Benefits and Costs of the Governance & Institutions Targets for the Post-2015 Development Agenda

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Post-2015 Consensus

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Introduction
I write this article in the first person because it captures my personal thoughts on the idea of including a governance indicator in the proposed set of post-2015 development goals. I start from a position of skepticism: of the value of having post-2015 goals at all and even more of including governance in such a set. However, I recognize that these goals will probably be identified and that governance will probably be included in some way. Given this, I am offering ideas on how I would think about governance and these indicators.

My ideas build across three sections. The first summarizes lessons I draw from the Millennium Development Goals (MDGs) that should inform thinking about fitting governance into a post-2015 agenda. I argue that gaps in the MDG performance are rife (many countries have produced schools but not learning, for instance, and improved water sector logistics without better water provision to most people, for instance). These gaps point to the limits of using targets to influence development. The second section shows that these gaps are well known in the world of governance, often because of indicator-based targeting that promotes short-term signaling in which governance forms are changed but functionality remains weak. The final section suggests that any post-2015 governance targets should focus on closing these gaps, fostering choice, and emphasizing functional improvements (supporting actual improvements in governance, not just changes in form).

Learning from the MDGs
The pending end of the Millennium Development Goals has created a void in the development community, where “officals, academics, politicians, and many ordinary people are trying to figure out what will come next... [so that] There will definitely be a continuing global development agenda” (McLanahan 2013). The void will likely be filled by new goals, given that “[a] consensus has emerged because of the MDGs that these sorts of global exercises are worth doing, even if we’ll never be able to measure their impact precisely” (McLanahan 2013).

The view that it is difficult to measure the impact of MDGs might come as a surprise to some. It contrasts with the prominent narrative of MDG success coming from development organizations and captured in the United Nations Secretary General’s foreword to the 2014 United Nations report on MDG progress (United Nations 2014):

[T]he MDGs have made a profound difference in people’s lives. Global poverty has been halved five years ahead of the 2015 timeframe. Ninety per cent of children in developing regions now enjoy primary education, and disparities between boys and girls in enrolment have narrowed. Remarkable gains have also been made in the fight against malaria and tuberculosis, along with improvements in all health indicators. The likelihood of a child dying before age five has been nearly cut in half over the last two decades. That means that about 17,000 children are saved every day. We also met the target of halving the proportion of people who lack access to improved sources of water.
These global-level statistics appear quite accurate, and are used by MDG advocates to point to the gains of having global goals. The theory behind the influence of such goals is quite simple: They ensured that key issues were placed at the top of country and donor policy agendas, which meant that governments and donors allocated more resources and energy to reach the goals. Whereas the successes above hint that this theory of change held in some areas, the Secretary General’s comments suggest that this theory of change did not work out as well for all of the goals: He did not refer to global-level gains in relation to hunger or maternal mortality or sanitation or environmental quality, for instance, because the results are not as good as in other goal areas (United Nations 2014).

This variation in results should be seen as instructive—especially to those who insist on constructing post-2015 indicators. The variation is apparent when one considers performance at the national level. Figure 1 provides one view of this, through the 2013 MDG Progress Index produced by ONE (2014). The figure shows the percentage of countries that are on track, partially on track or off track in respect of the eight MDGs (and where there are no data to assess progress). My first take-away is the huge variation one sees; across the eight MDG goals and across countries. About 50% of countries are on track to meet extreme poverty, gender, child mortality and water goals, for instance, but less than 30% are on track to meet hunger, maternal mortality and HIV/AIDS goals.

Figure 1. % Countries on track, partially on track or off track to meet MDGs in 2013

![Figure 1](image)

Source: ONE (2014).

Figure 2 provides a similar view on this variation. It shows 2013 data from the World Bank on the country-level performance in areas related to the MDGs (illustrating whether countries had achieved targets by end 2013, were showing sufficient or insufficient progress, moderately off track, seriously off target, or lacking data to report). There are
obviously multiple stories in this data. For instance, whereas only 20% of countries were moderately or seriously off target in meeting the targets around reducing extreme poverty, 70 to 75% of countries were in the same ‘likely to fail’ category in respect of maternal and infant mortality reduction. The table breaks the ‘water’ goal down into ‘improved water source’ and ‘improved sanitation’ and shows even more variation: many countries have managed to put water pipes down and give people better access to a tap but most countries are having a greater struggle to establish sanitation services.¹

Figure 2. % Countries on track and off track in MDG areas, 2013

Source: World Bank; World Development Indicators.

I draw key lessons when considering this kind of evidence.

