



# Annex 1

## ECA Project on Good Governance: groundwork, methodology and implementation

The Economic Commission for Africa conceived of this project in the late 1990s in response to the emerging consensus that good governance is central to Africa's development agenda and progress, as well as to the growing demand for sustained improvements to Africa's governance situation.

The project has been conducted in phases; by the end of 2003, it encompassed 28 countries:

Benin, Botswana, Burkina Faso, Cameroon, Chad, Egypt, Ethiopia, Gabon, Gambia, Ghana, Kenya, Lesotho, Malawi, Mali, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, South Africa, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe.

Plans for 2004–06 include adding some 12 additional countries to the study.

### Project groundwork

In order to conceptualise the project, ECA convened a series of workshops in 1999, tapping expertise from within the continent and outside, consulting widely with relevant universities, research institutions and organisations, such as the Organisation for Economic Co-operation and Development (OECD), the United Nations Development Programme (UNDP), the African Development Bank (ADB), Organisation of African Unity (OAU) and many others with the following objectives in mind:

- To agree on the components of good governance, in all its dimensions, taking into account the disparate cultural, historical and other sociopolitical factors across the African continent. A call for the development of a list of qualitative and quantitative indicators to measure governance emerged.
- To establish criteria for measuring and monitoring governance in the face of the disparate historical, sociopolitical and economic disparities among African states. The need to create a dynamic mechanism for periodic cross-national assessment of the performance of African states thus became a

central element to the advancement of good governance on the continent.

- To identify ways and means to create and sustain Africa's ownership and commitment to good governance norms and practices in the context of African realities. Consensus building among the various stakeholders, especially between civil society and the state, was deemed essential.
- To build research capacity in the area of governance.

### Methodology

A research instrument with three components was designed to obtain information on the state of governance in Africa, as reflected by the political, economic and social affairs in each country. The three research components consist of:

- An opinion-based study using a national Expert Panel comprised of a group of national experts whose numbers ranged from about 70 to about 120 across project countries. In each of the 28 project countries, members of the expert panel were carefully drawn to ensure representation with regard to age, social status, education and field of training, political orientation, the private sector, civil society organisations and ethnic, regional and religious background as well as gender balance.

The research instrument was in "cafeteria" format and it was formulated and fine-tuned by distinguished groups of experts on Africa in conferences held at ECA in September 1999, March 2000 and April 2001, and then subjected to a pre-test in South Africa and Benin before the final project launch in October 2001; the subject matter of the research included (i) political representation, which included the political system, distribution of power, political party freedom and security and the credibility of the electoral process, (ii) institutional effectiveness and accountability, which included the effectiveness of the three branches of government, with some emphasis on the executive branch, (iii) human rights and rule of law, (iv) civil society organisations, which

looked into their independence, operational environment and their effectiveness and (v) economic management, which looked into investment policies, the tax system and the impact of corruption. Once collected, the data from each expert panel study were further subjected to rigid quality control to ensure that they were consistent and reliable.

- A national sample survey using a stratified two-stage probability sample ranging from some 1,300 to 3,000 households across Africa to represent a cross-section of the population (such as rural and urban, poor and middle class, the educated and the illiterate) to gauge perceptions of principal national problems and the accessibility, adequacy and efficiency of government services.

The questionnaire for the national household surveys was also in closed form, and it was jointly designed by experts at ECA and by external partners who have had rich research experience in related studies in several countries. However, the implementation of the national household surveys was left entirely to research collaborators in each project country, but close quality control was undertaken by ECA to ensure that all household surveys had national coverage and were sound in scientific design and implementation.

The household sample survey in each project country was carried out either in close collaboration with the National Statistical Office or with the principal sampling experts of the same office to ensure that the survey project utilised the official sampling frame, the official stratification and the overall official survey infrastructure so as to enhance the credibility of the final outcome of the sample survey at all places and at all levels. Consistent with sound scientific survey practice, details on sampling methodology, measures of error, copies of all research instruments and other relevant information are provided in appendices of all country reports.

- Desk-based research of factual information and hard data to supplement and complement the Expert Panel perceptions and national household surveys.

## **Project implementation**

### ***Preparation and pre-testing of research instruments***

The preparation of the research instruments was completed by mid-2001. The instruments were then pre-tested in Benin in August 2001 and South Africa in September 2001. As a result, minor modifications were made to ensure validity and technical soundness.

### ***Selection of collaborating institutions***

Only national organisations were considered to conduct the studies. Capacity assessment missions were undertaken to identify research institutions to partake in a highly competitive bidding process, which resulted in the selection of a single collaborating partner or consortium per country.

### ***Pre-launch workshops***

Selected research institutions were invited to a three-day Pre-launch Workshop at ECA in August 2002 to familiarise them with the methodology to ensure cross-national comparability of research implementation and to agree on the work plan for each country based on a master work plan proposed by ECA.

### ***National launch workshops***

Each country held a National Launch Workshop with representatives of government, civil society and other stakeholder groups to introduce the project, promote a suitable implementation environment and ensure the development of national ownership.

### ***National country reports***

The collaborating institutions collected the data, obtained ECA's quality control clearance, analyzed it and produced a National Country Report. ECA provided technical oversight to ensure conformity with its detailed instructions and agreed-upon work plans and report formats and reviewed the final results.

### ***National stakeholder and subregional workshops***

The National Country Reports were presented at National Stakeholders Workshops in each country and subsequently at three Subregional Workshops (North Africa and the Horn, Southern and Eastern

Africa and West and Central Africa) during the months of November and December 2003.

### **Calculating the indices**

The indices are based only on the data from the expert panel study, which contains 83 indicators clustered by subject-matter professionals of ECA. Some subindices are not mutually exclusive.

The overall index is calculated using all 83 indicators for each project country. There is no input from other countries in the overall index of any one country. Each reflects the perceptions of opinion leaders in each country.

The data from the expert panel Study are used to construct 23 subindices of governance for clusters of indicators. Each governance index is constructed using average scores, which are put together and rescaled to bring each of them to a common range of 0 to 100. The method of construction is simple and easy to understand. An index that is close to 100 reflects good governance as perceived by the respective national opinion leaders of the country concerned. Cross-country comparisons should be avoided since there are serious factors that negate the validity of such comparisons.

### **Clusters for index construction**

#### ***Political representation***

*Political system.* Democratic pluralism, executive formation mode, parliamentary election mode, decision participation mechanism, democratic framework acceptance, electoral system credibility.

*Distribution of power.* Parliamentary election mode, regional assemblies membership, local assemblies membership, constitutional checks and balances status, legislative independence, legislative control, judiciary's independence.

*Political party freedom and security.* Parliamentary election mode, regional assemblies membership, local assemblies membership, decision participation mechanism, democratic framework acceptance, electoral system credibility, electoral authority's legitimacy, election security, public media access.

*Independence, credibility and transparency of electoral process.* Electoral system credibility, electoral law credibility, electoral authority legitimacy, electoral authority's fairness, election security, public media access, election transparency, election control.

#### ***Institutional effectiveness and accountability***

*Legislative effectiveness.* Constitutional checks and balances status, legislative independence, legislative effectiveness, legislative control, parliamentary debate relevance, parliamentary opposition strength, legislative corruption status, judiciary's independence, executive's independence.

*Judiciary effectiveness.* Legislative independence, judiciary's independence, judges appointment mode, court access, justice access, judiciary's corruption status, executive's independence.

#### ***Human rights and rule of law***

*Human rights.* Decision participation mechanism, democratic framework acceptance, court access, justice access, respect for human rights, human rights reporting effectiveness, human rights violations reporting, women's rights violations reporting, actions against human rights violations, actions against women's rights violations, effectiveness of watchdog organisations.

*Respect for the rule of law.* Constitutional checks and balances status, leadership's respect for rule of law, police respect for human rights, citizen's confidence in law enforcement organs, monitoring violations by police and prisons, civil society organisations' monitoring of violations by police and prisons, penalty for violations of human rights by police, participation in conflict resolution, watchdog organisations' independence from executive, enabling government practices and policies, tax system equitability, tax system influence on local investment, tax system influence on foreign investment.

*Law enforcement organs.* Law enforcement officials' recruitment criteria, police force composition, police training, police equipment, watchdog organisations' independence from executive, effectiveness of watchdog organisations.

### **Executive**

*Management of state structure.* Legislative independence, judiciary's independence, executive's independence, senior appointees' composition, executive's corruption status, civil service accountability, government accountability, government services' efficiency, local government accountability, resource allocation, local government capacity, government responsiveness.

*Civil service transparency, accountability and accessibility.* civil service management criteria, civil service accountability, civil service perceptions, government accountability, government transparency.

*Efficiency of government services.* Government services' efficiency, access to government services, services' relevance to poor, services' relevance to women, local government accountability, resource allocation, government responsiveness.

*Decentralisation of structures.* Local government accountability, resource allocation, local government capacity, community participation, government responsiveness.

*Civil society organisations and media independence.* Civil society organisations'

independence, civil society organisations' role in conflict management, civil society organisations' influence on policy and programmes, civil society organisations' role in promoting accountability and transparency, mass media independence.

### **Economic management**

*Attractiveness of investment policies.* Enabling support for private sector, government support for private sector, enabling environment for private sector, private sector participation in policymaking, enabling government practices and policies, effect of crime on business, partnership of private and public sectors.

*Pro-investment tax policies.* Government services efficiency, enabling environment for private sector, tax system influence on local investment, tax system influence on foreign investment, tax system influence on business.

*Tax system efficiency and corruption.* Tax system equity, tax collection efficiency, tax evasion, tax collection corruption, tax system transparency.

### **Control of corruption**

*Legislative corruption status.* Justice access, judiciary's corruption status, executive's corruption, government services' efficiency, access to government services, tax collection corruption.

### **Collaborating research institutions**

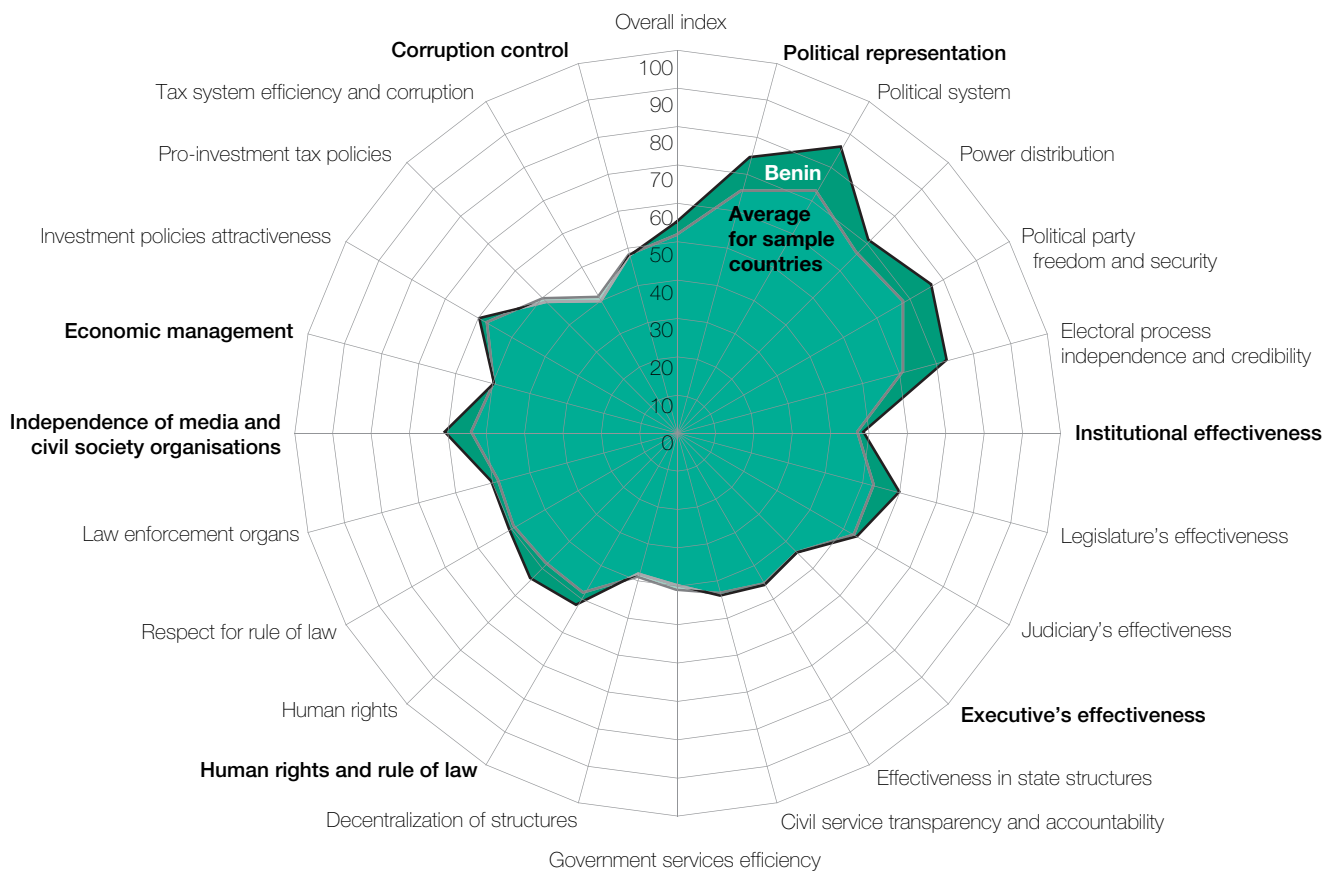
These are the institutional partners at the country level which implemented the in-country surveys, prepared the country governance reports, and facilitating the national stakeholders consultations—on the 28 countries covered by the ECA Project on Measuring and Monitoring Progress Towards Good Governance

