

»» World Development Report 2017: Governance and the Law

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Why are certain policy measures not implemented by governments, or only implemented half-heartedly, even though technical experts consider them unquestionably necessary, productive and efficient (e.g. combating corruption)? On the other hand, why are certain costly policy measures not terminated even when they are proved to be ineffective and sometimes even counter-productive (such as petrol price subsidies)?

In the World Bank's estimation, this is often rooted in unequal power distribution between individuals and groups, which makes it possible for individuals to shape policy measures to suit their personal interests. This is where governance and law have to apply leverage – according to the key message of the World Development Report 2017 "Governance and the Law".

The World Bank understands governance to be a process in which state *and* non-state players shape and implement political reform processes against the backdrop of formal laws *and* informal rules ('rules game').

The report expands on three crucial core areas for successful policy development:

- Prerequisites for implementing successful governance
- The negative impact of power asymmetries
- Approaches for improving policy development.

Successful governance requires the "right" action, but also commitment, coordination and cooperation

Identifying the "right" policy measures is just one of the requirements necessary for good governance, but it is not enough. According to the World Bank, the following key factors are also crucial in particular:

- **Commitment:** The political measures recognised as "fundamentally right" should persist, even if the accompanying circumstances deteriorate or individual interests give rise to opposition.
- **Coordination:** Political measures must be coordinated well via various political fields (finance, industry, urban development, etc.) and actors to generate broad effectiveness.
- **Cooperation:** Effective political measures restrict opportunistic behaviour (e.g. lack of willingness to pay taxes) by rewarding compliance and penalising opportunism.

Unequal distribution of power promotes exclusion, capture and clientelism

A severely unequal distribution of power can effectively prevent the formulation of "good policies" and their efficient implementation via the following mechanisms.

- **Exclusion:** The exclusion or restriction of certain groups of the population in the process of political decision-making means they cannot enforce their interests effectively and in some cases they may be at a disadvantage when it comes to the distribution of resources.
- **Capture:** Even if all groups of the population formally have the same access to state services or benefits, more influential groups can sway the distribution of resources in such a way that the benefits largely stay with them (entrepreneurs and vehicle-owners primarily benefit from oil subsidies, for example).
- **Clientelism:** In order to assert personal interests, even against the common good, more influential groups often strive to buy political support by granting benefits.

Violent conflicts frequently erupt if certain parts of the population are permanently at a disadvantage.

Approaches: incentive systems, setting international standards and contestability

The report emphasises that elites, citizens and international actors all have opportunities to support policy-making in a manner that promotes development. The main approaches here are:

- **Incentive systems:** A balanced division of power becomes all the more likely the lower the costs are for the elites to surrender power (e.g. creating transitional arrangements).
- **Setting international standards:** International actors can establish general standards (on human rights, environmental protection for example) to exert influence on the preferences of local decision-makers.
- **Contestability:** Creating opportunities to address perceived deficiencies or dissatisfaction in a peaceful way (e.g. freedom of press, political participation, civic initiatives, etc.) markedly increases the probability of implementing "good governance".

Conclusion

The report suggests that alongside the traditional focus on impacts and results ("outcome game"), international development cooperation is dealing with the conditions outlined above more than ever before, under which decisions relevant for results are made locally ("rules game").■

Literature

World Development Report (2017): *Governance and the Law*. URL: <http://www.worldbank.org/en/publication/wdr2017>