

Justice financing 2024 annual review: domestic financing and aid

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Financing scaled-up investments in people-centred justice

Key Messages

Domestic spending on justice in Organisation for Economic Co-operation and Development (OECD) countries has been broadly consistent over the past 20 years – averaging 4% of total government expenditure. Spending on justice in low- and middle-income countries continues to be higher, averaging 6%.

Aid to justice continues its downward trend. In 2022, it was only 1.1% of all aid, compared to 3.1% at its peak in 2012. Justice aid is increasingly earmarked for human rights and ending violence against women and girls, with funding for core justice institutions falling by three-quarters since 2012.

Justice aid is not strategically targeted relative to the size of the justice financing gaps, which are much larger in low-income countries. Donor countries should reconsider their approach to justice aid, and the extent to which their justice programming aims to address the justice gap. If justice aid were as effectively targeted as health aid, it could finance the universal coverage of basic front-line services in all low-income countries.

Higher domestic spending on justice is not associated with better rule of law outcomes. What matters is how ‘smartly’ the money is spent.

Better data on justice finance would assist smarter justice financing. Including justice spending in the World Bank’s World Development Indicators would be a helpful way forward. Better analysis would also be possible if the official Classification of the Functions of Government (COFOG) definition of justice spending were more disaggregated (as is the case for health and education).

The Justice Action Coalition’s developing Justice Financing Framework will provide guidance for country-level ‘smart’ justice financing, including budgeting to address the justice gap by prioritising scaled-up front-line justice services, focusing on cost-effective ‘best buys’.



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About this publication

This policy brief is part of a series of papers on ‘Financing scaled-up investments in people-centred justice’ following on from ODI Global’s work on ‘Taking people-centred justice to scale: investing in what works to deliver SDG 16.3 in lower-income countries’ (<https://odi.org/en/about/our-work/taking-people-centred-justice-to-scale-investing-in-what-works-to-deliver-sdg-163-in-lower-income-countries/>). Both research projects focus on practical, cost-effective and realistic ways to deliver sustainable justice services at scale. The project runs until September 2025.

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1 Introduction

1.1 Paper purpose

This policy brief presents the latest global data on justice finance. It covers the level of finance flowing to the justice sector from domestic resources and from aid.

The data presented is the latest available: up to 2021¹ for domestic resources and 2022 for aid.

The information on domestic resources updates ODI Global's previous analysis, which was the first ever analysis of global levels of domestic spending on justice (Manuel et al., 2023). The information on aid is ODI Global's fifth annual analysis. Previous analyses are presented in Manuel and Manuel, 2018; Manuel and Manuel, 2021; Manuel and Manuel, 2022; and Manea et al., 2023.

1.2 Data sources

The main data source drawn on for domestic resourcing of justice is the International Monetary Fund's (IMF) database of countries' reports on their budget figures, which uses internationally agreed Classification of the Functions of Government (COFOG) definitions. The justice sector is COFOG category 703: 'public order law and safety', which encompasses all major aspects of justice, including spending on the judiciary, the police, prisons and oversight bodies such as ombudsmen (see Annex A of Manuel et al., 2023, for full details). Where countries have not reported to the IMF,² data from individual country budget websites is used.

For aid, the main data source is the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC). OECD DAC's database captures aid data from more than 100 countries, international agencies and philanthropic agencies. Data is presented for aid to the OECD's categories of 'legal and judicial development'; 'ending violence against women and girls'; and 'human rights' (see the Appendix to Manea et al., 2023, for details of how the OECD defines each of these three categories).

1.3 Paper structure

Section 2 of this brief sets out updated trends in domestic financing of justice. Section 3 looks at aid data: the amount of aid to justice in absolute and relative terms; which countries it is going to; and which donors are involved. Finally, Section 4 provides some short concluding remarks.

1 This was 2022 for most Organisation for Economic Co-operation and Development (OECD) countries.

2 As explained in Manuel et al. (2023), only a few lower-income countries report their budget data to the IMF.

2 Updated trends in domestic financing for justice

2.1 Coverage of ODI Global's analysis

This year (2024), ODI Global has extended its analysis of domestic spending on justice to 155 countries, up from 135 in the 2023 analysis (Manuel et al., 2023). The dataset now covers 77% of low-income countries (LICs); 83% of lower middle-income countries (LMICs); 72% of upper middle-income countries (UMICs); and 100% of OECD countries.

Coverage is now much improved, but it is not yet as good as that for other sectors, with ODI Global able to source data on health for 192 countries and on education for 183 countries. One reason for the better coverage in these sectors is that the data is gathered by both the World Bank and specialist UN agencies (such as, the World Health Organization).

Another constraint of the justice data is the limited degree of disaggregation of reported spending on justice. The primary reason for this is that COFOG definitions only provide for six divisions of justice functions. This compares to 14 functional divisions for health and 12 for education.³ For example, one of the justice sector's six functional divisions is 'law courts'. There is no distinction between different tiers of court, and the definition also rolls in spending on ombudsmen and legal aid.

