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VIEWPOINT PAPER

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

Among all of the ideas circulated about the proposed Sustainable Development Goals, the new discussions on governance offer some of the greatest challenges. Below, I make four points on Hilderbrand's extensive and thoughtful review of these issues. First, I concur that definitions matter and that we need to retire the term "good governance" and focus on more finely-grained concepts. Second, the intellectual challenge of devising appropriate targets remains, and that the role for the scholarly community should be to help steer this process. There is a great need for more stock-taking along the lines suggested by Hilderbrand. Third, the discussion about governance indicators is regrettably too shallow. While focusing on costs and benefits is particularly important, we need to pay attention to the links between governance and data quality, which can have ripple effects in countless fields. Finally, I concur with Hilderbrand that multiple governance indicators is not a problem, and discuss how dashboards can be useful to draw important cross-country comparisons.

On Terminology and Governance Data

"Good governance" as a term lacks even rhetorical cachet. In a world with dozens of states, the term calls to mind a "Washington Consensus" view of institutional design in which there is only one way to do things, and that policy reform should be steered by external actors rather than evolve endogenously. Throughout the SDG process, this language was rejected in favor of a focus on making political institutions more effective, accountable, and inclusive. This move is politically sensible, since few countries are going to want to endorse a model that invites invidious comparisons to IMF conditionality. Since the SDG process has been negotiated by member countries, any definition of governance that allows for local empowerment is fully appropriate. The SDGs are based on a very different model that requires country buy-in from the very beginning and is more bottom-up than top-down. Different terminology, then, reinforces this departure.

The move away from good governance as a term also makes good analytic sense. One of the challenges of this literature is a lack of definitional clarity. Focusing on the specific aspects of political institutions that need to be reformed is important. Rejecting the idea of "good" governance does mean that we need something to fill in the gap. And while the Secretary General's Synthesis Report folded governance into an umbrella theme of "justice," the operative discussion of what the justice SDG entails left little doubt that effective governance must be "inclusive, participatory, and accountable."[1] Quite obviously, we cannot create measurable targets for this SDG without clearer concepts about specific aspects of governance.

At this point, with the publication of the Secretary General's Synthesis report, some sort of SDG for governance is going to be included in the final package. The important question,

[1] United Nations, General Assembly, *The road to dignity by 2030: ending poverty, transforming all lives and protecting the planet: Synthesis report of the Secretary-General on the post-2015 sustainable development agenda* A/69/700 (4 December 2014), paragraph 77.

then, remains what that goal is to look like. One of the rationales for the Copenhagen Consensus project is to crowdsource academics to help better frame these goals. And it is exactly at this point where more research is sorely needed. Hilderbrand does cover a great deal of material, including not only the original Open Working Group proposal for SDG 16, but also commentary on those goals by Foresti and Wild.[2] It should be stressed, though, that the challenge remains for more extensive stocktaking. Foresti and Wild did not author the only proposal that is worthy of reviewing. Both the UN Statistics Division and the Sustainable Development Solutions Network also produced extensive background papers (both longer than 150 pages) outlining the data needs of the SDG project.[3] Both of these documents also merit significant appraisal in how they propose governance indicators. Hilderbrand also references the World Bank's Actionable Governance Indicators Project, and while this is also certainly worthy of discussion as well. But at each point in the process, it needs to be clear what it is actually in these data.

At the risk of invoking a tired academic cliché, more research is certainly necessary here. Such a 'second wave' appraisal can build on Hilderbrand's work, but extend it in several directions. It is essential to review *all* of the discussions of indicators rather than just a select few. It is also important to review *every* proposed measure and assess the data availability of each. Data from the Open Budget Survey, for example, is available for 100 countries. While this is notable, there are obviously dozens of countries that are left out. Finally, this appraisal needs to include a discussion of who provides and updates the data. Many of the data sources are provided by NGOs, and this raises the question of how well these projects will be funded and augmented in the next 15 years. Issues about validity and reliability are certainly part of this discussion, but these are only one piece of a larger project. Thus, the tables at the close of the manuscript need to be extended both in terms of data categories and different criteria for comparison. Lacking this appraisal of what governance data are even out there, we cannot begin to develop a cost-benefit analysis.

It is worth underscoring why such further analysis is essential. Since the SDG process is one that has involved numerous stakeholders, it is essential for the academic community to take up this gracious invitation and contribute to the conversation in a substantive fashion. This is not merely because academics should play an important role, but because they can help set the global agenda. In the absence of clear signals from the academic community, this leaves the state-driven negotiating process responsible for making these sorts of decisions. As Hilderbrand notes, they could be tremendously bad at this – choosing indicators which are available as opposed to ones that are valid, or not choosing any indicators at all. A key claim from the literature on the design of international treaties remind us that issues of ambiguity are conscious choices; states choose to draft agreements that leave key terms undefined in order to maximize the number of countries that sign on

[2] "Outcome Document–Open Working Group on Sustainable Development Goals," Sustainable Development Knowledge Platform, http://sustainabledevelopment.un.org/focussdgs.html.; Marta Foresti and Leni Wild, with Laura Rodriguez Takeuchi and Andrew Norton, "Governance Targets and Indicators for Post-2015: An Initial Assessment," *Overseas Development Institute*, January 2014.
[3] UN Statistics Division, "Compendium of Statistical Notes for the Open Working Group on Sustainable Development Goals (OWG)," March 2014; Leadership Council of the Sustainable Development Solutions Network, "Indicators for Sustainable Development Goals," May 22, 2014.

in the first place.[4] The human rights regime and international treaties on terrorism are prime examples of both. Without the academy to screen out low quality indicators, we might find that the targets that are agreed upon for governance will fall well short of our expectations.[5]

Rethinking How Governance Matters

The central fact about the role of governance in the Sustainable Development Goals is its revolutionary nature. The Millennium Development Goals had no such provisions, and the main barrier to such a proposal was more of gaining the support of member countries than it was any issues of measurement. The challenges of measurement, are as Hilderbrand rightly points out, daunting ones. But as an exercise aimed at getting us to appraise the costs and benefits of a governance SDG, this paper misses an important connection between political institutions and data quality.

