



Prosperity Insight Series

REFORMING JUSTICE

Engaging with Countries on Judicial Budgets

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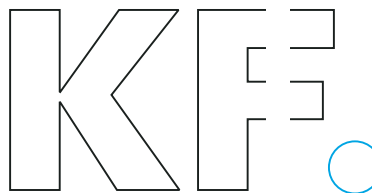
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KEY FINDINGS

- **Judicial budgets account for less than 2 percent of government expenditure on average.**
- **Judicial budgets shrunk during the COVID-19 pandemic and have not returned to pre-pandemic levels.**
- **The lack of dedicated budget lines for computerization in low-income countries can motivate the World Bank engagement.**

Adequate budgeting of the judiciary is critical for the effective delivery of justice. This brief presents trends in judicial budgets. Courts account for less than 2 percent of total government expenditure on average, with significant portions dedicated to fixed costs such as salaries, thereby limiting investments in technological advancements essential for improving judicial efficiency. This brief identifies three major trends in judicial budgeting reforms: increasing autonomy for the judiciary in budget management, accountability for budget execution at the court level, and a shift towards performance-based budgeting models. These reforms aim to bolster the operational efficiency and public perception of the judiciary, ultimately linking adequate judicial funding to enhanced social and economic outcomes. The findings emphasize the necessity for judicial leaders to continuously advocate for resources by demonstrating the judiciary's integral role in maintaining law and order, promoting democracy, and fostering societal stability.

Why the Judiciary Needs to be Adequately Budgeted

Adequate resources are essential for courts to deliver justice quickly, cost-effectively, and with high quality. While often in the background of economic and institutional development, the judiciary plays a vital role in upholding individual rights and freedoms, as well as the constitutional principles upon which society functions. With few established guidelines on funding judicial systems for these purposes, many countries struggle to do so adequately. Economic downturns, budget cuts at the national or local level, and natural disasters and emergencies trigger additional funding challenges, as resources are allocated with priority to sectors like security, healthcare, or infrastructure. Furthermore, judicial budgets are often spent on fixed costs like salaries and buildings' maintenance, leaving little financing for investments in new technology. This is especially the case in developing economies.

Appropriate funding is required for all aspects of justice delivery. Courthouses need maintenance, increased accessibility, and security enhancements. Government funding ensures the safety of court personnel, litigants, and the public. Cybersecurity measures protect sensitive personal and corporate data. Courts also require resources to meet the challenges that emerge from a growing economy and from increased legal complexity – for example, storage facilities and subscriptions to electronic libraries. Technology improves efficiency, case management, and access to court records (Bosio 2023).

Beyond the everyday functioning of the courts, calibrating the size of judicial budgets also requires an understanding of which judicial services are most needed to meet the public interest. This prioritization, in turn, goes to the heart of why it matters that the judiciary is adequately budgeted, that is, to uphold the rule of law by interpreting and applying rules in ways that are consistent, predictable, and based on existing laws. Financing the judiciary means supporting the fulfillment of a necessary public function – the maintenance of law and order – that guarantees democracy, prosperity, and peace.

To achieve these tasks, judges must be independent of political influence and have the skills and resources needed to perform the work. In the 21st century, judges have access to advanced computing, word processing, research, and communications services which are far better than what they once had. These technologies have enabled judges and court staff to be more efficient, more collaborative, and more productive than ever before in various settings. Continued investments in the judiciary are likely to continue leading to efficiency gains that will relieve pressures on judicial budgets over time. The implementation of Korea's e-court system, for example, resulted in savings of \$221 per e-filing. These savings resulted from a reduction in the use of paper, the time spent in court, cheaper service of process, lower transportation costs, easier archiving of documents, and easier payment of fees (World Bank 2013).

This note is part of a series of thematic briefs produced by the [Global Program on Justice and Rule of Law](#). The series highlights lessons learned from justice reform efforts and focuses on the “why, how, and what” of reform. This note was written by Erica Bosio, with research support from Virginia Upegui Caro and Meng Su, and comments from Richard Sutherland. For questions on this note, please contact Erica Bosio at ebosio@worldbank.org.