First, Higher growth countries did better in meeting MDG targets than lower growth countries. I see this in the data, which show that the top forty countries on the ONE index averaged growth over 5.3% per annum between 2000 and 2013, as compared with about 3.1% in the bottom forty.² This is an undeniable fact that, at the extreme, raises questions about the impact of MDGs (suggesting that the development community should focus on

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² These calculations are based on analysis of overall ONE index scores for all 8 MDGs (with a potential range from 0 to 8) and GDP growth data from the World Bank’s World Development Indicators. The average growth data for the poor performing and high performing groups was calculated after removing oil-rich countries that were outliers in the data set. The difference in GDP growth rates between these two groups of countries was statistically significant at the 1% level, given a t-statistic of 0.0009. So, we can reliably conclude poor performing countries grew at over 2% slower than high performers.
fostering economic growth more broadly than before instead of promoting a new set of targets). At the minimum, this evidence points to the fact that having targets is not enough: MDG success is contextual, deeply affected by a country’s social and economic situation.

A second lesson emerges when looking at the varying performance on goals: Progress has been greatest in areas where measured performance captures (mostly) logistical improvements. The fact that many more children are in schools is testament to the fact that many schools have been built and children enrolled, for instance (Pritchett 2013). Both of these are largely technical and logistical tasks, involving the scaled production of solutions that are known and easily reproduced. Similarly, improved water sources have largely been a product of laying pipes in urban areas and introducing boreholes in rural areas. These logistical interventions can occur without much more complex engagement. Progress on sanitation issues has arguably been slower, however, because the logistical component involves more complex political and social interactions. The service requires more than bringing water into a community, demanding complex ex ante discussions in each context to build demand for sanitation services (which tends to be lower than demand for water provision) and about how to collect fecal matter and how and where to take fecal matter away. Interestingly, these complexities are amplified in countries undergoing rapid growth and industrialization—where rapid informal expansion of cities increases demand for sanitation but also increases the social and land-use challenges of providing such.

I am not trying to say that education and drinking water provision is simply logistical or even more logistical than sanitation services. Rather, the MDG measures only capture the logistical part of the services involved here and this is harder to do in areas like sanitation. This results in lower performance in the latter areas. It also leads to problems in respect of the former, better performing goal areas, however; where development progress has come about with worrying gaps and questions of sustainability. Research has found that many of the best performing MDG countries now have many schools and high enrolment rates in schools, for instance, but also experience severe shortages of teachers and textbooks and major gaps between enrolment and achievement (Pritchett 2013). There is very little money in these countries to even start thinking about closing such gaps, which means that the schooling system continues to fail at producing real education for the girls and boys who now sit in the new classrooms. Observers are also raising questions about the quality and reliability of water produced in rapidly scaled piping systems and boreholes (neither of which is assessed in the MDGs, given the complexity of doing so). There are also growing concerns about the number of piping systems and boreholes that are not properly used and

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3 For relevant links to papers on the topic of water and sanitation provision, see SIWI’s reference guide: http://www.siwi.org/media/facts-and-statistics/2-water-supply-sanitation-and-health/ See also Moe and Gangarosa on Improving Water and Sanitation Access in Developing Countries: Progress and Challenges. Chapter preview at http://www.ncbi.nlm.nih.gov/books/NBK50770/ See also Okonkwo’s article on Sanitation, Potable Water Supply and Environmental Protection Benefits, Progress and Issues for Sustainability in Developing Countries. Available at http://www.africaportal.org/dspace/articles/sanitation-potable-water-supply-and-environmental-protection-benefits-progress-and

4 See the Water and Sanitation Program’s Views on the relative complexity of sanitation service provision (https://www.wsp.org/content/building-water-and-sanitation-business-models-poor) and views of WSAfrica (an NGO working in this space) on the issue http://wsafrica.org/en/what-we-do/african-sanitation-think-tank

5 For relevant links to papers on the topic of water and sanitation provision, see SIWI’s reference guide: http://www.siwi.org/media/facts-and-statistics/2-water-supply-sanitation-and-health/
cannot be maintained because of poor capability and resource allocation in communities and governments.\textsuperscript{6}

This kind of observation suggests a third lesson from the MDGs: Because targets focus on parts of the development process that can be seen and quickly assessed and not on the harder to see (and to do) and longer to achieve parts, there are likely to be large gaps between form and function (where performance only looks better).

There are other gaps in MDG performance worth mentioning. In particular, one tends to find major differences between results in urban and rural areas and even between rich and poor communities inside countries (United Nations 2014). This is evident in the water and health indicators in particular, where progress had been more pronounced in urban areas. This has something to do with the influence of economic growth on the MDG performance but also reflects the practicalities of doing development. Urban improvements tend to be easier than rural ones because of access issues and the relative ease of working at scale in urban areas. Big public sector and donor financed projects work better in urban areas, whereas they need to be fitted to local contexts and this takes time and effort. Given that targets give equal value to urban and rural performance, then, it makes sense to focus on making urban improvements before pursuing the more difficult and more expensive rural challenges. The lesson, therefore is simple: Goals and targets can bias performance to easier concentrated urban areas, creating a gap between performance in these locations and the more distributed local, rural settings.

