

MEASURING GOVERNANCE & CORRUPTION



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WHAT IS GOVERNANCE?

Governance consists of the traditions and institutions by which authority in a country is exercised.

Process by which governments are selected, monitored and replaced;
Capacity of the government to effectively formulate and implement sound policies; and Respect of citizens and the state for the institutions that govern economic and social interactions among them.

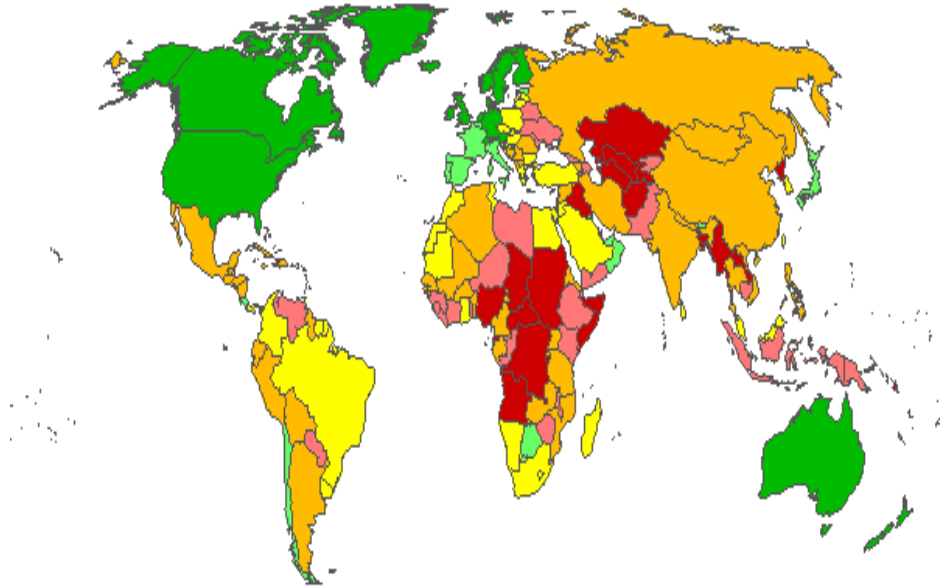
6 dimensions:

1. Voice and Accountability
2. Political Stability and Absence of Violence
3. Government Effectiveness
4. Regulatory Quality
5. Rule of Law
6. Control of Corruption

Source: World Bank

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WORLD BANK'S WORLD MAP OF GOVERNANCE

