious transaction amounting to $1.5 trillion (Ibid.).

A big example is the Odebrecht company which reported during its indictment by the United-States a total of $349 million of bribes given in Brazil to various political parties in the country, foreign officials and their representatives in Brazil, financing political campaigns in elections to obtain benefits and contracts of construction works with local governments in different districts of the country, with the central government and several public companies administered by the State. Marcelo Odebrecht admitted to bribing political officials to get contracts and of paying 30-million-dollar bribes to Petrobras officials. Eduardo Cunha, former president of the Brazilian Chamber of Deputies was accused of receiving bribes from a consortium of which Odebrecht was part for works in the port area of Rio de Janeiro. He was arrested in 2016 for 40million of dollars of bribery money having been hidden offshore in secret bank accounts. Federal judge Sergio Moro found him guilty of paying more than US$30 million in bribes to Petrobras officials in exchange for obtaining contracts and influence for the company (Marques, 2019).

Operation carwash demonstrated the ability of Brazil's institution to prosecute public officials involved in corruption activities. Indeed, Brazil has an anti-corruption framework and several laws and anti-corruption agencies to tackle corruption and abuse of public authority. However, their effective implementation remains a challenge as reflected in 2022 CPI and WGI results.

Despite the high level of corruption overall, the citizens consider the nation-State to be legitimate and recognize the constitution (Bertelsmann Stiftung's Transformation Index, 2022). However, Bolsonaro's presidency followed by the election of Lula led to an increased polarization of the Brazilian society as shown by the January 2023 nation-wide demonstrations and their acme with the attack on the three-power square where public institutions were degraded. (BBC 2023).

b) India

India although doing better than Brazil on the various indexes also presents a relatively high level of corruption with public officials not being proficiently prosecuted. Corruption occurs across sectors and still affects citizen-institution engagement.

Since 2011 some progress has been made as reflected in the improvement of India's CPI score due to increased public scrutiny on political corruption under the impulse of activist Anna Hazare and current Prime minister Indra Modi campaign in 2014 centered around battling corruption. However, this improvement could have been virtual as the Cpi is perception based and perception of corruption from the population may have been truncated by Modi's political campaigning. Indeed, the creation of a national anti-corruption agency was established only in 2019 following yearly postponing. Furthermore, party financing regulations have been changed in 2017, limits to the amount of corporate donations and obligation of their disclosure have been removed. Also, vote-buying is a common practice in India, before the 2019 general election $400 million worth of goods from party to voters were confiscated. Public procurement is characterized by zero transparency form the government (Bertelsmann Stiftung's Transformation Index, 2022).

Overall, as reflected by the P1 FSI indicator, the national state is considered as legitimate by the population, exception made of certain areas in the country that do contest its legitimacy but they a small minority.

c) South Africa

Corruption in South Africa is also present across sectors and in state owned corporation like the energy company Eskom which provides approximately 95% of electricity in the country that faced several corruption scandals. Former CEO of Eskom André de Ruyter reported in an interview on the extent of the systemic corruption that took place at Eskom. He mentioned the resistance to comply to regulations, the presence of corruption, theft and fraud and estimated that R1 billion went missing from the company monthly. He stressed the intertwinement between theft, sabotage, procurement irregularities and local and national policies and the resistance to anti-bribery and corruption regulations.

The presence of cartels fomenting assassination and sabotage missions in a highly organized manner with groups of 60-to-70-armed people. When asked about state security he posed it as an existential threat to the state. He mentioned going to high level government officials with no responses and some being in office despite corrupt practices.

The damages of corruption at Eskom have had dire impact on electricity production and distribution with increase of the practice of load shedding that also damages the economy. He mentions the erosion of the infrastructures and the neglect of mechanical equipment calling for change to be able to continue to provide this essential service.

The government of South African president Cyril Ramaphosa elected in 2018 launched several commissions and parliamentary committees that have been created to investigate corruption in the State. The most proficient has been the Judicial commission of inquiry into allegations of state captures also known as the the Zondo commission or state capture commission. The Zondo commission reflecting de Ruyter's testimony, has shown light on State capture at the Eskom company and found that dubious contracts characterized by bribes and circumventing of procurement procedures worth almost R15 billion had been signed. It also shed light on a scheme aimed at capturing Eskom by the Gupta brothers and the passive involvement of former president Jacob Zuma (Bertelsmann Stiftung's Transformation Index, 2022).