Part of the story here has also been the failure of goals and targets to effect the behavioral and governmental changes assumed in the theory of change discussed earlier. One sees this in the failure of the MDG experiment to actually impact political processes of resource allocation in sovereign developing countries. The evidence is that many developing country governments have not allocated resources to the MDGs in the quantities they committed to in the early 2000s. Many of these governments spend more than they did in 2000 (given the revenue gains from growth) but they have not ramped up spending proportionally as promised in agriculture, health and education. The 2014 ONE Data Report (ONE 2014) notes this clearly, showing that the vast majority of African governments have missed commitments made under Maputo, Abuja and Dakar agreements. The report estimates that government allocations to health in 2013 will only meet 62\% of the commitment in Abuja. 2013 Spending on education will only meet 55\% of the Dakar obligations (having satisfied over 70\% of these obligations in the early 2000s). The ONE report shows that donors, too, have not lived up to their funding commitments. Very few donors have reached the 0.7\% of Gross National Income target in any year between 2000 and 2013. This suggests an additional lesson to pay attention to: Targets encourage promises—of budgetary priorities in particular—that often do not lead to actual follow-through, creating an execution gap that is not easily closed.

This lesson reflects the limited impact of MDGs on political behavior and allocations in many (most developing countries). This limit is also reflected in the types of goals that have

\textsuperscript{6} Ibid.
had the least traction: focused on less politically marketable issues (like sanitation) and more contentious issues (like environmental concerns). In a reflection of the impact of this traction issue, a 2012 survey found that basic governance shortcomings were holding most African counties back from effectively addressing sanitation issues (including the lack of plans, weak capacity to implement plans, and low levels of political interest). The survey found that behavioral changes needed to shift these traction issues did not occur, even though MDGs existed to create an impetus and pressure for such change.

**MDG lessons and thoughts about governance**

I offer these lessons as important background to thinking about the possible inclusion of governance indicators in any potential post-2015 set of development goals. I understand that the interest in governance was partly stoked by the fact that many indicators already exist. The most well known is arguably the Worldwide Governance Indicators (WGI) but there is a plethora of others. Some (like the WGI) aspire to provide a picture of ‘governance’ as a whole. Others are more focused, on areas in the governance arena like corruption (the Transparency International and Global Integrity (GI) measures, for instance), Public Financial Management (the Public Expenditure and Financial Accountability data (PEFA)), transparency (the Open Budget Index (OBI)), and more.

These indicators have emerged as incredibly influential in just a few decades. They inform lending behavior of donors and are routinely used to reflect on whether countries have ‘good governance’ or not (Andrews 2008, 2010, 2013). It thus makes sense to think that they offer an easy and almost unavoidable addition to the post-2015 indicator set. Before making such inclusion, however, I would caution that the lessons we are learning about MDG performance are being learned in a more emphatic manner with governance indicators. The lessons suggest that indicators are not as effective a mechanism to drive change as many might believe.

We know, for instance, that governance indicators are very sensitive to factors that have nothing to do with governance and governance reform (like a country's wealth or its growth rate). I have suggested that the WGI is really a proxy of a country's past wealth, for instance, given the high correlation (0.75) of WGI scores now and GDP per capita levels in the late 1970s (Andrews 2008, 2010). The correlation is reflected in the fact that the thirty wealthiest countries in 1979 also had positive WGI government effectiveness scores in 2012 but only one of the poorest thirty countries in 1979 (China) had a positive WGI government effectiveness score in 2012. This suggests that country income levels in 1979 largely determined government effectiveness scores in 2012, which makes me wonder what the scores actually measure. It also makes me very skeptical about using existing indicators in any post-2015 exercise.

Research has also been showing that governance indicators often reward countries for very visible, logistic-like interventions (Andrews 2013). For instance, PEFA indicators reward

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8 See the Hildebrand paper produced alongside this one, or Arndt and Oman (2006) and Pollit (2008).
countries for introducing new budget calendars and for writing up plans, which are both largely logistical tasks (Andrews 2011; de Renzio et al. 2010; Porter et al. 2011). Transparency indicators (like the OBIs) have been known to reward governments simply for putting up electronic noticeboards (whether these provided meaningful or transparent information to citizens or not). Many such tasks are incorporated in governance reforms across the world, which are commonly limited to more logistical interventions: drawing up laws, introducing new systems, and the like. These interventions often lead to temporary improvements in governance indicators because they improve perceptions of governance (and many indicators rely on perception data). As a result, governance indicators are heavily influenced by signals of change and by logistical manifestations of change. Given the tie between indicators and donor funding, the indicators themselves incentivize such signals and visible, logistical changes (Andrews 2013).