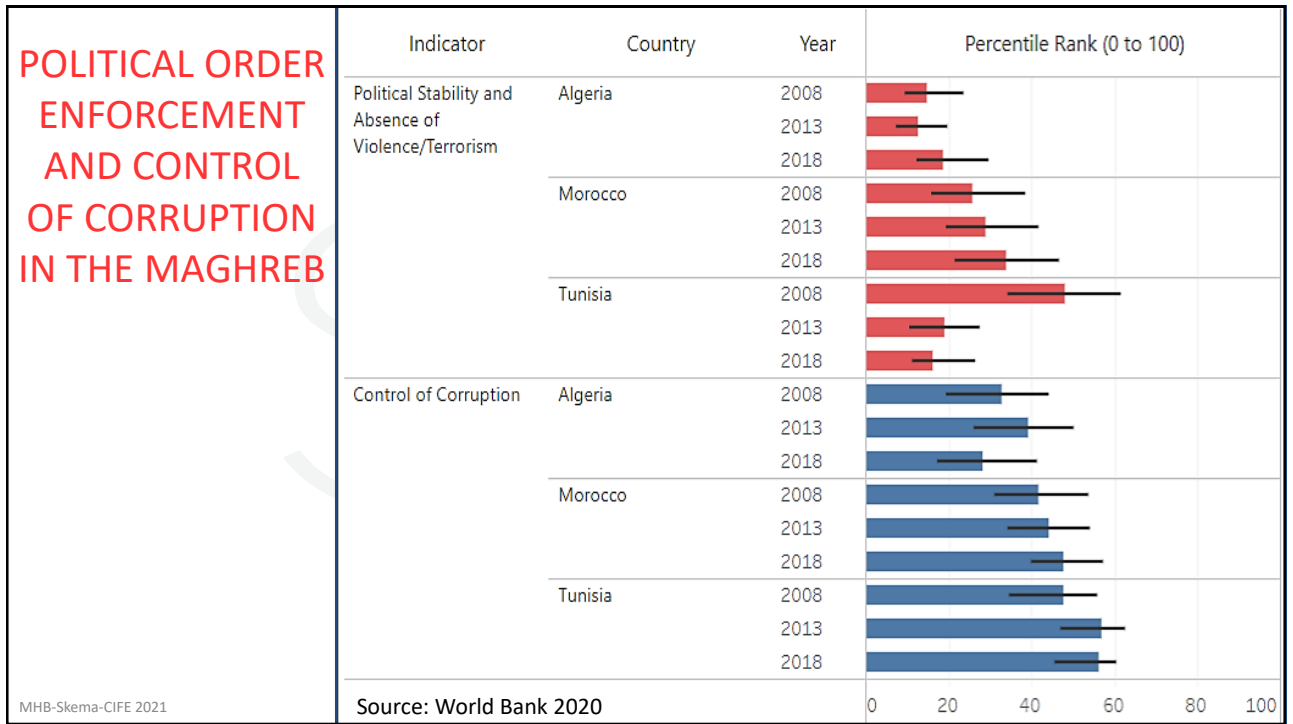


Source: Kaufman, World Bank

WORLD BANK GOVERNANCE INDICATORS 2020

Indicator	Country	Year	Percentile Rank (0 to 100)
Political Stability and Absence of Violence/Terrorism	*Middle East & North Africa	2008	40
		2013	30
		2018	30
	*Sub-Saharan Africa	2008	35
		2013	35
		2018	35
Government Effectiveness	*Middle East & North Africa	2008	50
		2013	50
		2018	45
	*Sub-Saharan Africa	2008	30
		2013	30
		2018	30
Rule of Law	*Middle East & North Africa	2008	50
		2013	50
		2018	45
	*Sub-Saharan Africa	2008	35
		2013	35
		2018	35
Control of Corruption	*Middle East & North Africa	2008	50
		2013	50
		2018	45
	*Sub-Saharan Africa	2008	35
		2013	35
		2018	35

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IBRAHIM INDEX OF GOVERNANCE IN AFRICA

The Index groups governance and political freedom indicators into four main categories:

1. Safety and Rule of Law,
2. Participation and Human Rights,
3. Sustainable Economic Opportunity,
4. and Human Development.

Source: <http://www.moibrahimfoundation.org/en/section/the-ibrahim-index>

IBRAHIM INDEX OF GOOD GOVERNANCE IN AFRICA

1 Mauritius	83,0	19 Mali	52,9	37 Nigeria	43,3
2 Seychelles	78,5	20 Mozambique	52,1	38 Liberia	43,2
3 Botswana	75,9	21 Burkina Faso	51,9	39 Togo	42,6
4 Cape Verde	75,5	22 Malawi	51,7	40 Niger	42,3
5 South Africa	71,5	23 Libya	51,5	41 Congo	42,0
6 Namibia	67,3	24 Uganda	50,8	42 Angola	39,3
7 Ghana	64,6	25 Swaziland	50,8	43 Guinea-Bissau	39,1
8 Tunisia	62,1	26 Kenya	50,5	44 Côte d'Ivoire	36,8
9 Egypt	60,5	27 Gabon	50,1	45 Guinea	35,6
10 Lesotho	60,1	28 Madagascar	48,7	46 Equatorial Guinea	34,7
11 São Tomé and Príncipe	58,2	29 Comoros	48,5	47 Sudan	32,9
12 Benin	56,6	30 Djibouti	48,5	48 Central African Republic	32,7
13 Morocco	56,6	31 Rwanda	47,2	49 Zimbabwe	32,7
14 Senegal	56,3	32 Sierra Leone	46,0	50 Eritrea	31,8
15 Algeria	55,2	33 Burundi	44,7	51 Congo, Democratic Rep.	31,1
16 Tanzania	55,0	34 Cameroon	44,2	52 Chad	28,8
17 Zambia	54,9	35 Ethiopia	43,5	53 Somalia	7,9
18 Gambia	53,0	36 Mauritania	43,4		

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MEASURING CORRUPTION?

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ICRG



- ▶ The *ICRG* model for forecasting financial, economic, and political risk was created in 1980 by the editors of International Reports (weekly newsletter)
- ▶ To meet the needs of clients the editors created a statistical model to calculate risks and backed it up with analyses that explain the numbers and examine what the numbers do not show.
- ▶ the *ICRG* model allows users to make their own risk assessments based on the *ICRG* model or to modify the model to meet their specific requirements.

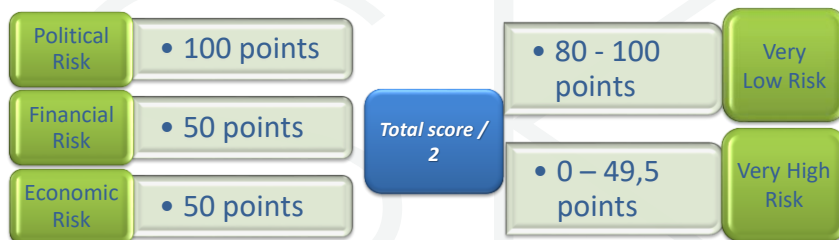
Source: www.icrg.com

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INTERNATIONAL COUNTRY RISK GUIDE (ICRG)

- ▶ Monitors 140 countries
- ▶ The *International Country Risk Guide (ICRG)* rating comprises 22 variables in three subcategories of risk: political, financial, and economic.



