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The Relationship Between Good Governance and Economic Sanctions: Policy Requirements

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ABSTRACT

Today, unilateral economic sanctions and counter-sanction measures have become among the most prominent features of interstate competition in the modern era, to the extent that they may be regarded as an important component of the legal and political order. The increasing use of economic sanctions by the international community has compelled sanctioned states to seek effective strategies for managing these measures. Accordingly, the present study addresses the following question: What capacities and requirements does good governance provide for confronting economic sanctions and reducing economic vulnerability? The study hypothesizes that states experiencing economic pressure resulting from sanctions demonstrate resilience and resistance in accordance with the capacities and capabilities of their political and economic institutions. This issue is examined within the framework of the principles of good governance, which constitute the theoretical foundation of the study. The findings indicate that the impact and effectiveness of sanctions largely depend on a country's domestic institutions. In this regard, interaction among the government, private sector, and civil society provides a basis for integrating political and economic institutions and shaping the relationship between good governance and counter-sanction strategies. The study employed a descriptive-analytical method, and data were collected through library and internet-based sources.
Keywords: *economic sanctions, counter-sanctions, policymaking, good governance, economic resilience and resistance.*

Introduction

It is generally argued that economic and political sanctions have become instruments through which states pursue political objectives. Nevertheless, the effectiveness of sanctions remains controversial. Much of the sanctions literature has focused on whether sanctions actually work, while paying less attention to their unintended consequences. A broad consensus has emerged that target countries often fail to comply with the demands of sender states. However, the broader effects of sanctions have received comparatively less attention because many researchers have concentrated primarily on their consequences within target countries.

Despite their questionable record of success, states continue to employ sanctions as an instrument of foreign policy. This has directed scholarly attention toward their overall effects on target countries. Reports indicating the relatively low success rate of sanctions have raised doubts and highlighted the need for further examination of the factors determining their effectiveness. In this regard, the political system can be recognized as an important determinant of sanctions outcomes. Studies have provided evidence that democratic governments may be less likely than authoritarian leaders to comply with sanctions. Democratic governments in target countries often possess greater legitimacy and can more readily mobilize citizens to defend the domestic political system against the demands of sender states. This phenomenon is commonly understood as a "rally-around-the-flag" effect. Consequently, democratic regimes may demonstrate greater resistance to sanctions (1).

In this context, the degree of resistance demonstrated by the target country and its determination to continue the activity that prompted the sanctions, regardless of the costs imposed by the sanctioning state, may be described as the target country's national endurance and political will (2). The existence of such endurance and national will depends, in turn, on the nature of governance, which may be conceptualized as good governance. The innovation of the present study lies in examining the heterogeneous components of good governance—including government effectiveness, control of corruption, the rule of law, accountability, and related indicators—in relation to the effectiveness of sanctions. These components integrate the roles of political and economic institutions in shaping the relationship between good governance and counter-sanction capacity. This issue raises important theoretical questions and makes it necessary to examine the effects of good governance under conditions in which a country is subject to economic sanctions.

Conceptual and Theoretical Foundations

This section examines the conceptual and theoretical dimensions of the study to provide a deeper understanding of the subject.

Good Governance

Governance refers to the use of political authority and the exercise of control within society in relation to the management of resources for social and economic development. This broad definition encompasses the role of public authorities in creating the environment in which economic actors operate, determining the distribution of benefits, and shaping the nature of the relationship between rulers and the governed (3).

Governance may also be understood through institutions, defined as patterns emerging from the governing activities of social, political, and administrative actors, with particular emphasis on the processes used to direct, control, or manage sectors or dimensions of society (4). According to the World Bank's 2017 report, the principal elements of good governance include voice and accountability, political stability, government effectiveness, regulatory quality, the rule of law, and control of corruption (5). The International Monetary Fund similarly identifies several factors associated with economic efficiency and prosperity, including the rule of law, improved efficiency and accountability, and strong measures against corruption (6).

Good governance has also been defined as the effective provision of services to all citizens. Such services may include security, the rule of law, civil liberties, healthcare, education, infrastructure, financial systems, and an enabling regulatory environment. Good governance occupies an important place in development studies because it introduces changes in the way governments are managed and draws attention to the quality of governance itself (7).