This would not be a problem if the signals and logistical improvements actually led to better substantive performance—where governments functioned better after reforms and where improved functionality ran in tandem with improved indicator scores. My research suggests that we have reasons to question if this is the case, however. I find, for instance, that composite indicators like the WGI s actually rise and fall on the basis of reform signals, which are often used to deflect attention from poor reform performance (Andrews 2013). In what I now see as a common governance reform trajectory, countries get higher scores when they announce a reform and generate visible logistical products like laws. But perceptions commonly start to sour after a few years when it is obvious that the laws are not being enforced. Unfortunately, governments arrest the decline in indicator scores by announcing new reforms and producing new laws (instead of enforcing the older ones).

This kind of game has led, over time, to gaps like those evident in MDG experience: Governance forms are better than functionality; concentrated government units (at the center of government and in the capital) have improved but distributed government units (in provinces and localities) remain painfully weak; Governments make great promises of reform but often lack follow-through, creating a reform execution gap. A number of studies have shown that these gaps are ubiquitous in governance systems in developing countries (Andrews 2011, 2013; de Renzio et al 2010; Porter et al 2011). Global Integrity data shows a typically large gap between the quality of anti-corruption laws and the mechanisms to implement such, for instance. My own work using PEFA data has similar findings (Andrews 2011): most developing countries now have best practice public financial management laws and systems but fail to implement such; countries have well equipped central treasuries making rules but persistently weak provincial and local financial managers tasked with enforcing and living by the rules; governments tend to have stronger budget preparation processes than budget execution processes, and most spending patterns differ significantly from budget promises. Research shows that gaps grow over time in many cases as well, where reforms make governance systems look better than they

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9 See my blog on this: http://matthewandrews.typepad.com/the_limits_of_institution/2013/10/how-transparent-are-open-budgets.html
10 See my blog post on this: http://matthewandrews.typepad.com/mattandrews/2013/05/good-or-good-looking-governance-that-is-the-question.html
are—but fail to generate improvements in functionality or to reach distributed agents or foster an environment in which government promises matter.

I am sure that some readers will balk at these strong views, insisting that governance has seen unequivocal improvements across the developing world since indicators were introduced; and that a post-2015 governance indicator can actually facilitate even more improvement. I would ask that these readers consult some of the references provided to the argument above, and also note that the observations I am making are completely consistent with findings in the literature on targeting in governments (Bevan and Hood 2006, Buntaine et a. 2014, Hood 2006, Natsios 2010, Van Dooren and Thijs 2010). This literature shows (inter alia) that targets work well when one can directly measure the performance being targeted, the process of achieving this performance is well known, and targets are tied to clear and enforceable incentives applied to specific organizations that can be held accountable for performance. In contrast, targets can generate distortions when the outcomes being targeted are ambiguous, difficult to measure, involve multiple agents and political relationships engaging in uncertain and unclear processes, over long periods of time.

The message is simply that targets and indicators don’t work terribly well when one is dealing with complex challenges. Targets impose a false sense of certainty on such challenges, and can lead to behavior that is fraught with gaps—dedicated to improving targets by doing that which is visible in the short run instead of what is unseen but necessary for long run improvement. Governance is complex, and the gaps we see emerging from recent reforms and the indicator-based framing of governance could have been expected. We should be careful not to exacerbate these gaps in future.

**Can governance fit into the post-2015 goals?**

There have certainly been improvements in world development over the last fifteen years. We see these in the very areas emphasized by the MDGs, and in governance mechanisms in many countries. My contention, however, is that most of the deep and lasting improvements in both these domains happened because of contextual pressures in specific countries—including the pressures associated with economic growth. I can point to countries like China and India as examples. They are developing without the aid of indicators or global targets; much like Western European nations did, and the United States did, and Japan did, as well as South Korea, Singapore, and more (Andrews 2010).

My research suggests that many other countries have seen less impactful development and governance reforms, where change has been fraught with gaps. This is often, I believe, because they pursued development agendas inspired and informed and incentivized by global indicators. These agendas promote interventions that are visible and that ensure boxes get ticked. They do not, however, encourage less obvious attention to the many messy, hidden, mundane and complex problems that actually hold countries back. So, countries produce new formal laws and systems but still do not foster the informal, cultural and political ingredients to enforce such. The indicators commonly limit space to find and fit these ingredients as well, given the way they impose solutions on countries; specifying
what kinds of interventions will ‘be counted’ and which will not. In the governance domain, for instance, governments are rewarded for having multi-year budget systems that commonly do not work but get no credit if they have a functional but rudimentary annual budget process (like that in Germany).

My biggest concern is that a post-2015 governance indicator will exacerbate this kind of situation and give even greater influence to a gap-inducing governance agenda ‘by indicators’. This will undoubtedly happen if indicators like the World Governance Indicators are used by default because ‘governance must be included in a post-2015 set of goals’. These composite indicators over-simplify the overly-complex governance area, rely too much on perception-based data, and impose many ready-made but poorly fitted ideas of what good governance should look like in developing countries. I even worry about using indicators like the Global Integrity (GI) index and the Public Expenditure and Financial Accountability (PEFA) measures. These indicators are more specified and rigorously and transparently devised, but their average scores (which are most commonly cited) tend to hide the gaps discussed above. This results in countries being rewarded for producing high average scores by introducing new laws and processes that do not actually function.