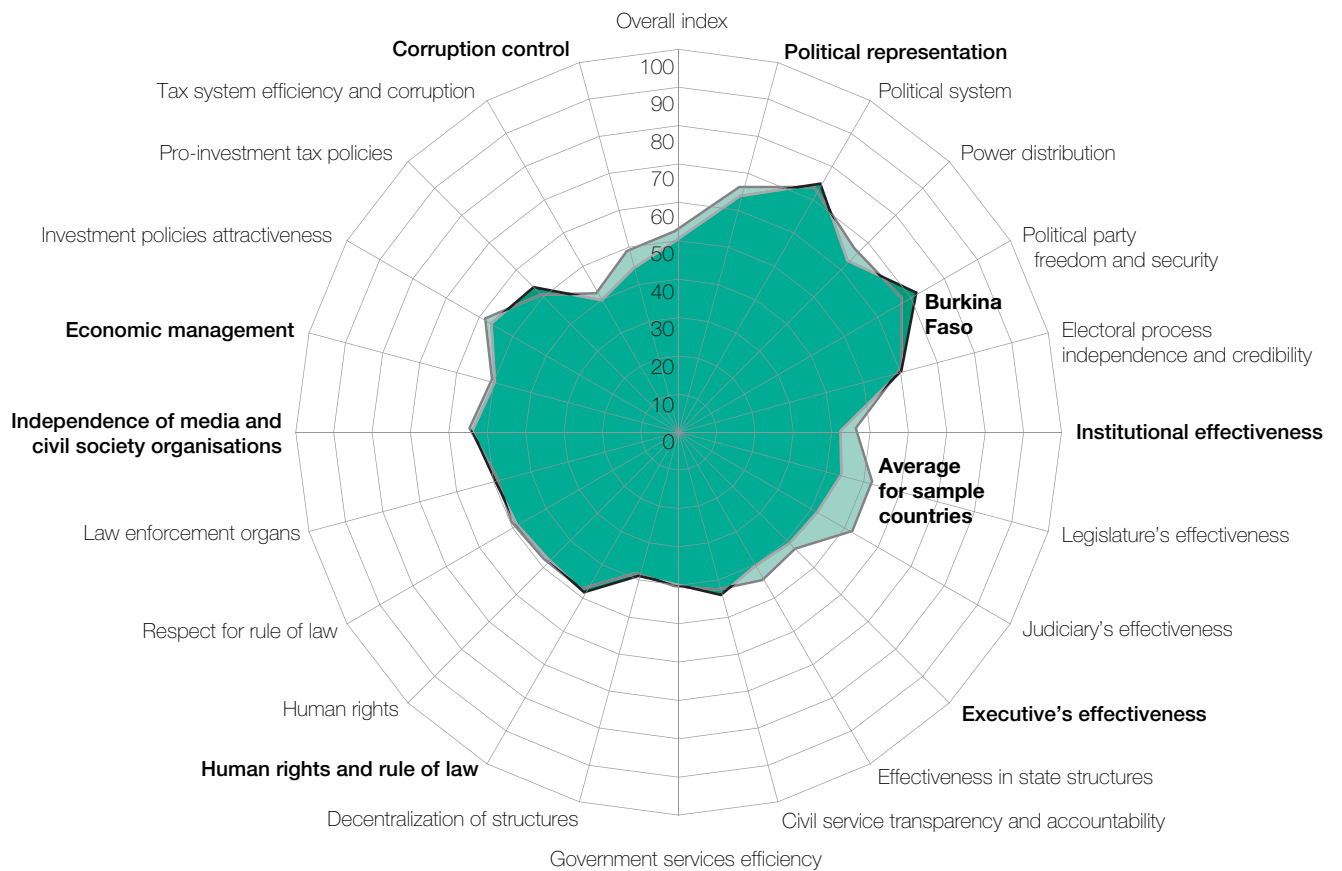
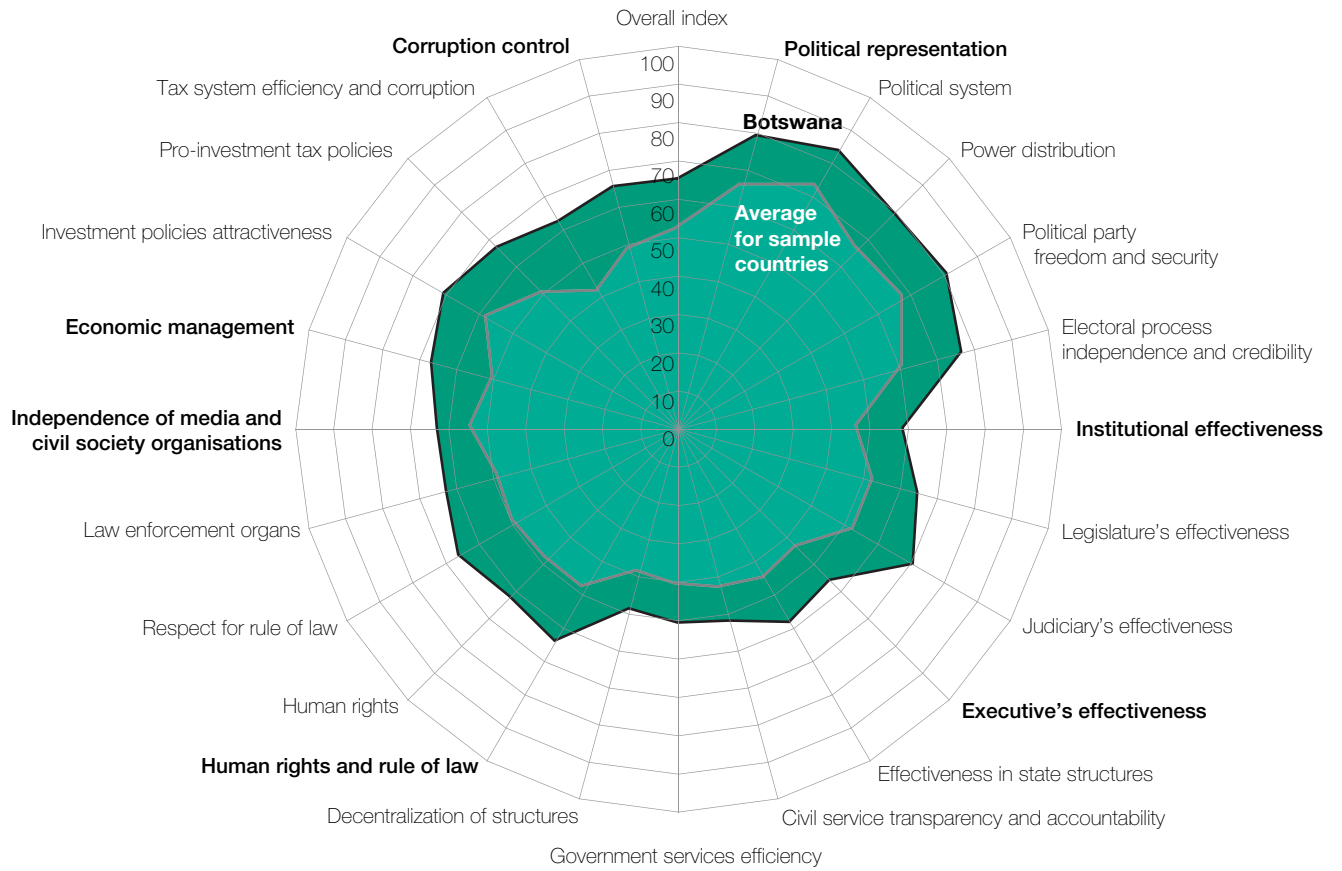
<b>Country</b>	<b>Research institution</b>
Benin	Cellule d'Analyse de Politique Economique
Botswana	Botswana Institute for Development Policy Analysis
Burkina Faso	Centre pour la gouvernance Démocratique
Cameroon	Centre d'Etudes et de recherche en Economie Gestion
Chad	Recherche & Actions pour le Développement Société Anonyme
Egypt	Faculty of Economics and Political Science, Cairo University
Ethiopia	Regional and Local Development Studies, Addis Ababa University
Gabon	Institut Sous-Régional Multisectoriel de Technologie Appliquée de Planification et d'Evaluation de Projets
Gambia	University of The Gambia

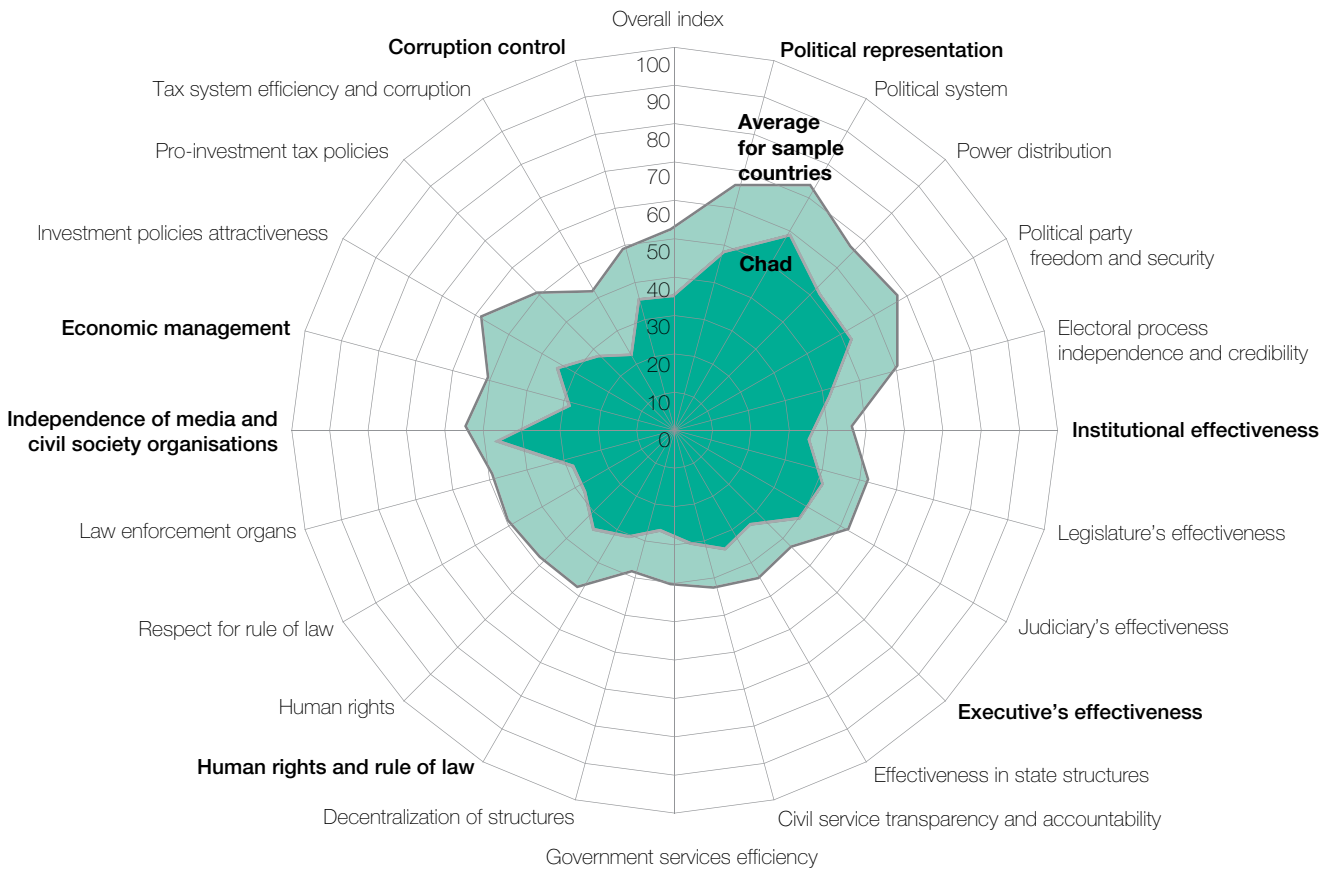
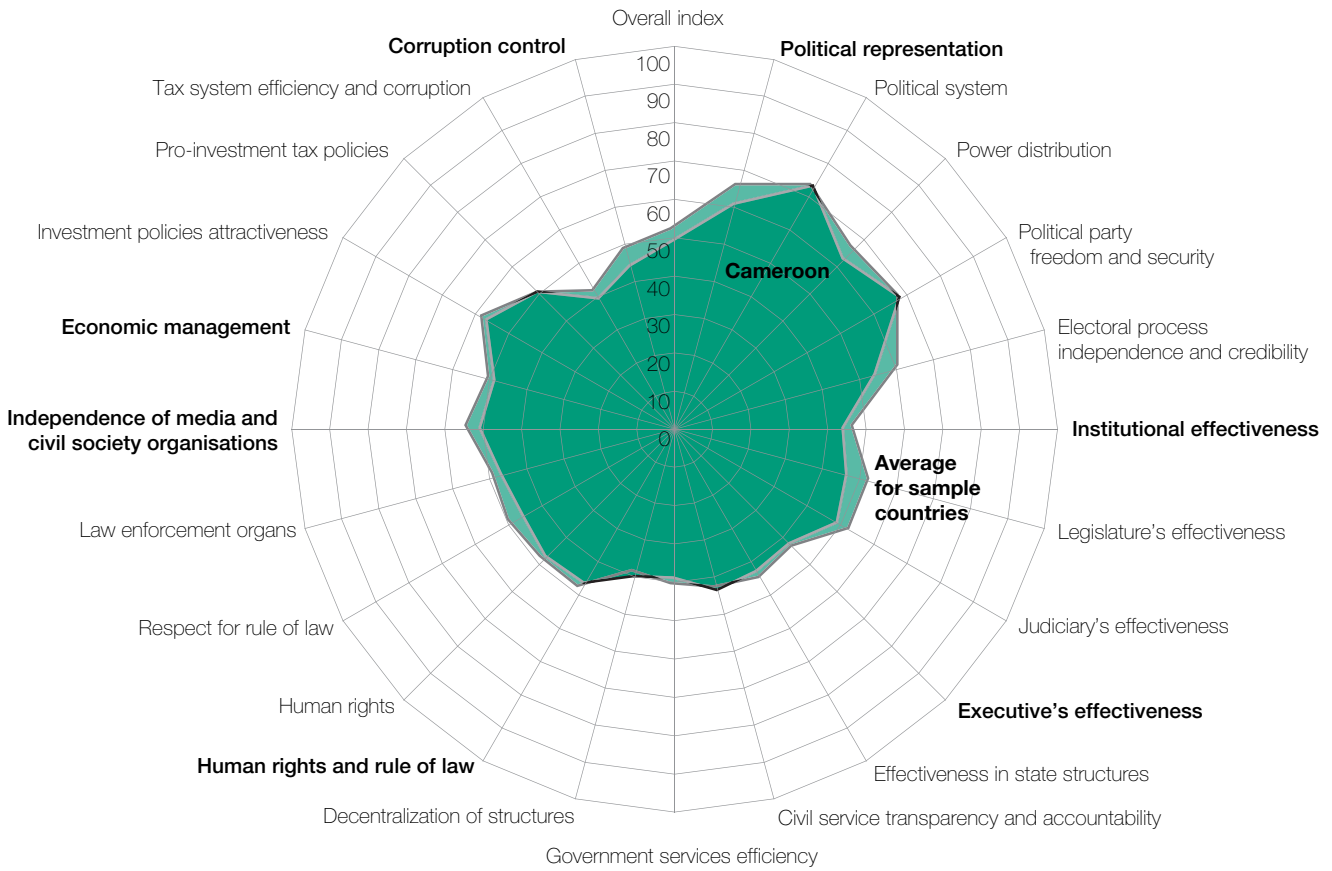
Ghana	Ghana Center for Democratic Development
Kenya	African Center for Economic Growth
Lesotho	Institute of Southern African Studies
Mali	Koni Expertise
Malawi	Center for Social Research
Mauritius	Stra Consult
Mozambique	Centro de Estudos Estratégicos e Internacionais do Instituto superior de Realções Internacionais
	Center for Strategic and International Studies
Morocco	Centre Africain de Formation et de Recherche Administratives pour le Développement
Namibia	Multidisciplinary Research and Consultancy Center
Niger	Cabinet d'Etudes, de Recherches, Conseils, Analyse et Prospective
Nigeria	Development Policy Center
Rwanda	Consortium formé de BEATER SARL et UNR: Faculté des sciences Economiques, Sociales et de gestion
Senegal	Institut Africain pour la Democratie
South Africa	The Institute of Democracy in South Africa
Swaziland	Uniswa Consultancy and Training Centre
Tanzania	Department of Political Science and Public Administration
Uganda	Center for Basic Research
Zambia	Centre for Policy Research & Analysis
Zimbabwe	Southern African Political Economy Series Trust

