Abstract:
Major conceptual contributions of a number of Nobel-laureates in putting forth a framework linking the citizenry's right to know and access to information with development, have already had a major influence in various fields. However, implementation of transparency-related reforms on the ground remains checkered around the globe. Further, in contrast with other dimensions of governance - such as rule of law and regulatory burden - there is a gap between the extent of the conceptual contributions in the transparency field and the progress on its measurement and empirical analysis, which has been wanting. And there has been an absence of writings which decompose (or 'unbundle') the generic notion of transparency into specific components, so to provide tools useful for policy advise and interventions. Our paper is a contribution attempting to partly fill these empirical and policy-related gaps. We review the existing literature, present various definitions of transparency, provide an initial empirical framework towards worldwide indicators on various dimensions of transparency, suggest some initial empirical results, and address concrete policy and institutional innovations related to transparency reforms.

We contribute to empirics by undertaking an initial construction of a transparency index for 194 countries based on over twenty 20 independent sources. An Unobserved Component Model (UCM) was used to generate the country ratings and the margins of error. The indices comprise an aggregate transparency index with two sub-components: economic/institutional transparency, and political transparency. The results emphasize variance. First, the preliminary evidence based on these initial indicators suggests enormous variation across countries in the extent of transparency. Exemplary transparency is not the exclusive domain of a particular region, and there are transparency-related challenges in countries in each region and income categories. Further, there is significant within-country variation, with large differences in performance between economic/institutional and political dimensions of transparency. Mindful of the challenges in inferring causality, we also find that transparency is associated with better socio-economic and human development indicators, as well as with higher competitiveness and lower corruption. We suggest that much progress can be attained without requiring inordinate amount of resources, since transparency reforms can be substantial net 'savers' of public resources, and often can serve as a more efficient and less financially costly substitute to creating additional regulations and/or regulatory or governance bodies. We emphasize that different types of transparency reforms are warranted for different stages of political-economic development, and that much more prominence ought to be given to transparency reforms as a core component of second-generation institutional reforms. We provide a number of concrete examples of specific transparency-related reforms within a strategic framework, as well as a brief country illustration - the case of Chile.
Executive Summary

New expectations and responsibilities are being placed on law enforcement agencies of all sizes to develop an intelligence capacity as part of a cohesive national strategy to protect the United States from terrorism and the deleterious effects of transjurisdictional organized crime. As part of this trend, particularly after the events of September 11, 2001, unprecedented initiatives have been undertaken to reengineer the law enforcement intelligence function.

Adhering to National Standards

This guide is intended to provide fundamental information about the contemporary law enforcement intelligence function in its application to state, local, and tribal law enforcement (SLTLE) agencies. The guide embodies the Intelligence-Led Policing philosophy, demonstrating how it complements community policing already in use by American law enforcement. It also embodies the principles, ideology, and standards of both the National Criminal Intelligence Sharing Plan and the Global Justice Information Sharing Initiative. It reflects current issues of law, particularly with regard to intelligence records systems (as per 28 CFR, Part 23) and liability issues.

Definitions and Perspective

At the outset, this guide defines and illustrates law enforcement intelligence with respect to its current application to SLTLE. Because of different jurisdictional responsibilities, federal law enforcement agencies use slightly different definitions. These differences are explained and illustrated to enhance information sharing and ensure clear communications between federal and nonfederal law enforcement. Because of global terrorism, the presence of SLTLE officers on Joint Terrorism Task Forces (JTTF) and a more integrated role between the FBI and SLTLE, discussion is provided on the meaning and implications of national security intelligence as it relates to nonfederal law enforcement. To add perspective, the guide provides a brief history of law enforcement intelligence. Significant legal and policy implications have evolved through
Moreover, critical issues are addressed ranging from ethics to responsibilities of line officers to the community’s role in the intelligence function.

This comparatively short history, including perspectives from the 9/11 Commission. They are summarized at the end of Chapter 3 as lessons learned and framed as a checklist for policies and procedures that affect many aspects of the intelligence function.

To add perspective, the guide provides a brief history of law enforcement intelligence. There are significant legal and policy implications that have evolved through this comparatively short history, including perspectives from the 9/11 Commission. These are summarized at the end of Chapter 3 as "lessons learned." The "lessons" have been framed essentially as a checklist for policies and procedures that affect many aspects of the intelligence function.