2.2 Trends in justice spending have been remarkably constant in OECD countries

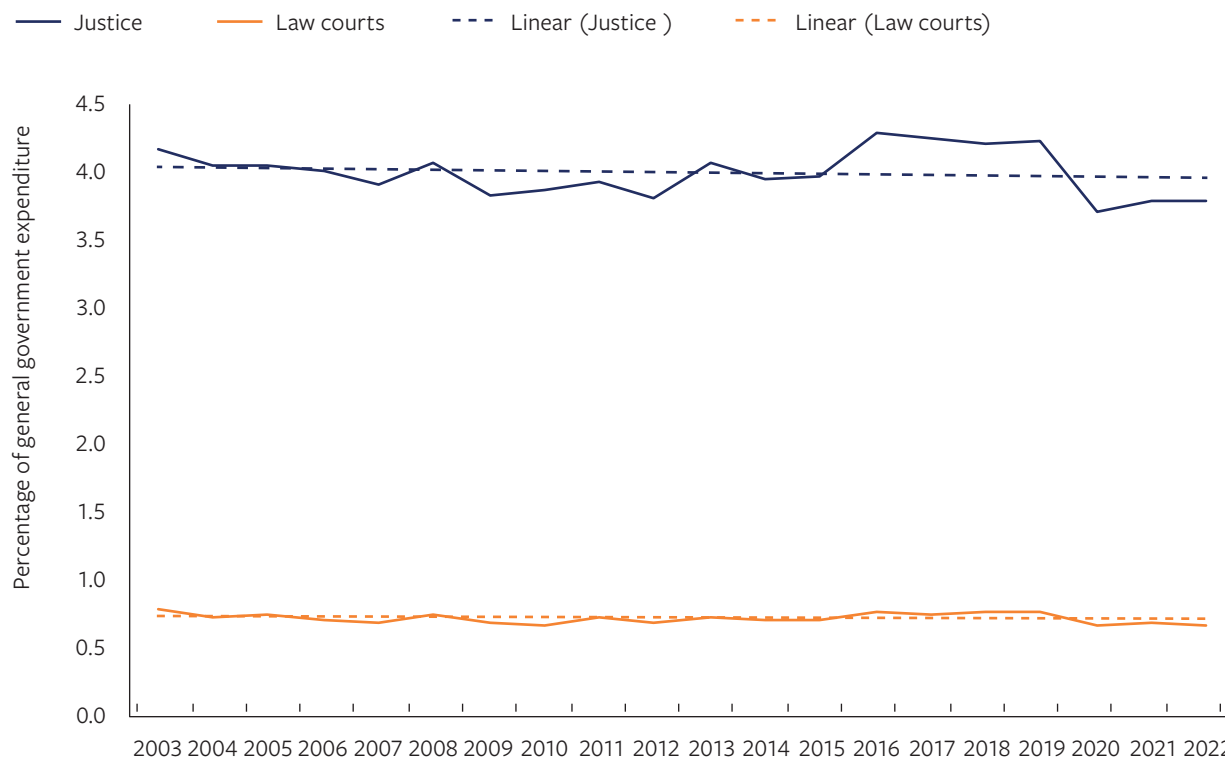
There is currently insufficient data to assess how justice spending in non-OECD countries has varied over time.⁴ For OECD countries, IMF COFOG data shows that following a dip during the Covid outbreak, justice spending is now back to its 20-year average of a 4% share of all government expenditure. As the broken blue line in Figure 1 shows, over the last 20 years this share has been remarkably constant, ranging between just 3.7% and 4.3% of total spending.

Within OECD countries' spending on justice, spending on law courts has been even more consistent, averaging 0.7% of total government expenditure over the 20-year period.

3 See: www.imf.org/external/pubs/ft/gfs/manual/pdf/ch6ann.pdf.

4 IMF COFOG only has data for 15 non-OECD countries extending back for at least seven years.

Figure 1 OECD countries: spending on justice and law courts as a percentage share of total government expenditure over time

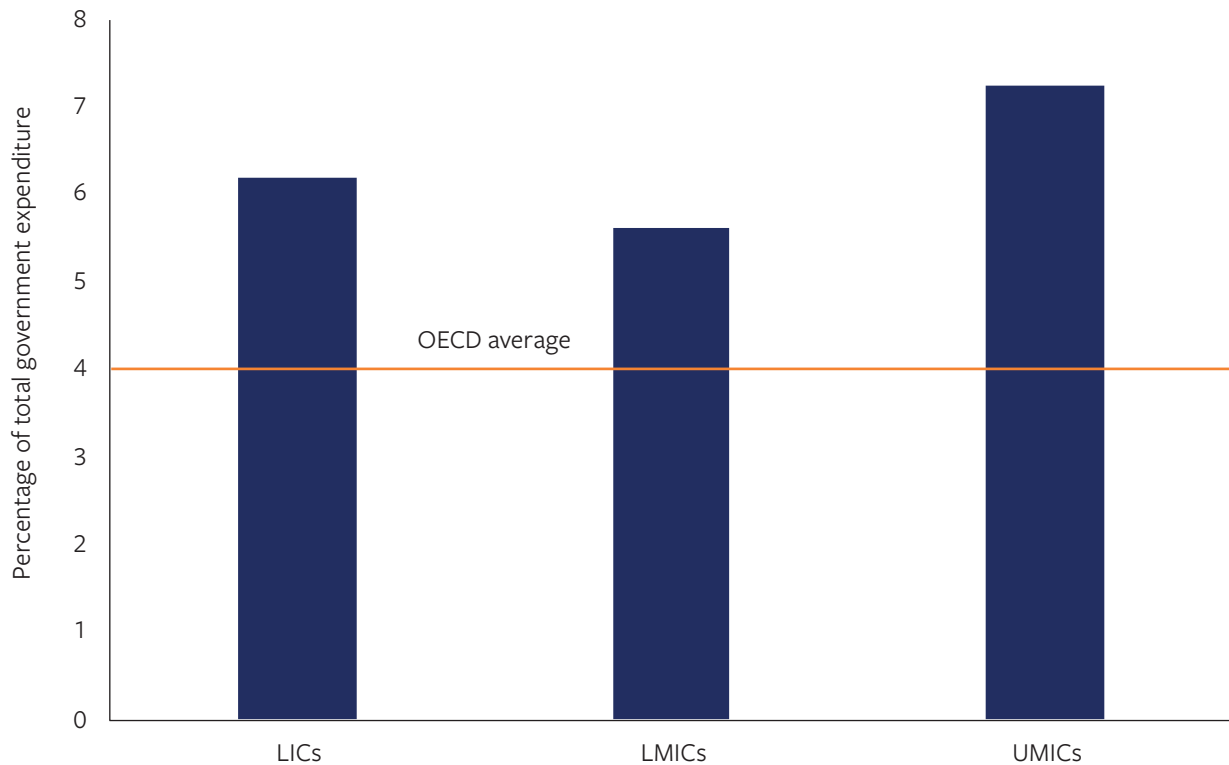


Note: Broken line is 20-year average.

Source: IMF COFOG

2.3 Low- and middle-income countries continue to invest proportionately more in justice than OECD countries, but current relatively high spending on justice is unlikely to be sustained

While OECD countries are spending an average of 4% of total spending on justice, in low- and middle-income countries, the average figure is 6.2%. This is 55% higher than for OECD countries (see Figure 2).