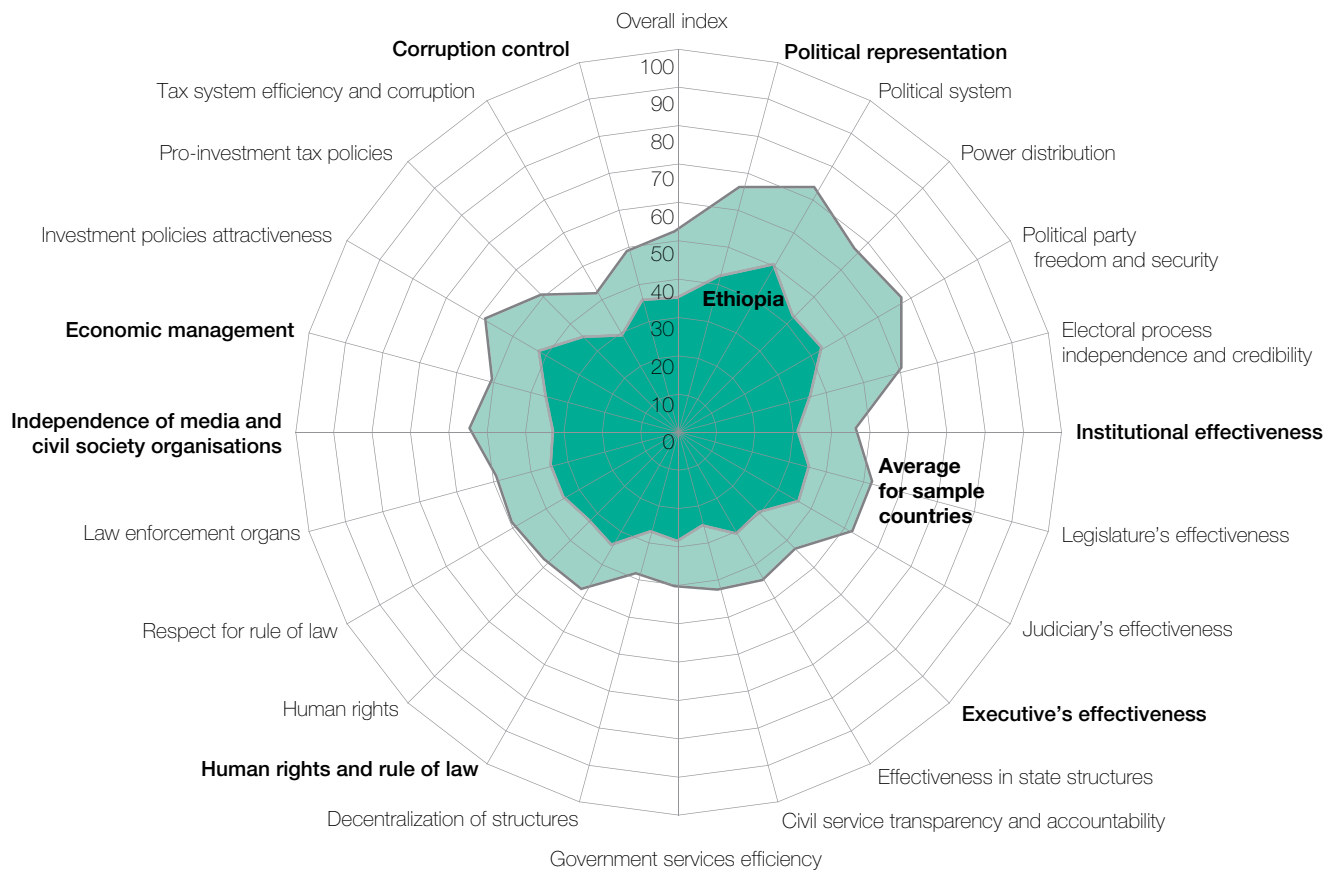
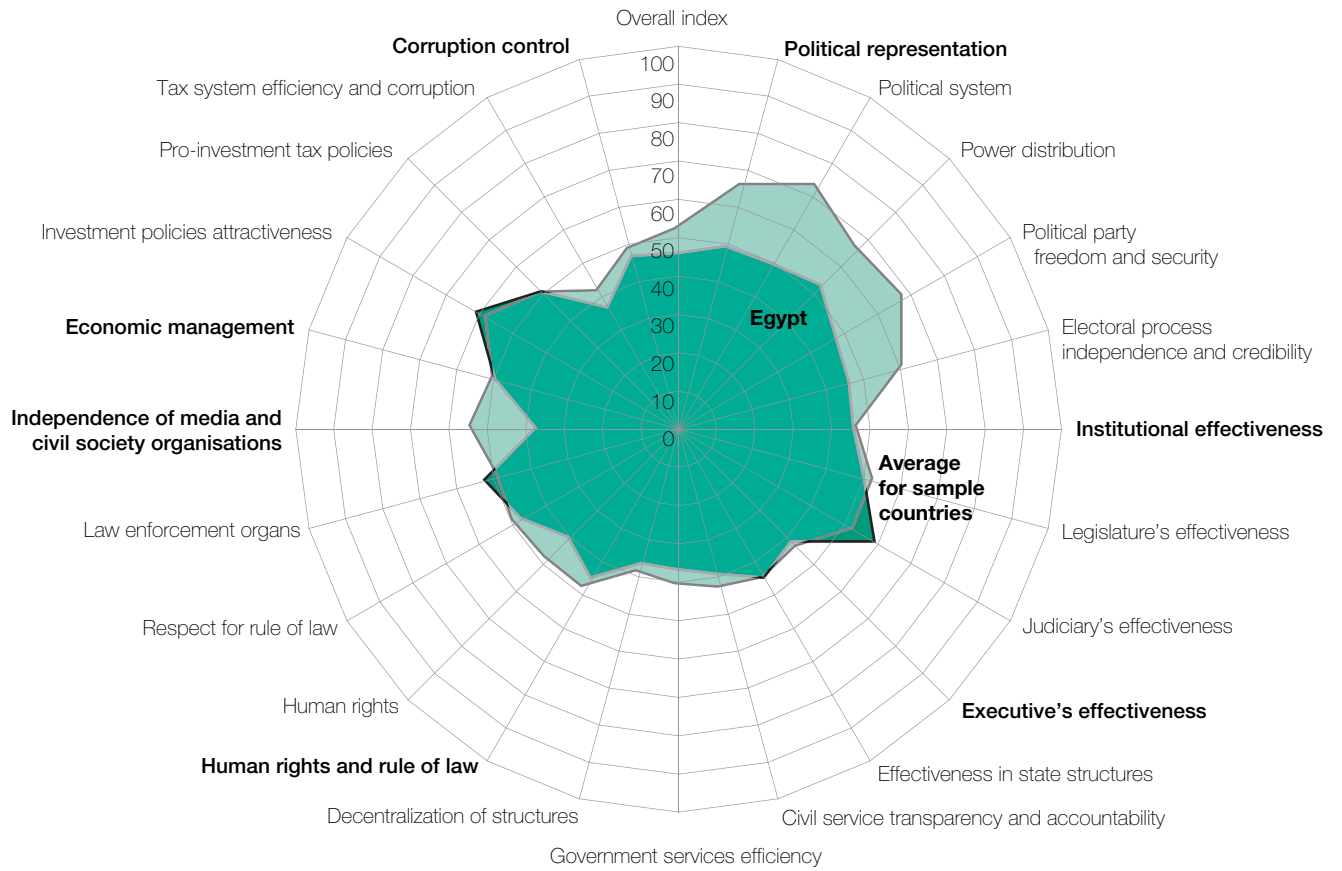
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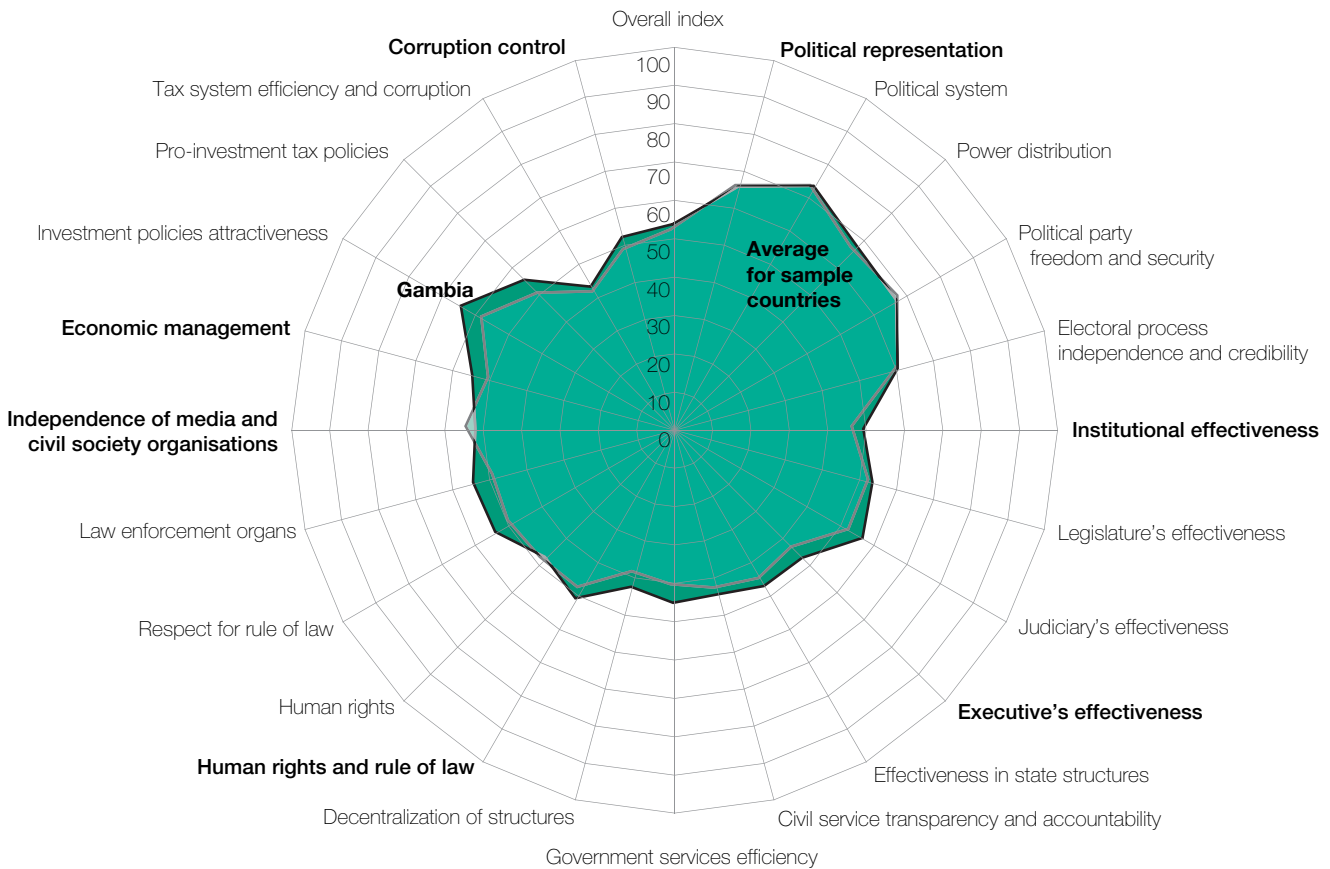
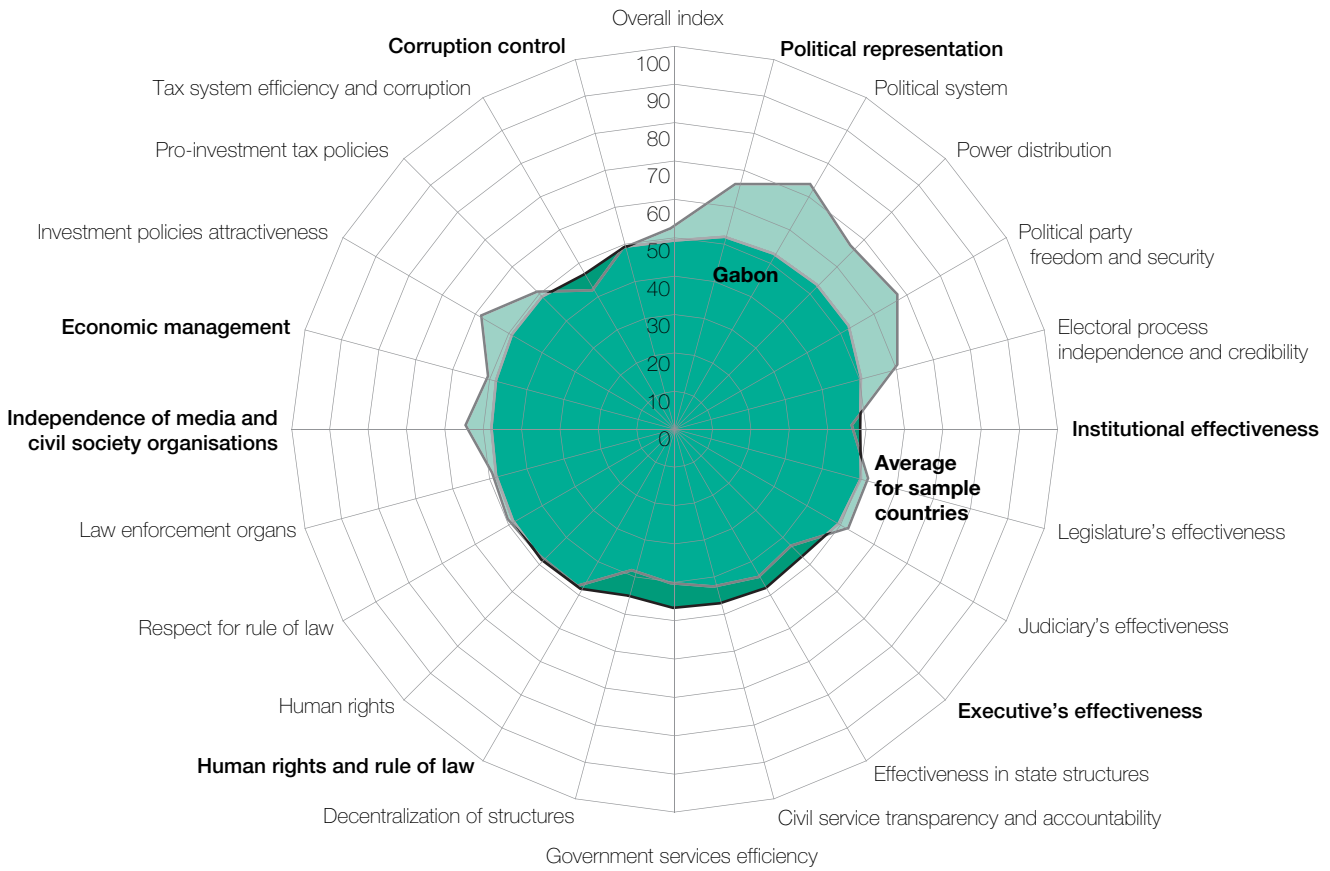
## Africa governance indicators