In this regard, good governance seeks to integrate these values within a new institutional framework and reflects the development of fundamental and human rights. Any weakening of institutions and civil-society groups may lead to an inefficient state and an underdeveloped and corrupt society (8). It is therefore argued that the promotion of good governance is, in many cases, a necessary condition for development. Governance consequently refers to responsibility in policymaking and policy implementation, including environmental-governance processes (5).

From a developmental perspective, good governance is a principal instrument for promoting sustainable development, reducing poverty, and maintaining peace. Countries characterized by good governance are generally more efficient in providing public services (9). The United Nations Development Programme defines governance as the exercise of political, economic, and administrative authority in managing a country's affairs at all levels. It includes the mechanisms, processes, and institutions through which citizens and groups articulate their interests, exercise their legal rights, fulfill their obligations, and mediate their differences.

Two dimensions of this definition are especially important. First, governance is not synonymous with government. The concept recognizes that power exists both within and beyond formal governmental authority and institutions. In many formulations, governance includes the state, the private sector, and civil society. Second, governance focuses on process. It recognizes that decisions are made through complex relationships among multiple stakeholders with different priorities (10).

Economic Sanctions

Sanctions are often described as a "middle path" between diplomacy and military intervention. Accordingly, if sanctions were removed from the foreign-policy toolkit, states might rely more frequently on military options (11). The collapse of the Soviet Union and the increasing financial and political costs of military intervention over recent decades have made sanctions an increasingly preferred alternative.

Since the end of the Second World War, sanctions have been used as a foreign-policy instrument and as an alternative to war, with the objective of changing governments or modifying their behavior (12) so that they conform to the demands of the sanctioning state (13). In other words, sanctions "sharpen the teeth of international diplomacy" (14). Recent research indicates a substantial increase in the use of various forms of economic coercion, including trade sanctions, extraterritorial sanctions, and strategic trade restrictions (15).

Sanctions may be imposed unilaterally, multilaterally, or on the basis of international resolutions. They are often defined as measures adopted by one or more international actors—the "senders"—against one or more other actors—the "recipients"—with one or both of the following objectives: punishing recipients by depriving them of certain valued benefits or compelling them to conform to norms considered important by the senders (16).

The objectives of sanctions may include signaling a message to target or third-party states, coercing behavioral change, constraining the target's conduct, achieving other strategic objectives, or pursuing a combination of these goals (17). Beyond their success or failure in changing the behavior of targeted actors, sanctions often generate consequences outside their intended objectives. This has given rise to another field of research concerned with the unintended effects of sanctions.

Sanctions are frequently designed to destabilize the regime of a target country to the point that it complies with the demands of the sanctioning government. However, research shows that sanctions often impose socioeconomic and political harm on groups and individuals outside the ruling system. In other words, citizens who are not responsible for the conduct of the regime may be disproportionately harmed by sanctions (18).

Sanctions may generally be classified into military, diplomatic, and economic forms. Among these, economic sanctions have been imposed with particular frequency in recent years. Such sanctions usually target the commercial sectors of countries and restrict their trade and financial flows (19).

Although sanctions are often portrayed as more flexible, nonviolent, humane, and liberal than the use of military force in resolving international disputes, their destructive effects on the socioeconomic and political lives of populations in target states have been widely documented (1). The sanctions literature has largely focused on effectiveness. Although humanitarian impacts are frequently emphasized in debates about economic sanctions, traditional assessments have mainly examined whether sanctions achieve their political objectives (17).

Researchers have often asked whether sanctions work while overlooking their broader unintended consequences. A general consensus exists that sanctions rarely produce the desired outcome. In most cases, they fail to persuade target countries to comply with the demands of sender states (20). However, attention has gradually shifted toward the broader consequences of sanctions within target countries.

A substantial part of the literature has examined the humanitarian effects of sanctions on the populations of targeted states. Where economic or diplomatic exchanges were already limited before sanctions were imposed, the effects of sanctions are likely to be weaker (21). Research nevertheless shows that sanctions may negatively affect civilian populations in terms of health, economic conditions, and human rights (18). They may undermine sustainability through environmental degradation, human-rights violations, and economic insecurity (22). There is also compelling evidence that economic sanctions can significantly damage economic growth, disrupt commercial activity, and reduce welfare in sanctioned countries (23).