Recent findings in political science make a number of important claims that underscore the link between political institutions and data quality. Hollyer, Rosendorff, and Vreeland, as well as Ross, find that democratic governments are more likely to release data. Hollyer et al focus on the degree to which economic data in the *World Development Indicators* is missing in a given country and year across dozens of indicators, and Ross focuses on the release of data regarding infant mortality. These findings are statistically significant in the presence of numerous controls and they use variable operationalizations designed to address endogeneity (so that transparency is not part of what makes a country democratic).[6] So while there is a link between governance and transparency, the problem, though, is greater than that of just missing data. Governance has an effect not only on data availability, but on data quality. Magee and Doces employ a novel estimate of economic growth based on satellite images of nighttime lights. Comparing these statistics to those reported to the World Bank, they find that dictatorships over report their actual growth rates by between .5-1.5 percent per year.[7] This finding suggests that governance (here defined as regime type) matters for data quality.

When we think about the broader implications of these findings, one fact is clear: the governance SDG is valuable not only directly by increasing the probability that other goals are met, but also indirectly in helping to produce higher quality data. It is this second piece that is understated in the present debate. We need both more data and higher quality data to make better decisions, and more data and higher quality data are needed to help us figure out who is leading and lagging on the SDGs. Governance is a critical factor shaping both of these.

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[4] Kenneth W. Abbott and Duncan Snidal. 2000. "Hard and Soft Law in International Governance," *International Organization* 54(3): 421-456.

[5] Martin S. Edwards and Sthelyn Romero. 2014. Governance and the Sustainable Development Goals: Changing the Game or More of the Same? *SAIS Review of International Affairs* 34(2):141-150.

[6] James R. Hollyer, B. Peter Rosedorff, and James Raymond Vreeland. 2010. Democracy and Transparency. *Journal of Politics* 73(4):1191-1205; Michael Ross. 2006. Is Democracy Good for the Poor? *American Journal of Political Science* 50(4): 860-874.

[7] Christopher S.P. Magee and John A. Doces, Forthcoming. Reconsidering Regime Type and Growth: Lies, Dictatorships, and Statistics. *International Studies Quarterly*.

Hilderbrand makes a similar claim on page 29 regarding Goal 16.9 in the Open Working Group draft, which is the proposal that countries need to provide legal identity, including birth records, for all:

> it requires considerable organizational and administrative capacity to accomplish, including reaching throughout the entire country. That capacity, once built, could have spin-off effects for other work that the government needs to be able to accomplish that required similar capacity. Making sure all citizens have a legal identity also helps the government reach citizens for other programs.

Just as the legal identity target can have spillover effects to other facets of state capacity, greater attention to governance will have similar ripple effects by leading to more data provision as well as a lower likelihood of data misreporting. Thus, when we think about the costs and benefits of a governance SDG, we need to realize that the indirect effects of governance on data availability and quality are considerable. This, in turn, makes addressing governance as a SDG all the more important.

While there has been much attention to the need for more data and better quality data in the SDG process, we need to realize the centrality of governance to these discussions. More attention to inclusive, participatory, and accountable governance can help to reinforce the emerging international norm of data provision. Just as countries are thought to exist when they have currencies and national anthems, data provision (and certainly honest data provision) needs to become a hallmark of what it means to be a state in the 21st century.

The Value of Data Dashboards

I want to close by building on one point in Hilderbrand's review – the need for data dashboards to help present cross-national data on progress in governance.[8] The idea behind dashboards is that they build off multidimensional indicators. Rather than focus on a single measure, they allow countries to assess progress by using multiple measures. More importantly, dashboards allow the use of ready comparisons to peer groups through the use of color coding. Rather than report specific measures (such as a country's score on the Corruption Perceptions Index) it benchmarks country scores relative to peer group means. Thus, a benchmark can tell us if countries are doing better or worse than their peer group, and by how much in terms of standard deviations. Given the nature of the governance data challenges, these seem like an ideal strategy for communicating how well a country is progressing.

The discussion about the value of dashboards, however, does not end there. There are two other reasons why this strategy is an ideal one for communicating information about a country's progress in implementing governance SDG targets. First, by its very nature, the use of color codes to benchmark countries relative to their peers makes it ideal for the regional peer review process outlined by the Secretary General in his Synthesis Report.

[8] A great discussion of these can be found in Matt Andrews, "An Ends-Means Approach to Looking at Governance" Harvard Kennedy School Faculty Research Working Paper RWP14-022, April 2014.

Second, the clarity with which information is presented in the dashboard provides an important signal to civil society. This is especially important in the governance field, which might not have a clear civil society constituency. It is easy to see NGOs active on the ground working for the environment or human rights, but transparency and accountability, much less state capacity, are not fields that attract as much attention. Helping civil society leaders learn quickly about the scope of the problem and understand how their country matches up relative to others provides a ready point of entry for their dialogues. This, in turn, helps put pressure on leaders to move their respective countries forward. Given that the SDGs will rise and fall on country efforts, any means to allow civil society to better pressure governments will surely be useful. This road starts with being transparent about how a country's governance record stacks up relative to its peers.

This paper was written by Martin Edwards, Director, Center for UN and Global Governance Studies at Seton Hall University. 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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