**Intelligence-Led Policing**

The concept of Intelligence-Led Policing is explained from an operational perspective, illustrating its interrelationship with community policing and CompStat. Moreover, critical issues are addressed ranging from ethics to responsibilities of line officers to the community’s role in the intelligence function. This discussion builds on the previous chapters to provide a perspective of intelligence that is “organic” to the law enforcement agency; that is, intelligence is part of the fabric of decision making that can have department-wide implications.

**Intelligence Processes and Products**

Based on the foundation that has been built, the guide explains current accepted practice of turning "information" into "intelligence." The intelligence cycle and analytic process are explained in summary form to provide the reader with an understanding of the processes. It is important for executives and managers to understand the language and protocols to effectively communicate with analysts and manage the intelligence function.

A discussion of information technology provides some insights into software requirements, networking issues, resources, security issues, and the dynamics associated with open-source information and intelligence.

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Law Enforcement Intelligence: A Guide for State, Local, and Tribal Law Enforcement Agencies
This is followed by a discussion of intelligence products, the different types of intelligence analysis, and how these products are used for both operations and management. Finally, dissemination or information sharing is discussed, particularly in light of the National Criminal Intelligence Sharing Plan.

Management and Human Resources

Readers of this guide will be experienced in management issues; hence, these sections focus on facets of management unique to law enforcement intelligence. Defining the mission, policy issues, and methods for staying current on trends and practices are addressed, paying particular attention to intelligence file guidelines and ensuring accountability of the intelligence function. As illustrated in the brief history of law enforcement intelligence, these two issues have been paramount, particularly as related to civil lawsuits. The importance of 28 CFR, Part 23, Guidelines for Criminal Intelligence Records Systems, is stressed and model intelligence file guidelines prepared by the Law Enforcement Intelligence Unit (LEIU) are included in the appendices. Also included as an appendix is a comprehensive management audit checklist that touches on virtually all aspects of the intelligence function.

With respect to human resources, staffing is discussed, with particular emphasis on the need for professional intelligence analysts. In addition, intelligence training is examined and concludes with a summary of sources and contact information. These facets of management are consistent with the recommendations of the National Criminal Intelligence Sharing Plan.

Networks and Systems

In today's digital world, the heart of effective information sharing is an understanding of the various communications networks available to law enforcement – some are evolving as this is written. The guide presents information about critical secure networks and how law enforcement officers can gain access to the networks. An important recommendation is that all law enforcement agencies should have access to a secure...
Another significant change in law enforcement intelligence has been "intelligence requirements" produced by the FBI Intelligence Program.

Communications system that is based on Internet protocols (IP).

Intelligence products and advisories from federal agencies - the FBI and Department of Homeland Security (DHS) in particular - essentially rely on a secure IP system. The issues and processes are discussed in detail.

**Intelligence Requirements and Threat Assessment**

Another significant change in law enforcement intelligence has been "intelligence requirements" produced by the FBI Intelligence Program. Defining intelligence requirements adds dimensions of specificity and consistency to intelligence processes that previously had not existed. This guide describes the concept and processes in detail. Inherently related to defining intelligence requirements is understanding the threats posed in a jurisdiction. Indeed, the intelligence process is threat-driven with the intent of preventing a terrorist act or stopping a criminal enterprise and, therefore, the guide provides a threat assessment model.

**Federal Law Enforcement Intelligence**

The penultimate chapter describes federal law enforcement programs and products that SITCO agencies should be aware of. Because of some confusion on the issue, the chapter begins with a discussion of classified information to clarify some confusion on the issue and provides information on how SITCO officers can apply for security clearances. Based on the need for information security, the chapter also discusses declassified information for law enforcement, specifically related to the Sensitive But Unclassified (SBU) designation, the FBI Law Enforcement Sensitive (LES) designation, and the DHS For Official Use Only (FOUO) designation.

Building on the classification and information security issues, the guide discusses and illustrates the FBI Office of Intelligence products, FBI
Intelligence products and services as well as contact information also are provided for the Drug Enforcement Administration (DEA), El Paso Intelligence Center (EPIC), National Drug Point of Index (NDPIX), National Drug Intelligence Center (NDIC), High-Intensity Drug Trafficking Areas (HIDTA), Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), the Financial Crimes Enforcement Network (FinCEN), and the High Risk Money Laundering and Related Financial Crimes Areas (HRFCA).

Summary

The intent of this guide is to aid state, local, and tribal law enforcement agencies to develop an intelligence capacity or enhance their current one. To maximize effectiveness, the standards used in the preparation of this guide were to ensure that it is contemporary, informative, prescriptive, and resource rich.
Summary

This joint FAO/ITTO publication examines best practices for improving law compliance in the forest sector. It draws on case studies carried out in Bolivia, Cambodia, Cameroon, Ecuador, Honduras, Indonesia, Italy, Malaysia, Mozambique, Nicaragua and Peru, as well as from experiences in other countries and ongoing international initiatives.