The Relationship Between Good Governance and Economic Sanctions

Good governance is often presented as a remedy for many of the disorders affecting contemporary complex societies and as a framework offering numerous opportunities to address both longstanding and emerging problems. At the same time, it may function as a precise instrument for dealing with bureaucratization, malfunctioning public administration, corruption, and poverty (24).

Governance is essential for the effective and efficient management of risks at all levels. It also plays a key role in promoting cooperation and coordination among mechanisms and institutions in applying relevant instruments for risk reduction and sustainable development (25). One of the most important reasons that good governance is vital across all areas of society concerns crisis conditions. Any crisis, regardless of its nature, requires the allocation of human, temporal, financial, and other resources in a manner capable of ensuring an effective response.

In contemporary societies, predicting change has become increasingly difficult because the environment is highly dynamic and unstable. Crisis management has consequently become crucial and requires knowledge, skills, and participation (26). Such participation contributes to the more effective and efficient management of public affairs.

Appropriate and interactive relations among the three sectors of government, the private sector, and civil society provide the basis for realizing good governance in its different dimensions. Governance has economic, political, and administrative dimensions. The economic dimension includes processes that affect a country's activities and its economic relations with other states. The political dimension concerns decision-making and policymaking, while the administrative dimension refers to the system of policy implementation (8). Where a government succeeds in promoting good governance, it may be better positioned to confront the destructive effects and effectiveness of economic sanctions.

Good governance is regarded as a mode of governing that brings multiple stakeholders together through optimal cooperation among the public sector, private firms, and civil-society organizations. Public actors continue to play a decisive role, but other actors—including commercial organizations, nonprofit institutions, foundations, labor unions, and similar bodies—may also make important contributions (26). Good governance also implies the identification of stakeholders' collective interests, the definition of areas of public action, and the coordination of those areas with the objective of implementing effective and efficient public policies (4). On this basis, the actions undertaken by public authorities within the framework of good governance may reduce the effectiveness of economic sanctions.

Greater transparency is an important consequence of effective governance and improves the quality of decision-making in public administration. Transparency facilitates openness and accessibility in decision-making processes for all stakeholders involved. The provision of clear and accessible information serves as a deterrent to corruption and abuse of power. Transparent decisions can be more effectively examined and evaluated by stakeholders.

The promotion of good governance also increases public participation in decision-making processes related to public administration. Greater public participation creates a valuable platform for the expression of a wide range of views and perspectives. When citizens actively participate in decision-making, the resulting policies and programs are more likely to respond to their actual needs and aspirations. Such decisions possess greater legitimacy and are more capable of addressing the challenges faced by society.

Accountability is another fundamental principle of good governance that positively influences decision-making. In public administration, accountability means that public leaders and officials are responsible for their actions and decisions. Strong accountability procedures require government personnel to carry out their responsibilities in the public interest and to manage available resources efficiently. Where decisions are found to be improper or corruption is discovered, officials should be prosecuted and sanctioned under applicable laws.

Good governance also places considerable emphasis on the rule of law. This means that laws must be upheld and enforced fairly and impartially. Within public administration, the rule of law creates a stable and reliable environment for decision-making. Stakeholders can be confident that decisions are grounded in legal principles and remain protected from undue personal or group influence. Such decisions are therefore more likely to produce fair and impartial outcomes for society as a whole.

The promotion of good governance also strengthens professionalism in public administration (27). Effective and efficient policies may be achieved through decisions based on reliable assessments and data that are comprehensively understood by decision-makers. Good governance further promotes the use of technology and innovation within public administration. In the current era of rapid information-technological development, the adoption and integration of technology can increase administrative efficiency and strengthen public participation. Effective technological implementation can accelerate data retrieval, improve accuracy, and enhance the delivery of public services.

Effective governance ensures equal participation by all sectors, promotes social justice, and contributes to an orderly society. It is therefore important for welfare, economic development, and improved social indicators (6). Good governance is also necessary for the proper functioning of an economic system and, consequently, for economic flexibility and resilience.