- ▶ Testing has proven *ICRG's* reliability and its uniqueness:
 - Claim to have the longest history of country risk data for analysis
 - Easy to customize and merge with in-house systems
 - Useful for multinational firms, banks, and equity and currency traders

Source: www.icrg.com

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ICRG: POLITICAL RISK COMPONENTS

Weights	ICRG's Political Risk Assessment Criteria
12	Government Stability
12	Socio-Economic conditions
12	Investment Profile
12	Internal Conflict
12	External Conflict
6	Corruption
6	Military in Politics
6	Religious Tensions
6	Law and Order
6	Ethnic Tensions
6	Democratic Accountability
4	Bureaucratic Quality
100	Total number of points for weighted influence

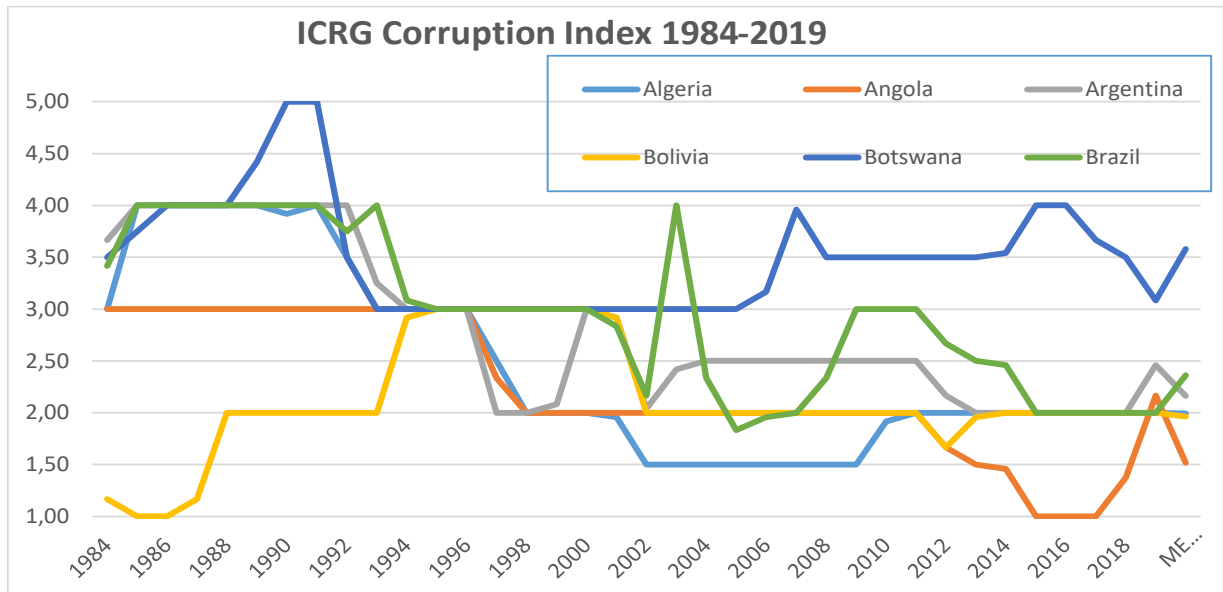
Source: www.icrg.com

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ICRG CORRUPTION AND GOVERNANCE INDICES

