

WORLD DEVELOPMENT REPORT

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GOVERNANCE
and
THE LAW

GOVERNANCE *and* THE LAW



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Foreword

Leaders, policy makers, and development professionals often worry that well-intentioned policies designed to improve the lives of their communities will fail to deliver results.

The global development community needs to move beyond asking “What is the right policy?” and instead ask “What makes policies work to produce life-improving outcomes?” The answer put forward in this year’s *World Development Report* is better governance—that is, the ways in which governments, citizens, and communities engage to design and apply policies.

This Report is being launched at a time when global growth and productivity are continuing to slow, limiting the resources available to help the world’s poorest and most vulnerable. Yet, people’s demands for services, infrastructure, and fair institutions are continuing to rise. Given strained government budgets and development aid, it is vital that resources be used as effectively as possible. We can do this by harnessing the finance and skills of private businesses, working even more closely with civil society, and redoubling our efforts in the fight against corruption, one of the biggest roadblocks to effective, lasting development.


However, coordinating the efforts of this diverse set of groups requires clarity on the roles and responsibilities of each group, along with effective rules of the road to reach and sustain agreements. Without paying greater attention to stronger governance, the World Bank Group’s goals of ending extreme poverty and boosting shared prosperity, as well as the transformational vision of the United Nations’ broader Sustainable Development Goals, will be out of reach.

Based on extensive research and consultations conducted in many countries over the past 24 months, this Report draws attention to the importance of commitment, coordination, and cooperation as the three core functions needed to ensure that policies yield their desired outcomes. The Report also offers a helpful framework for approaching and resolving the challenges faced by our partners. Specifically, it explores how policies for security, growth, and equity can be made more effective by addressing the underlying drivers of governance.

Moving beyond the traditional concerns about implementation, such as limited state capacity, the Report then digs deeper to understand how individuals and groups with differing degrees of influence and power negotiate the choice of policies, the distribution of resources, and the ways in which to change the rules themselves.

As the Report shows, positive change is possible. Although reform efforts must be driven by local constituencies, the international community can play an active role in supporting these endeavors. In particular, we need to ensure that our future development assistance fosters the fundamental dynamics that promote better, more sustainable development.

I hope the insights presented in this Report will help countries, their communities, development institutions, and donors succeed in delivering on our shared vision to end extreme poverty and boost shared prosperity.

A handwritten signature in black ink, appearing to read 'J. Kim', with a large, stylized flourish extending from the end of the signature.

Jim Yong Kim
President
The World Bank Group

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Abbreviations

ADR	alternative dispute resolution
ASEAN	Association of Southeast Asian Nations
CDD	community-driven development
CICIG	International Commission against Impunity in Guatemala (Comisión Internacional contra la Impunidad en Guatemala)
CPA	Comprehensive Peace Agreement (South Sudan)
CPC	Communist Party of China
CSO	civil society organization
DAC	Development Assistance Committee (of the OECD)
EU	European Union
FATF	Financial Action Task Force
FDI	foreign direct investment
FGM	female genital mutilation
FRC	Financial Reporting Centre (Kenya)
GATT	General Agreement on Tariffs and Trade
GBV	gender-based violence
GDP	gross domestic product
GNI	gross national income
ICAC	Independent Commission Against Corruption (Hong Kong SAR, China)
ICTs	information and communication technologies
IFFs	illicit financial flows
IMF	International Monetary Fund
MDAs	ministries, departments, and agencies
MDGs	Millennium Development Goals
MFA	Multi Fibre Arrangement
MITI	Ministry of Trade and Industry (Japan)
NAFDAC	National Agency for Food and Drug Administration and Control (Nigeria)
NAFTA	North American Free Trade Agreement
NCPRI	National Campaign for Peoples' Right to Information (India)
NGO	nongovernmental organization
NPM	New Public Management (movement)
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
OIRA	U.S. Office of Information and Regulatory Affairs
OSA	Official Secrets Act (India)
PPD	public-private dialogue
PPP	purchasing power parity
PPPs	public-private partnerships
PRI	Institutional Revolutionary Party (Partido Revolucionario Institucional; Mexico)
SAR	special administrative region
SBM	school-based management

SDGs	Sustainable Development Goals
SDIs	Service Delivery Indicators
SEZ	special economic zone
SOE	state-owned enterprise
SPC	Professional Career Service (Servicio Profesional de Carrera; Mexico)
StAR	Stolen Asset Recovery Initiative
TAI	transparency and accountability initiative
TFP	total factor productivity
TVEs	Township and Village Enterprises
UNFCCC	United Nations Framework Convention on Climate Change
WDR 2017	World Development Report 2017
WHO	World Health Organization
WTO	World Trade Organization

