Governance has come to be recognized as a crucial dimension of development, yet one that has been formally absent from the MDG framework. As the Global Monitoring Report 2011 showed, there is a direct correlation between a country’s policy and institutional framework and progress towards the MDGs. A good policy framework results in greater progress on hunger and maternal mortality, gender parity in education, child mortality, and access to safe water.

The link between governance and meeting the MDGs is intuitive, and this link is stronger for MDGs with institutional dimensions. For child and maternal mortality to decline, it is necessary to have functioning health systems – requiring reasonable government effectiveness from the national to the local level, and a good enough budgeting and monitoring system to avoid rampant leakage of funds or supplies.

However, the relationship between more disaggregated measures of governance and attainment of MDGs shows a more mixed and partially counter-intuitive picture. Control of corruption is negatively associated with reducing hunger, but positively related to achieving gender parity in education; and even political stability appears negatively associated with two goals, child and maternal mortality, while positively correlated with reduced income poverty and hunger.

Thus, the role of governance is complex and likely causality runs both ways – good institutions contribute to development, while a more educated and healthier population in a vibrant economy is more likely to demand better governance. To better understand the interactions between changes in governance and development results, the issue of measuring governance improvements looms large.

Together with other development partners, the World Bank is addressing this thorny issue. The Bank’s Poverty Reduction and Economic Management (PREM) network has launched a major effort to identify existing indicators and develop new ones based on these criteria: they are empirically associated with improved development outcomes or are widely seen as intrinsically valuable; they are “actionable”, pointing governments towards actions they can take to achieve improvements; they are behavioral, capturing the actual functioning or performance of public institutions; and they are replicable and can be measured reasonably objectively at reasonable cost in order to ensure wide country coverage, and the accumulation of time-series essential for building a better understanding of causal links.

The New Consensus on ‘More Effective Institutions’ for Development that emerged at the 2011 Busan High Level Forum provides a basis for stronger international attention. This is essential to ensure that linking development objectives and actual results receive the requisite attention in the post-2015 global development agenda.
A broader, inclusive approach to justice

By Nicholas Menzies
Justice Reform Specialist, The World Bank

Justice reform is a core part of the World Bank’s broader governance agenda, with the Bank’s approach paper, *New Directions in Justice Reform*, forming part of last year’s governance and anti-corruption update.

The Bank’s priority on justice is supporting *processes* of indicator development that promote accountability between citizens and governments based on domestic priorities. And the indicators should be useful and understood by those who manage agencies that influence justice outcomes.

Whilst the post-2015 process is somewhat at odds with these priorities, it does provide an opportunity to suggest process and principles for improved indicator development. These include:

**Moving beyond population-based averages to the most marginalized**: Goals, targets and indicators should be cognizant of the needs and views of the most marginalized. Many existing global justice indicators neglect the experiences of the rural poor.

Ideally, indicators should look beyond national averages, and include the experience of women (See chart ) as this can lead to very different policy and operational responses.

**Privileging user and citizen experience**: Many existing indicators rely on expert opinion and administrative data. Experts such as judges, lawyers, and administrators have particular perspectives and incentives when identifying problems (and setting targets). There is room for a greater emphasis on user experience of the justice system and, as most people do not use the formal system to resolve their grievances, the experiences of the broader population.

Furthermore, indicator development *processes* that include the public will likely reveal different priorities. Women may place more emphasis on violence inside rather than just outside the home; the poorest may place less emphasis on formal courts (which, in many countries, the poor rarely access) and more on the availability of local administrative remedies.

**Triangulation of data sources**: Justice and the rule of law are multifaceted and often very slow to change. Goals that include both process and impact indicators are, therefore, important. Baskets of indicators for each goal drawing upon a range of data types (e.g. administrative data, expert opinion, perception/user surveys, experiments) can help improve confidence in the accuracy of the measure.

In the city or area where you live, do you feel safe walking alone at night?

Source: Harvard Kennedy School Program on Criminal Justice Policy

Development Prospects Group
Rule of law in the post-2015 architecture

By Nicholas Menzies
Justice Reform Specialist, The World Bank

Despite featuring in the Millennium Declaration, justice and the rule of law did not make it into the MDGs. The Monrovia Communique, issued on February 1, 2013, following the latest meeting of the United Nations (UN) High-level Panel on the Post-2015 Development Agenda, highlights the need to “ensure the rule of law”, as well as the indispensability of “social justice”.

A vigorous discussion is currently underway between donors, civil society organizations and within the UN system on whether and how justice and the rule of law should feature in the post-2015 architecture.

The discussion is driven by the hope that increased attention (and resources) might flow from recognition in the post-2015 world – even though positive evidence on this for sectors with an MDG is scant. The World Bank is playing an advisory role in these discussions, including through coordination of an informal working group.

Justice and the rule of law are development outcomes in themselves, and well-functioning justice systems aid the development of capable and accountable states in three key ways: i) preventing and mitigating conflict, crime and violence; ii) ensuring executive accountability (including for the delivery of basic services); and iii) establishing a functioning regulatory system that fosters equitable private sector growth.