These studies point to a number of underlying causes contributing to the occurrence of illegal activities in the forest sector, including a flawed policy and legal framework and minimal law enforcement capacity in producer countries, insufficient information about forest resources and illegal operations and high demand for cheap timber. Corruption both in the public and private sector was also identified as intrinsically linked to illegal logging and associated trade.

Rather than dwelling on the many complex causes and far-reaching impacts of illegal forestry operations, this report attempts to identify examples of best practices to address the problem. Several countries have recognized the urgent need to develop a comprehensive and coherent strategy to tackle the problem of illegal forestry activities. This report shows that any strategy to address forest crime needs to be based on a sound understanding of the root causes behind the current situation. It presents a short analysis of the reasons why laws are broken along with the current best practices to establish a clear, transparent, sound and coherent forest policy and legislative framework that will foster better law compliance. It also reviews a number of low-cost ways to increase the efficiency and capacity of the public forest administration to foster law compliance and to improve data and knowledge about the forest resource and how it is changing over time.

Because of the complexity of the issue, it is crucial to prioritize remedial actions through a step-by-step approach. Depending on the social, economic and political context, different countries might prioritize different interventions from the wide range of guidelines and best practices provided in this report. In ranking and prioritizing the remedial actions, a central factor is their economic and political feasibility. It is important to assess the financial costs of any intervention and the sources of necessary funds. The political question concerns the degree to which different levels of governments are willing to cooperate in an overall strategy to fight illegality in the forest sector. Political will is crucial to improve forest law compliance and ensure that the measures taken have a long-lasting impact. Lastly, any strategy to fight illegal activities should be based on an open, highly inclusive, multistakeholder process and effective participation of all interested parties. The participation of the private sector, NGOs and civil society may slow down the process, yet there is no doubt that a participatory approach is the best, if not the only way to produce a strategy capable of delivering long-term improvements in forest law compliance and enforcement.

The main conclusions, recommendations and best practices contained in this report are summarized below.
ILLEGAL ACTIVITIES IN THE FOREST SECTOR AND THEIR ROOT CAUSES

• Illegal operations in the forest sector take place when wood is harvested, transported, processed, bought or sold in violation of national laws.
• The underlying causes of illegal operations in the forest sector include a flawed policy and legal framework; minimal enforcement capacity; insufficient data and information about the forest resource and illegal operations; and corruption in the private sector and in government.
• Strategies to improve law compliance in the forest sector must be based on assessment of the underlying causes of illegal acts and identification of the leverage points to combat corruption.
• Several international initiatives have emerged over the last few years to tackle the problem of corruption and illegal forest activities.
• Without comprehensive political will to improve forest law compliance, any measures taken have only a limited chance of success.

TOWARDS A STRATEGY FOR BETTER LAW COMPLIANCE IN THE FOREST SECTOR

• Illegal forest activities have far-reaching economic, social and environmental impacts including government revenue loss, ecological degradation and greater income inequality.
• Any strategy aimed at addressing the problem of illegal activities needs to be holistic and include a wide range of policy, legal, institutional and technical options in order to discourage illegal activities and facilitate legal behaviour.
• Four elements are critical to a successful strategic approach to better law compliance in the forest sector: addressing the underlying causes of illegality, prioritizing remedial actions, assessing the economic feasibility and social acceptability of reforms, and ensuring stakeholder participation.

RATIONALIZING THE POLICY AND LEGAL ENVIRONMENT

A number of steps can be taken in order to streamline and rationalize forest policies and laws, including:

• assessing underlying social, economic, cultural and political causes of non-compliance and modifying the policy and legal framework governing the forest sector accordingly;
• analysing the impact of the forest policy and legal framework on the livelihoods of the poor;
• increasing clarity, transparency and consistency of forest and forest-related legislation, by drafting legislation that is simple, unambiguous, based on tested approaches and containing minimal discretionary powers;
• ensuring a participatory approach to forest law design in order to promote transparency, reduce the potential for corruption, enable people to scrutinize the effectiveness of subsequent implementation, help ensure greater equity and minimize the undue influence of privileged groups;
• encouraging consistency of the regulatory framework to ensure that laws do not contradict others within the forest legal framework or other sectors;
• minimizing bureaucracy, streamlining legal procedures and simplifying regulations, for instance through decentralization, avoiding regulatory proliferation and simplifying forest regulations concerning management planning;
• securing forest land ownership rights in order to ensure accountability and control of forestry operations at the local level;
• ensuring that in-country industrial capacity does not exceed sustainable supplies, for instance, by conducting feasibility studies before new mills are built and/or closing down mills and facilitating timber imports;
• establishing international or bilateral trade agreements with trading partners;
• ensuring cross-sectoral linkages and collaboration to guarantee a coherent and overarching approach to forest issues, for instance, through national forest programmes;
• increasing the competitiveness of legal operations by decreasing the profitability of illegal operations and increasing the profitability of legal ones;
• promoting the independence of the judiciary and transparency of judicial processes.