Governance concerns issues such as the rule of law and property rights. Without such mechanisms, adverse shocks can relatively easily lead to chaos and economic and social unrest, thereby intensifying vulnerability. Conversely, good governance can strengthen the resilience of an economy (28). Government effectiveness may influence the economy through political decision-making processes and institutions. Legislation, together with political decision-making and institutional quality, is also important for national economic performance (29).

Similarly, the rule of law may affect the economy through its influence on legal transactions and compliance with regulations. It is therefore important to analyze the effects of government effectiveness and the rule of law on the economy. Through synergistic interaction among the state, the public sector, and the private sector, these factors may reduce the negative effects of economic sanctions on society.

The Role of Political and Economic Institutions of Good Governance in Counter-Sanction Policymaking

The impact or effectiveness of sanctions may depend substantially on institutional conditions because the quality of economic and political institutions is a fundamental determinant of economic growth. Growth requires a government capable of facilitating productive activity and providing producers with appropriate information (1).

Sanctions significantly increase economic vulnerability. However, their effects depend on the political and economic institutional environment of the sanctioned country. Developing countries are generally more sensitive to sanctions than developed countries. In addition, particular characteristics of sanctions—such as the type of measures employed and the existence of an accompanying threat—may determine their effectiveness. The successful use of sanctions as a foreign-policy instrument therefore requires careful assessment of the specific circumstances of each case (30).

One consequence of economic sanctions is that the sanctioned country may seek to condemn the measures imposed against it (31). Although the objectives of sanctions may range from compelling the target government to improve human-rights conditions to stimulating democratization, only approximately one-third of sanctions are considered successful in producing compliance with the demands of the sanctioning state. In this context, political and economic institutions operating within the framework of good governance are particularly important.

Counter-Sanctions and Their Strategies

Conventional thinking about sanctions suggests that their purpose is often to generate domestic political disruption. By producing internal political divisions, sanctions may contribute to the destabilization of the target government (32). In practice, the success of sanctions is sometimes measured by the extent to which they create domestic political fragmentation (33). Governments are therefore encouraged to adopt domestic legislation, including blocking statutes and counter-sanction laws, to confront such measures (22).

Counter-sanctions may be defined as measures designed to protect a state from the constraints of sanctions by limiting both its exposure to them and their impact on governmental decision-making (34). They may also be understood as mechanisms developed by target countries to reduce the effects of imposed sanctions and protect their political, economic, and social interests (22).

Target governments respond to sanctions in different ways. Political leaders may seek to minimize the domestic political costs of sanctions by emphasizing national identity and a form of “besieged sovereignty,” thereby creating a rally-around-the-flag effect. They may also appeal to public sentiment in an effort to strengthen the leadership’s resilience against sanctions (17). Several major counter-sanction strategies are discussed below.

Protection of Potential Sanctions Targets

One counter-sanction strategy involves protecting citizens, companies, and sectors likely to be targeted by sanctions. Support may be limited to particular firms or extended to entire sectors of the economy. Following the annexation of Crimea, the Russian government adopted both targeted and broad protective measures.

As a broad form of support, the Kremlin pursued a policy of "Russification" by promoting the domestic substitution of foreign production inputs. As a more targeted protective measure, it established a tax-free zone on Russky Island, creating a safe haven in which wealthy Russians could retain investments.

Comparable protective measures are available to other governments. States may direct public funds toward sanctioned targets and implement industry-level protection in vulnerable economic sectors. China's "Made in China 2025" initiative, although not primarily designed as a counter-sanction policy, may perform a function similar to Russia's substitution strategy by reducing dependence on foreign inputs and protecting economic vulnerabilities that could otherwise be exploited through Western sanctions (34).

Development of Alternative Economic and Political Partnerships

A second counter-sanction strategy involves establishing and strengthening economic and political partnerships with states unlikely to join a sanctions regime. Russia pursued such opportunities in Africa by establishing the Russia–Africa Summit in 2019. These partnerships may reduce sanctions constraints by providing alternative sources of trade and may facilitate transactions designed to circumvent sanctions.