The data used for the analysis on this Note was extracted from the following sources: (1) the database of court budgets from the European Commission for the Efficiency of Justice (CEPEJ) with information from 36 countries for the reporting cycle 2020-2022, (2) the IMF Government Finance Statistics (GFS) with information from 25 countries, using the subset “General Government” and “Expenditure on Law Courts” for the year 2020, (3) the Overseas Development Institute (ODI) judicial budget database with information from 26 countries for the year 2020, (4) data extracted from national budget documents for 26 countries for the year 2020, based on identification of line ministry/institution or sector/mission related to judicial service delivery and (5) the BOOST Open Budgets Portal with information from 35 countries for the year 2020.

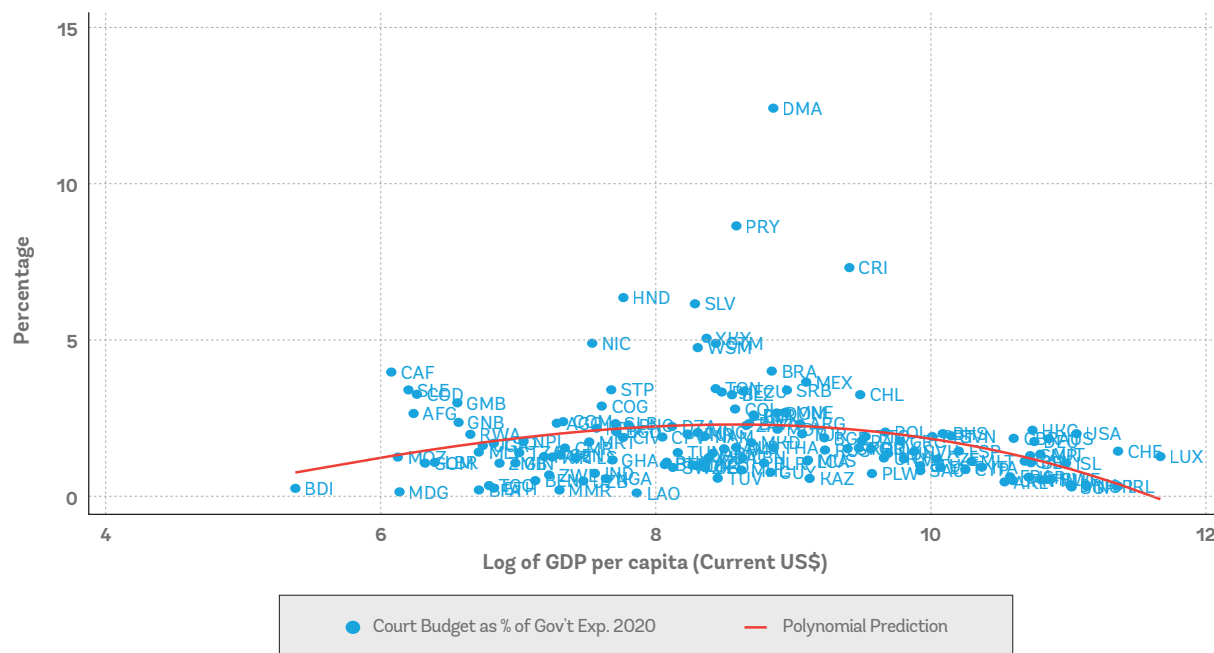
Three Basic Facts about Judicial Budgets

Three stylized facts about judicial budgets are worth emphasizing at the outset. Where an economy is placed on these international comparisons largely determines what type of changes policy makers may wish to pursue.

First, judicial budgets account for less than 2 percent of government expenditure on average worldwide. This average share in total government expenditure is similar in advanced economies and emerging markets, in common and civil law jurisdictions, and in countries with different types of political systems.¹ There are few countries that spend a larger share of their budget on the judiciary – for example, Costa Rica, Paraguay, and Honduras in Latin America.