BUILDING INSTITUTIONAL CAPACITY FOR FOREST LAW ENFORCEMENT

Increasing the efficiency of the public forest administration often requires many more resources than are available in most countries. Yet, relatively low-cost options do exist. These include:

• prioritizing and strategically focusing the law enforcement efforts of the public forest administration on key actions, regions or actors;
• increasing the operational capacity of the forest administration to detect and suppress forest crimes, for instance by re-structuring or creating new institutional bodies and increasing staff number and performance;
• promoting better interagency linkages at national and local levels;
• establishing partnerships with appropriate NGOs, civil society or private sector actors to support enforcement and/or monitoring;
• encouraging the development and use of independent forest certification and voluntary corporate codes of conduct;
• engaging in bilateral agreements with selected trading partners or in multilateral agreements involving a large number of exporting and importing countries to limit illegal timber trade;
• tapping into the forest law compliance programmes of international organizations dealing with natural resource use;
• enabling citizens, supported where necessary by NGOs and government agents, to assist in monitoring and detecting forest crime.

IMPROVING DATA AND KNOWLEDGE

Accurate and up-to-date information is essential for forest crime prevention, detection, monitoring, reporting, investigation and eventually, suppression. Increased data is needed in most countries about the forest resources and about illegal forest activities, in
order for governments to identify priorities for remedial actions and to enforce the rule of law.

- Forest resources assessment and monitoring are indispensable, as they will provide baseline data on the state of the forest resources, which will in turn allow monitoring of changes over time.
- A commonly agreed operational definition of illegality between trading partners will enable restriction of illegal timber trade. Countries should identify all elements required to define their standard of legality, taking into account international norms and local circumstances.
- Once a definition of what constitutes illegality in the forest sector has been developed and agreed upon by all stakeholders, the following methods may help improve the data about forest resources and detect forest crime: on-the-ground monitoring and reporting of forest operations; confidential diagnostic surveys of illegal activities aimed at business, government officials, communities and other major actors in the sector; use of informants in the forest sector and of NGOs to obtain up-to-date and timely information about forest resource change and illegal operations; industrial wood input/output estimates to identify illegally sourced supplies; aerial surveillance and satellite detection; log tracking; computerized road checkpoints linked to licence registration systems.
- Comparison of official exports and import statistics can be used to estimate the extent of illegal international trade, especially if discrepancies are large and occur systematically for a number of years.
- Raising awareness about the impacts of illegal forestry is also crucial in order to gain wide acceptance and support for law enforcement in the forest sector by society at large.

THE POLITICAL ECONOMY OF FOREST SECTOR LAW COMPLIANCE

- Interest groups negatively affected by reforms to improve law compliance in the forest sector can undermine the design, legislature or implementation of new rules and regulations.
- Reformers will need to analyse the structure, relative strengths and likely responses of all affected parties and plan accordingly to ensure their support for new regulations.
- The strategies for gaining support from various stakeholder groups will vary according to the political, economic and cultural context of the country.
Rethinking Governance