If governance indicators must be included in the post-2015 agenda I would start by focusing on closing these kinds of gaps.

This is possible using existing data sets like GI, PEFA and the Open Budget Index—where one can measure gaps like those referenced above. GI explicitly measures the gap between anti-corruption laws and implementation of such laws, for instance.\(^{11}\) I have also been able to decompose PEFA and OBI data sets to reveal gaps (between the quality and transparency of budget preparation and execution systems, for instance, and between the quality of laws and processes and the implementation of such).\(^ {12}\) An indicator that blends the focus on the average scores on each measure and the gaps discussed above would be interesting and potentially useful in fostering a governance agenda with fewer gaps. An anti-corruption process metric could reflect on the average quality of system forms, for example, as well as the functional implementation of these forms (a country would be rewarded for having a whistleblower law, for instance, but it would be further rewarded if such law was being funded and enforced by the government). This kind of mechanism would focus countries on producing systems with quality (high indicator scores) and integrity (having smaller gaps between form and function).

I can think of a number of other areas where this kind of indicator would be useful, and possible to calculate with existing data sets (beyond the anti-corruption, public financial management and transparency examples presented). One could use OECD procurement assessments to calculate the gap between the quality of formal systems and the operational

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\(^{11}\) See my blog on this: http://matthewandrews.typepad.com/mattandrews/2013/05/good-or-good-looking-governance-that-is-the-question.html

capacity to implement such, for instance. In past research I used such measure to reveal a 33% functionality gap in Uganda’s procurement system (Andrews and Bategeka 2013). One could also use existing measures like the World Bank’s Statistical Capacity Indicator to assess how well governments collect and use data—a crucial issue in governance. Average scores on these indicators would reflect on how well the governments perform in general, but the indicators could also show if country systems produce data regularly according to weak methods or with unreliable source data (reflecting on quality concerns affecting the functional value of statistics).

Whereas this approach could address some risks with including governance indicators in a post-2015 construct (especially about gaps between form and function), I still have additional concerns. I worry, for instance, that the kinds of indicators I am listing only reflect on a subset of the processes needed to make governance systems function. If these are improved it does not mean that governance as a whole will improve, given the fact that there are many other processes needed in any government. Further, not all countries need the same improvements, so it will be difficult to choose one or two process metrics that are broadly applicable to all (Andrews 2010). Finally, not all areas will generate the kind of political support needed for change (as we have seen with the MDGs). There is little point in pushing for deep reforms in places where governments have no interest in change; especially when there are always other areas where change is possible.

I would deal with these concerns by allowing choice in the governance agendas and targets, assessing progress with reforms in a set of key areas.

I typically adopt this kind of approach when working with governments. I start by helping the specific country select areas where reforms are prioritized, from a broad dashboard of options (similar to the approach suggested by authors like Piero Stanig (Stanig 2013)). I typically work with 28 process issues (shown in Table 1) that reflect what I consider key ‘means’ governments need to exercise authority given to them by citizens in effective and accountable ways (which is how I define ‘good governance’) (Andrews 2014a). The table acts as a list of process ingredients that influence the quality of a governance system. The idea is that different countries are likely to perform well in some areas—having the necessary ingredients—but not in others. Given this, different countries could focus on different ingredient areas in determining their governance reform focus, and post-2015 indicators could be determined based on the reforms prioritized in each country—assessing progress on governance reforms rather than ‘governance’ itself.

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Table 1. A table of key governance ‘means’ or process concerns