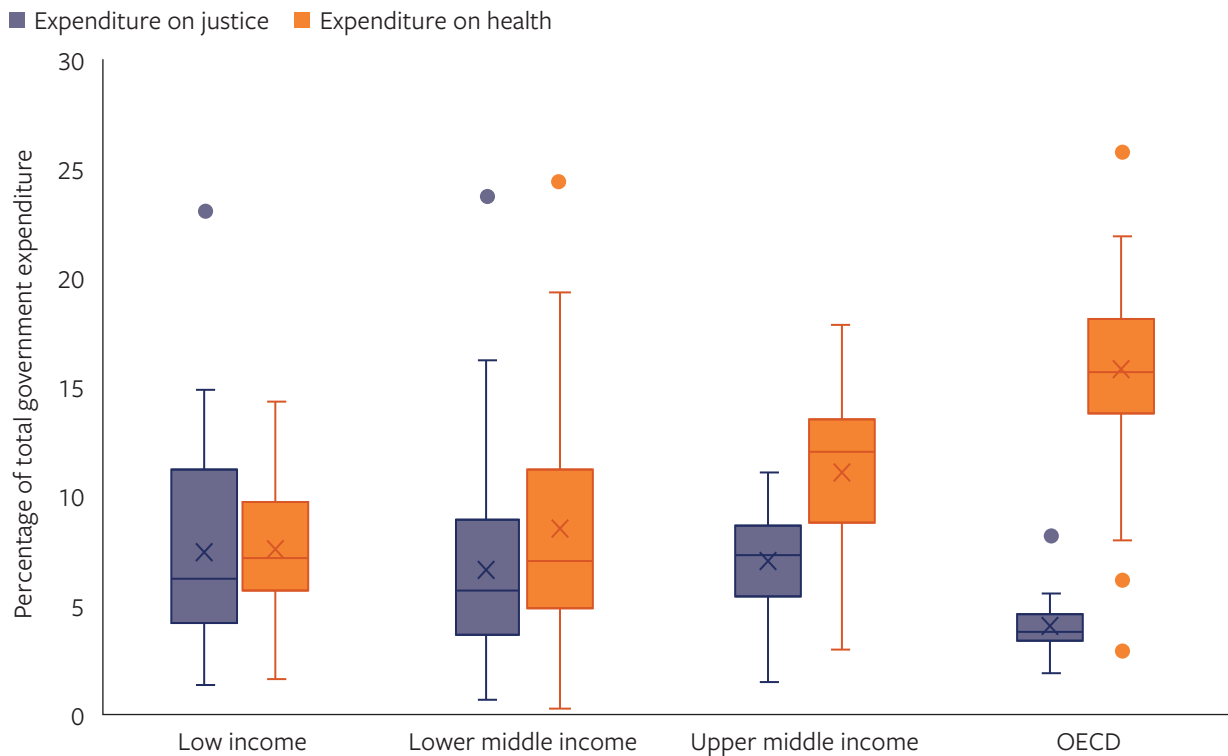
Figure 2 Non-OECD countries: spending on justice as a percentage share of total government expenditure

Source: IMF COFOG, supplemented by ODI Global research

This relatively high level of spending on justice in low- and middle-income countries is unlikely to be sustainable. As countries' income levels rise, spending on other sectors such as health tends to account for a greater share of their budgets. The box and whisker chart in Figure 3 illustrates the point using latest information on the proportion of spending on justice (blue) and health (brown) in different country income groups.⁵ As well as showing the widening disparity between justice and health spending with increased income, the chart also highlights the narrow range of spending on justice in OECD countries (with a small blue box, and very short whiskers). This compares with the much wider range of spending on justice in lower-income countries (with longer boxes with longer whiskers). It would be interesting to interrogate the reasons for these differences in future research.

⁵ The boxes capture the middle half of all observations (the interquartile range). The line in the middle of the box is the median point. Half the observations will be above and half below this point. The 'whiskers' extend to where all but a few outliers would be expected to lie. (An outlier is defined as being more than two interquartile ranges from the median).

Figure 3 Spending on justice and health as a percentage share of total government expenditure



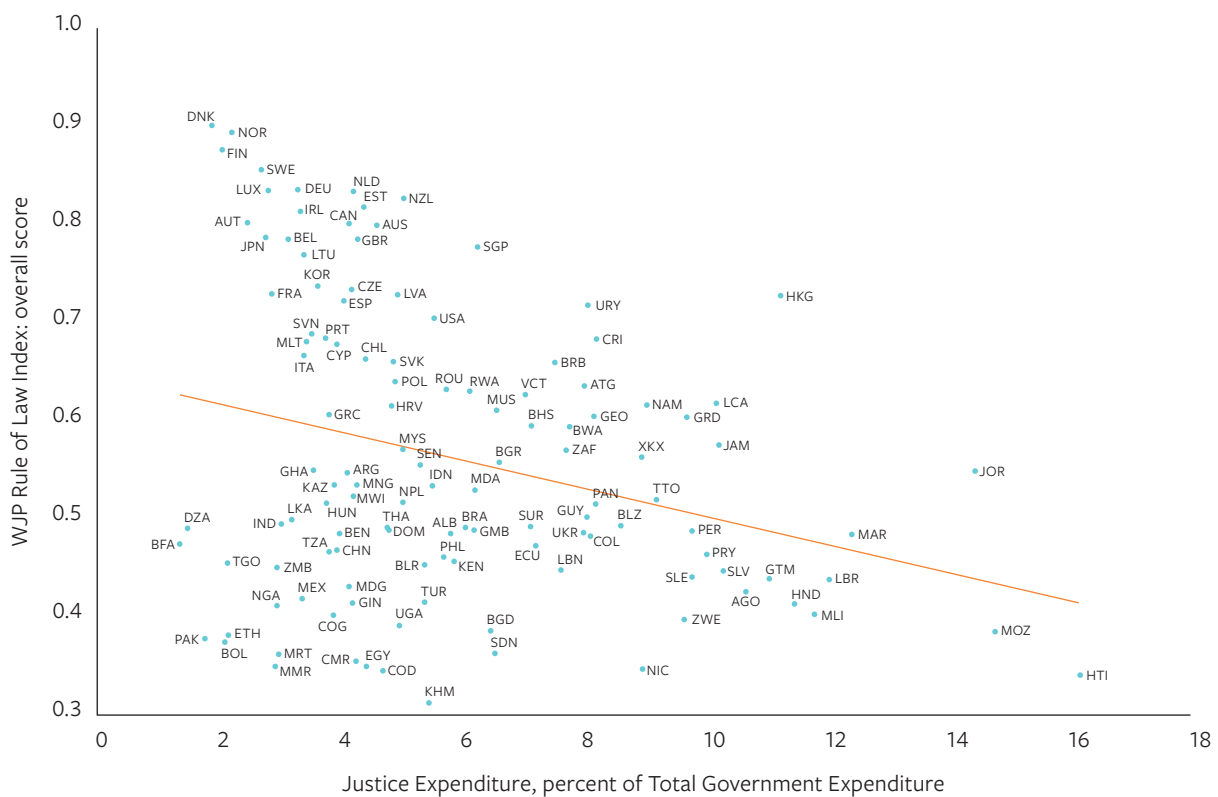
Sources: IMF COFOG, World Bank and World Health Organization, supplemented by ODI Global research

2.4 Higher domestic spending on justice is not associated with better rule of law outcomes

A simple plot of spending on justice against justice outcomes (using the World Justice Project’s Rule of Law Index⁶) shows that spending proportionally more on justice is not associated with better rule of law outcomes. If anything, a higher proportional spend is associated with worse outcomes.