The state capture commission has also shown that The South African national prosecuting authority had been undermined during Zuma's presidency preventing the prosecution of public officials. Under, Ramaphosa's presidency the NPA has been re-impowered which led to the prosecution of some office holders like former head of government of the Free State province Ace Magshule under the 70 charges linked to corruption, fraud, money laundering, irregular public procurement. Despite these progresses in uncovering corrupt practices and prosecution of those responsible, corruption remains a big problem in South Africa. The legitimacy of the south African state is overall not brought into question by the population(Bertelsmann Stiftung's Transformation Index, 2022).

According to the results of the WGI, FSI and CPI, Brazil is doing worse than India than South Africa corruption wise. It is also the case on state legitimacy and public services and government effectiveness. These results are coherent as corruption has negative externalities on public services, government effectiveness and state legitimacy as put forward in the literature review. However, the fact that India features higher government effectiveness and state legitimacy than South Africa despite having more corruption than the latter according to the CPI seems to indicate that one of the indicators may play a role in mitigating the impact of corruption on the other.

3- Overview of Political stability and absence of violence and terrorism, rule of law, and voice and accountability: human rights, factionalized elites, group grievances.

Table 10: Political stability and absence of violence/terrorism, Security apparatus, Rule of law, Human rights, voice and accountability, factionalized elites, Group grievances in Brazil, India and South Africa

	Brazil	India	South Africa
Political stability and absence of violence/terrorism (2021)	28.77	24.53	21.70
Rule of law (Ibid.)	42.31	51.92	56.25
Voice and accountability (Ibid.)	56.04	51.69	72.46
Security apparatus C1 (2023)	6.2	6	6.6
Rule of law and human rights (Ibid.)	7.9	7.5	4.8
Factionalized elites C2	6.5	7.3	6.8
Group grievances C3	7.5	8.1	6

Source: Authors' compilation, WGI (2021), Fund for Peace (2023)

a) Brazil

Monopoly of force isn't fully applied across the territory, indeed, in some cities private and public security isn't enforced and organized crime exerts significant influence various metropolitan area like Rio de Janeiro, Rio Grande do Norte and Recife. The states which are characterized by a highest degree of violence and insecurity are the Northeastern states that are also the more prone to poverty and inequalities (World Bank 2022). Some urban areas are at the hand of drug trafficking organizations when others have paramilitary organization that form militias with off-duty policemen and firemen which control some favelas and neighborhood.

Between 2019 and 2020 there was an increase of almost 10 000 more intentional homicides with 13.3% of them being at the hand of policemen. From 2019 to 2020 the number of guns registered was multiplies by more than two reaching 2.1 million registered gun owners (Bertelsmann Stiftung's Transformation Index, 2022).

Regarding voice and accountability minorities are not excluded from the political process and overall freedom are protected. The ranking of Brazil on the world press freedom index is 92/180 due to high concentration of media ownership and disinformation the situation is categorized as problematic (Reporters Without Borders, 2019. The rule of law is impaired by the extent of corruption and the unequal access to legal counsel. Also, some rural part of the countries and slums in urban areas are characterized by more disrespects of rights (Bertelsmann Stiftung's Transformation Index, 2022).

The scores on C2 and C3 reflect the rise in polarization in Brazilian society following Bolsonaro's presidency characterized by discriminatory speeches against some social groups and nationalism.

b) India

The monopoly of the use of force is also not applied equally on the territory, with the presence of like the Naxalites in central India that negate the legitimacy of the State. Other rebel groups are present on the territory.

