

# **Global Learning Process for Scaling Up Poverty Reduction and Conference Shanghai**

## **Parallel Thematic Session on Judicial Reform**

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### **Introduction**

Good afternoon and welcome to the Judicial Reform Session. As you are aware, the overall objective of the Shanghai Conference is to share information on poverty reduction experiences and to identify solutions for countries facing similar challenges. In our session, we will specifically focus on the successes and the challenges that policy makers and practitioners have faced in their respective justice systems. It is my hope that the reflection process we undertake this afternoon will help us all gain valuable insights with respect to judicial reform efforts across the world.

An ancient Chinese proverb says:

*By three methods we may learn wisdom: First, by reflection, which is the most noble way; Second by imitation, which is the easiest way; and third by experience, which is the most bitter way. (Confucius 551BC-479AD)*

So, let us start the noble task of reflecting.

### **World Bank Mission**

As an introduction to three very exciting presentations, I have been asked to start this process of reflection by sharing share with you a few brief thoughts on the World Bank's experience on judicial reform. The Bank's mission is to promote equitable economic

growth. To achieve this goal, the focus of our lending activities has been evolving substantially. Our loan portfolio is no longer concentrated in infrastructure, but has been expanded to encompass a great number of substantive activities in such crucial areas as human development (education, health, nutrition), as well as institutional and legal reform.

It is in this context, that over the past decade we have developed a significant experience in the field of legal and judicial reform. These efforts contribute toward an improved rule of law and have become one of the cornerstones of the Bank's work. We believe that the rule of law promotes economic growth and reduces poverty by providing opportunity, empowerment and security through laws and institutions. We believe that the rule of law includes the concepts of access to justice, recognition before the law, and the independence of the judiciary. Legal and judicial reform programs have a key role to play in that they support the development of these concepts within national legal systems.

### **Judicial Reform**

This brings us to the judiciary. Prior to many of the political and social transformations which have taken place in the world over the past 15 years, in many countries few citizens believed in the rule of law as a governing concept. In many places judges were not independent, lawyers were not advocates for the law, and the underground business community did not believe in the importance of contracts or their institutional enforcement. Despite some positive changes, empirical evidence continues to show that the judiciary in many developing and transitional countries is generally not trusted. This is due, in part, to the perceived political interference, inefficiency, and corruption. Furthermore, insufficient budget allocations, poor management practices, cumbersome

procedures, limited professionalism, and low morale are often to blame for the judiciary being perceived as unresponsive to market needs and demands.

However, as market economies develop and economic activity increases and becomes more complex, the need for sound judiciaries becomes crucial. As informal ties weaken, the demand for more efficient means of conflict resolution grows. Contract compliance and enforcement through an effective court system are thus essential for a positive investment environment.

For this reason, the World Bank assigns great importance to its legal and judicial reform efforts. Since initiating its work in this field in the early 1990s, the World Bank has supported 1,300 legal reform efforts as part of its regular loan operations; and now has approximately 30 loans dedicated exclusively to judicial reform.

### **Lessons Learned**

Our experience show, that there are four dimensions which our experience shows are essential for judicial reform.

First, *institutions*. There must be strong, reliable and independent institutions, staffed by trained professionals, to effectively support the administration of justice through the transparent application of the law.

Second, *the legal system*. It is essential to have a modern legal structure which is transparent and reflective of social conditions to ensure that justice sector institutions can fulfill their mandate in an efficient and effective way.

Third, *enforcement*. Institutions must have the capacity to effectively implement the legal structure.

Fourth, *societal commitment*. Institutions, law and enforcement, are sustainable over time only with the commitment and active participation of society. The public's understanding of the benefits of a well functioning legal system is an essential component. For this reason, it is crucial to have a regular and consistent dialogue between all actors involved: government, legislators, the judiciary, political parties, and civil society.

We have thus learned that reform efforts which focus exclusively on developing institutions fail to develop a constituency that benefits and supports those institutions and, therefore, the process ultimately fails. Most importantly, we have learned that successful judicial reform does not happen overnight but requires time, true political will, and commitment.

We have also learned that despite the important contribution that the World Bank and other donors can make to achieving legal and judicial reform in our client countries, we have often made this contribution in a fragmented way which has failed to reflect upon the successes and failures of such efforts. In order to correct this, and in so doing better assist our client countries meet each of these challenges, we have now initiated an internal process in the Bank designed to produce an integrated Bank strategy for judicial reform.

I would now like to turn to our panelists. As indicated before, in this session we will specifically focus on the successes and challenges that policy makers have faced in their respective justice systems. To present the widest possible views and experiences, our

impressive panel is comprised of practitioners from Africa, Asia, Central America and Europe who, despite obvious differences, share the common goals and challenges associated with the transformation and development of their legal and judicial systems. We look forward to a productive and enriching session this afternoon so that we can all improve our work in this field and gather new ideas for future reflection and implementation. I would particularly like to thank our guests: Mr. Davide, of the Philippines, Mr. Larios , from Guatemala, Mr. Musoni, from Rwanda, and Mr. Renov from the Russian Federation for their willingness to openly share with us their country's efforts in the field of judicial reform. We all look forward to learning from your experiences, as well as from those here in the audience who are willing to share their lessons.

## **Conclusion**

I am sure this session will provide a very important contribution to an improved understanding of what has and has not worked in judicial reform. These reflections also will help improve the way in which The World Bank supports judicial reform in our member countries.