<table>
<thead>
<tr>
<th>Human Resource Capacity and Management</th>
<th>Financial Resource Capacity and Collection</th>
<th>Spending and Policy Implementation</th>
<th>Integrity, Accountability, and Confidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government hires sufficient employees to fulfill its mandate (but not too many)</td>
<td>Government has finances to fulfill its mandate (and a strong fiscal contract with citizens)</td>
<td>Governments produce regular, transparent policy directions and progress reports</td>
<td>Laws and regulations are publicized, accessible, stable and open to challenge</td>
</tr>
<tr>
<td>Processes and policies of hiring and compensation are transparent and clear</td>
<td>Taxation procedures are transparent and are administered in an impartial and consistent manner</td>
<td>Public spending plans and public spending execution records are transparent; and the gap between budgets and execution is small</td>
<td>Laws and regulations are enforced consistently, effectively and impartially</td>
</tr>
<tr>
<td>Those working for government have skills appropriate to their tasks</td>
<td>Tax policies are publicized, accessible, stable and open to challenge</td>
<td>Public sector bills are paid on time, to foster effective implementation</td>
<td>Anticorruption legislation is effectively resourced and implemented</td>
</tr>
<tr>
<td>Those working for government have high levels of public service motivation</td>
<td>Citizens and private entities respect their obligation to pay taxes and fees</td>
<td>Goods and services are procured and supplied on time and within budget</td>
<td>There is a no execution gap in human resource, budget and other administrative systems</td>
</tr>
<tr>
<td>Government employees appropriate autonomy to do their tasks, and learning by doing is valued and rewarded</td>
<td>Public sector debt is raised in a transparent and responsible manner</td>
<td>Systems consistently identify and address financial irregularities, and transparently communicate these to citizens</td>
<td>Citizens believe that government should be accountable to them, as an agent to a principal</td>
</tr>
<tr>
<td>Citizens respect the role of public work and support public officials in this work</td>
<td>Government is considered creditworthy</td>
<td>Governments produce and publicize routine and reliable data, especially about key outcomes</td>
<td>Government powers are constrained through established checks and balances</td>
</tr>
<tr>
<td>Citizens trust key officeholders and public officials and employees</td>
<td>Governments are fully transparent about revenues derived from natural resource and trade taxes</td>
<td>Governments innovate to improve performance, institutionalizing lessons from innovation</td>
<td>Citizens have confidence in the national government</td>
</tr>
</tbody>
</table>

Source: Andrews 2014a; 2014b.
There are questions about how one might use such a dashboard to construct indicators. I would suggest focusing on assessing reform progress across a subset of areas. One would allow countries to choose a subset of areas (perhaps five) in which they aim to foster improvement. One would then quantify intended improvements in each (according to average scores on established indicators as well as a focus on closing implementation gaps, as discussed). A composite governance reform progress indicator could then be constructed for each country, showing the degree to which it has made proposed improvements. A country might focus on the shaded areas, for instance, and commit to improvements in the form and function of tax policies, debt, spending and procurement processes, and anticorruption legislation. The specific commitments could be shaped into quantified goals as measured by existing indicators, and an overall performance measure could be constructed to track progress.

A post-2015 indicator constructed in this way would reflect the ‘governance process reform performance’ of a country.

I do worry that this kind indicator only captures ‘process’ improvements, however. I am even more concerned that these improvements would be measured in terms of existing indicators that impose specific (western) ideas of what a ‘good’ process is. These ideas may have very little relevance in different contexts and could therefore be problematic: the PEFA metrics award points for having Anglophone audit mechanisms, for instance, that are arguably not suited to many countries with Francophone governance systems (de Renzio et al 2010). These metrics cannot always be relied upon to show whether governance is actually getting better over time.

The only way to address this is to include governance ends into the indicators.

When I speak of ‘ends’ I am talking about the outcomes that citizens generally rely upon (and sometimes even expect) their governments to influence. They include public safety, electricity access, education and health care provision, employment and inflation rates, and the mobility of citizens. These are areas where I believe government generally has an important role and where improved governance is likely to have a positive impact (Andrews 2014a, 2014b). My work has emphasized some of these ends in particular, including child registration and road deaths, electricity access and debt. These are areas in which citizens routinely authorize governments to engage (again, my definition of governance refers to the authorization relationship between citizens and the state). There are consequences if governments do not act in effective ways in these areas: people die on roads, children go unregistered, electricity is not provided, and debt can cripple a nation.

I do not believe that every government will use the same approach to ensure that these ends are met. Some governments might regulate a private sector-led health system, for

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14 A subset of the PEFA dataset could be used to assess the form and function of tax and debt and expenditure processes, for instance, and OECD and Global Integrity data could be used to assess the same for procurement and anticorruption legislation. The country could aim for a 20% improvement in average scores on each indicator and to close gaps between form and function. The overall governance reform indicator could then be calculated to show how well these commitments are being met. If a country meets four out of the five, then it will score 0.8 on its governance reform indicator.

15 See my blog postings on this topic, going back three years: http://matthewandrews.typepad.com/the_limits_of_institution/post-2015-indicators-my-thoughts/
instance, whereas others might become public sector producers of health care. The governance challenge is often played out in the process by which governments find and fit appropriate approaches that improve ends in their context, given the authorization they enjoy from citizens. This challenge is the ultimate test of governance and these kinds of ‘ends’ measures are therefore the ultimate indicators of whether governance is ‘good’ or not. I employ a list of 35 such ends in my own work, as shown in Table 2, given that different countries struggle in different areas (Andrews 2014a, 2014b).
Table 2. A table of key governance ‘ends’ or outcome concerns