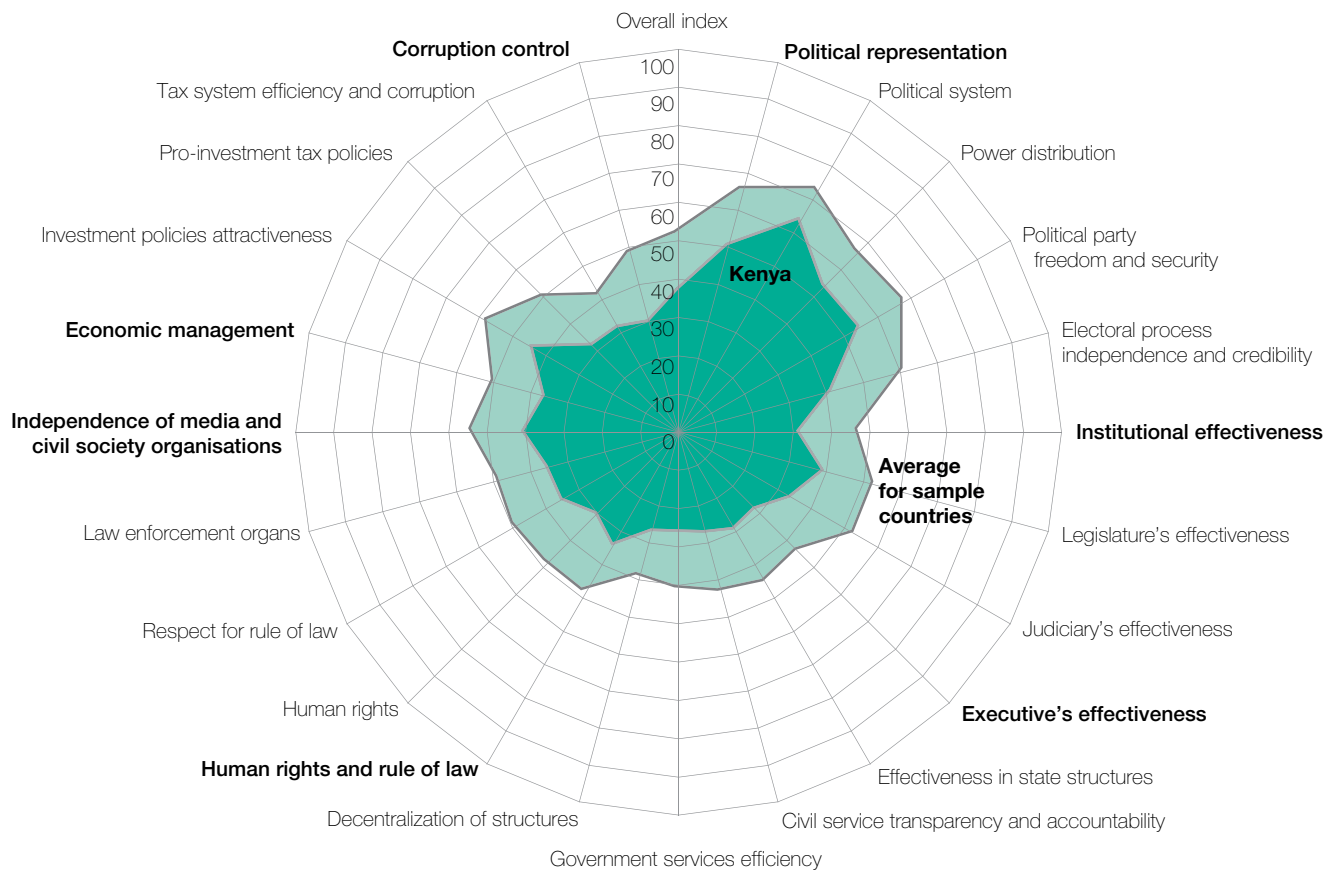
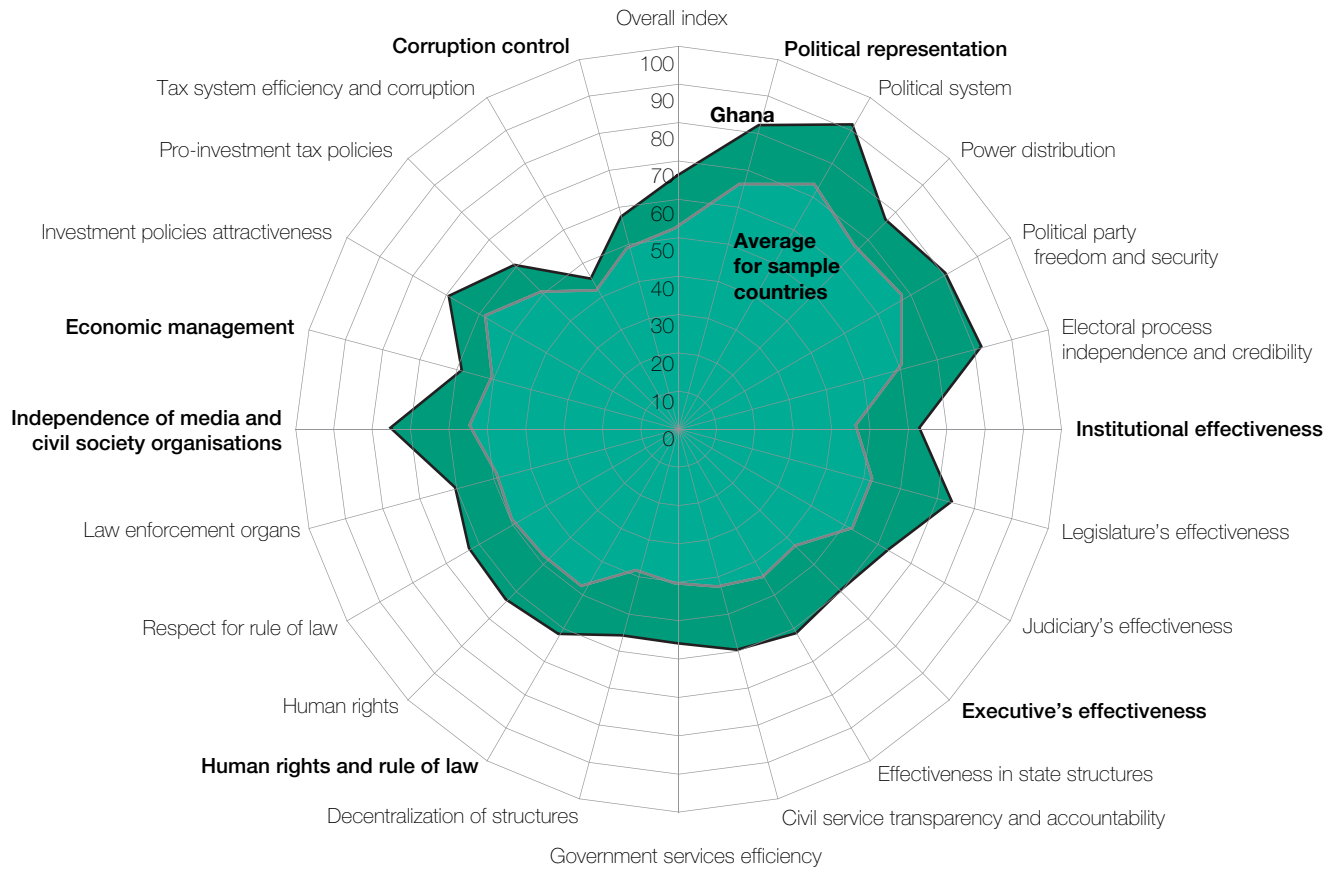


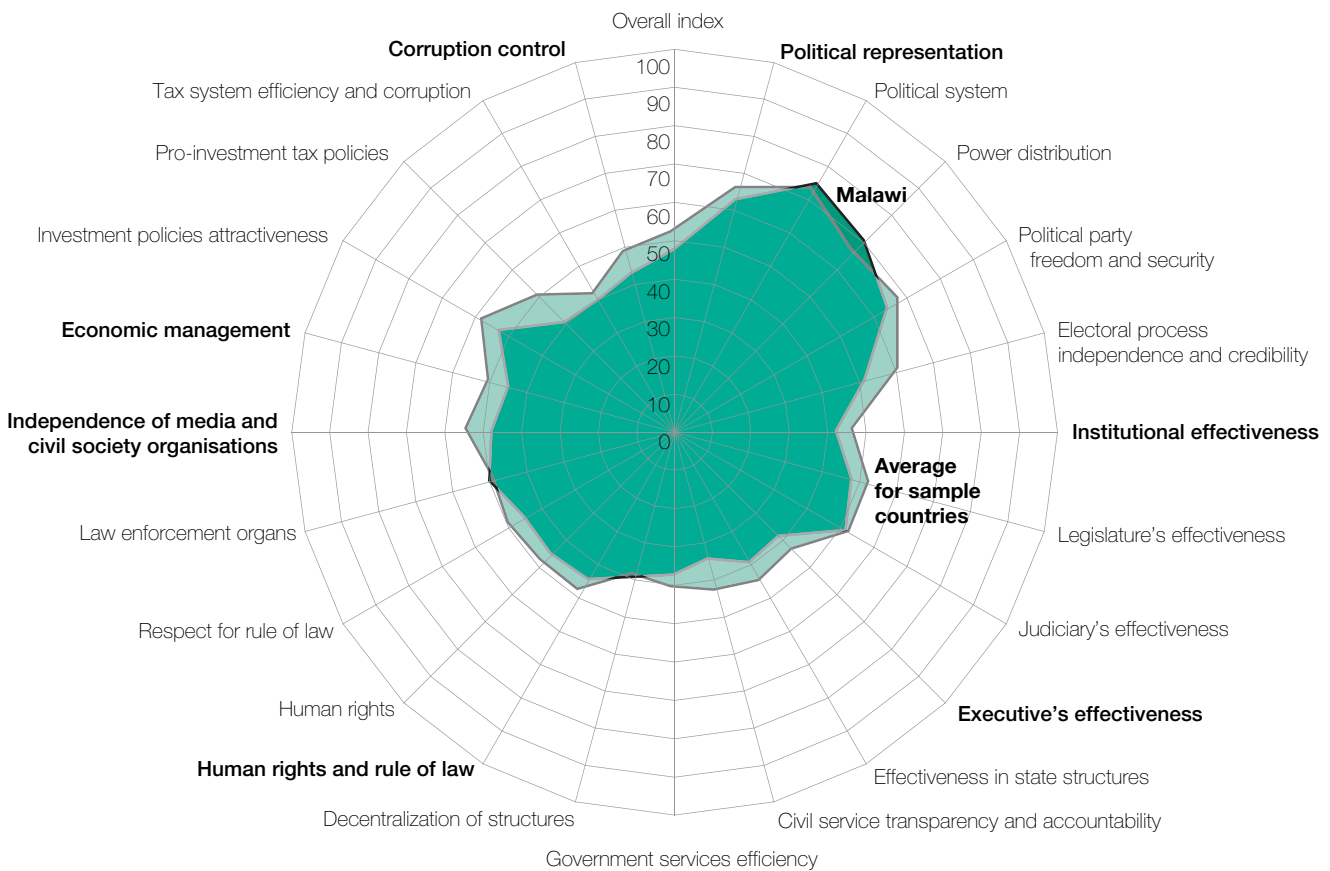
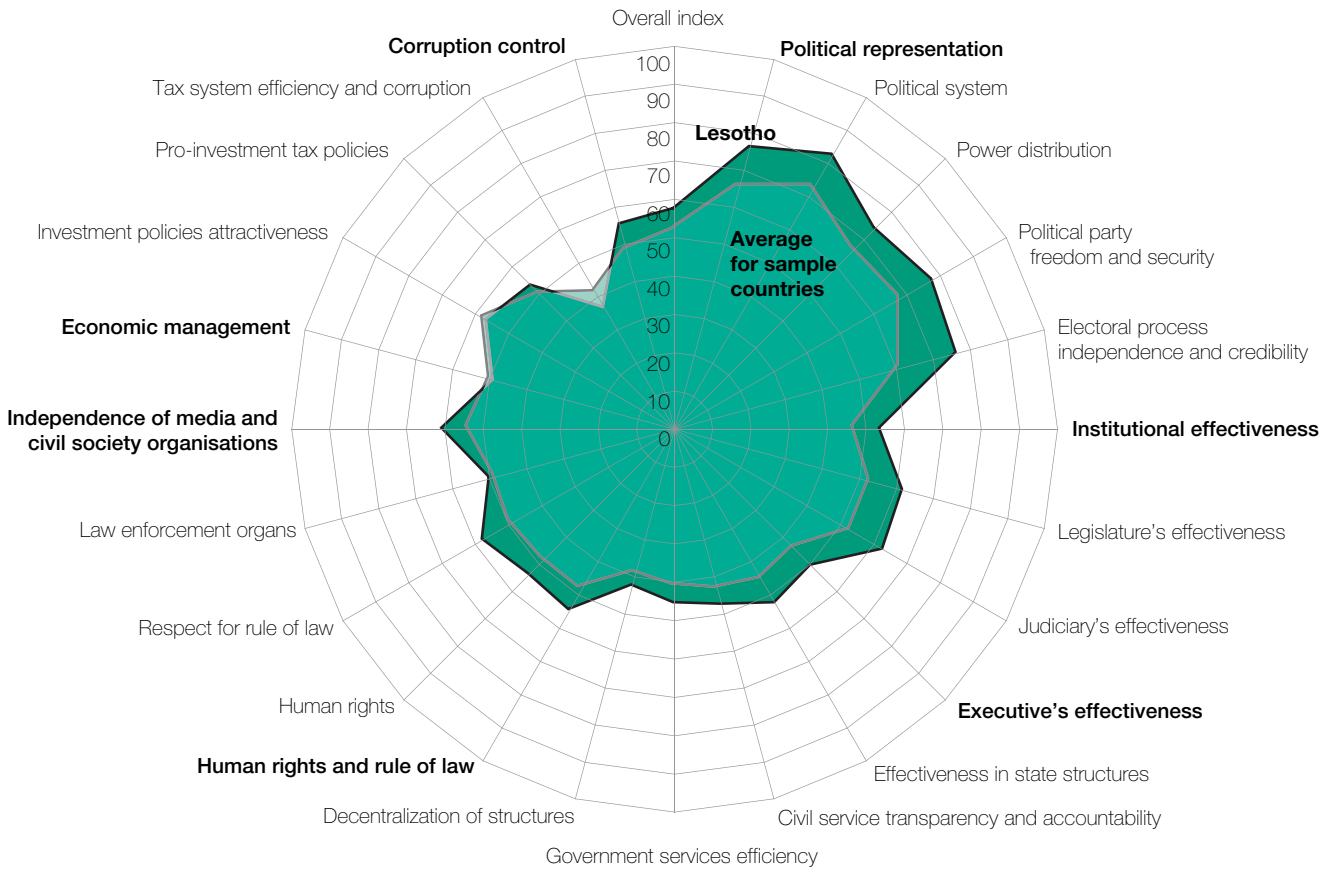