There are some differences across regions – with OECD high-income countries having the lowest budgets, at around 1.2 percent of government expenditure, and Latin American countries having the highest budgets, at 3.8 percent of overall expenditure (Figure 1). Latin American countries tend to have higher judicial budgets as a way to guarantee judicial independence. Indeed, many countries in the region have constitutional provisions aimed at guaranteeing a minimum threshold of budgetary allocation. For example, in Paraguay, the Constitution establishes that the Nation must allocate at least 3 percent of the budget of the Central Administration to the Judicial Power (Art. 249 of the Constitution).

Figure 1: Court budget as a percentage of government expenditure



Source: Author's calculations.
Year: 2020

1. Richer countries in terms of income per capita have smaller judicial budgets, at 2 percent of government expenditure vs. 1.5 percent for lower-income countries. This difference is, however, not statistically significant. Autocratic countries, countries in the civil law tradition, and Latin American countries have larger judicial budgets, though – except for the latter – these differences are again not statistically significant.

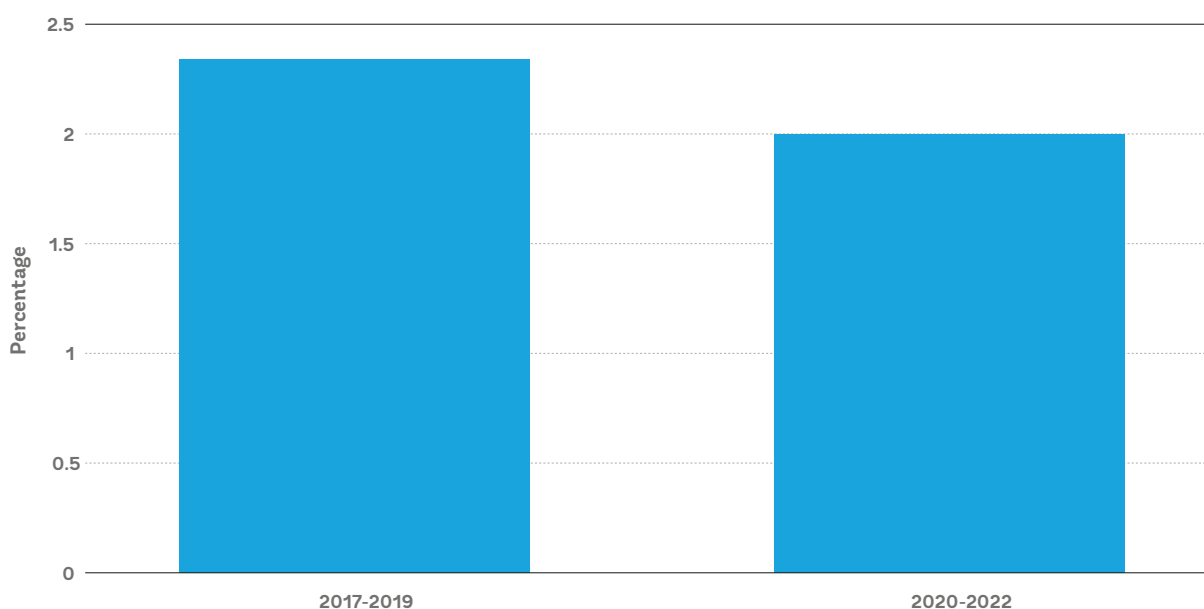
This is also the case in Costa Rica, where the Judiciary receives at least 6 percent of ordinary revenues (Art. 177 of the Constitution); Honduras, with an allocation of at least 3 percent of the current revenues (Art. 318 of the Constitution); Panama, where the Judicial Power and the Public Ministry receive at least 2 percent of the Central Government income (Art. 214 of the Constitution), and Guatemala, where the Judicial branch receives at least 2 percent of the Budget of Ordinary Revenues of the State (Art 213. of the Constitution).