<table>
<thead>
<tr>
<th>Defense, Public Safety, Law and Order</th>
<th>Public Infrastructure</th>
<th>Human Development and Environmental Management</th>
<th>Economic Progress and Adaptation</th>
<th>Participation, Rights, and Mobility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citizens are not affected by conflict or terror threats</td>
<td>Trade and transportation infrastructure is sufficient and efficiently used</td>
<td>Citizens have sufficient food</td>
<td>Citizens enjoy stable prices in the economy</td>
<td>Citizens (especially children) are registered to participate fully in society</td>
</tr>
<tr>
<td>National borders are secure</td>
<td>Water and sanitation infrastructure is sufficient and efficiently used</td>
<td>Children are learning in schools</td>
<td>Citizens enjoy high levels of employment</td>
<td>All citizens (especially women) can participate easily in the economy</td>
</tr>
<tr>
<td>Citizens feel safe</td>
<td>Power infrastructure is sufficient and efficiently used</td>
<td>Citizens can read and have skills needed in economy</td>
<td>Citizens are not encumbered by high levels of debt</td>
<td>Levels of inequality are not extreme</td>
</tr>
<tr>
<td>Citizens (particularly women and children) are safe from violent crime</td>
<td>Communications infrastructure is sufficient and efficiently used</td>
<td>Under five and maternal mortality rates are low</td>
<td>Citizens can access affordable sources of financing</td>
<td>Children enjoy special rights and protection by the state</td>
</tr>
<tr>
<td>Citizens are safe on the roads</td>
<td>Housing infrastructure is sufficient and efficiently used</td>
<td>Citizens can access efficient, effective, and impartial systems to address health needs</td>
<td>Economic growth is high and sustained</td>
<td>Citizens enjoy fundamental rights in their social, political and economic participation</td>
</tr>
<tr>
<td>Property rights are protected</td>
<td>Urban infrastructure is sufficient and efficiently used</td>
<td>Citizens enjoy unpolluted air and water</td>
<td>The country enjoys vibrant, expanding trade relationships</td>
<td>Citizens can move freely within or outside the country</td>
</tr>
<tr>
<td>Citizens can access efficient, effective, impartial systems to address civil and criminal complaints</td>
<td>Rural infrastructure is sufficient and efficiently used</td>
<td>Biodiversity is conserved, restored and sustained</td>
<td>The country routinely produces new, higher value products to trade</td>
<td>Foreigners can enter and move freely within the country</td>
</tr>
</tbody>
</table>

Source: Andrews 2014a; 2014b.
I believe that an ‘ends-based’ governance indicator could be constructed with reference to such table. I would recommend constructing this indicator using a similar approach to that described earlier (with respect to governance processes shown in Table 1). Each country could choose five areas in which they intended to prioritize governance reforms, with the goal of improving outcomes (not just processes). The countries would then consult their baseline performance and commit to goals for improvement in each area, and a composite indicator could assess the overall progress with such agenda. A country could choose to improve its performance in the shaded areas, for instance (decreasing road deaths, improving access to electricity and literacy rates, ensuring price stability and registering children). The countries could identify proposed improvement targets in each area and initiate processes to improve government functioning, relational mechanisms with the private sector, and other factors needed to make change happen. The country would be assessed according to its ‘governance outcomes reform performance’.

I am sure that many readers will find this proposal quite odd, and question the idea that outcomes like these can be used as indicators of governance improvements. Such a view is probably reinforced by the fact that these kinds of outcomes are already included in the MDG and post-2015 goals under different categories (not governance). This raises a really important final concern I have about including governance indicators in a stand-alone fashion in the post-2015 goal set. Governance involves ‘the exercise of authority by states on behalf of citizens to further the well being of citizens’. Understood as such, governance is not really an end in itself, and governance processes matter but mostly because they influence the degree to which governments meet citizen needs. If indicators focus just on process they risk missing this point; especially because we do not always know which processes are required or could possibly be used to improve governance outcomes. As such, governance cuts across all development indicators and should perhaps not be considered a stand-alone topic at all. If it is to be considered a stand-alone topic, however, it must of necessity be assessed with reference to functional outcome indicators.

The un-avoidable reality of complexity with meaningful governance indicators

The idea of focusing governance indicators on ‘ends’ will probably seem problematic to anyone who read the early section of this paper. In that section I argued that the MDGs have not had significant impact on complex goals—involving many distributed parties and real and functional change in contested settings. All of the ‘ends’ discussed in Table 2—which I argue are central to governance—will surely involve these kinds of complex challenges. As a result, we should not expect post-2015 indicators to shift performance on such measures. We should expect, instead, that the targets would lead to limited changes; like the construction of schools where children still do not learn, or the drilling of boreholes that are not maintained, and where water quality is not assessed.