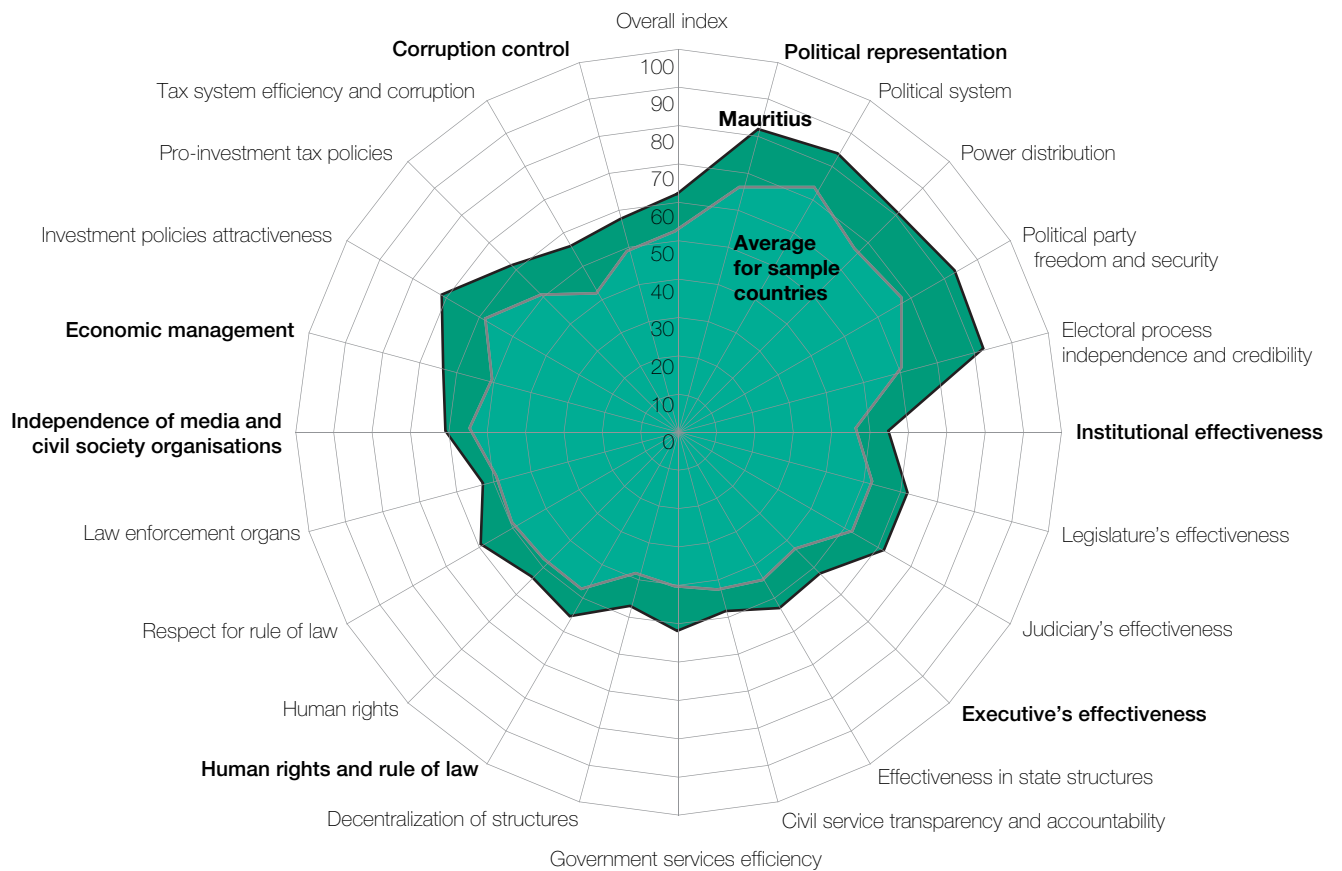
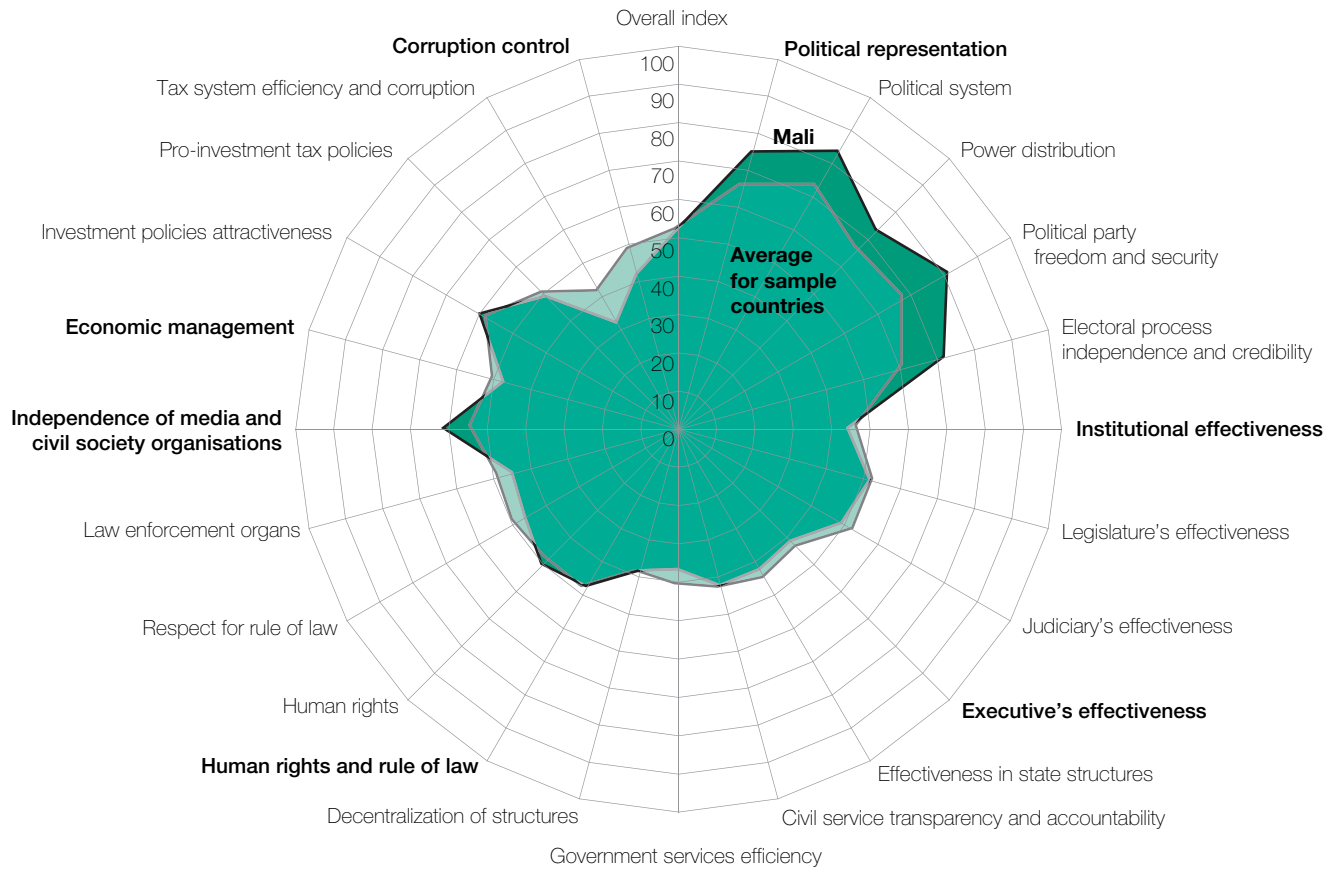


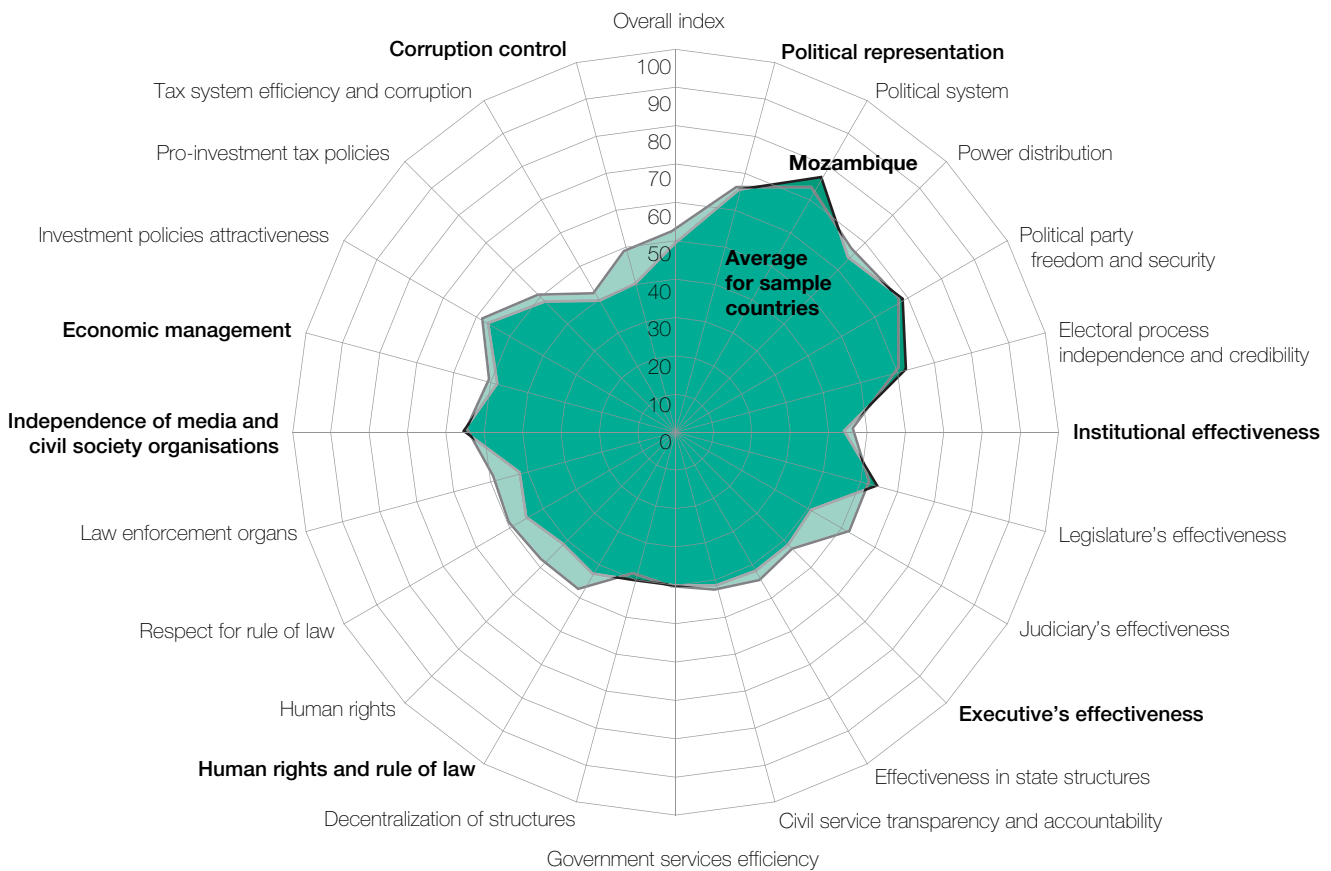
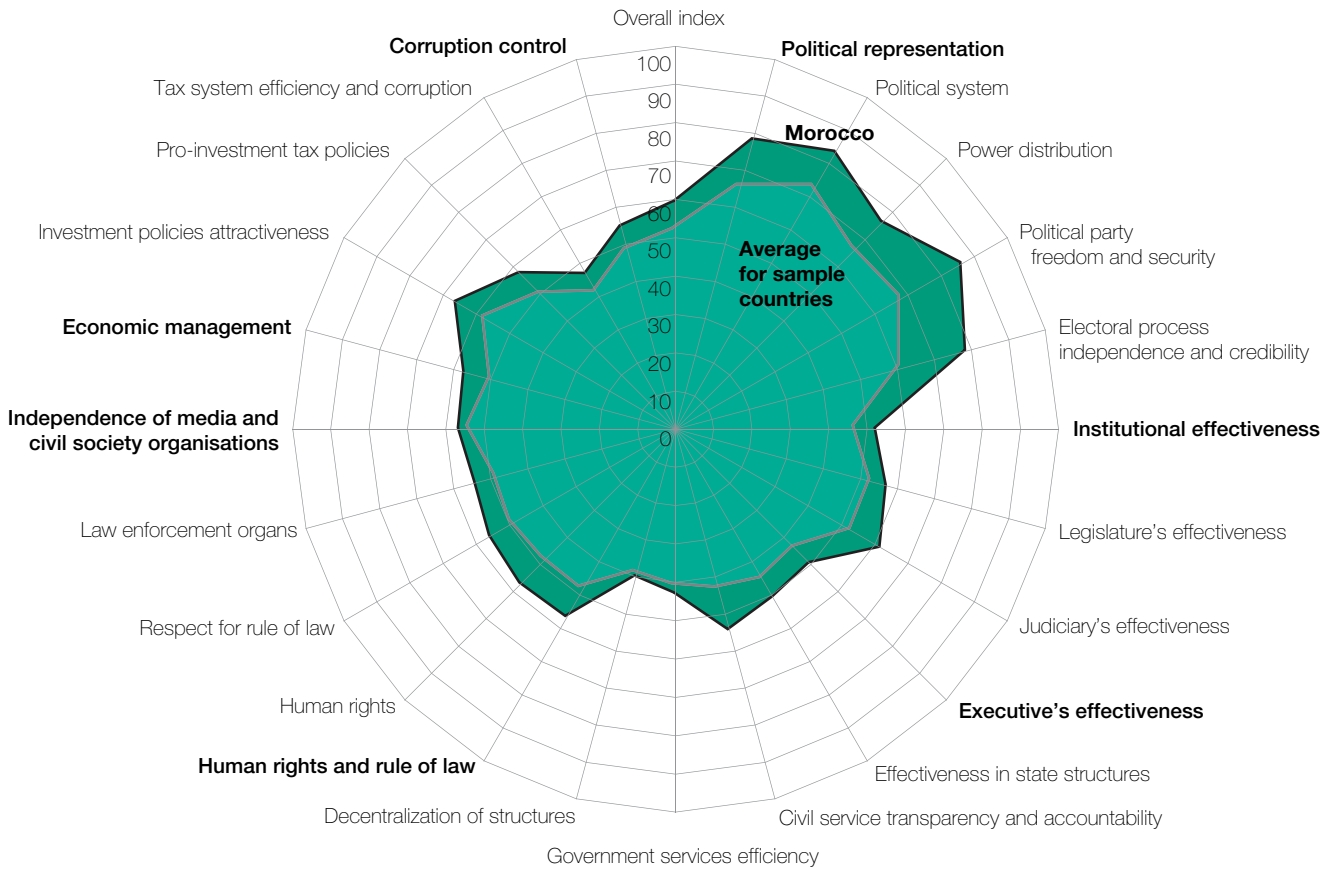