Second, the share of judicial budgets in government expenditures fell during the COVID-19 pandemic, as other priorities like health and safety became prevalent. The global pandemic propagated a shift toward online justice and reduced the cost of going to court. South Africa, for example, expanded the use of e-filing, implemented an online cloud-based collaborative solution enabling digital

case management and evidence management systems for high courts, and permitted hearings via videoconference in selected cases (Sourdin, Li, and McNamara 2020). Australia, Canada, Hungary, India, Italy, Qatar, and the United Arab Emirates, among others, also introduced videoconferencing technology in courts during the COVID-19 crisis. These online systems has increased access to justice, particularly in countries where citizens need to travel far to get to the nearest courtroom. It has also benefited people with disabilities and those with language barriers.

Judicial expenditures have not gone back to pre-pandemic levels, partly because of other priorities – for example, the need for increased military budgets after the war in Ukraine – keep coming up (Figure 2). Despite lower budgetary allocation, demands on the justice system have continued to grow. The International Labor Organization reported

Figure 2: Comparison of expenditure shares pre- and post-COVID-19 pandemic



Source: World Bank data.

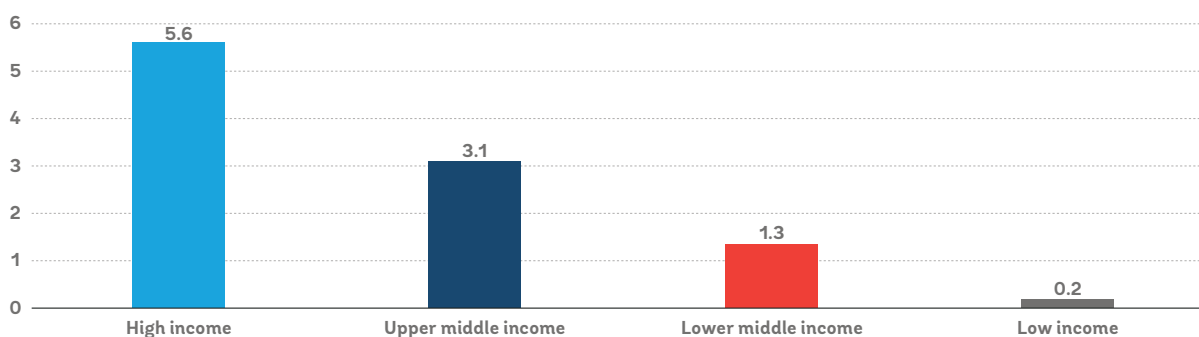
Note: A total of 111 countries were observed for 2017–2019, and 148 for 2020–2022.

a 26% increase in the volume of individual and collective labor disputes globally post-pandemic (ILO 2021). In the United Kingdom, magistrate courts experienced an 83% surge in their caseload (Godfrey and Walklate 2021), while the US saw a 17.9% rise in the number of eligible legal aid clients following the pandemic (Rubin Gomez 2021). This competition for public funds raises the issue of how to safeguard judicial budgets. The main approach is to consistently show relevance, that is, linking efficient judiciary to economic growth and social welfare. Recent scholarship clearly demonstrates the link between efficient judiciary and such benefits – but these need to be continuously highlighted.

Third, on average, around 70 percent of judicial budgets are spent on salaries of judges and staff. Another 15-20 percent is spent on goods and services, and the remaining 10 percent on

capital expenditures and technology. Comparable breakdowns were available for 52 countries (20 high-income, 10 upper-middle-income, 7 lower-middle-income, and 15 low-income countries). While all high-income countries have a dedicated budget line for computerization (maintenance and capital improvements), only three low-income countries do, and these low-income countries only dedicate small resources (Figure 3). Overall, the large share of wage expenses precludes significant investment in new technology, which is one reason why judiciaries tend to lag behind other parts of public institutions in providing electronic services. This is especially true in low-income countries, where resources are either very small or not allocated at all to electronic services. The COVID-19 pandemic was a catalyst for the provision of more e-services in many jurisdictions, but more is needed.