It seems that what matters to achieve good outcomes is how the money is spent – that is, ‘smart’ justice spending.

6 See: <https://worldjusticeproject.org/rule-of-law-index/>

Figure 4 Justice share of government spending relative to World Justice Project’s Rule of Law Index

Notes: Data is for 123 countries. The orange line is the trend line.

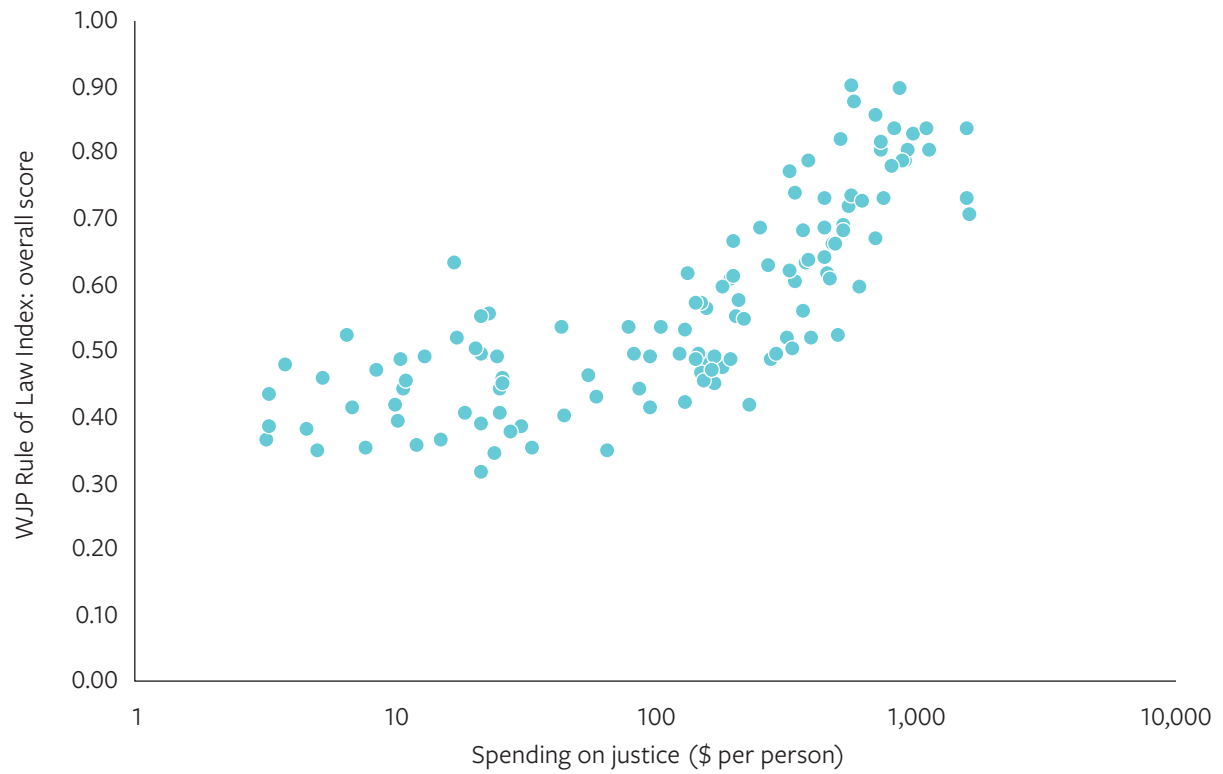
Source: World Justice Project (WJP), IMF COFOG, supplemented by ODI Global

The pattern is less clear when plotting spending on justice in absolute terms (dollars (\$) per person). This is because a better rule of law outcome could be one reason why countries grow and become richer. Figure 5 shows an overall trend of higher spending being associated with better rule of law outcomes, but within this overall trend, at a given level of spending, there can be a wide range of justice outcomes. For countries spending less than \$100 per person, there is no clear association between spending and rule of law outcomes. Many countries spending less than \$10 per person have better outcomes than countries spending close to \$100 per person.

A more detailed analysis of this pattern is beyond the scope of this annual review. For future research, it would be interesting to consider causal links. This could include, for example, the extent to which higher funding is a response to insecurity and conflict, and whether funding levels are associated with different types of regime and degrees of democratic openness. It may also be helpful to explore disaggregated data for any relationship between particular aspects of justice spending and particular sub-components of the WJP’s aggregate Rule of Law Index – for example, funding for courts and civil justice outcomes.⁷

7 Ideas for further research in this paragraph draw in particular from comments by Daniela Barba of the WJP.

Figure 5 Government spending on justice per person relative to the World Justice Project's Rule of Law Index



Notes: Data is for 123 countries.

Source: World Justice Project, IMF COFOG, World Bank, supplemented by ODI Global.