Russia, for example, has relied on Kazakhstan for the importation of microchips and has also repurposed older, lower-technology, and potentially less precise equipment available domestically. Following the invasion of Ukraine, Russia adapted its strategy by turning toward countries such as the Central African Republic and Zimbabwe, whose citizens have also faced Western sanctions, in what has been described as a "coalition of convenience" (34). Reliance on partnerships with nonsanctioning states therefore represents a potentially valuable strategy that may be emulated by other sanctioned countries.

Retaliation

A third strategy is retaliation, based on the principle that the imposition of sanctions should entail costs for the sanctioning state. Retaliatory measures seek to deter governments from imposing sanctions by demonstrating the potential costs of countermeasures undertaken by the target state. Retaliation may also discourage third parties from complying with sanctions by signaling that participation will produce adverse consequences.

Russia responded to sanctions following the annexation of Crimea in several ways, including the imposition of counter-sanctions targeting agricultural products and consumer goods, the cancellation of meetings between Russian and American officials, and the addition of American citizens to its travel-ban list (34).

De-Dollarization

A fourth counter-sanction strategy is de-dollarization, meaning the reduction of dependence on the U.S. dollar to limit exposure to transaction restrictions imposed through U.S. sanctions. As one method of de-dollarization, the Central Bank of Russia reduced its dollar reserves in favor of reserves denominated in Japanese yen, Chinese renminbi, and euros.

Russia has also demonstrated a potentially replicable counter-sanction tactic by adapting its partnership strategy and coordinating with other sanctioned countries. Other states have similarly attempted to reduce dependence on the dollar. Venezuela, for example, created the Petro, a digital currency backed by oil reserves and designed to facilitate transactions without exposure to U.S. sanctions.

Nevertheless, Russia's de-dollarization strategy did not protect it from sanctions involving the euro and yen, and retaliatory measures did not successfully deter potential sanctioning states (34).

Good-Governance Capacities and Requirements for Reducing the Effects of Economic Sanctions

The increasing use of economic sanctions by the international community has compelled sanctioned states and institutions to seek effective methods for managing these measures. As multinational corporations develop compliance policies in response to the potential risks of unilateral economic sanctions, some countries have begun designing countermeasures to reduce the negative effects of sanctions on their national economies.

One such measure is the strengthening of good-governance principles. The misuse of both sanctions and counter-sanctions may affect economic sustainability by interfering with fundamental human rights, environmental conditions, and the economic security of target countries. In doing so, sanctions and counter-sanctions may potentially violate international norms, disrupt the balance of interstate competition, and undermine the essential components of economic sustainability. Such measures may therefore produce long-term negative consequences.

Studies also indicate that sanctions may contribute to the expansion of informal markets and underground or covert transactions. Sanctioned countries may attempt to reduce pressure on their economies by using black markets, money laundering, smuggling sanctioned goods for export, and other forms of sanctions circumvention (12).

Preventing countries from entering an unstable cycle of sanctions and counter-sanctions—one in which fundamental human rights, the environment, and national economic security are harmed—has therefore become an important priority for the international community. Nevertheless, sanctions effectiveness must be assessed realistically. Sanctions do not always produce the outcomes intended by policymakers, whether those objectives involve changing behavior, compelling behavioral modification, or constraining the actions of target actors.

Numerous factors influence sanctions outcomes. Sanctions constitute a dynamic process, and their effects interact with internal factors such as national management and the potential capacity of the target country to respond (22).

Reciprocal Interaction Among the State, Private Sector, and Civil Society

The World Bank has noted that governance concerns decision-making and public-policy formulation in a manner that best serves the public interest. Public affairs should be managed in ways that guarantee transparency, accountability, modernization of public administration, and appropriate privatization (6).

Governance refers to responsibility in policymaking and policy implementation and emphasizes the relationship between civil society and the state. Promoting good governance is, in many cases, a necessary condition for development (5).

One of the most valuable instruments for achieving good governance is participation in civic and governmental affairs by those directly affected by the resulting decisions. Equitable participation by individuals from different gender, ethnic, and socioeconomic backgrounds is considered essential for strengthening resilience (35).

Governments and the private sector depend on one another for success. Without an active business environment created by governments, the private sector resembles a rusted engine that moves only with difficulty (36). A key element in establishing good governance and social resilience is the existence of rich relationships within and among communities. Conflict-resolution associations have demonstrated that such relationships can be strengthened through citizen participation while local disputes are resolved without violence (35).