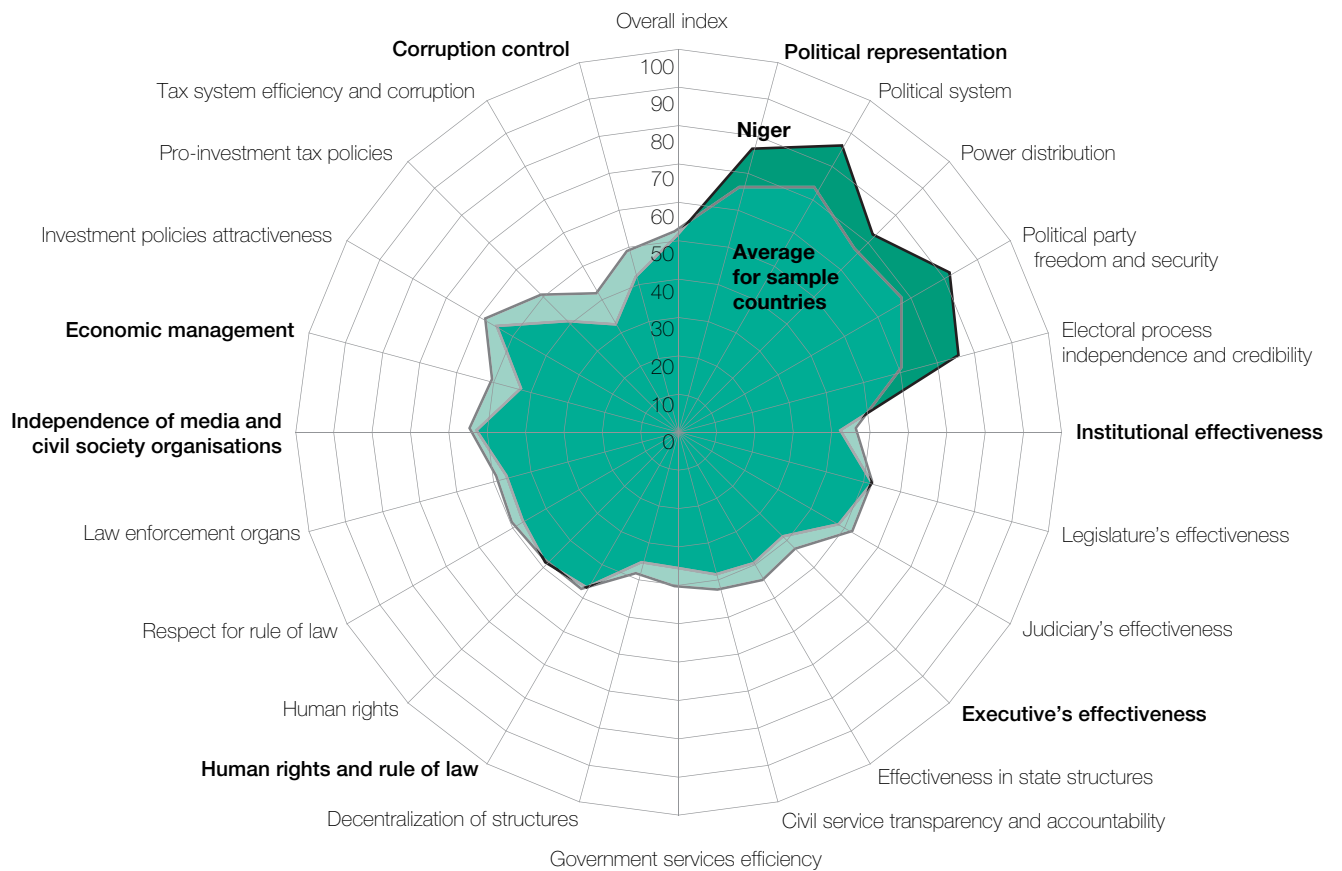
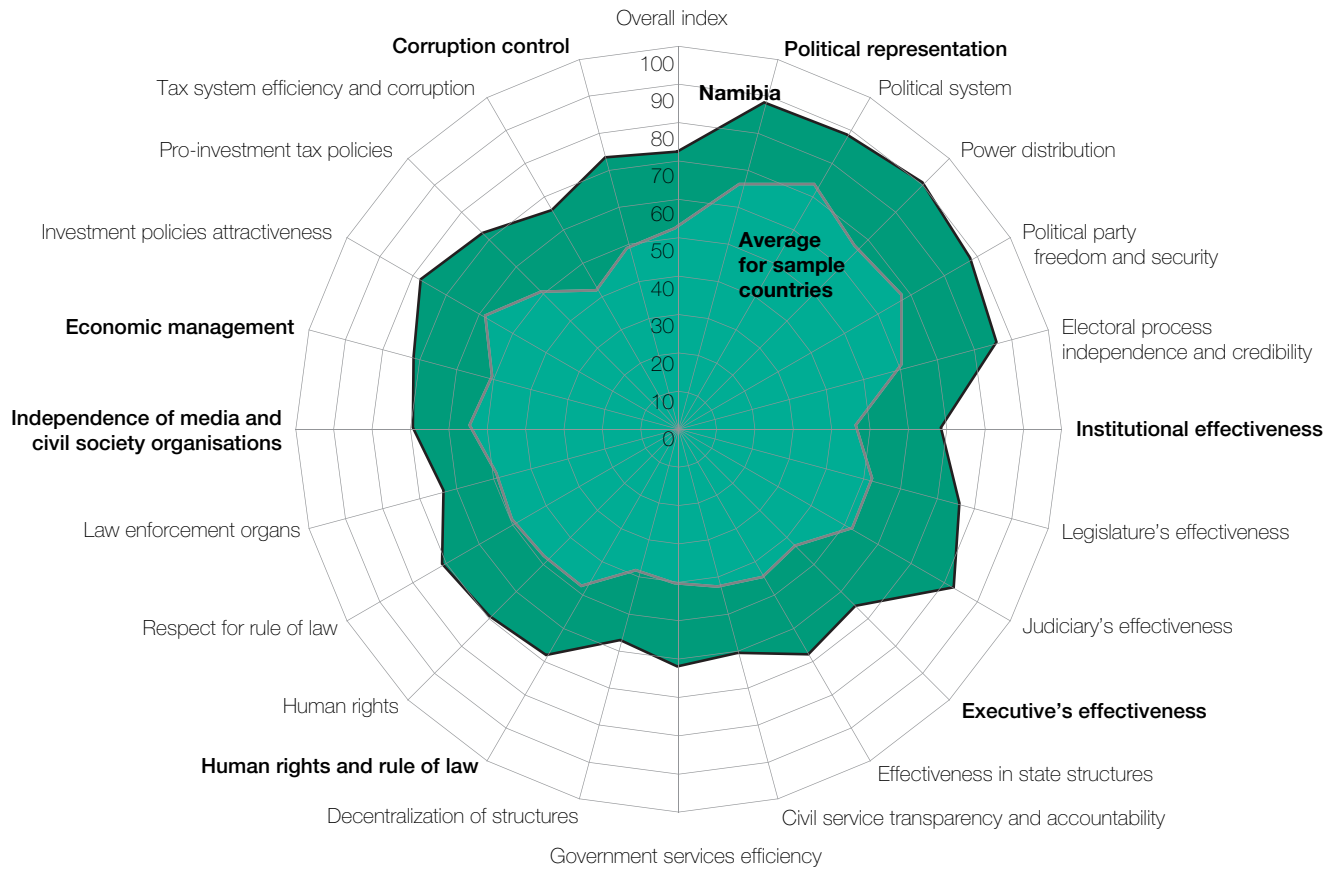


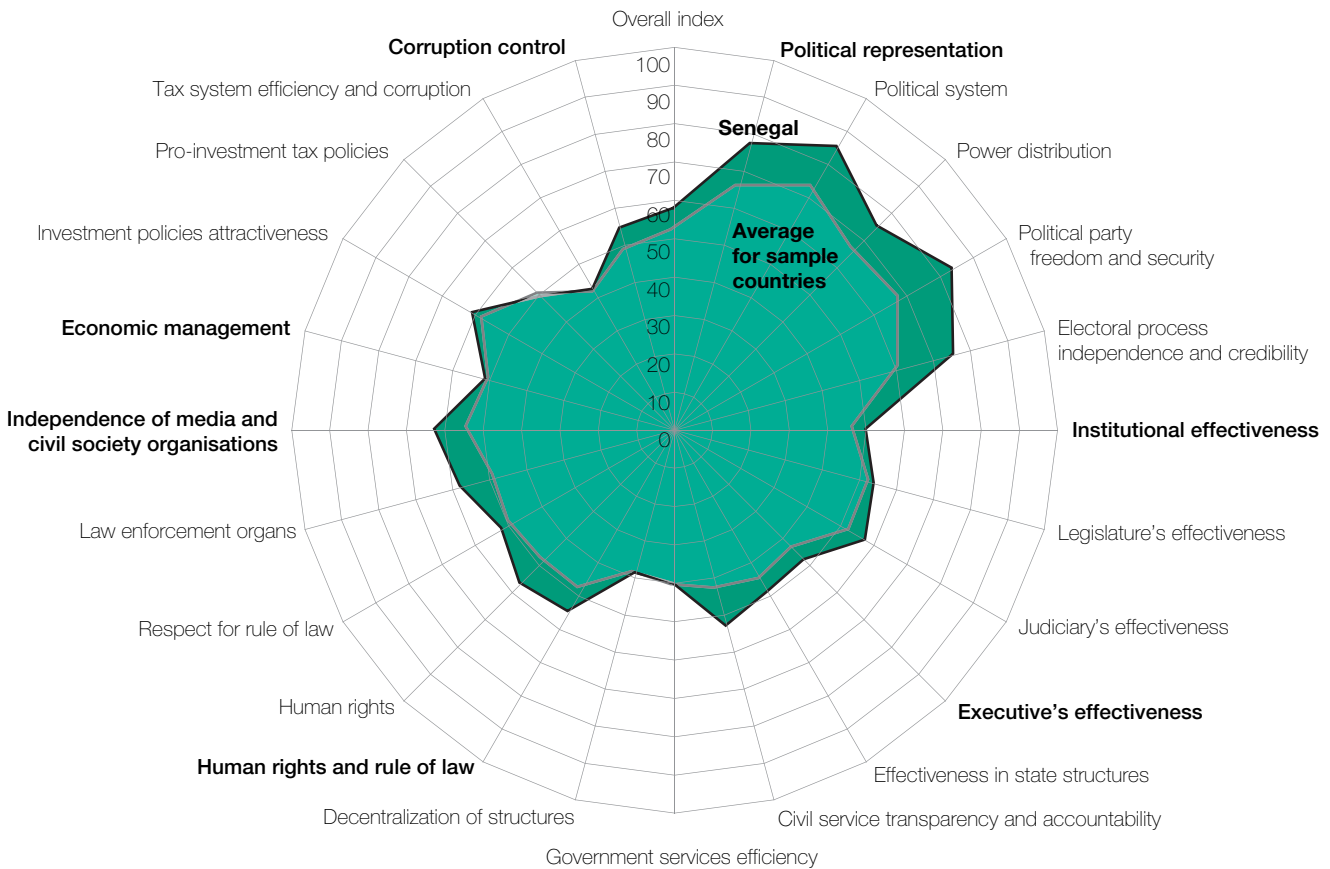
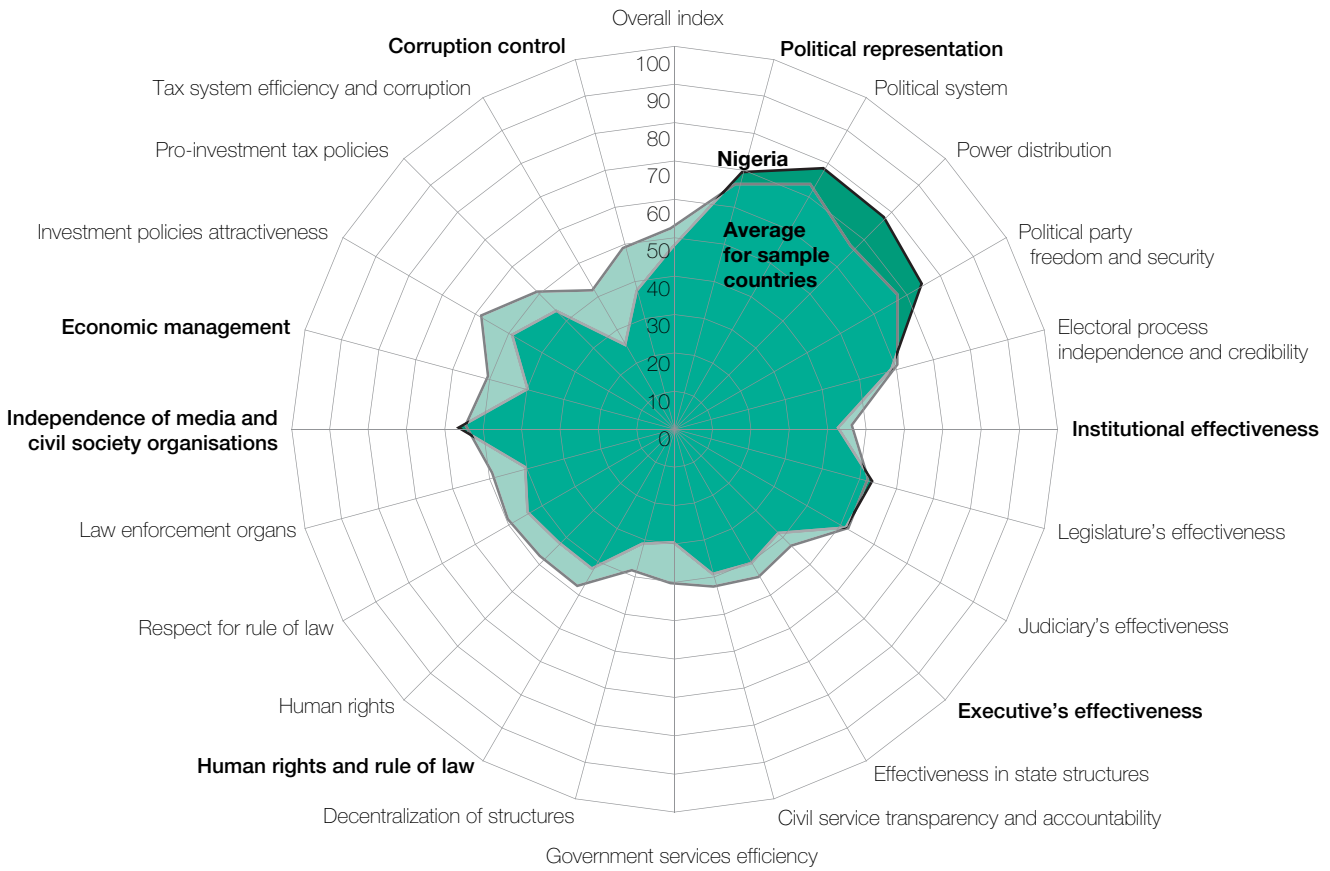