ICRG Corruption Index 1984-2019



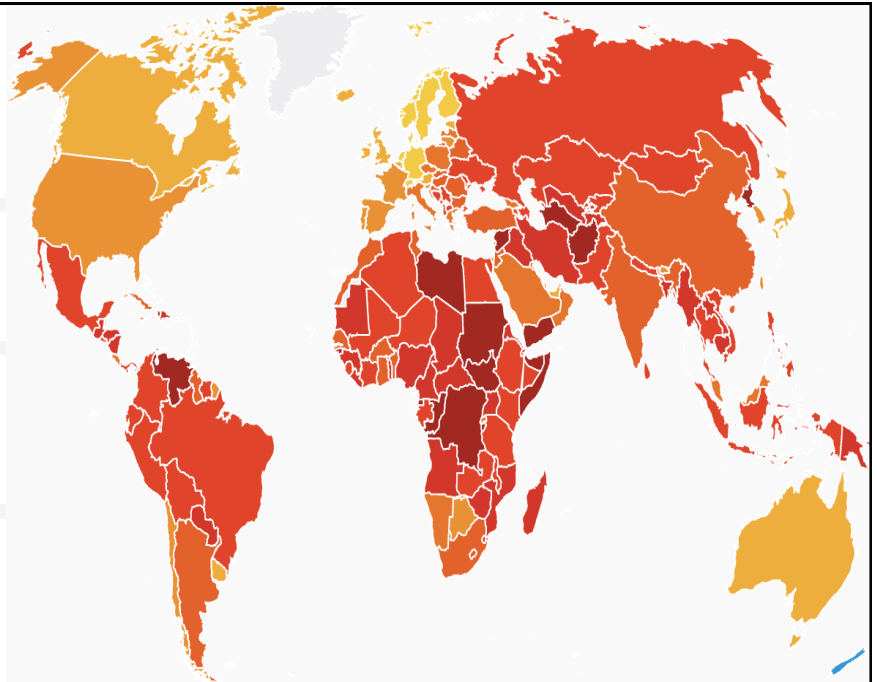
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HOW ASSESSING CORRUPTION? TRANSPARENCY INTERNATIONAL'S CPI

- ▶ Germany-based NGO, founded in 1993
- ▶ Global network with national chapters in >70 countries
- ▶ Annual **Corruption perception index** ranking 180 countries
- ▶ Annual Bribe index

CPI is a composite index: poll of polls conducted over a 3-year period, drawing on 13 surveys from 8 independent organizations

TI WORLD MAP OF CORRUPTION 2020



MEASURING CORRUPTION? TRANSPARENCY INTERNATIONAL CPI

1	New Zealand
2	Denmark
3	Singapore
3	Sweden
5	Switzerland
6	Finland
6	Netherlands
8	Australia
8	Canada
8	Iceland
11	Norway
12	Hong Kong
12	Luxembourg
14	Germany
14	Ireland
16	Austria

France = 23

China = 78

India = 86

Brazil = 94

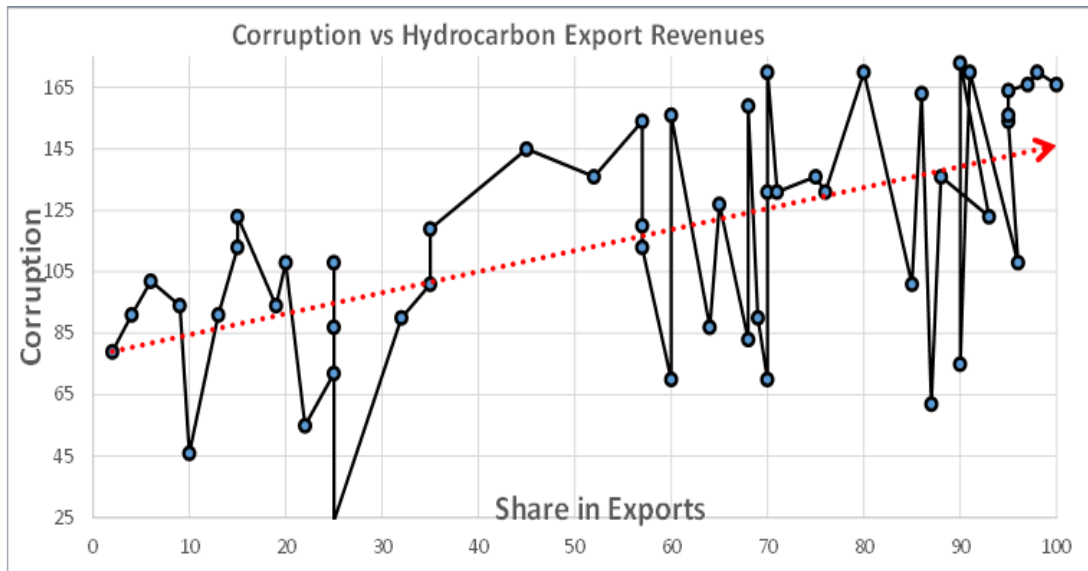
Russia = 129

162	Guinea-Bissau
162	Kyrgyzstan
162	Venezuela
168	Burundi
168	Equatorial Guinea
168	Guinea
168	Haiti
168	Iran
168	Turkmenistan
174	Uzbekistan
175	Chad
176	Iraq
176	Sudan
178	Myanmar
179	Afghanistan
180	Somalia



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OIL-BASED GROWTH LEADS TO POWER AND WEALTH CONCENTRATION, AND CORRUPTION (EXCEPTED IN NORWAY!!?)



Source: Bouchet & alii Palgrave 2019

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INSTITUTIONAL FRAGILITY AND CORRUPTION