Figure 3: Percentage of judicial budget dedicated to computerization



Source: World Bank data.

These three facts lead to a single conclusion: judicial budgets are under constant stress from other competing government priorities; and in many countries, they are spent to simply maintain the existing operations of the courts. This leaves little room for investment in new technology and process enhancements that can lead to improved

productivity and quality of judicial services. Hence, there are opportunities for the World Bank to support technological improvements toward greater effectiveness, especially in low- and lower-middle-income countries where dedicated budgets are often lacking.

Three Trends in Reforming Judicial Budgets

Over the past two decades, three distinct trends have emerged in the reform of the judicial budgeting process.

First, countries are reforming their budgeting practices to give more autonomy to the judiciary in the preparation and management of its budget. This increased autonomy can be achieved by shifting the burden of preparing the budget from the executive (Ministry of Finance or Ministry of Justice) to the judiciary, usually through a dedicated entity. In Armenia, for instance, since 2018 the Supreme Judicial Council submits the courts' budget request to the government, who then submits it to the National Assembly. This model promotes independence of the judiciary and potentially more efficient spending, as the judiciary can design priorities in spending categories (World Bank 2023). In another case in the United Kingdom, since 2013 the Supreme Court's request for resources must be passed to the Treasury without any alteration in spending categories (Rosselli 2020). In the Democratic Republic of Congo, the 2005 Constitution established that the Superior Judicial Council is entitled to draft its own budget and transmit it to the government for inclusion in the state's general budget.

In 2014, the Belgian Parliament passed a law related to the "autonomous management of the judicial organization." The objective of this new law was to decentralize and transfer the responsibility for budget management to the judiciary. This was done through the introduction of a new managerial architecture of the judicial system, focused on a shared responsibility between the newly established Public Prosecutor's College, College of the Courts and Tribunals, and the local committees managed by the jurisdiction chiefs (Dupont and Schoenaers 2018).

Second, once budgets are allocated, the court

president or senior court manager, supported by the court's finance office, are made responsible for their execution. This is the case in the courts of the Czech Republic, Denmark, Finland, and the Netherlands. These courts have the flexibility to allocate their funds as needs change. The court president executes and manages the budget, using the court's strategic or action plan as guidance.

In 2009, Italy introduced a court supervision of budgets, where the budget is classified into missions, programs, and actions. These objectives are included in the "Annual Performance Plan" that is annexed to the budget law. In practice, however, resources are not allocated based on performance indicators, though the distribution of resources among courts still follows an incremental approach. In other words, there are no direct budgetary consequences if the courts do not reach the performance goals established (Viapiana 2023). This is known as "presentational performance budgeting," where there is no formal link between performance information and budget allocation (Viapiana 2018).

In France, in 2004, a decree transferred the budget responsibility to the chiefs of courts, who are tasked with expenditure authorization. Until then, the management of authorization of expenditures was done at the local-level administration through the *préfectures* (Kirat 2010). Given that this reform was not accompanied by an increase in staff and the assignment of administrative personnel knowledgeable of accounting and financial matters, many considered that it negatively impacted the functioning of courts that had to manage the burden of these new administrative functions with no additional human and financial resources (Kirat 2010).

In 2020, Finland introduced the National Courts Administration Agency (EJTN, n. d.). It operates

in the administrative branch of the Ministry of Justice (MOJ), but it is an independent agency. This institution is charged with proposing the budget request to the MOJ and decides on the allocation of the funds to the different courts (Finland National Courts Administration, n. d.). The budget allocation is directly attached to the completion of certain performance targets and indicators. These targets are based on the future expected caseload, as well as the cost per case and the number of cases disposed by each judge in the year. Other performance indicators include the number of incoming cases, the length of proceedings, the number of pending cases, and quality indicators, among others. The coefficient to calculate the performance indicators is based on working time, the difficulty of the case, the hearings required, and the number of judges that compose the panel of decision (Viapiana 2018).