I agree with this completely, and would actually argue that the complexity issue holds when considering governance ‘means’ as well. If targets are not constructed effectively, we could find that they are constructed to measure compliance with ‘better practice’ forms instead of improved functionality. In the area of procurement, for instance, one might find
targets assessing the compliance with international standards (Does the country have competitive processes? Are all tenders made public?) instead of the more functional target (see Table 1, which reads ‘Goods and services are procured and supplied on time and within budget’). The functional target is complex and challenging to realize, and will involve engagement with many administrators and some extremely tricky political discussions in most countries. This is true for most of the ‘means’ metrics (whether one looks at change in Human Resource Capacity and Management, Financial Resource Capacity and Collection, Spending and Policy Implementation, or Integrity, Accountability, and Confidence).

The complexity problem is similar in the ‘ends’ discussion. Roads deaths will only be reduced if these complexities are addressed; water quality will only be improved if complexities are addressed; economic innovation will only be improved if complexities are addressed; and so forth. The point is that all of the potential measures I propose involve complexity that is typically not well addressed through targeting regimes. This is an unavoidable reality of including governance into the post-2015 indicators.

I think that this reality requires one of two responses. One response is to accept that governance is too complex to include in the post-2015 indicator set, and we should not do so (or we will probably exacerbate the gap between form and function that already festers in many lower income countries). The other response is to take the construction of indicators more seriously than has been done in the past and to link indicators to effective processes of engagement (that help achieve the targets). This would involve, firstly, ensuring that the ‘functional’ aspects of the goals are actually central to the way we measure the indicators. In the procurement example I raised earlier, for instance, it would be vital to ensure that measures did not focus on compliance with a better practice, but focused rather on actual improvement in functionality. Think, for instance, of a goal centered on the percentage of procurement transactions completed within specified time and in budget, and in accordance with the budget plan. Considering ends, we would use indicators that focused on real result achievement: “the death rate on roads declines from 30 per 100,000 to 15 per 100,000 in ten years” or “the rate of registration of children at birth increases from 55% to 80% in ten years.” These goals do not focus on compliance with one or other way of doing things, but rather emphasize actual performance.

These are risky to propose because they are complex to achieve, and will require that countries not only commit to the target but also introduce ways of measuring performance and capturing data about performance, as well as reform processes that actively address the challenge of meeting the goals. This is a demanding issue, and means that any governance indicator cannot be set as a stand-alone thing. It needs to be tied to a meaningful process of helping countries structure an approach to actually reach the target. My experience suggests that the process of change needed to address such complex issues should be evidence based and iterative (involving step-by-step progress), with lots of learning and engagement. The target alone will not provide this kind of process, and traditional donor-support will also fall short (Andrews 2013, 2014b). The target could motivate space for this kind of process but must be followed up with real hands-on, ground
level, ongoing support. Or else the targets will achieve similar results to those of the MDGs (limited as these have been whenever complex challenges are addressed).

Final thoughts

I have attempted to offer my personal ideas on how I would think about incorporating governance in the discussion about post-2015 development goals. I think this is a difficult task and requires, at the very least, taking seriously the lessons from the MDGs and past governance-indicator informed reforms. Key lessons I draw from the past relate to the many gaps apparent in MDG performance (including new school buildings with limited learning, boreholes with no quality inspections, urban progress with rural stagnation) and in the world of governance (better looking governments that do not produce better results are now common). Given such lessons, I have suggested that any post-2015 governance targets should focus on (i) closing governance gaps, (ii) fostering choice, and (iii) emphasizing functional improvements and better outcomes emerging from governance reforms (where goals focus on actual improvements in governance, not just changes in form).

I believe that goals could be created based on these ideas, where countries commit to two dimensions of action that inform two measures: ‘governance process reform performance’ and ‘governance outcomes reform performance’. The specific reforms governments commit to would differ (allowing fit of reform agendas to context) but the overall indicators would be comparable (showing how effectively governments are reforming their governance systems, with focal areas and targets specified by governments themselves). The indicators would not assess which countries have better or worse governments, but rather whether governments are progressing on their reform agendas.

The methodology required to construct these kinds of measures would be quite complex, and in many cases initial analytical work would be needed to establish baselines. These challenges are quite typical in any work using targets, however, including the MDGs (where, controversially, many baselines were not actually constructed). I imagine the greater challenge of adopting this kind of approach would center on recognizing the underlying arguments and accepting that there is no simple way of including governance into the post-2015 goals. I assume that the default condition will be to use existing indicators like the Worldwide Governance Indicators or the World Bank Country Policy and Institutional Assessment statistics (CPIAs). I believe this default option will generate more harm than good—reinforcing a global agenda full of gaps and producing governments that look better than they are. I offer my ideas as a counter to this default option, recognizing that they are far from perfect or complete, but hoping that they at least provoke serious reflection on the path ahead and on whether (and how) governance can fit into a post-2015 set of development targets.
References


This paper was written by Matt Andrews, Associate Professor of Public Policy at Harvard Kennedy School. The project brings together 60 teams of economists with NGOs, international agencies and businesses to identify the targets with the greatest benefit-to-cost ratio for the UN’s post-2015 development goals.

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