Empirical Lessons Challenge Orthodoxy

Daniel Kaufmann, The World Bank

Abstract: In this discussion draft, linking research findings with concrete operational challenges, we review key issues in worldwide governance, and present recent empirical evidence. Focusing on defining and unbundling key governance components, such as rule of law, voice and accountability, corruption control, and state capture, we then provide evidence which suggests a sobering picture: on average, there appears to be scant progress worldwide in recent times in improving rule of law and governance, in controlling corruption, and in improving institutional quality -- although there is clearly variance across countries. Further, recent empirical research points to the private sector as influencing public governance, thereby challenging traditional notions of the functioning of politicians, public policy and the public sector, and on the conventional determinants of the investment climate. We posit that the interplay between the elite’s vested interests and the political dynamics within a country, in turn affecting governance and corruption, has often been under-emphasized in program design. These argue for revisiting conventional approaches to promote institutional reform. In particular, we challenge the notion that passing laws by fiat, creating new public institutions, or embarking on anti-corruption 'campaigns', can be very effective, and question the value of traditional public sector management and conventional legal/judiciary reform approaches for many emerging economies. We argue instead that sharper focus on external accountability is required, focusing on: transparency mechanisms and empirically-based monitoring tools (including e*governance), as well as participatory 'voice' and incentive-driven approaches for prevention. These need to feature more prominently in providing checks and balances on traditional public institutions, in empowering non-traditional stakeholders, and in ameliorating state capture and mitigating the very 'unequal influence' playing field in many countries. In turn, this necessitates probing deeper into the private-public governance nexus, which inter alia leads to focusing on concrete measures to address the challenges of political contestability, political financing reform, and transparency in parliaments, the judiciary and the executive. Recommendations on governance strategies for the next phase are suggested, including on the role of the international community.

Conclusions and Implications

Implicitly, in this paper we have challenged nine tenets put forth as conventions in the introductory section. We have suggested instead that: (1) corruption and misgovernance are rather distinct notions, even if related, and the required governance approach is much broader; (2) addressing misgovernance requires different approaches in different settings; (3) the key concepts in this field are nowadays subject to improved definitions and measurement, permitting a more rigorous analysis; (4) to attain concrete progress, it may be important to move away from excessive focus on traditional public sector management and orthodox judicial/legal measures; (5) overall, the evidence does not suggest steady progress in governance in recent times; (6) for addressing corruption, much more focus is needed on the challenge of state capture and related forms of illicit influence and political funding; (7) corruption and misgovernance, rather than merely a symptom of more fundamental political forces, play an important role in shaping the political forces; (8) the shaping of the investment climate is not only in the hands of the public sector, and the policies that matter most for the investment climate are within the governance realm, and, (9) it is fundamental integrate corruption and governance as
within a broad multi-sectoral approach, understanding the complex links between governance and outcomes in the various sectors (rather than viewing it as a 'silo' theme.

**Net IMF Effectiveness as Rated by Firms (%) Good Poor**

While we set out to challenge some received wisdoms as suggested above, the work here also attempts to go further. The richness of surveys such as the Executive Opinion Survey (GCR), coupled with the preliminary nature of the analysis of a broad number of dimensions presented in this chapter drawing on such recent surveys, argues for further in-depth research on topics presented in this chapter. Indeed, some of what we have presented here ought to be seen as research-in-progress, and these results ought not to be over-interpreted.

Nonetheless, drawing on the analysis of the Survey dataset, complemented by other worldwide empirical indicators, we challenged orthodoxy in governance. This is particularly the case for the received wisdom pertaining to conventional public-sector management and legal-judiciary approaches, which have largely ignored the importance of the key private-public sector interface in shaping the business environment, governance and political economy. The implication of this new approach is that much more focus is needed on strategies encompassing effective external accountability mechanisms, transparency, incentives, and prevention for improving governance. In particular, special emphasis in the next stage is warranted in the following areas:

- **Transparent information and knowledge** is needed—including rigorous data, diagnostic and empirical analysis and monitoring, and improved disclosure and access standards for financial, budgetary, and related data—as well as scaling up in the adoption of e*governance tools (web-based applications to improve governance and enhance transparency, such as e*procurement and e*data), transparent disclosure of parliamentary votes and public officials’ assets, and so on.

- A proper understanding of the political forces affecting policymaking and, related, the set of required institutional incentives for progress. This should include better political analysis at the country level, so to distill the type of political obstacles that prevail. This is critical for realistic program design (see previous section on ‘politics matter’ and diagnostic questions raised). Further, complementing such analysis of political dimensions, review is also warranted of the prevalence of meritocracy within institutions, as well as transparent monitoring and disclosure, and much enhanced external accountability mechanisms—with a focus on improved prevention.

- **Collective action** should be taken, through a systematic participatory and consensus building approach, involving all key stakeholders in society—the executive branch, the legislative branch, civil society, and the competitive private sector.

- **Political leadership** should be strengthened through mechanisms designed to instill and reward integrity, *inter alia* through voice and external checks and balances, protransparency incentives, and measures adopted to address the perverse links and networks between some conglomerates and some corrupt politicians.

- **Influence and capture** should be addressed—integrating into the analysis and recommendations the political economy of misgovernance and corruption, with a deeper understanding of the forces of elite influence, undue political financing mechanisms, the
roles of multinationals and of the domestic elite, and the main agents of capture, and designing concrete approaches to move toward a more level ‘influence-peddling’ playing field.