India exhibits worrying trends regarding voice and accountability, human rights protection and the rule of law. Indeed, there has been a nationalist push centered around the Hindu majority and a rise of discrimination against the Muslim part of the population accounting for the high score on C2. In 2019, The two Muslim majority states that used to have special autonomy, Jammu and Kashmir have been put under the control of the central government with an increase of the militarization of the area, detentions of local politicians and periods with cut telecommunications. A Hindu-nationalist paramilitary Organization called Rashtrica Swayamsevak Dnagh was created. Furthermore, the work of foreign Ngo's has been seriously impaired with the blocking of Amnesty International's bank account in 2020. Also, the 2023 world press freedom index has ranked India 161/180 as part of country group in a very serious situation which have the worst rankings. Indeed, the media ownership is highly concentrated with violence against journalists. The media reflect inequalities and discriminations present in Indian societies with a majority of senior position being held by Hindu men of upper castes Reporters without borders, 2023). These elements go to show that the guarantee of human rights and voice and accountability are following a concerning path.

Regarding rule of law, concerns with independency of the supreme court vis a vis the government has also risen with the former acquiescing to government's decisions. Also, some underprivileged social groups have less access to justice. Overall ethnic, religious and castes discriminations and divisions remain widespread in India reflecting the high C3 score (Bertelsmann Stiftung's Transformation Index, 2022).

c) South Africa

In South Africa, the state has monopoly of force but violence and criminality is present nationwide. Human rights and rule of law are well guaranteed. The world press freedom index attributed the ranking of 25/180, and the situation is perceived as satisfactory (reporters without borders, 2023). The judiciary is independent and other independent institutions exist to address discriminations like the South African Human rights commissions. However, other legislative mechanisms like the Broad-Based Black economic empowerment policy aimed at addressing historical inequalities between white and black portion of the population has been not so effective. There is still a high level of discriminations regarding gender, race, sexual orientation, and nationality(Bertelsmann Stiftung's Transformation Index, 2022).

The three countries share similar results on political stability and absence of violence/terrorism, these similarities are also found on the security apparatus indicator. The biggest difference reside in voice and accountability in which South Africa is doing way better than the two other countries. It is also the case on tule of law and human rights. India is doing worse on group grievances and factionalized elites and voice and accountability due to an increase of institutionalized discriminations. Brazil is doing the worst on rule of law and humans rights which can be explain by its high level of corruption and disrespect of Human rights as reported by Amnesty International's report "1,000 days without rights: The violations of the Bolsonaro government," in 2021.

IV- Interpretation of the results

Table 11: Summary of the results Of Brazil, India and South Africa on the chosen governance and development indicators:

	Brazil	**India**	**South Africa**
Population (IMF, 2023)	215 Millions	1.44 Billions	61.53 Millions
GDP (Ibid.)	2.08 thousand Billion	3.74 thousand Billion	399.02 Billions
GDP per capita PPP (Ibid.)	18.69 thousand	16.09 thousand	9.07 thousand
HDI (UNDP, 2022)	0.754	0.633	0.713
IHDI (Ibid.)	0.576	0.475	0.471
Expected years of schooling (Ibid.)	15.6	11.9	13.6
Mean years of schooling (Ibid.)	8.1 2021	6.7	11.4
Compulsory and years of schooling (Unesco, 2020)	12	8	9 (compulsory) 12 (free)
Public spending on primary to tertiary education (OECD 2022)	14% 2019	14.5%	16.9%
Portion of young adults not having a secondary education degree (Ibid.)	29% 2019	46%	66%
Average life expectancy at birth (UNDP, 2022)	72.8 2021	67.2	62.3
Government expenditure on health as share of GDP	4.5% 2020	1.1%	4.3%
Universal health Coverage (World Bank, 2021)	80	63	71
Catastrophic out of pocket spending (10%) (Ibid.)	11.81% (2017)	17.91% (2017)	1.03% (2014)