Good governance therefore includes both the state and the quality of governmental activity, while also extending beyond the state by involving the private sector and civil society. Scholars argue that reciprocal interaction among these sectors is necessary for realizing good governance. The government is responsible for establishing an efficient political and legal environment; the private sector is responsible for producing employment and income; and civil society facilitates the political and social interaction of active groups participating in economic, social, and political activities (37).

Creating a Favorable Environment for a Competitive and Dynamic Economy

From a theoretical perspective, formal, rules-based governance is characterized by roles and functions that create an environment in which the private sector can flourish and public trust in government can develop (7).

A good government should be characterized by transparency, accountability, strategic vision, the rule of law, and control of corruption. Together, these characteristics create an environment in which development programs may be implemented effectively, new initiatives may be pursued, and creativity may be encouraged.

Government must also cooperate with civil society, the private sector, international investors, and corporations. It should function as a bridge connecting institutions and major sectors of the economy and should provide equal facilities and opportunities to each sector in order to increase productivity.

International financial institutions describe governance as the institutional exercise of authority within an economy, while good governance refers to the efficient and transparent exercise of that authority (6).

Governments can create an enabling environment for a competitive and dynamic economy in which economic growth occurs more naturally. They can achieve this through macroeconomic stability, including the control of inflation and public debt, and through efficient economic regulation. They may also directly manage large and systemic risks, prevent excessive risk-taking, and support the development of insurance markets (36).

Establishing the Foundations for Economic Growth

A large body of literature indicates that good governance may positively enhance economic performance (38). Regarding the characteristics of target countries, the effects of sanctions depend heavily on their economic conditions. Developing countries tend to be more severely affected, and vulnerability is greater in economies highly exposed to international trade (30).

Good governance is considered by economists and policymakers to be a prerequisite for sustainable development. Traditionally, total-factor productivity, technological development, physical capital, and human-capital accumulation were regarded as the primary requirements for economic growth and sustainable development. Research has shown, however, that these factors may be wasted if a country’s policies and institutions are corrupt, inefficient, and nontransparent (6).

Good governance is therefore recognized as a vital instrument for promoting sustainable development and as an essential element of development strategies. Although good governance does not guarantee sustainable development, its absence significantly limits development and may, in the worst case, prevent it entirely (10).

The effective management of human, natural, economic, and financial resources becomes possible through good governance, which promotes accountability, transparency, efficiency, and the rule of law at all levels. It also ensures civil-society participation in decision-making, contributing to social and economic growth, poverty and inequality reduction, and the protection of built and natural environments (10).

Research also indicates that economic growth may contribute to lower corruption. The existence of law and order, property-rights protection, and policy certainty promotes growth and investment. This finding has been supported by scholars who argue that good governance becomes possible where all components of legal and institutional order are present, including property rights and civil rights (7).

A Positive Orientation Toward Science and Technology

The localization of science and technology is important for minimizing the damage caused by sanctions. In this regard, self-sufficiency may be accelerated by transforming threats into opportunities (31).

Vulnerabilities and the methods used to address them depend on good governance at the national level. Communication systems and resource management may be used together to disseminate resilience throughout a country from the top down (35).

Effective Governmental Decision-Making in the Economy

Government effectiveness may influence the national economy through political decision-making processes and institutions. Legislation, political decision-making, and institutional quality are all important for countries. Similarly, the rule of law may affect the economy by shaping legal transactions and ensuring compliance with regulations. It is therefore important to analyze how government effectiveness and the rule of law influence economic outcomes (29).

As societies developed through human coexistence, governments and legal rules became necessary for regulating social relations. Today, governments are the competent authorities in policymaking and decision-making, and these processes are implemented through institutions.

The economy is another important consideration in decision-making. National policymaking and decision-making processes may have different effects on economic performance. Compliance with laws is as important as institutional quality. Beyond compliance, legality is essential for formally recording transactions and for the institutionalization and functioning of organizations.

The existence of a lawful environment increases the number of formally registered transactions and reduces the informal economy (29).

