Assessing Governance, Staff Guidance Note on the Governance Rating of the Bank's Country Performance Assessment

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ASSESSING GOVERNANCE

Staff Guidance Note on the Governance Rating of the Bank's Country Performance Assessment

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Abbreviations and Acronyms

ACR   African Competitiveness Report
ADB   African Development Bank
ADF   African Development Fund
AGR   African Governance Report
APRM   African Peer Review Mechanism
CABRI   Collaborative African Budget Reform Initiative
CDD   Centre for Democratic Development
CGP   ADB Country Governance Profiles
CPA   Country Performance Assessment
CPIA   Country Policy and Institutional Assessment
CPPR   Country Portfolio Performance Rating
DAC   Development Assistance Committee
DBR   World Bank Doing Business Report
EDRE   Development Research Department
ECA   Economic Commission for Africa
EIU   Economist Intelligence Unit
ESTA   Statistics Department
FFMA   Financial Management Department
GI   Global Integrity
GR   Governance Rating
IDASA   Institute for Democracy in South Africa
IFC   International Finance Corporation
IMF   International Monetary Fund
IREEP   Institute for Empirical Research in Political Economy
NGO   Non Governmental Organizations
OBI   Open Budget Index
OECD   Organization for Economic Cooperation and Development
OPSM   Operational Private Sector Management Department
ORPC   Operational Policy and Compliance Department
PBA   Performance-Based Allocation System
PEFA   Public Expenditure and Financial Accountability
RMC   Regional Member Country
ROSC   Report on the Observance of Standards and Codes
TI   Transparency International
UNECA   United Nations Economic Commission for Africa
US   United States of America
WGI   Worldwide Governance Indicators

1.   Background and purpose

1.1. **Over the past decade, the recognition of the link between good governance and poverty reduction has triggered the need to measure the quality of governance and monitor its progress over time and across countries.** Accurately assessing governance performance is today a priority for African governments and civil society, as reflected by the African Peer Review Mechanism (APRM) and the African Governance Report (AGR) produced by the Economic Commission for Africa (ECA). Governance assessments are important diagnostic tools, guiding policy reform and monitoring progress at the country level. Such assessments are also important for development partners, foreign investors, and multilateral financial institutions, as governance quality and reform performance inform country risk ratings, investment decisions and the allocation of foreign aid.

1.2. **Since 1999, the Bank uses a Performance-Based Allocation (PBA) system for allocating the African Development Fund (ADF) resources among the eligible Regional Member Countries (RMCs).[1]** The PBA system aims to provide a transparent means of allocating concessional ADF funds to ADF-eligible countries based on performance. The PBA calculation is based on a formula, which has two key components: (i) country needs given by the per capita income and country population and (ii) country performance, using the country performance assessment (CPA) score.

1.3. Calculated each year, the CPA is determined by three main factors, namely:

   (i)   The country policy and institutional assessment (CPIA), which assesses the country's social, economic, policy and institutional environment;
   (ii)   The country portfolio performance rating (CPPR), which measures the performance of the Bank's portfolio, highlighting the degree to which it is at risk; and
   (iii) The governance rating (GR), which gives an indication of the country's performance in the area of governance and the quality of its institutions.

1.4. **In 2002, the Bank's Performance-Based-Allocation (PBA) system was refined to include a specific Governance Rating (GR)** for three main reasons: (i) it allows to signal concerns about weak governance; (ii) it enables governance to be one of the key focuses of country dialogue and policy reform; and (iii) it provides an incentive for good governance by linking it to the allocation of resources.

1.5. Since 2007**,** Cluster D of the CPIA on Public Sector Management and Institutions used under ADF-10 was dropped and reformulated to construct the Governance Rating (GR) of the CPA for ADF-11. As result and since then **the governance rating accounts for 58% of the country performance assessment score[2].**

1.6. **The purpose of this note is to provide guidance to Bank staff on the sources of evidence available to inform the assessment of the governance rating and thereby reduce the scope for subjectivity of the annual CPA exercise.** It is designed in particular for Country

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[1] Further information on the Bank's country allocation system, PBA, CPA, CPIA and GF, can be found at http://www.afdb.org/en/about-us/profile/who-we-are/african-development-fund-adf/adf-11/country-resource-allocation/allocating-adf-resources

2 The GR Based on the simplified PBA formula adopted by the ADF Deputies at the final meeting of the ADF-11 replenishment consultations in London in December 2007, the CPIA accounts for 26%, the CPPR, 16 %; and GR 58%.