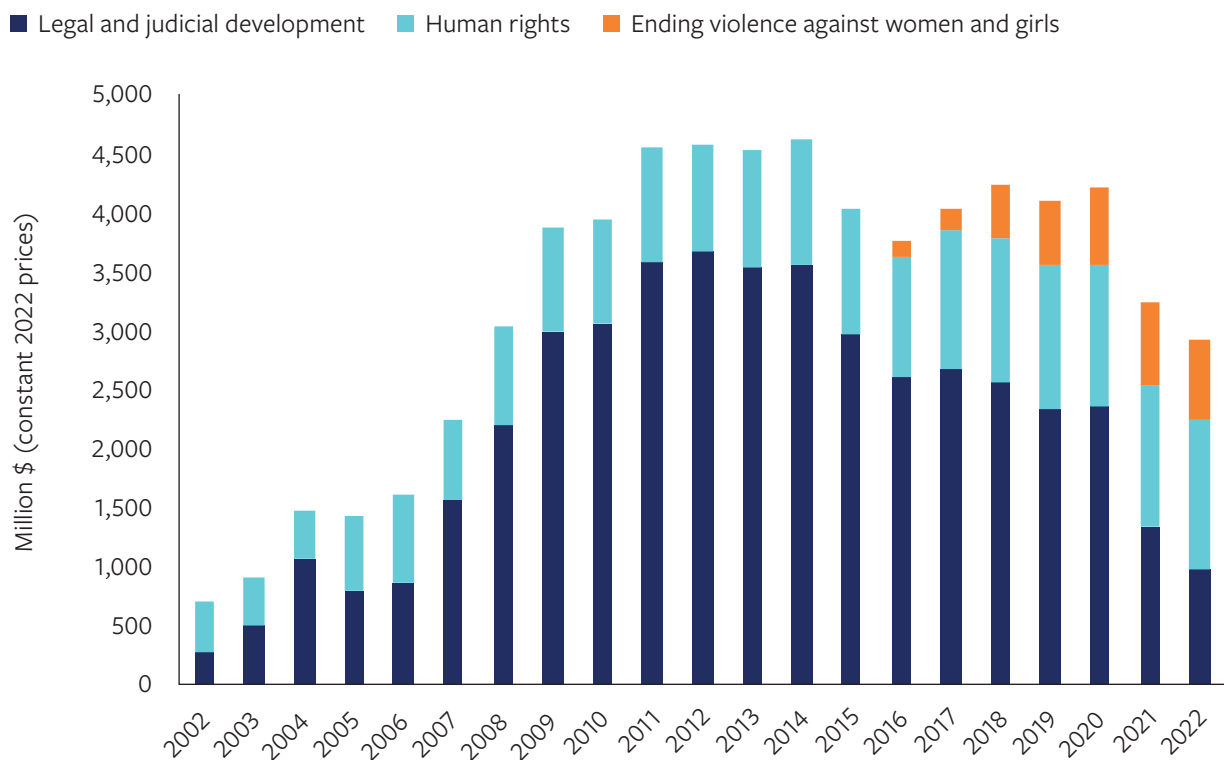
3 Updated trends in aid for justice

3.1 Justice aid continues to fall

Justice aid rose rapidly in the 2000s and peaked at \$4.6 billion in 2014. By 2022, it had fallen to \$2.9 billion⁸ (see Figure 6).

Two-thirds of justice aid is now earmarked for human rights and ending violence against women and girls. Funding for core justice institutions (OECD aid category ‘legal and judicial development’) has fallen by three-quarters since 2012.

Figure 6 Justice aid disbursements



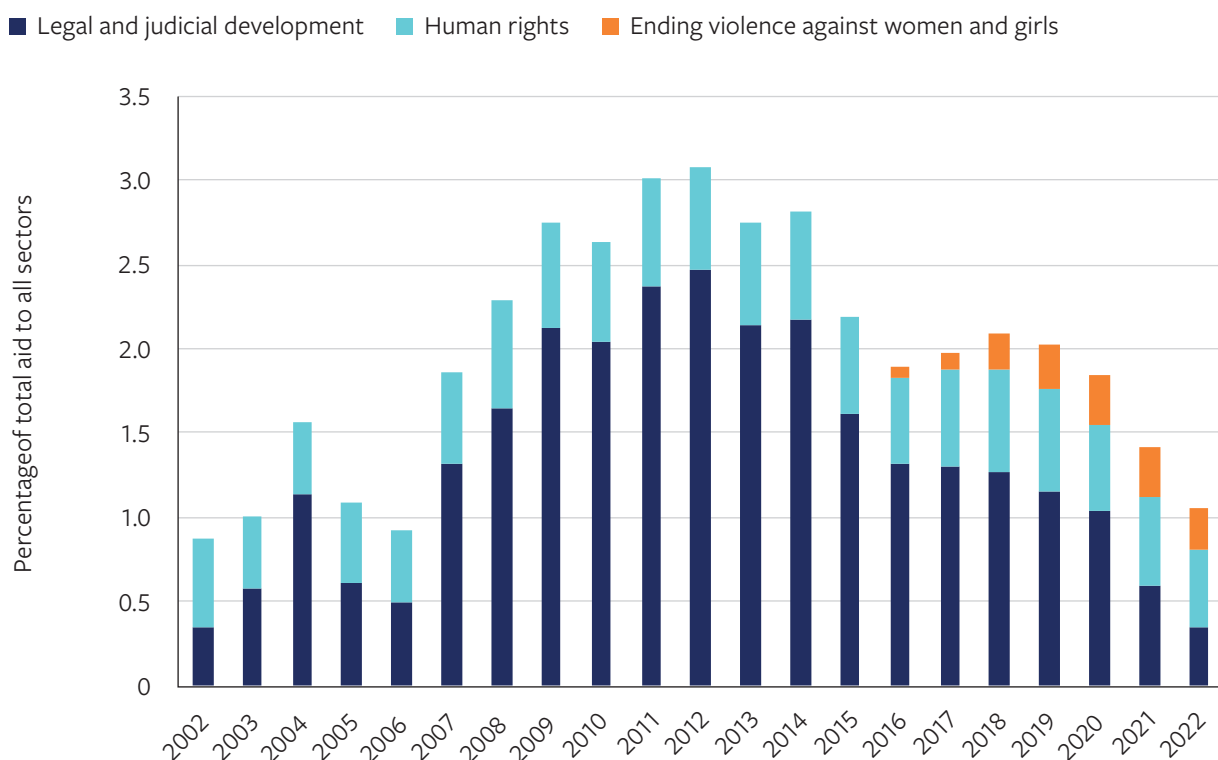
Source: OECD DAC Creditor Reporting System (CRS) database

As well as falling in absolute terms, justice aid has declined in terms of its share of total aid, so justice is becoming less of a priority for donors compared to other issues. As can be seen from Figure 7, justice’s share of total aid peaked at 3.1% in 2012. Latest data shows it standing at 1.1%, a fall of 65%.

⁸ In constant prices adjusted for inflation.

The 1.1% of donor funds allocated to justice is only a quarter of amount donors spend on justice at home, where they allocate 4% of their domestic spending to justice. When compared with recipient countries’ domestic spending on justice, the proportion of aid given to justice is just one-sixth of the amount low- and middle-income countries allocate to justice from their domestic resources. This striking mismatch between aid and domestic priorities is surprising given donor commitment to aid reflecting local priorities.⁹

Figure 7 Justice aid disbursements as a percentage of total aid to all sectors



Source: OECD DAC CRS database

3.2 The rise and fall of justice aid is predominantly due to trends in US aid

The United States (US) has been by far the largest justice donor, and (just) remains the largest donor. US aid is provided by a range of government agencies, including the State Department and the US Agency for International Development (USAID). US support to justice peaked in 2011–14 at \$2.5 billion, but has now fallen by 80% to just \$0.5 billion.