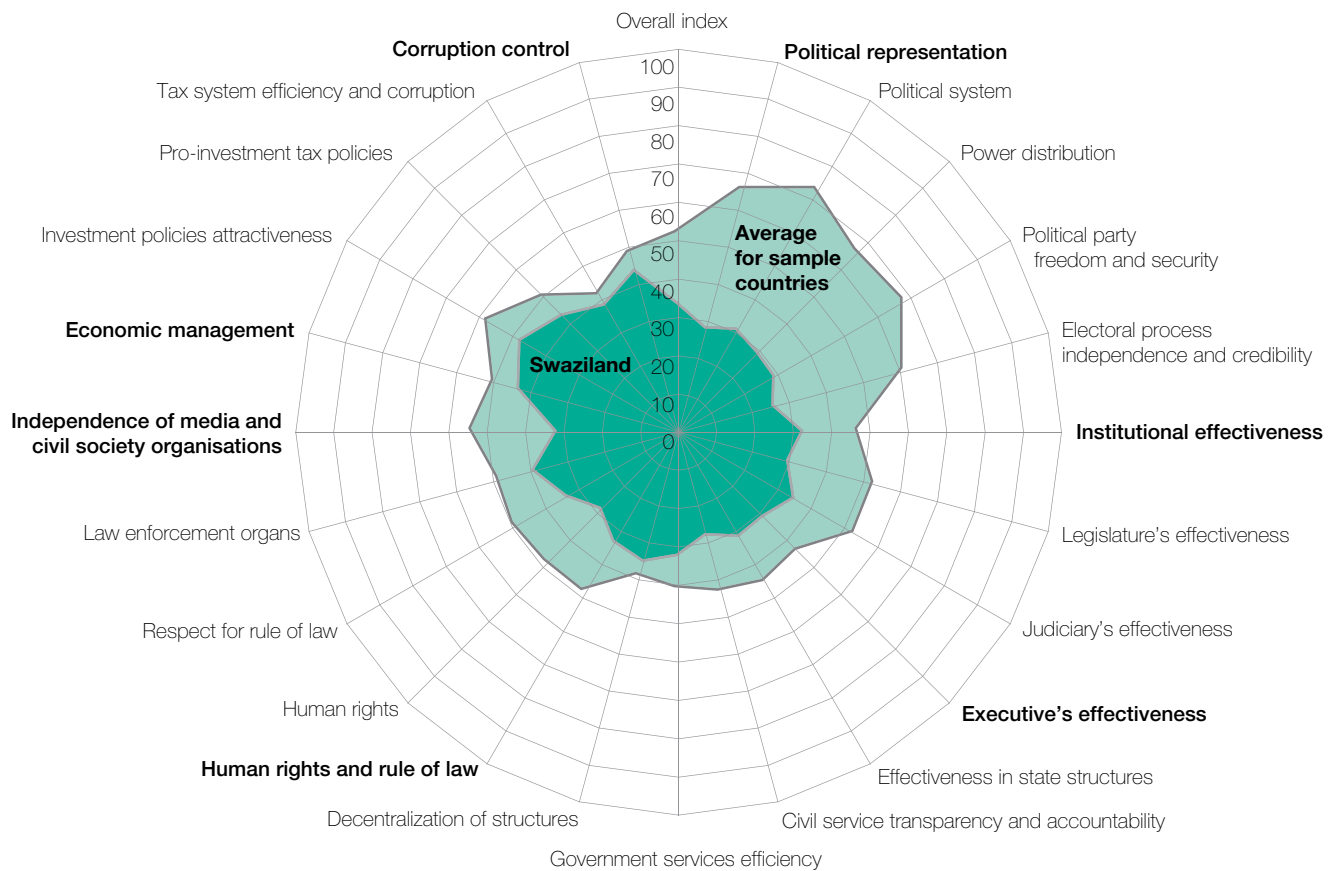
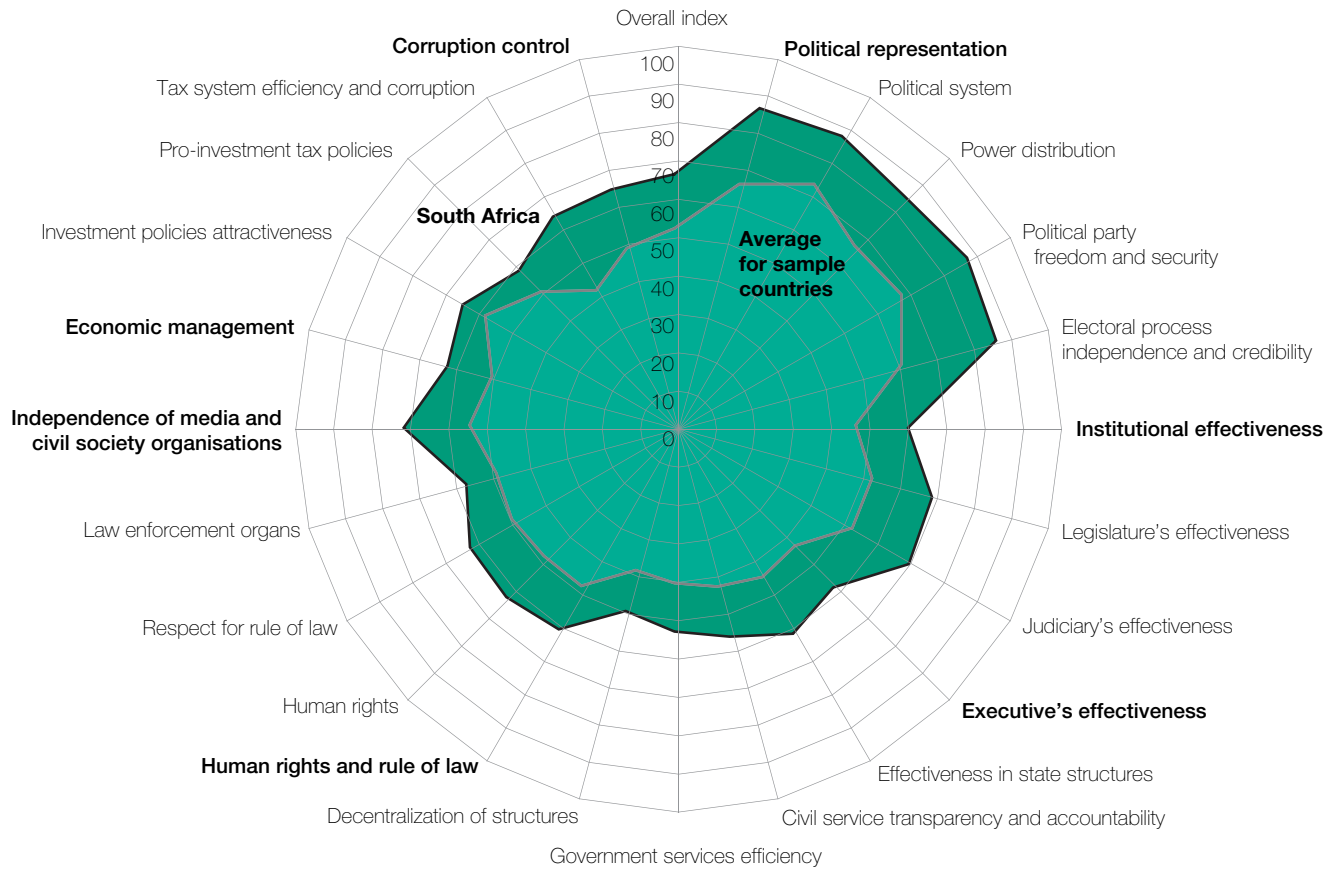


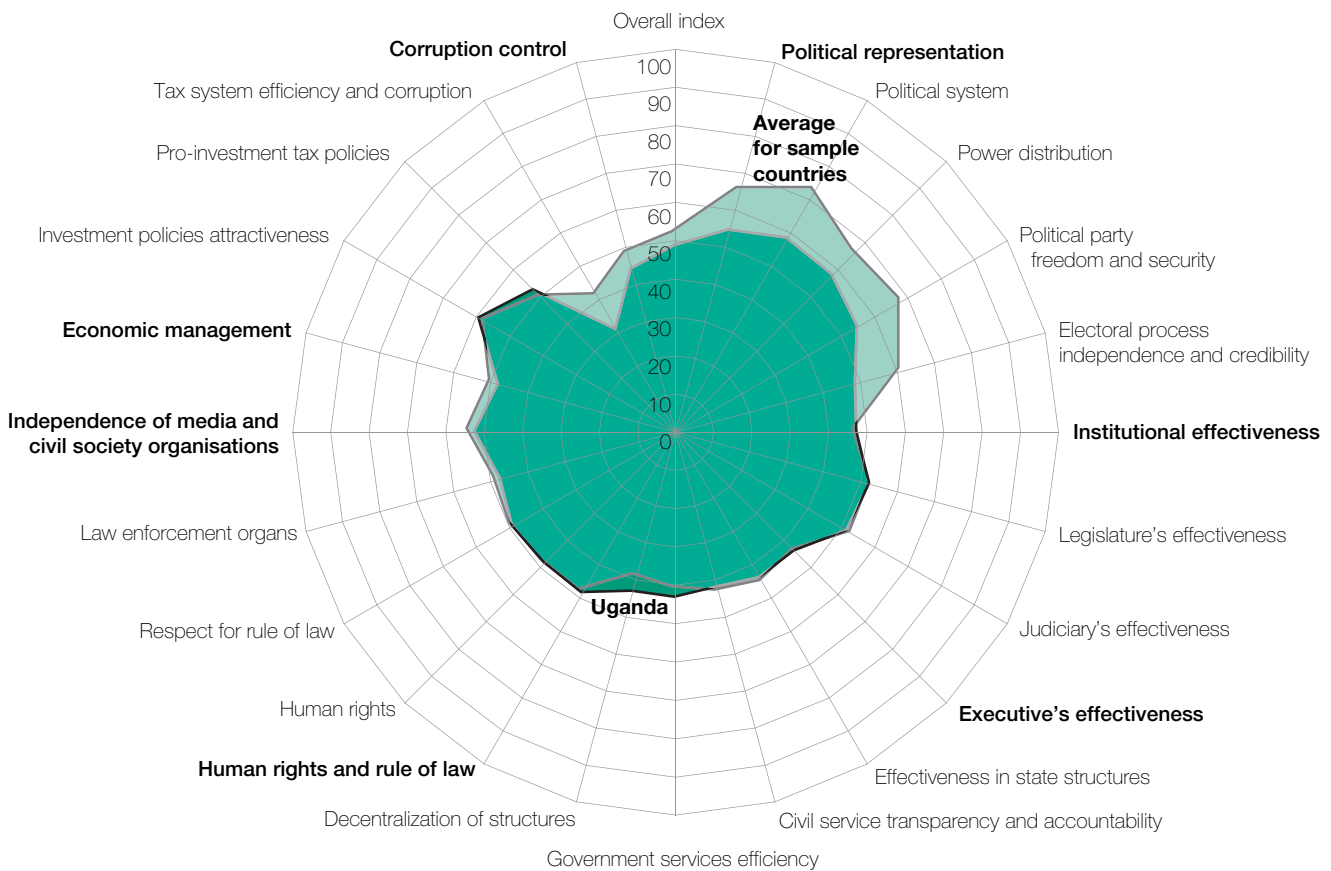
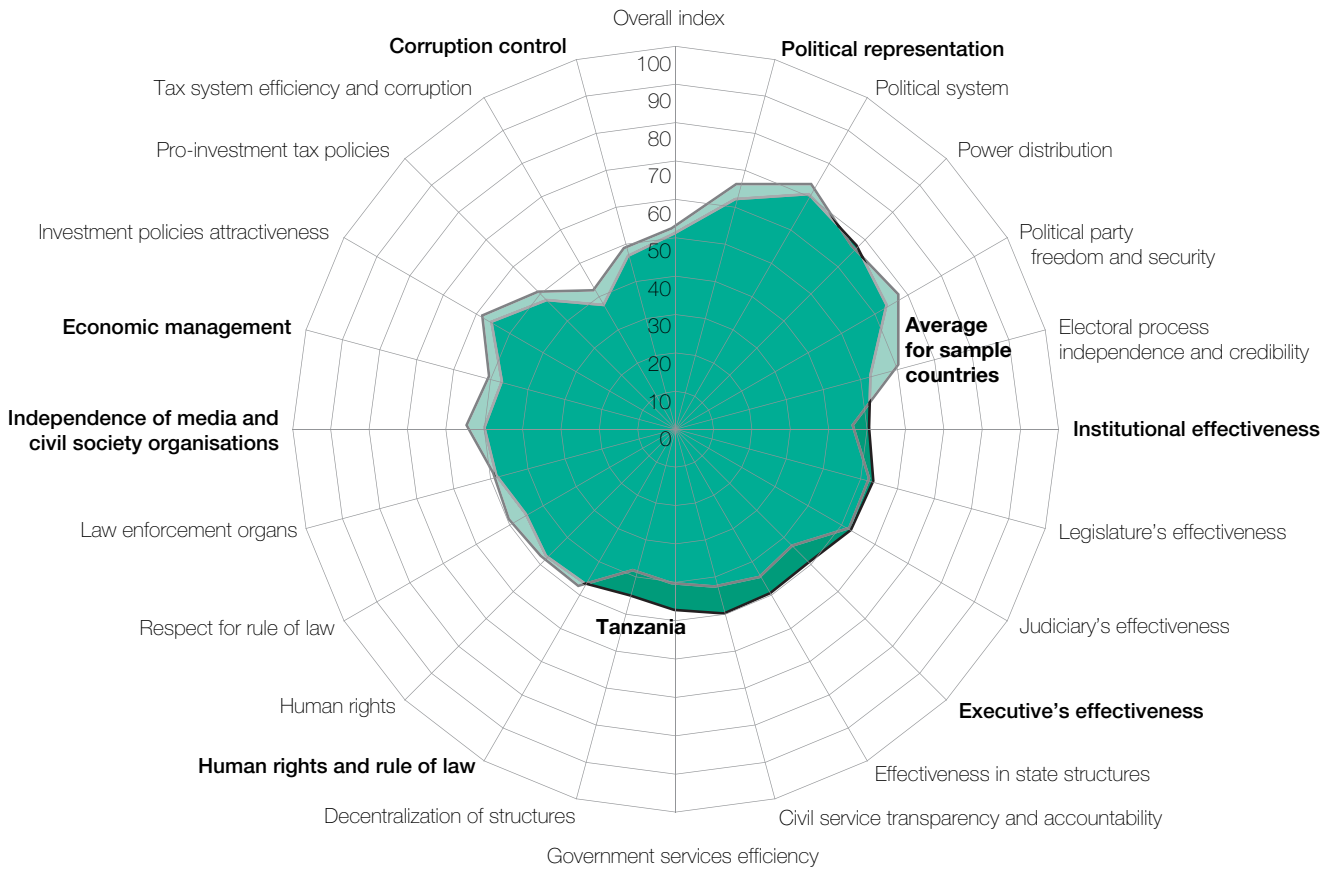