Increasing National Capacity to Confront Economic Vulnerability Through Economic Resilience and Resistance

Good governance is necessary for the proper functioning of an economic system and, consequently, for economic flexibility and resilience. Several “super-factors” of governance—including control of corruption, social trust, and high-quality political leadership—are particularly powerful in enabling a country to strengthen resilience through multiple pathways (35).

Governance concerns matters such as the rule of law and property rights. Without these mechanisms, adverse shocks may relatively easily produce chaos and socioeconomic unrest, thereby intensifying vulnerability. Conversely, good governance can strengthen economic resilience.

A key component of resilience is good governance, which Mercy Corps defines as a decision-making process that is accountable, transparent, equitable, responsive, and participatory. Pursuing good governance may therefore constitute a beneficial strategy involving the development of formal and informal institutions and relationships at governmental, social, and individual levels (35).

Economic instability may pose a major threat to resilience. Sound economic policy is necessary to reduce such risks and support rapid recovery. Many countries with weak economic resilience suffer from excessive dependence on essential imports while exporting most of the goods produced or cultivated domestically. This makes them excessively vulnerable to changes in the global economy (35).

Economic vulnerability refers to the inherent conditions that influence a country's exposure to external shocks (28). Economic resilience is generally described as the capacity to withstand a shock or avoid collapse when exposed to one. More recently, a resilient economy has also been defined as one capable of learning from the past, coping with the immediate effects of a shock, adapting to new conditions, and preparing for future shocks (39).

A resilient economy must also possess transformative capacity in order to navigate major systemic shocks. If different levels of government seek to participate in good-governance and resilience programs, they must make genuine efforts to provide diverse regions with access to the organizations and resources they require (35).

Economic resilience is associated with actions undertaken by policymakers and private economic actors that enable a country to withstand or recover from the negative effects of shocks. Measures that allow a country to take better advantage of positive shocks may also be regarded as components of economic resilience (28).

Resilience concerns the capacity to absorb shocks so that their final effects are neutralized or minimized. This form of resilience exists where an economy has mechanisms capable of reducing the effects of shocks. For example, a flexible and multiskilled labor force may function as a shock-absorption mechanism because negative shocks to foreign demand affecting a particular sector may be addressed by transferring resources to another sector experiencing stronger demand (28). Several governance characteristics that influence economic resilience are discussed below.

State Capacity

At the most basic level, governments require the capacity to integrate information, connect observations to public action, and implement those actions effectively in response to shocks. Citizens often become increasingly dependent on government during periods of crisis.

Resilient governments are therefore those that can not only deliver ordinary services but also integrate information effectively and adapt service delivery to changing circumstances. A professional, well-resourced bureaucracy with low levels of corruption is more likely to respond effectively to crises. Otherwise, government institutions may become vulnerable to ineffective outcomes and other adverse consequences. Institutionalized mechanisms for incorporating citizen feedback are essential for improving responsiveness. In most contexts, citizen participation in government programs produces better outcomes, particularly in areas such as health, education, water, and infrastructure (35).

Decentralization

Decentralized administration has mixed effects on resilience. In many cases, decentralization can empower public authorities to respond more effectively to shocks because it enables local innovation and adaptation. Domestic policymakers generally possess better knowledge of the needs of their institutions because of their proximity to them. Bureaucratic decentralization, when accompanied by sufficient autonomy for public officials to adapt their responses, may allow crisis responses to be more locally appropriate and timely (35).

Governance is essential for promoting national economic growth, and a strong relationship exists between good government and economic development. Governance is sometimes associated with the principle of "maximum governance and minimum government," under which the state reduces direct involvement through the privatization of state-owned enterprises (38).

Elite Cohesion and Political Inclusion

Elite cohesion has a complex effect on national resilience. In many respects, it can make resilience possible. When facing shocks, the resilience of a government frequently depends on the capacity and willingness of elites to unite in support of governance norms and institutions. Such cohesion may emerge through different processes, including major elite transformation, as in post-apartheid South Africa, or through forms of political participation, such as the kleptocratic system associated with President Nicolás Maduro in Venezuela. Elites who unite and reach agreement regarding the political order are more likely to preserve that order (35).