Economists responsible for the coordination of the CPA exercise, undertaken each year. It aims at **enhancing the objectivity, quality, consistency and robustness of the assessment of the governance rating**, providing sources of evidence to inform the judgments made on governance performance across countries and trends over time. It emphasizes the availability of Africa-based sources of information and evidence.
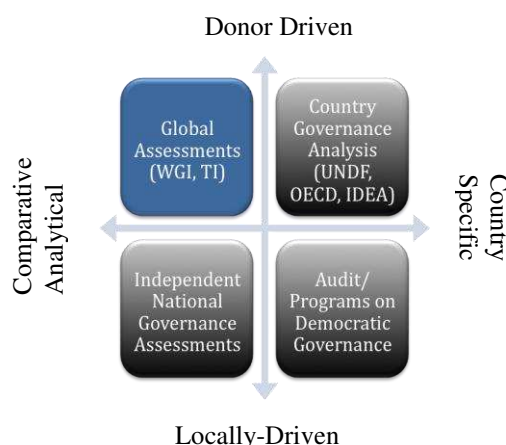
1.7. **This Note builds on the existing guidelines, namely the Performance Assessment Note[3], and uses the CPIA GR Questionnaire as its reference point.**[4] It is important to note that this Note is not intended to: (i) revisit the five governance criteria and its components, (ii) provide a pre-defined system for computing the governance rating, or (iii) substitute existing guidance on the CPIA and GR. Its core purpose is to complement the existing guidance and available sources of information to substantiate the assessment made. **The responsibility of this assessment ultimately rests with the Country Economist, combining a variety of qualitative and quantitative information.** This guidance note will also be useful to Country Teams, Peer Reviewers and the Bank's Policy and Compliance Department (ORPC) to strengthen the robustness of the assessments through quality control and peer review. The Bank's Statistics department (ESTA) will systematically and periodically gather the proposed indicators through the Data Platform.

2.   Challenges and good practices in assessing governance

2.1. Assessing the quality of governance is a complex task given the methodological and operational challenges involved in measuring this multidimensional and fairly controversial concept. A plethora of different governance assessment frameworks and indicators have been developed in the last decade. In 2008, a mapping of governance diagnostic frameworks conducted by the OECD showed that 18 donor agencies use 30 different governance assessment tools (OECD, 2008). Such tools tend to focus on measuring the performance, accountability, responsiveness and capacity of formal institutions. They are designed to serve multiple purposes, such as enhancing country dialogue, informing aid-allocation decisions, and fostering research so as to identify areas of reform and monitor progress over time.

Figure 1: Types of Government Assessments

Source: Hyden, Mease, Foresit and Fritz, 2008

2.2. **Assessment tools all have strengths and weaknesses.** Some of these can be summarized along the trade-offs between donor needs and country driven needs, as well as between country specificities (change over time) and country comparability (change across countries), as shown in figure 1.

2.3. **Another important aspect lies in the methodology used and type of data collected.** These can generally be: (i) objective data (i.e. official statistics); (ii) expert assessments; and (iii) perception surveys. However, indicators can draw on an aggregation of multiple types of data.

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[3] http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/30735051-EN-BANK-GROUP-CPIA-CPPR-GR-2007-DISCLOSURE.PDF
[4] http://www.afdb.org/fileadmin/uploads/afdb/Maps/CPIA%20Questionnaire%20for%202008oct22_English.pdf

Whichever type of indicators used, the method of aggregation used, the nature of indicator datasets, whether absolute or relative, and the inherent time-lag in data collection are important considerations to bear in mind when triangulating data sources. More fundamentally, users of governance data should carefully consider the methodological foundations of the data used - how indicators are constructed and what they really measure - to be able to interpret them adequately.

2.4. In this regard, it is also important to bear in mind that **any measurement exercise on governance involves margins of error**[5]. While some indicators such as WGI and the Ibrahim Index of African Governance have recently adopted statistically rigorous ways of taking into account these margins of error, most measurements still overlook this dimension. This measurement error should be seriously considered, especially when drawing conclusions about cross-country differences or trends over time[6].

2.5. In addition, the **country context is critical to adequately interpret governance indicators**. For example, while an increase in the Corruption Perception Index might reflect an increase in corruption, it might also reflect a more effective disclosure and prosecution of corruption cases due to changes in legislation, political context or media activism. Information on whether the government has joined the Extractive Industries Transparency Initiative (EITI) may be more important for oil and mineral-rich countries, whereas data based on international executives' perceptions maybe more relevant for countries which have a large presence of international companies.

2.6. Another important limitation relates to the **periodicity of the assessments** and the **time span between the data collection and the availability of the actual reports**. This is true for both perception and objective data. Official data, for instance may be out of date, and incomplete. Moreover, changes in many of the dimensions of governance take a long time to materialize and often cannot be measured over short periods of time. This issue is of particular importance for the CPA process, whose primary focus is to look at trends over time and is carried out every year.

2.7. **Ultimately, no single data source or tool will offer a definitive and pre-defined measurement of the quality of governance and rating method.** Beyond the methodological caveats underscored above, it is important to emphasize that governance indicators provide only partial indication of performance and trends in governance quality (Santiso and Linder, 2003). An indicator is almost by definition an imperfect measure of the concept is seeks to measure. This in turn underscores the importance of relying on a diversity of the different types of indicators when monitoring governance and formulating policies to improve governance. Taking these issues into account, and as highlighted by the OECD-DAC good practice guidance (2008), governance assessments should ideally **build on and strengthen locally-driven analyzes**[7]. In addition, these assessments should analyze and **address governance from different perspectives and should include consultations with key local stakeholders**, whilst ensuring that results are made public, unless there are compelling reasons not to do so.