- *Misgovernance in finance* should be addressed, with further focus on governance, regulatory capture, and corruption challenges in sectors where until recently these issues were not acknowledged, such as the financial sector. In this context, a broader governance context to analyze and act on money laundering may also be required, moving away from any ‘one-size-fits-all’ recipes, instead taking into consideration the varied sources, determinants and manifestations of these activities in different settings.

- *The challenge of localization* lies in recognizing the complex, multidisciplinary, and cross-sectoral nature of the field of governance, which *inter alia* implies the need for “localization” of know-how and the institutionalizing of in-depth country diagnostics carried out by local institutions—rather than relying on any uniform template that ignores the specificity of the challenges in each setting.

- Explicit recognition and integration into strategies of the fact that an effective investment climate as well as corporate responsibility is about improving governance broadly—the narrow notions of the business climate and corporate governance of the past have been challenged by the weight of recent evidence. Explicit integration of incentives and measures towards broader implementation of corporate strategies aiming at improved ethical standards (in the private-public interface) and thus better national governance overall, is also important in the next phase.

- The international community’s responsibility to support national efforts in the area of international compact is more urgent than ever. The responses from the enterprise sector in this year’s Survey, in fact, do suggest that a sharper IFI focus on supporting improved governance in their countries is called for. Similarly, further incentives and mechanisms to ensure improved corporate ethics by many foreign investors operating in countries already afflicted by corruption ought to be put in place, through initiatives that the corporate sector itself can undertake, backstopped by further measures by OECD countries, other regional initiatives, a pro-active stance on global governance in important international private-public for a such as the World Economic Forum, peer (country-to-country) review mechanisms, and continued self-assessment and monitoring through publicly disclosed (and acted upon) stakeholder diagnostic surveys. The international aid community would also need to consider a more rigorous allocation of aid, which follows stricter criteria related to the (trend and level) of the governance climate within the recipient country. As illustrated in this chapter, in fact the capacity to generate yearly worldwide governance indicators exists already (the main restriction in their wider utilization, other than the interpretive care due to the margin of error, lies with the politics of facing up to the evidence suggested by such indicators). Finally, giving more prominence to the effective review of compliance with governance parameters in accession rules to international legal, political, finance, and trade groupings (WTO, EU, NAFTA, etc.) is likely to be ultimately beneficial to the candidate country and to the overall group of countries.

A CALL FOR BOLDER ACTION
Indeed, beyond the natural leadership role that national governments need to play forcefully to substantially improve governance, the role and responsibilities of the financial and corporate sector are also important, both in their domestic and international dimensions.

In our research we have documented that depending on the particular corporate responsibility and ethic strategies that powerful enterprises (including foreign investors) choose to carry out can further improve or undermine national governance within the country.

The corporate sector, both internationally and domestically, has a role in improving overall governance and in shaping the very investment climate for the rest of the business and financial sector – national governance is not the exclusive domain of the public sector. The role and responsibility of multinational corporations is paramount in a number of settings, with their power often exceeding those of some states. Citizen and enterprise participation and voice are vital in increasing transparency, providing for the necessary external accountability mechanisms and thus for the checks and balances that even the best internal accountability rules and systems within government cannot fulfill completely. Transparency-enhancing mechanisms involving a multitude of stakeholders throughout society can be thought as creating millions of “auditors.” Indeed, such external accountability mechanisms, which often also include very activist media involvement as well as the new set of data-driven diagnostic and Internet-based tools, can be powerful factors supporting a change in the incentive structure of institutions that are monitored.

Nowadays in the enterprise sector in the United States, the public is increasingly applying pro-transparency pressure to publicly listed firms and demanding better information on the true state of the financial accounts of enterprises in the wake of the costly recent financial scandals. Shareholders are quickly divesting from institutions with uncertain or nontransparent accounts, increasingly applying market pressures. The media, shareholders, and the public are also questioning the (political financing) links between certain influential segments of the corporate sector and the political-legislative arena. These recent episodes provide lessons that can be constructively applied in many countries. Institutionalizing the gathering and dissemination of information that would provide further scrutiny and continually monitor the links between the private sector and public policy would constitute a major step toward providing further transparency.10