Three broad options are under discussion for the post-2015 architecture:

i. Justice as an ‘enabling’ or foundational goal. This was an option set out in the UN Task Team’s June 2012 report. This would arguably be a (small) step forward from the current absence in the MDGs. However, such a goal would likely receive little attention in implementation and, thus, the hoped-for benefits might be minimal.

ii. Mainstreaming justice into other sectoral goals. One of the health and/or education goals, for example, could contain a measure on the right to administrative review for service failure. This option has some attractiveness as it aligns with the Bank’s recognition that justice matters across development.

However, with limited space, other sectors may not be amenable to ‘giving up’ a target or indicator.

iii. A stand alone goal, with its own targets and indicators. This option would likely garner the most attention during implementation, but given the difficulties in arriving at a broadly agreeable and applicable goal, it increases the risk of perverse domestic consequences.

Questions of goal, definition and approach bedevil justice and rule of law perhaps as much as any field in development. This is in part a function of the nature of the endeavor and also the wide variety of disciplines – with their own standards of evidence – mobilized to support different rule of law aims.

One result is the lack of well-known “justice indicators” – there is nothing analogous to say vaccination and child mortality rates in health, or enrollment and literacy in education.

A number of cross-country justice indices exist, with some of the more prominent ones being the World Justice Project’s Rule of Law Index, the European Council for the Efficiency of Justice’s Evaluation of Judicial Systems and the rule of law components of the Bank’s Worldwide Governance Indicators.

These and other existing indicators prove useful but have some limitations. They frequently focus on inputs to the formal justice system.

One commonly used indicator is the number of judges per 100,000 population. In the 46 countries covered by the European Commission for the Efficiency of Justice, the range spans from 3.2 judges per 100,000 residents in Ireland to 100.3 per 100,000 in Monaco. What one is meant to impute about the quality of justice delivery in each country from these figures is difficult to ascertain.

Like other fields, justice indicators often run up against competing interests and indicators that create perverse incentives.

Another commonly used indicator concerns the speed of court trials. Whilst justice delayed is often said to be justice denied, indicators that focus on case processing times can encourage police to collect insufficient evidence or drop complicated cases; and courts to dismiss legitimate claims or provide insufficient time for indigent claimants to represent themselves.
Using data to fight corruption

By Francesca Recanatini
Senior Public Sector Specialist, The World Bank

Over the past 15 years, researchers have increasingly focused on the link between poor governance, corruption and economic growth. The cross-country evidence has shown how poor governance and corruption can be harmful for the standard of living and the distribution of income of citizens, reducing income per capita, literacy, while increasing infant mortality. Further, poor governance distorts public expenditure and increases poverty, reducing investment efficiency.

In addition, policy makers and practitioners have struggled to translate the broad recommendations that have emerged from cross-country analysis into concrete policy measures applicable at the country level. In some cases, this limited clarity about policy measures has often been compromised by political economy challenges at the implementation stages that have led to the partial implementation of the proposed reforms. In other cases, the country did not have the capacity to identify policy priorities, failing to design the most effective reform policy. In sum, progress to identify and address poor governance has been limited.

Given the limitations of what can be achieved with cross-country aggregated data, practitioners have concentrated their efforts on developing alternative approaches that can better inform policy makers at the country level, while promoting ownership of the reform process and local capacity. In particular, a team of practitioners at the World Bank has developed an approach that focuses on the factors that may promote ownership and sustainability of the reform process.

The team’s approach to governance and anti-corruption reform, first introduced in 1998, uses surveys of multiple stakeholders, a participatory process to policy design and a strong political commitment. The surveys help inform the reform process by providing detailed and experiential information about the strengths and weaknesses of the system analyzed, information that is triangulated and validated by different stakeholders. The participatory approach – used to finalize the instruments for the data collection, validate the results, and draft policy recommendations – creates the foundation for greater ownership and sustainability of the reform process at the country level. Finally, the explicit political commitment from high levels of government creates the space for a constructive policy debate and for the implementation of difficult reforms. Together, these elements begin to address the challenges policy makers are still facing when tackling governance reforms and offer an approach that promotes capacity at the local level as well as concrete change.

This approach has been implemented in about 15 countries and has empowered governments to develop their own governance and anti-corruption strategies based on more objective, micro-level data and a participatory model. The data has also allowed practitioners to better understand corruption and the policy measures that may help address it. Corruption has emerged as a heterogeneous phenomenon that requires a significant re-allocation of powers and rents, a long term vision and sustained efforts. The survey data has also helped to more precisely quantify the costs of corruption for different stakeholders and its regressive nature (See figure). This wealth of evidence has reinforced the need for a different approach to the design and implementation of governance and anti-corruption reforms based on disaggregated information and a more profound ownership of the reform process.

While in many cases it is premature to evaluate the impact of this alternative approach, some interesting byproducts have already emerged. A few countries (e.g. Paraguay and Mozambique) have mobilized resources and used the same approach for a second round of the assessment. In a couple of other cases, the country has chosen to institutionalize part of this assessment, integrating it in its regular data collection implemented by the national statistical agency. Finally, the newly available data has allowed researchers to further our understanding of the link between institutional factors and different types of corruption, and of the impact of poor governance and corruption on citizens.

### Corruption as a regressive tax

<table>
<thead>
<tr>
<th>Percent of monthly income paid as bribes, as reported by households</th>
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<tbody>
<tr>
<td>Ecuador</td>
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<tr>
<td>Low income</td>
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Source: WB staff calculations based on household surveys (1999-2004)