Civil Society and Other Nonstate Actors

Civil-society organizations are frequently emphasized in policy discussions of resilience and can contribute to governmental resilience through several mechanisms. First, they may provide services in cooperation with governments or by filling gaps in state provision. These services often reach marginalized populations and may constitute the first line of defense against shocks (35).

Based on the foregoing discussion, an effective government should possess several characteristics. It should be relatively limited in size and avoid excessive intervention in the economy; it should have a clear vision and efficient processes; it should employ qualified and committed personnel capable of formulating and implementing policies and projects; it should promote comprehensive public participation; it should maintain efficient financial management; and it should possess accountable, transparent, decentralized structures and political stability. The principal concepts defining good governance include the rule of law, efficiency, accountability, political stability, implementable public policy, sound macroeconomic policy, democracy, citizen participation, and the fight against corruption.

Conclusion

Good governance has attracted considerable attention in the field of public policymaking. It is a multidimensional concept encompassing transparency, public participation, accountability, and adherence to the rule of law. Decision-making in public administration is a multidimensional and central component of the implementation of governmental responsibilities. Appropriate and efficient decisions have the potential to generate desirable transformations in society and contribute to the achievement of development objectives. Conversely, poor decisions may have serious consequences, including the waste of resources, corruption, the continuation of injustice, and declining public trust in governmental institutions.

Good governance has consequently become a prominent subject of political debate and scholarly research in many countries. It encompasses principles related to effectiveness, transparency, responsibility, participation, accountability, equity, and adherence to the rule of law within systems of governance. The underlying objectives of these principles are to improve public services, reduce corruption, and strengthen public confidence in governmental institutions. Effective governance guarantees equal participation by all sectors and supports social justice and an orderly society. Governance is therefore important for welfare, economic development, and the improvement of social indicators. Although the characteristics of an effective government may vary across countries, the orientation of government should be positive and constructive. Countries throughout the world continue to analyze the role of government in providing essential services. Strong governance indicators contribute to the development of effective institutions throughout the country, ensure high-quality economic conditions, and support sustainable development. Good governance therefore helps an economy establish credibility and strengthen its capacity to withstand economic sanctions.

Economic sanctions are uniquely powerful and potentially destructive instruments that blur the boundary between statecraft and warfare. They can inflict severe harm on the Global South. This is partly because sanctions are used almost exclusively by the wealthiest countries against some of the world's poorest regions. They may also intensify existing economic inequalities between the Global North and the Global South by actively weakening the systems and resources on which economic development depends, including banking services, capital investment, and trade. At the theoretical level, good governance and sustainable development were identified as interconnected concepts. Reducing the effects of economic sanctions may be understood as an outcome of good governance because governments are responsible for building resilience and promoting and implementing sustainable-development practices.

The findings indicated that good governance is a necessary condition for resilience and sustainability and a vital factor in their success. The development of resilience and sustainability can improve quality of life. Good governance is therefore one of the most important factors that can help control and overcome unfavorable conditions arising from external shocks, transform challenges into opportunities, or prevent their negative consequences.

Based on these findings and the confirmed role of governance in strengthening the economy, it is recommended that the Islamic Republic of Iran, given the sanctions imposed in recent years and the country's exposure to resulting shocks, adopt appropriate policies to address these vulnerabilities. Specifically, it should provide more efficient public services, protect the rule of law, and implement predictable and credible regulations in order to strengthen good governance; identify weaknesses in governmental indicators and take steps to improve them, thereby increasing the economy's resistance to external shocks and their negative effects; formulate public policies through interactive and collaborative planning involving the private sector, the government, and civil society; distribute resources fairly and purposefully to disadvantaged regions in order to increase economic resilience; bring together different groups of political elites to strengthen unity, solidarity, and the implementation of an effective political order; and formulate policies concerning macroeconomic indicators and establish regulatory programs designed to create a favorable environment for a competitive and dynamic economy.

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Authors' Contributions

All authors equally contributed to this study.

Declaration of Interest

The authors of this article declared no conflict of interest.

Ethical Considerations

All ethical principles were adhered in conducting and writing this article.

Transparency of Data

In accordance with the principles of transparency and open research, we declare that all data and materials used in this study are available upon request.

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