Given the link between governance and development worldwide, the responsibility of the international community cannot be overstated at this juncture. In this sense, governance is at a crossroads. There is still a soft and wavering commitment to improving governance in many quarters today, including members within the OECD and the G-8, and as stated, there are challenges within the EU itself. Admittedly, the crucial requirement for political will in this area, where powerful vested interests conspire against the concrete progress which is essential for development, cannot be ignored. Yet it is clear that without a much bolder approach to attain concrete progress globally in this area in general, and more assertive and concrete integration of governance objectives into specific initiatives such as principles of corporate responsibility, as well as into the Millennium Development Goals implementation, progress toward an improved investment and business climate, poverty alleviation, socioeconomic development, and growth is unlikely to take place in countries that need it the most. The evidence from the
data analyzed here is also clear in pointing to disappointing average progress, if any, on governance in recent years—contrasting some other dimensions (although there are obviously countries where there has been progress on governance).

Logic, as well as mere observation of the consequences of failed states as well as the misgovernance-induced financial crises in some countries, argue even substantial political difficulties in forging ahead on a worldwide initiative to improve governance and control corruption would be dwarfed by the cost of inaction. This would require transcending narrow vested interests, and a focus on concrete action, moving away from the emphasis on countless unfocused conferences and adoption of international conventions and declarations that are not monitored or enforced. Instead, a renewed global commitment to make improved governance a paramount objective—a compact grounded in concrete political commitment by the domestic leadership and actions from international and national stakeholders, supported by appropriate strategies and decision making informed by the continuing gathering, analysis, and dissemination of detailed evidence and the monitoring of progress (from transparent surveys and governance indicators)—is likely to yield a very large development dividend.
Governance Matters IV: Governance Indicators for 1996-2004

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May 2005


Abstract:
Kaufmann, Kraay and Mastruzzi present the newly updated estimates of six dimensions of governance covering 209 countries and territories for five time periods: 1996, 1998, 2000, 2002 and 2004. These indicators are based on several hundred individual variables measuring perceptions of governance, drawn from 37 separate data sources constructed by 31 different organizations. The authors assign these individual measures of governance to categories capturing key dimensions of governance, and use an unobserved component model to construct six aggregate governance indicators in each of the four periods. They present the point estimates of the dimensions of governance as well as the margins of error for each country for the four periods. These margins of error are not unique to perceptions-based measures of governance, but are an important feature of all efforts to measure governance, including objective indicators. In fact, the authors provide examples of how individual objective measures provide an incomplete picture of even the quite particular dimensions of governance that they are intended to measure.

The paper also analyzes in some detail changes over time in our estimates of governance; provide a framework for assessing the statistical significance of changes in governance; and suggest a simple rule of thumb for identifying statistically significant changes in country governance over time. The ability to identify significant changes in governance over time is much higher for our aggregate indicators than for any individual indicator. While they find that the quality of governance in a number of countries has changed significantly (in both directions), the authors also provide evidence suggesting that there are no trends, for better or worse, in global averages of governance. Finally, the authors interpret the strong observed correlation between income and governance, and argue against recent efforts to apply a discount to governance performance in low income countries.
The Access Initiative: Access to Information, Participation, and Justice in Environmental Decision-making

The Access Initiative (TAI) is a global coalition of civil society groups promoting national-level implementation of access to information, participation, and justice in decisions that affect the environment. Launched two years ago, the Access Initiative has grown to include 25 civil society organizations in nine countries on five continents.

"Environmental issues are best handled with the participation of all concerned citizens. At the national level, each individual shall have appropriate access to information concerning the environment... and the opportunity to participate in decision-making processes... Effective access to judicial and administrative proceedings... shall be provided."


The Initiative grew out of the concept that transparent, participatory, and accountable governance is essential to achieving sustainable development. It aims to support implementation of Principle 10 of the 1992 Rio Declaration on Environment and Development.

Results

Commitments to Principle 10 and an Agenda for Action

The core team of The Access Initiative took advantage of the political momentum surrounding the World Summit on Sustainable Development to launch a new Partnership for Principle 10. Designed to build on the momentum from Rio, the Partnership aims to facilitate implementation of Principle 10 through advocacy and research. In addition, the Partnership seeks to mobilize a broader coalition of civil society organizations, governments, and international organizations to support Principle 10.

In Uganda, World Resources Institute’s (WRI) Africa team worked with key stakeholders to develop a national action plan for Principle 10. The plan includes strategies for improving access to information and participation in environmental decision-making.