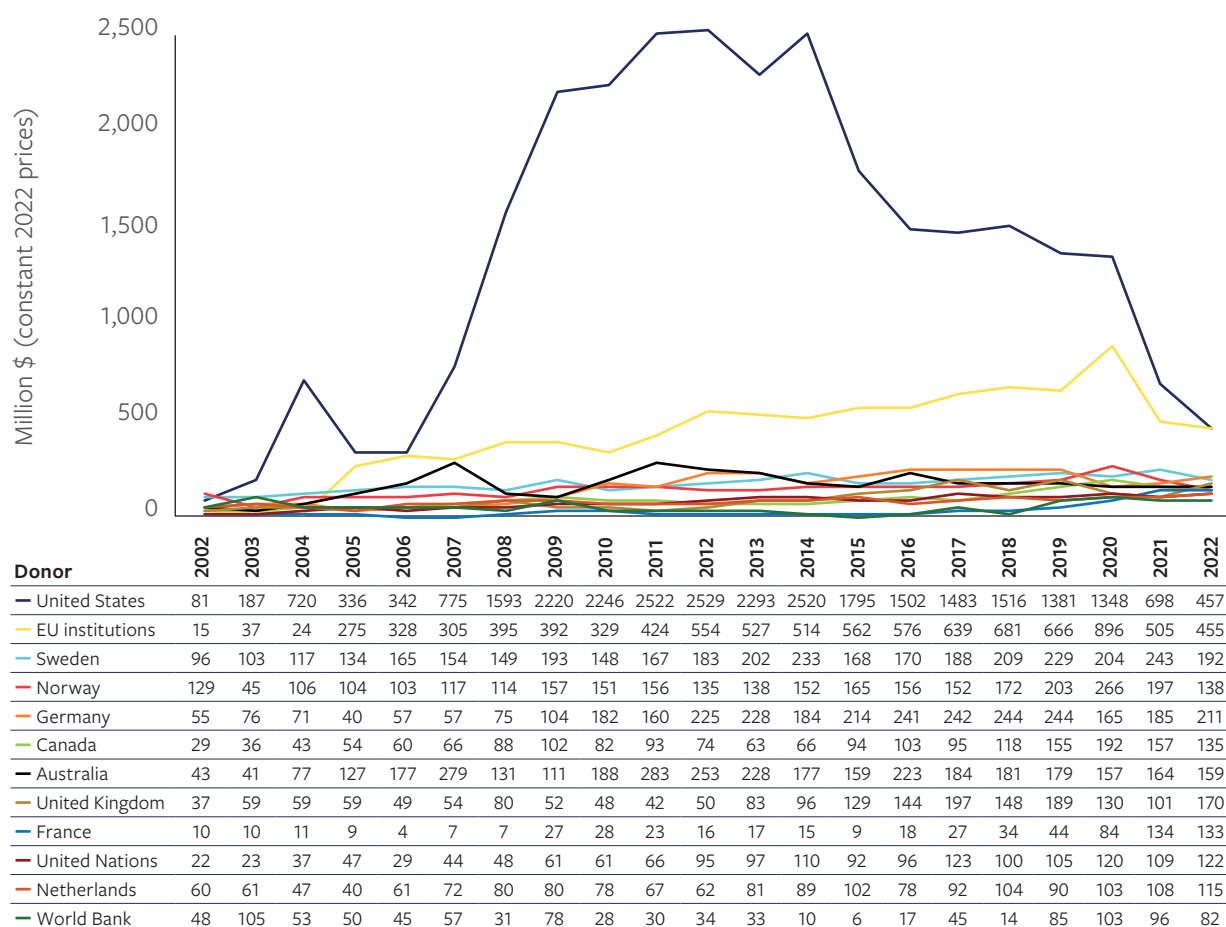
9 See, for example, the collective donor statement at the 2022 Effective Development Cooperation Summit in Geneva (www.usaid.gov/localization/donor-statement-on-supporting-locally-led-development).

European Union (EU) institutions have been the second largest donor since 2005. Their aid peaked much later – in 2020 – at \$0.9 billion. Their support has since fallen to \$0.5 billion.

The four other largest current donors (based on average disbursements 2020-22) are Sweden, Norway, Germany and Canada, each providing \$0.2 billion. Australia was the third largest donor in 2011–13, but is now the seventh. The eighth largest donor – the United Kingdom (UK) – reduced its aid to justice in 2020 and 2021 (as part of wider aid reductions), but is now back to pre-cut levels. French justice aid has grown rapidly in the last few years.

Collective core funding for justice from UN agencies makes them the 10th largest donor. However, UN agencies, especially the UN Development Programme (UNDP), also manage substantial earmarked funding from bilateral funders, so their total funding is much larger. In Figure 8, this is all credited to the original bilateral funder. The Netherlands is the 11th largest donor. The World Bank was the second largest donor in 2002 and has just returned into the group of top 12 donors.