Third, in some jurisdictions, there is an attempt to move from a historical line-item budget focused on inputs to program-based and performance informed budgeting focused on outputs and outcomes. Some countries use the performance information to feed into the negotiation of the budget, while others use it directly as a formula to calculate the allocation (for instance, the Netherlands uses a price per case model which directly establishes the budget allocated based on the output indicators). This model, however, contains some risks. It generates a bundle of administrative responsibilities that create a burden on courts, which are not always met with the corresponding human and financial resources to take care of them. It also relies on the availability and accuracy of administrative data.

For example, under the 2005 Court Sector Funding Decree, the Netherlands introduced the concept of output-based budgeting to the judicial system, which means that the judiciary receives funding

depending on the outputs accomplished (in this case, the number of cases disposed). The price to be paid for each case disposed depends on (1) the level of the court (district courts, courts of appeal, and Central Appeals Tribunal), (2) the field of law (civil, criminal, administrative, etc.), and (3) whether the decision is taken by a judge sitting alone or a panel of judges. These prices are negotiated between the Ministry of Security and Justice (MSJ) and the Council for the Judiciary and are fixed for a three-year term. These are included in the central government budget.²

This change was implemented to increase the productivity of courts and prevent backlogs. The Council responds to the MSJ regarding the information the Judiciary has provided on the quality of services, the production of cases, and the money received and spent. Each court receives funds depending on the number of cases decided during the previous year (Langbroek 2010).

In 2020, the Ivory Coast introduced a program-based budgeting, based on which financial allocations are done according to specific missions, programs, and indicators.³ Justice is included under Mission 2: Defense, Security and Justice, which is one of the nine missions established for the distribution of government resources. Mission 2 includes a specific program under the Ministry of Justice and Human Rights called Program 2: Jurisdictions, which has three specific objectives: (1) improve socioeconomic access to justice, (2) reinforce judicial protection to children and young people, and (3) improve the quality of the judicial system.

In 2010, Uruguay introduced a budget structured by programs aimed at linking financial allocations to the government plan. It defined 17 programmatic areas (including justice administration) to measure objectives related to the implementation of policies

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2. Viapiana and Fabri (2019) call this model “purchaser-provider model,” given that the budget amounts and courts’ funding allocation are based on a “Price x Quantity formula,” where the quantity is the number of resolved cases and the price is set by the Judicial Council in negotiation with the MSJ.
 3. Since 2020, the government has pursued reforms to the public financial management framework that allowed the introduction of program-based budgeting (Côte d’Ivoire, Ministry of Budget and State Holdings 2023).

in coordination with the institutions involved in each program. In turn, each objective is associated with at least one target and indicator, allowing for better measurement of its completion (OECD 2019). In terms of institutional arrangements, Article 220 of the Uruguay Constitution gives the judiciary the power to draft its own budget and present it to the executive branch of the government. The latter can

make modifications before the final review by the legislative branch of the government. Performance based budgeting aims to increase efficiency, but can lead to perverse incentives (fast decisions to the detriment of quality). This risk needs to be carefully managed to avoid potentially higher costs over time.

A Trustworthy Judiciary

Adequate funding of the judiciary is crucial for upholding law and order, bolstering the independence of the judiciary, and fostering public confidence in these institutions. Recent initiatives to enhance autonomy in the budgetary process are an attempt to make the judiciary appear less like another politically dependent branch of government. These reforms have the potential to not only enhance the operational efficiency of the courts but also to strengthen the public's perception of their legitimacy.

There remains a large task for judicial leadership in every country, to continually justify the spending of public resources for effective functioning of the courts. This motivation relies on analyses that link a functional judiciary to better social and economic outcomes. Just like increased expenditure of healthcare is motivated by the threat of public security during a pandemic, the case for increased funding for the judiciary should be driven by the demands of an expanding economy.

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