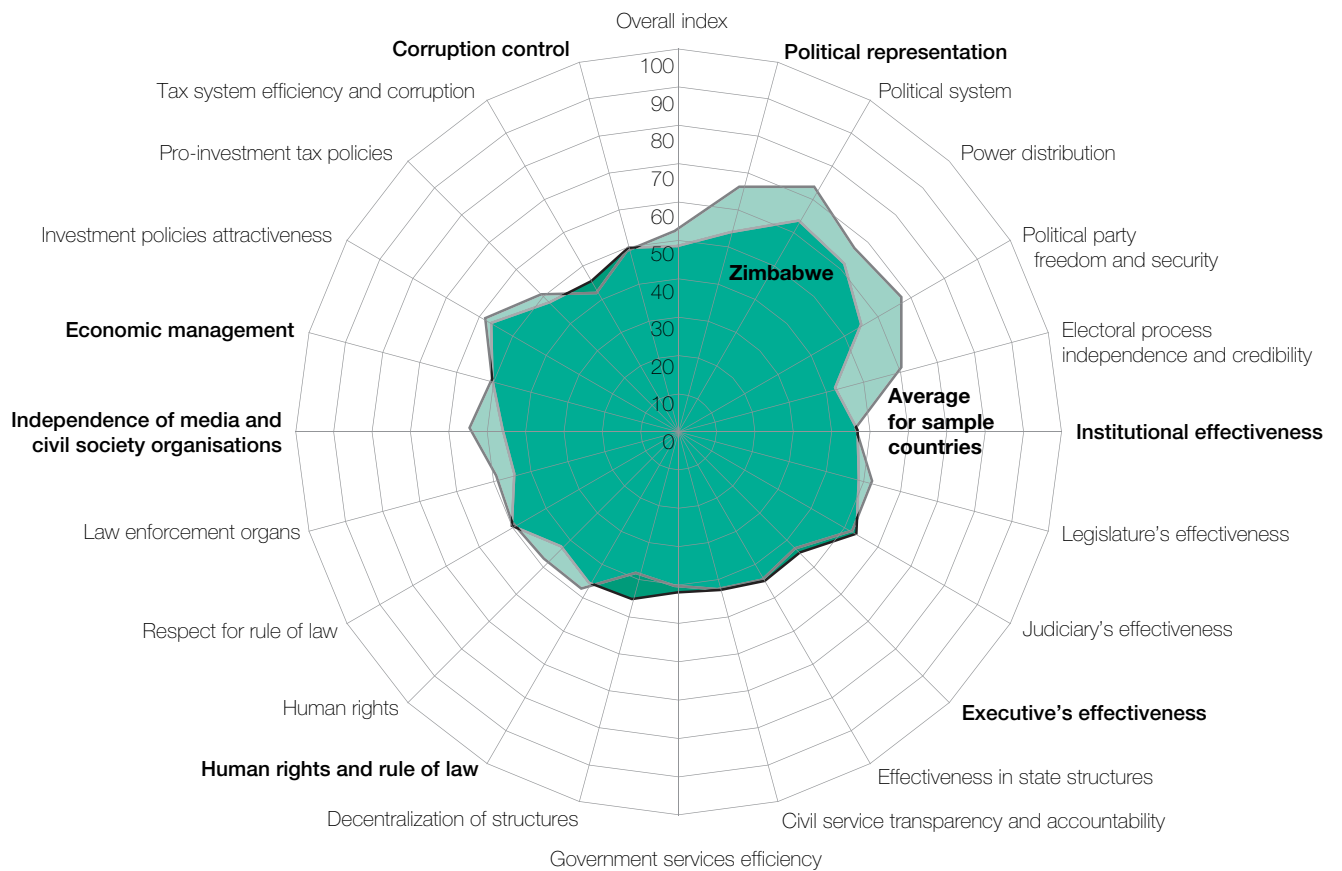
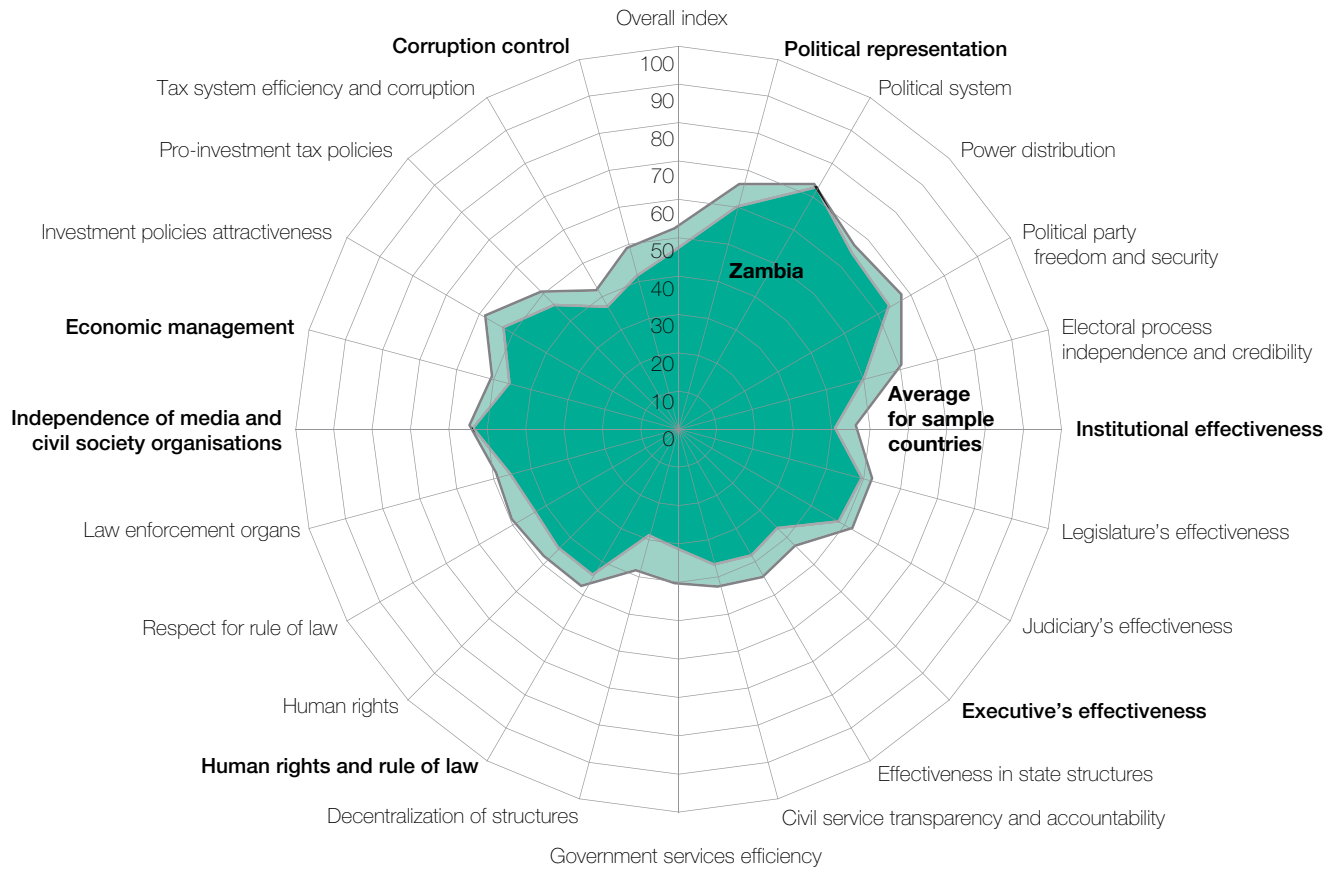














## Annex 3

### Other indicators of governance

The World Bank is perhaps one of the largest users of indicators, in addition to being engaged in aggregating information from a variety of sources to build indices that are designed to enable international comparisons with respect to six clusters which represent different aspects of governance: voice and accountability, political stability and lack of violence, government effectiveness, regulatory quality, rule of law and control of corruption. The most recent World Bank aggregation in 2002 has been prepared for at most 199 countries for the voice and accountability cluster and for at least 186 countries or more for the remaining 5.

The International Development Association (IDA) has also used performance measures based on a country policy and institutional assessment (CPIA) scheme which uses ratings on a scale of 1 to 6 on 20 criteria under 4 clusters: economic management, structural policies, policies for reducing inequalities and public sector management/institutions; the scheme is designed to investigate property rights and rule-based governance, quality of budgetary and financial management, efficiency of revenue mobilisation, efficiency of public expenditures, transparency, accountability and corruption.

One other set of indicators under the sponsorship of the World Bank comes as part of its 1997 *World Development Report*, which includes results of studies, that has been carried out in 67 countries where only investors have been the respondents. UNDP has also had its own set of indicators and indices.

UNDP's indicators have been used in its annual *Human Development Report*. These indicators have been employed in the construction of the Human Development Index for all countries, the Human Poverty Index for developing countries, the Human Poverty Index for selected OECD countries, the Gender-related Development Index and the Gender Empowerment Measure. Just as in the case of IDA's CPIA, UNDP uses no indicators to measure or monitor political governance, though its 2002 report emphasises the importance of the exercise of political power by the people. Moreover, the way UNDP has used indicators to construct indices has been a subject of considerable debate by various stakeholders.

At the governmental level, USAID makes use of democracy and governance programme indicators, which are designed to measure country and programme performance. These indicators have been organised under four governance clusters: (i) rule of law, (ii) elections and political processes, (iii) civil society and (iv) governance. USAID's scope of measurement appears to have some similarity with that of ECA.

A more recent and related action of the US Government, detailed in November 2002, was to place good governance centre stage by spelling out plans for the allocation of funds from the \$5 billion a year Millennium Challenge Account (MCA) to countries that "justly govern," "invest in people" and "promote economic freedom;" these three clusters make use of 16 performance criteria and the data come from the World Bank, national sources, IMF, Freedom House and Institutional Investor Magazine; the World Bank and Freedom House have provided all the data for "Governing Justly."

Creditworthiness of nations has been, and continues to be, measured by such rating agencies as Standard and Poor's, Moody's, International Country Risk Guide and Business Environmental Risk Intelligence (BERI). These sources are also used by the World Bank, among others, to construct indices for different aspects of governance.

The International Monetary Fund (IMF) has also used, since 1995, a set of indicators in its Special Data Dissemination Standards to monitor the international credit rating of member countries in relation to their access to IMF funding and international capital markets; this is largely restricted to businesses in fairly well-developed and fully developed nations.

The World Governance Survey is another study that has been carried out late in 2000 and early 2001 by United Nations University in 22 countries that are described as "transitional societies," and that group included Togo, Tanzania and Nigeria from Africa. The scope of the research included 6 governance clusters and 30 indicators on: (i) political society, (ii) the judiciary, (iii) the executive, (iv) the bureaucracy, (v) civil society and (vi) economic society.

Other widely known non-governmental organisations that employ indicators include Freedom House, which is engaged in monitoring progress in political rights and civil liberties, and Transparency International (TI), which has been constructing a Corruption Perceptions Index since 1995. TI's 1999 index, which used data from 14 sources, covered 99 countries, as opposed to only 41 in 1995. There are also several other organisations, mostly in developed countries, which employ indicators for different purposes.

In Africa there is the Afrobarometer, which was launched in 1999 to report on the attitudes of citizens towards democracy, markets and civil society in Botswana, Ghana, Lesotho, Namibia, Nigeria, Malawi, Mali, South Africa, Tanzania, Uganda, Zambia and Zimbabwe; all 12 countries have also been included in ECA's governance project. The Afrobarometer is one of the World Bank's 25 sources of inputs for (i) voice and accountability, (ii) government effectiveness and (iii) control of corruption in its 2002 aggregate governance estimates.

## Annex 4

### Comparing Africa governance indicators with other governance indicators

The Africa Governance Indicators are derived from the data collected in the expert panel study, which contains 83 measures of the perceptions of the nation's elite in each of 28 countries covered in the study, clustered in 23 groups.

The 24 Africa Governance Indicators (including the overall measure) were compared with 10 governance indicators routinely used by the World Bank: five governance-related indicators from the Bank's CPIA (Country Policy and Institutional Assessments); the average score of these five governance indicators in the CPIA; and four worldwide governance indicators published by the World Bank Institute, covering rule of law, government effectiveness, corruption, and voice & accountability. All these indicators have been tested empirically and proved to be good predictors of different aspects of the quality of governance, both in cross-country regressions and in country specific analyses.

Of the 28 countries with Africa Governance Indicators, only 25 have matching World Bank indicators: 23 countries from Sub-Saharan Africa and 2 countries from North Africa.

Most indicators are reasonably well correlated (table A4.1). The best overall proxies for the AGIs were CPIA 16 on Rule of Law and Property Rights and WBI's Voice & Accountability score, followed by WBI's Government Effectiveness and Rule of Law scores. The weakest correlation was found

with CPIA 18 and 19, not surprising since the AGIs do not cover issues related to revenue mobilisation (CPIA 18) and only partly issues related to public sector management and civil service (CPIA 19). There are three clear mid-range indicators: CPIA 20 (on corruption), the average CPIA 16-20, and WBI's Corruption score.

To compare country level results, each of the AGIs was estimated using each of the CPIA/ WBI indicators as a predictor. The analysis of standardised (Pearson) residuals shows that several countries are consistent outliers (table A4.2). The standardised or Pearson residual is calculated as the difference between actual and predicted value divided by the standard error of the residual. AGIs rank Ethiopia, Kenya, Chad, Swaziland, and to a lesser extent Egypt, significantly lower than the CPIA, while countries such as Ghana, Namibia and to a lesser extent Gambia and Zimbabwe are ranked significantly higher than the CPIA. The "lower ranked" countries are more consistent across indicators than the "higher ranked" countries.

Because survey instruments were applied by different research groups in each country, the results cannot be compared across countries. They are merely indicative of perceptions in one country at one point in time. The AGIs are thus useful primarily for country-specific analyses.

**Table A4.1 Level of correlation between selected World Bank governance indicators and Africa Governance Indicators**

Percent by level

Indicator	Correlations with 24 AGIs in each interval % of all correlation		
	Less than 34%	34% to 66%	More than 66%
WBI Rule of Law Score	0	54	46
WBI Government Effectiveness Score	4	42	54
WBI Corruption Score	13	83	4
WBI Voice and Accountability Score	0	46	54
Property Rights and Rule-Based Governance (CPIA 16)	0	29	71
Quality of Budgetary and Financial Management (CPIA17)	38	63	0
Effectiveness of Revenue Mobilisation (CPIA18)	79	21	0
Quality of Public Administration (CPIA19)	83	17	0
Transparency, Accountability and Corruption (CPIA20)	4	96	0
Average of Governance CPIAs	0	100	0

**Table A4.2 Percentage of standardised residuals with absolute value greater than 1**  
Percent

<b>Country</b>	<b>Percentage of standardised residuals with absolute value greater than 1</b>	<b>Percent of all negative standardised residuals</b>	<b>Percent of all positive standardised residuals</b>
Benin	4	28	72
Botswana	9	25	75
Burkina Faso	8	59	41
Chad	59	100	0
Egypt	34	83	17
Ethiopia	83	100	0
Gabon	13	52	48
Gambia	38	3	98
Ghana	70	2	98
Kenya	59	99	1
Lesotho	5	19	81
Malawi	6	75	25
Mali	16	50	50
Mauritius	11	51	49
Morocco	18	13	87
Mozambique	5	58	42
Namibia	85	0	100
Nigeria	17	38	62
Senegal	10	26	74
South Africa	21	5	95
Swaziland	67	93	7
Tanzania	5	58	42
Uganda	7	55	45
Zambia	7	77	23
Zimbabwe	36	21	79