Figure 8 Justice aid disbursements – top 12 donors



Source: ODI Global calculations using OECD DAC data

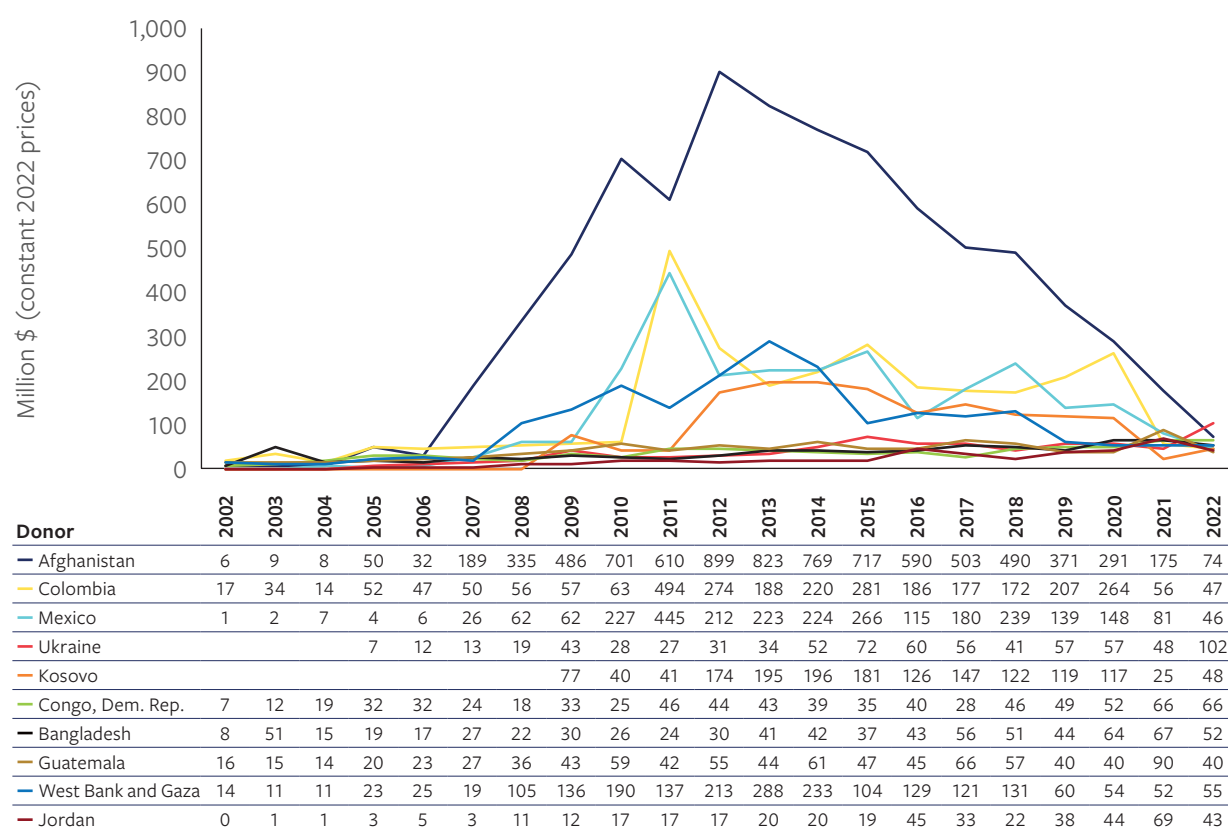
3.3 Three-quarters of justice aid goes to middle-income countries

Most of the top 10 recipients of justice aid are middle-income countries. The latest data shows that the only low-income countries in the top 10 recipients are Afghanistan and the Democratic Republic of Congo (DRC).

For many years, low-income Afghanistan was by far the largest recipient of justice aid. At its peak in 2012, it received \$900 million, accounting for 20% of total justice aid. Since the Taliban takeover in August 2021, justice aid to Afghanistan has fallen to less than \$100 million. Justice aid is now more evenly spread between recipient countries. In 2022, Ukraine was the only country to receive more than \$100 million in justice aid.

Most countries have a range of donors involved in justice, with three-quarters of justice aid typically provided by six donors. However, in four countries, there is one overwhelmingly dominant single donor that provides more than half of all justice aid – the US in Afghanistan, Colombia and Mexico; and EU institutions in Kosovo. It also striking that donors have distinct priority countries, with 9 of the 12 largest donors having their own unique top priority country.

Figure 9 Justice aid disbursements – top 10 recipients



Note: Top 10 recipients listed in order of average for the last 3 years.

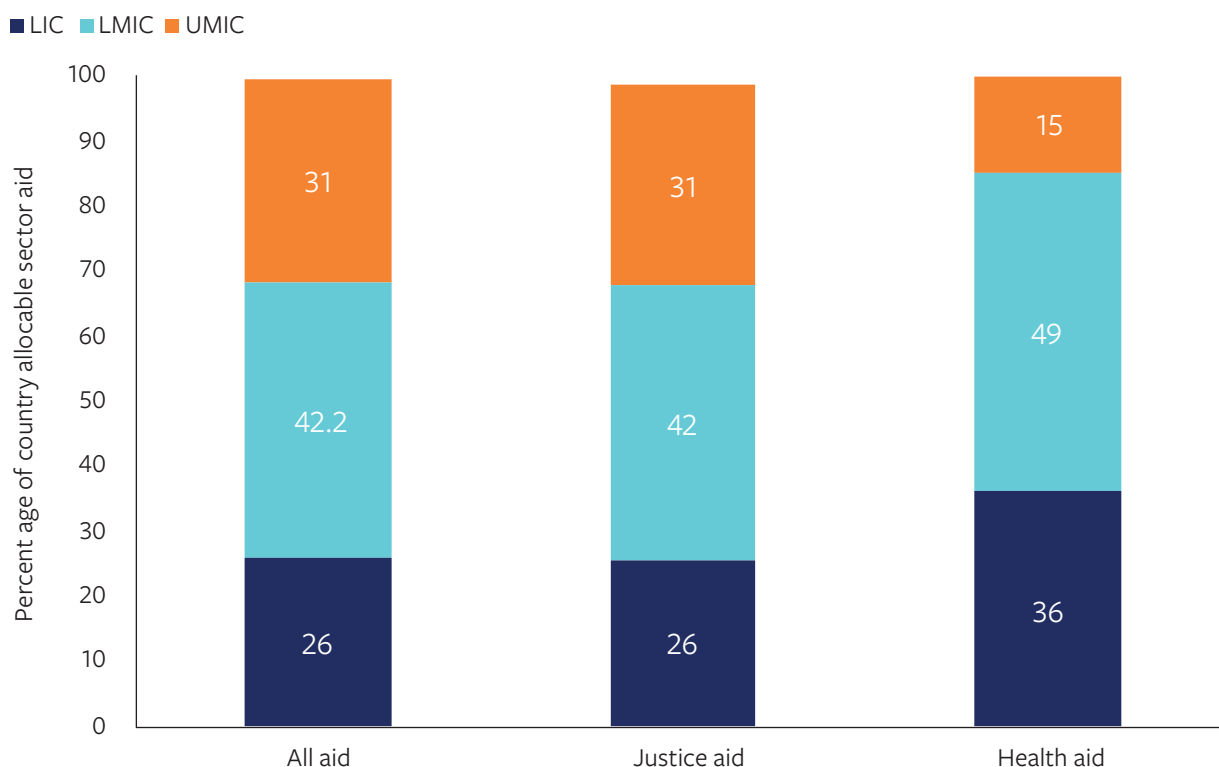
Source: OECD CRS database

3.4 Justice aid on average is poorly targeted relative to justice financing gaps, which are much larger in low-income countries

Across the board, aid is not well targeted towards low-income countries, which receive just 26% of all aid (see Figure 10). Justice aid allocations are the same, with 26% of justice aid going to low-income countries. This pattern of justice aid allocation has changed little in the last 10 years.