Portion of the population under the $2.15 poverty line (World Bank)	5.82% (2021)	10.01% (2019)	20.49% (2014)
Portion of the population under the $3.85 poverty line (Ibid.)	11.26%	45.91%	40.34%
Portion of the population under the $6.85 poverty line (Ibid.)	28.36%	83.83%	61.63%
Capture of national income by top 10% (World Inequality Lab, 2022)	59%	57%	65%
Inequality transparency index (Ibid.)	5.5/20 (2021)	5.5/20	8.5/20
Multidimensional inclusiveness index (2019)	27.9	19.7	8.4
Economic decline and poverty (Fund for Peace, 2023)	6.6	6.2	8.1
Uneven economic development (Ibid.)	6.8	5.8	6.9
State legitimacy (Ibid.)	7.1	4.5	6.1
Public services (Ibid.)	7.3	7.2	7.1
Rule of law and human rights (Ibid.)	7.9	7.5	4.8
Security apparatus (Ibid.)	6.2	6	6.6
Factionalized Elites (Ibid.)	6.5	7.3	6.8
Group grievance (Ibid.)	7.5	8.1	6
Voice and accountability (WGI, 2021)	56.04	51.69	72.46
Political stability and absence of violence/terrorism (Ibid.)	28.77	24.53	21.70

Government effectiveness (Ibid.)	35.10	62.50	51.92
Rule of law(Ibid.)	42.31	51.92	56.25
Control of corruption (Ibid.)	34.62	46.63	55.77
CPI (Transparency International, 2022)	38/100	40/100	43/100

Source : Authors' compilation, IMF (2023), UNDP (2022), OECD (2022), World Bank (2021), Transparency International (2022), world Inequality Lab (2022), Fund for Peace (2023).

The three countries feature impaired and un-inclusive development. Whereas it is characterized by high inequalities in Brazil and South Africa, high poverty in the three countries with some variations depending on the chosen poverty lines. Still, Brazil presents a higher level of development than the two others as measured by the HDI, IHDI, higher universal health coverage and smaller percentage of young adults not having a secondary education degree. Furthermore, the Multidimensional inclusiveness index has also attributed a better score to Brazil than to the others. South Africa is doing the worst due to its profound inequalities, which leads to a 33.9% downgrade of its HDI as measured by the IHDI. This high degree of inequalities is also reflected by its MDI score. Despite featuring the highest level of investment in education, similar level of investment on health then Brazil and having very low out of pocket health spending, South Africa still had the lowest average life expectancy at birth and the highest percentage of young adults not having secondary education out of the three countries. Regrading education South Africa has the highest mean year of schooling which could indicate that its investments are targeted towards primary education levels and not secondary levels. Health wise these peculiarities can be explained by the presence of contagious diseases that are still not under control. The lack of results from investments could be explained by governance factors.

However, the governance results have shown that South Africa is overall doing the better than the three countries in almost all governance indicators exception made of political stability and absence of violence/terrorism where the three countries are doing very poorly. Brazil is doing worse on (all political indicators of the FSI and) almost all governance indicators except for voice and accountability where India is doing worse. India is doing better than the three countries on government effectiveness. The fragile state political and cohesion indicators indicate that India is doing very poorly on human rights and rule of law and on the two cohesion indicators of group grievance and factionalized elites.

Despite variations in the results for the three countries on the governance indicators, the three countries feature relatively low quality of governance with results on average not exceeding the 60% percentile rank vis a vis the 197 other countries.

Based on these results, the correlation between impaired development and bad quality of governance seems to stem from the presence of corruption and the presence of political instability and absence of violence/terrorism.

Conclusion:

This thesis has reviewed the literature on the concepts of governance and development and their interlinkages describing the mechanisms through which Bad governance could impair development after having defined both concepts and presented tools of measurement. It has incorporated the concept of State fragility in the reflection surrounding the correlation between bad governance and development. It has found that bad governance did play role in impairing development notably through poor performance on the indicators of corruption and Political stability and absence of violence/terrorism. The concepts of bad governance and fragile State have many similarities and their indicators of measurements present many overlaps which would call for more investigation on their similitudes and differences.

This thesis is limited in several aspects. First the variations in data availability for the three countries which on many indicators featured different reporting years. Secondly, this thesis hasn't produced any statistical analysis which could have been relevant to reflect a more evidence-based approach. However, the sample of countries being only of three didn't call for a research work enabling a generalization of its results. Thirdly, a specific time frame was not pre-determined for the scope of the study of the three countries level of development and quality of governance. Focusing on a specific time period, or event like the covid crisis could have led to more targeted results. Overall, the scope of the research review was too large to enable for more precise results.

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