Country and economy codes

AFG	Afghanistan	COM	Comoros
AGO	Angola	CPV	Cabo Verde
ALB	Albania	CRI	Costa Rica
ARE	United Arab Emirates	CYP	Cyprus
ARG	Argentina	CZE	Czech Republic
ARM	Armenia	DEU	Germany
AUS	Australia	DJI	Djibouti
AUT	Austria	DNK	Denmark
AZE	Azerbaijan	DOM	Dominican Republic
BDI	Burundi	DZA	Algeria
BEL	Belgium	ECU	Ecuador
BEN	Benin	EGY	Egypt, Arab Rep.
BFA	Burkina Faso	ERI	Eritrea
BGD	Bangladesh	ESP	Spain
BGR	Bulgaria	EST	Estonia
BHR	Bahrain	ETH	Ethiopia
BHS	Bahamas, The	FIN	Finland
BIH	Bosnia and Herzegovina	FJI	Fiji
BLR	Belarus	FRA	France
BLZ	Belize	GAB	Gabon
BMU	Bermuda	GBR	United Kingdom
BOL	Bolivia	GEO	Georgia
BRA	Brazil	GHA	Ghana
BRB	Barbados	GIN	Guinea
BRN	Brunei Darussalam	GMB	Gambia, The
BTN	Bhutan	GNB	Guinea-Bissau
BWA	Botswana	GNQ	Equatorial Guinea
CAF	Central African Republic	GRC	Greece
CAN	Canada	GRD	Grenada
CHE	Switzerland	GTM	Guatemala
CHL	Chile	GUY	Guyana
CHN	China	HKG	Hong Kong SAR, China
CIV	Côte d'Ivoire	HND	Honduras
CMR	Cameroon	HRV	Croatia
COD	Congo, Dem. Rep.	HTI	Haiti
COG	Congo, Rep.	HUN	Hungary
COL	Colombia	IDN	Indonesia

IND	India	NZL	New Zealand
IRL	Ireland	OMN	Oman
IRN	Iran, Islamic Rep.	PAK	Pakistan
IRQ	Iraq	PAN	Panama
ISL	Iceland	PER	Peru
ISR	Israel	PHL	Philippines
ITA	Italy	PNG	Papua New Guinea
JAM	Jamaica	POL	Poland
JOR	Jordan	PRT	Portugal
JPN	Japan	PRY	Paraguay
KAZ	Kazakhstan	ROM	Romania
KEN	Kenya	RUS	Russian Federation
KGZ	Kyrgyz Republic	RWA	Rwanda
KHM	Cambodia	SAU	Saudi Arabia
KIR	Kiribati	SDN	Sudan
KNA	St. Kitts and Nevis	SEN	Senegal
KOR	Korea, Rep.	SGP	Singapore
KSV	Kosovo	SLB	Solomon Islands
KWT	Kuwait	SLE	Sierra Leone
LAO	Lao PDR	SLV	El Salvador
LBN	Lebanon	SOM	Somalia
LBR	Liberia	SRB	Serbia
LBY	Libya	SSD	South Sudan
LCA	St. Lucia	STP	São Tomé and Príncipe
LIE	Liechtenstein	SUR	Suriname
LKA	Sri Lanka	SVK	Slovak Republic
LSO	Lesotho	SVN	Slovenia
LTU	Lithuania	SWE	Sweden
LUX	Luxembourg	SWZ	Swaziland
LVA	Latvia	SYR	Syrian Arab Republic
MAC	Macao SAR, China	TCD	Chad
MAR	Morocco	TGO	Togo
MDA	Moldova	THA	Thailand
MDG	Madagascar	TJK	Tajikistan
MDV	Maldives	TKM	Turkmenistan
MEX	Mexico	TLS	Timor-Leste
MKD	Macedonia, FYR	TTO	Trinidad and Tobago
MLI	Mali	TUN	Tunisia
MLT	Malta	TUR	Turkey
MMR	Myanmar	TWN	Taiwan, China
MNG	Mongolia	TZA	Tanzania
MOZ	Mozambique	UGA	Uganda
MRT	Mauritania	UKR	Ukraine
MUS	Mauritius	URY	Uruguay
MWI	Malawi	USA	United States
MYS	Malaysia	UZB	Uzbekistan
NAM	Namibia	VEN	Venezuela, RB
NER	Niger	VNM	Vietnam
NGA	Nigeria	VUT	Vanuatu
NIC	Nicaragua	YEM	Yemen, Rep.
NLD	Netherlands	ZAF	South Africa
NOR	Norway	ZMB	Zambia
NPL	Nepal	ZWE	Zimbabwe