As Figure 10 shows, aid to health is differently allocated across country income groups, with poorer countries receiving a larger share (36%) of total aid to health. The argument for targeting aid in this way is that it is poorer countries that have much less ability to finance a nationwide basic service from their own domestic resources and hence face substantial financing gaps (Manuel et al., 2019; Manuel et al., 2023). If justice aid were as well targeted on low-income countries as health aid, this would provide low-income countries with an additional \$290 million a year for justice in total. This would be enough to finance the scaling up of basic front-line services to the whole population in all low-income countries, which is estimated to cost \$249 million (Manuel and Manuel, 2023b).

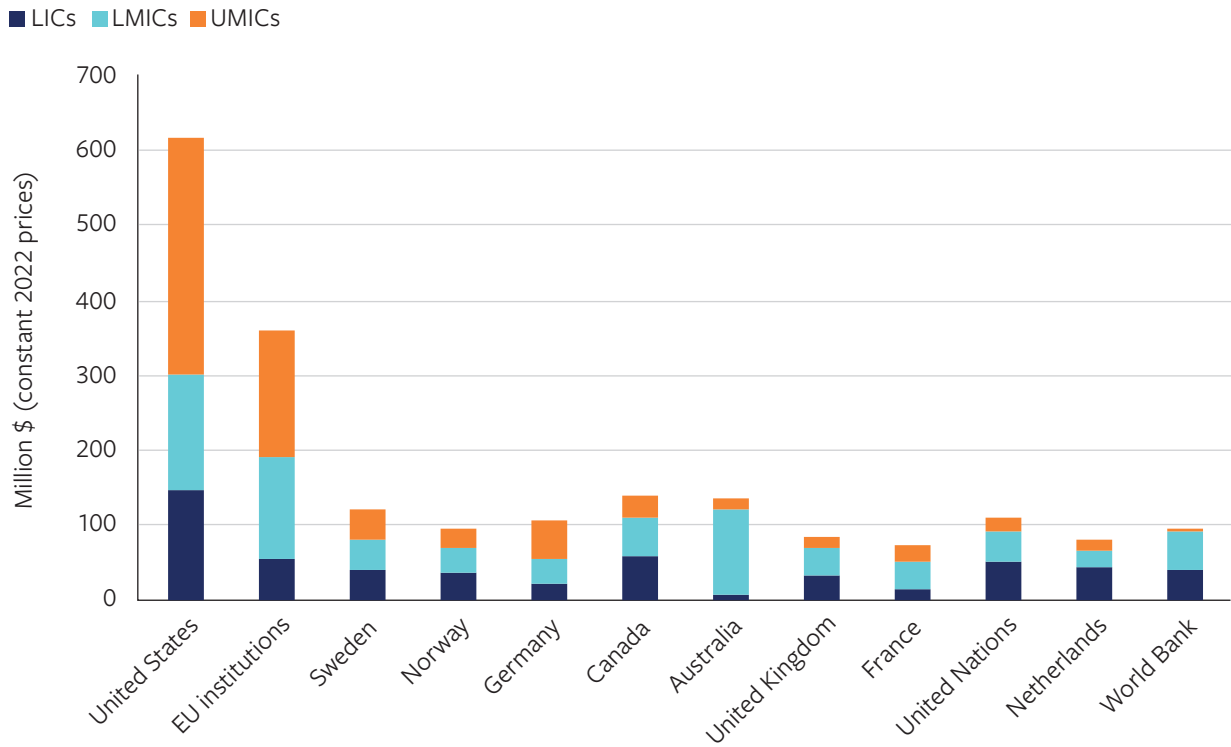
Figure 10 Allocations of all aid, justice aid and health sector by recipient income group



Source: OECD DAC CRS, 2022 data

Some donors already give greater priority to low-income countries. The Netherlands gives them the greatest focus, with over half its justice aid going to low-income countries. Most of the other top 12 donors provide at least a third of their justice aid to low-income countries. Only two provide 15% or less – EU institutions (15%) and Australia (5%).

Figure 11 Allocation of justice aid to LICs, LMICs and UMICs by top 12 donors



Note: Calculations are based on three-year average justice aid 2020-2022

Source: ODI Global analysis of OECD DAC CRS data

4 Conclusions

In the light of the trends discussed in this policy brief, it is difficult to see any immediate scope for significant increased funding from either domestic resources or aid to address the justice gap – that is, the 1.5 billion people who are unable to solve their justice problems today (Task Force on Justice, 2019). OECD countries are already allocating around 4% of total expenditures to justice, and low- and middle-income countries a probably unsustainable 6%. Aid to justice continues its downward trend, and is more targeted on countries that can afford to address the justice gap from their own resources.

Addressing the justice gap by providing scaled-up front-line justice services to address people’s everyday justice problems will require ‘smart’ financing – making better use of existing resources. This makes sense, as higher spending on justice at the country level is not necessarily associated with better rule of law outcomes.

Improved data on domestic resourcing of justice would assist with smarter financing. If the World Bank were to include justice spending in the World Development Indicators, alongside spending on other services such as health and education, this could help to institutionalise the gathering of data on justice and encourage countries to report on their justice spending.¹⁰ Better disaggregated COFOG data on where justice funds are allocated within the sector (on a similar basis to health and education) would also enable better analysis of how to spend money well.

Smarter financing of justice aimed at reducing the justice gap and funding services to address people’s everyday justice problems would require a reimagining of current justice financing in several respects:

- Governments would need to commit to prioritising the financing of scaled-up front-line justice services and to providing a regulatory environment for such services to flourish.
- Funds would need to be focused on the most cost-effective services – that is, smart financing for ‘best buys’. Previous (Manuel and Manuel, 2023a) and ongoing ODI Global research shows there are multiple examples of innovative front-line services that are making a direct impact on the justice gap. These are currently being provided at affordable benchmark unit costs and there is scope to scale them up. Scaling up these kinds of services across all low-income countries would be relatively cheap – costing an estimated \$249 million a year (Manuel and Manuel 2023b).

¹⁰ See: <https://databank.worldbank.org/source/world-development-indicators>

- Donor countries would need to reconsider their approach to justice aid and the extent to which their justice programming aims to address the justice gap. Using aid to address the justice gap would mean donors reorientating their justice aid to give a stronger focus to financing scaled-up justice services in low-income countries that cannot afford to fund such services from their own resources. If justice aid was as well targeted as health aid, this would generate an additional \$290 million a year.

These approaches are currently being developed in the Justice Action Coalition's developing Justice Financing Framework. The framework will provide guidance for country-level justice financing, including financing principles, benchmarks and ambitions to address the justice gap.

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