In Indonesia, the Ministry of Environment and Forestry signed a Memorandum of Understanding with the Indonesia Center for Environmental Law (ICEL), another Access Initiative partner, to pursue activities targeting the gap in implementation of Principle 10 identified in ICEL’s Access Initiative assessment.
**The Access Scorecard**

**How Much Access does the Public Have to Environmental Decisions?**

The ACCESS INITIATIVE is a first effort to systematically rate each of people's access to information, participation, and justice in decisions that affect the environment. This scorecard provides a comparative analysis of national movements conducted by research teams in nine pilot countries: Chile, Hungary, India, Indonesia, Mexico, South Africa, Thailand, Uganda, and the United States.

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<td>Most pilot countries had scores in the highest range. A high score does not necessarily represent the best practice possible.</td>
<td>Most countries either had scores in the mid-range or showed significant internal variation.</td>
<td>Most pilot countries had scores in the lowest range. A low score does not necessarily represent the worst practice possible.</td>
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**ACCESS TO ENVIRONMENTAL INFORMATION**

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<td>Emergency large and visible emergencies with extensive media coverage</td>
<td>Quality is defined as clarity of issues, frequency of reporting, breadth and credibility of coverage</td>
</tr>
<tr>
<td>State of the environment (e.g., reports)</td>
<td>Access to information is the main component of access to information, and is critical for decision-making.</td>
</tr>
<tr>
<td>Air quality monitoring</td>
<td>Access is defined as availability of access to information, and access is critical for decision-making.</td>
</tr>
<tr>
<td>Water quality monitoring</td>
<td>Access is defined as the ability of the public to know how the macro-variables, for instance, the air quality, are monitored and reported.</td>
</tr>
<tr>
<td>Industrial facilities based on air and water compliance monitoring and FFTs</td>
<td>Access is defined as the ability of the public to know how the macro-variables, for instance, the air quality, are monitored and reported.</td>
</tr>
<tr>
<td>Emergencies: accidents or loss of private facilities</td>
<td>Access is defined as the ability of the public to know how the macro-variables, for instance, the air quality, are monitored and reported.</td>
</tr>
</tbody>
</table>

**ACCESS TO PARTICIPATION**

<table>
<thead>
<tr>
<th>Access to participation</th>
<th>Access to participation is the ability of the public to participate in decisions that affect the environment, and is critical for decision-making.</th>
</tr>
</thead>
<tbody>
<tr>
<td>National policy-making on environmental issues</td>
<td>Access is defined as the ability of the public to participate in decisions that affect the environment, and is critical for decision-making.</td>
</tr>
<tr>
<td>Regional, state, or local decision-making (e.g., local planning efforts)</td>
<td>Access is defined as the ability of the public to participate in decisions that affect the environment, and is critical for decision-making.</td>
</tr>
<tr>
<td>Specific projects with or without an EIA process</td>
<td>Access is defined as the ability of the public to participate in decisions that affect the environment, and is critical for decision-making.</td>
</tr>
<tr>
<td>National policy-making outside the environment</td>
<td>Access is defined as the ability of the public to participate in decisions that affect the environment, and is critical for decision-making.</td>
</tr>
<tr>
<td>Local government and residents in place for participation</td>
<td>Access is defined as the ability of the public to participate in decisions that affect the environment, and is critical for decision-making.</td>
</tr>
</tbody>
</table>

**ACCESS TO JUSTICE**

<table>
<thead>
<tr>
<th>Access to justice</th>
<th>Access to justice is the ability of the public to participate in decisions that affect the environment, and is critical for decision-making.</th>
</tr>
</thead>
<tbody>
<tr>
<td>To what extent does the public have access to affordable justice</td>
<td>Access is defined as the ability of the public to participate in decisions that affect the environment, and is critical for decision-making.</td>
</tr>
<tr>
<td>Institutional infrastructure</td>
<td>Access is defined as the ability of the public to participate in decisions that affect the environment, and is critical for decision-making.</td>
</tr>
<tr>
<td>In each national movement, access to information and participation opportunities are limited.</td>
<td>Access is defined as the ability of the public to participate in decisions that affect the environment, and is critical for decision-making.</td>
</tr>
</tbody>
</table>

**BOTTOM LINE:**

Governments should be held accountable for providing their citizens with access to information, and should be providing opportunities to participate in decisions that affect the environment, and is critical for decision-making. It is essential to ensure that the systems of access meet the strong, context-specific standards for all three principles.

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*Through this partnership we look forward to collaborating with NGOs, other governments, and the international organizations to ensure that local people have a voice and influence decisions that affect their livelihoods.*

Rhakana Rupanda
Minister of Water, Lands, and Environment, Uganda
President of the African Ministerial Conference on the Environment