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[5] Measurement errors can stem from (i) the usual sampling error associated with measurements, (ii) the choice of relevant laws and regulations documenting certain regulatory regime in different settings, in each setting or simply (iii) the simple differences of opinion between respondents -- for example different groups of experts might come up with rather different assessments of the same phenomenon in a particular country.

[6] It should also be stressed that imprecision is not unique to governance indicators. A recent analysis of margins of errors has shown that Human Development index exhibit larger margins of errors than core governance components.

[7] It is worth noting that country assessments may also be subject to local biases, given pressure local actors may receive to present rosier picture. One should also not underestimate the problem of uniformity of treatment and comparability across countries for locally driven assessments.

3. Assessing the Bank Governance Rating

3.1. With the above considerations in mind, the following section provides a selection of available sources of information and evidence from internationally recognized sources, organized around the Banks' governance rating's index and sub-indices, as indicated in the table below[8].

Table 1: Governance Rating

GF 1	GF 2	GF 3	GF 4	GF 5
Property Rights and Rule Based Governance	Quality of Budgetary and Financial Management	Efficiency of Revenue Mobilization	Quality of Public Administration	Transparency, Accountability and Corruption in Public Sector
A Legal base property and contract rights **B** Predictability, transparency, and impartiality of laws **C** Difficulty in obtaining business licenses **D** Crime and violence	**A** Comprehensive and credible budget **B** Effective FM systems **C** Timely and accurate fiscal reporting **D** Clear and balanced assignment of revenues	**A** Tax policy **B** Tax Administration	**A** Policy coordination and responsiveness **B** Service delivery and efficiency **C** Pay adequacy and wage bill	**A** Accountability of the executive to oversight institutions **B** Access to information **C** State capture

Rating: Countries are rated on a scale of 1-6 on each of the 5 criterions, 6 being "Highly Satisfactory" and 1 "Highly Unsatisfactory". The average rating for the criteria is the Governance Rating (GR). All 5 criterions have equal weighting. Each sub-criterion within each of the 5 criterions also has equal weighting.

3.2. The sources of evidence proposed hereafter vary in terms of their purpose, nature, periodicity, country coverage, and their ability to monitor progress over time. Thus there is no simple and pre-defined way of using such data and assigning scores to countries. **Using and combining a variety of sources of information, while taking into account country's specificities, is therefore critical in order to determine trends and justify judgments made on progress or regression in governance**[9]. In addition to the quantitative data provided by governance indicators, Country Economists are encouraged to complement such information with a qualitative assessment and available intelligence, as well as, where feasible, stakeholder consultations.

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[8] Refer to Annex 4 for the CPIA questionnaire.
[9] It is important to note that different governance indicators may differ in their main conclusions. This may be driven by a variety of factors, including the different methodology, the time difference between the assessment and the actual report, as well as nature of indicator (perception based versus normative).

3.3. The process of collecting, reviewing, validating and analyzing the sources of evidence available to inform the governance factor can be summarized as follows.

- **Step 1: Data gathering and trend analysis**. This step consists in collecting and reviewing the most appropriate indicators among the list of suggested ones in this guidance note, as well as other relevant sources of information, depending on the data available for the respective country[10], the relative importance of a certain topic for a country,[11] as well as the periodicity of data availability. For example, while *Doing Business* indicators are updated every year, *Public Expenditure and Financial Accountability* reports are generally produced every three years. Given that data may not be available for every country every year and there are unavoidable time lags between data collection and reporting, assessing progress on a yearly basis will require Country Economists to use a variety of sources of intelligence to adequately assess yearly trends.

- **Step 2: Qualitative analysis and policy dialogue**. This second step builds on the previous to complement the available sources of evidence and arrive at the final rating. Country Economists should complement the above steps with their own qualitative assessment of progress[12], stemming from country dialogue and regular monitoring of country's performance often documented in Bank internal monitoring reports, as well as additional external sources (Africa Monitor, Economic Intelligence Unit, United Nations Economic Commission for Africa, International Monetary Fund reviews) and internal sources (EDRE Economic and Sector Work, FFMA Risk Reports, ESTA Data-Platform). In-country consultations with key stakeholders will also help Country Economists to validate the information gathered.

3.4. The next sections refer primarily to the first step and provide a menu of key sources of evidence (accessed directly via the hyperlinks) to inform the final assessment. While most sources provided allow users to extrapolate data and observe trends over time for their respective indicators, three major interactive portals detailed in table 2 below, provide one-stop-shop platforms for governance assessments and allow users to easily produce cross-national comparative and time series analysis across selected indicators.

Table 2: Interactive Portals	
Portals	**Description**
AGI data portal **World Bank Actionable Governance Indicators**	The AGI consolidates information on actionable governance indicators, provides a one-stop-shop platform to navigate these indicators and their documents and offers customized tools for data management, analysis and display. Actionable governance indicators focus on relatively specific aspects of governance, rather than broad dimensions. Moreover, they allow for monitoring and capturing of impacts within a relatively short span of time, and with less ambiguity about what is being measured than is characteristic of broad governance indicators (BGIs), such as the TI Corruptions Perceptions Index or the WGI indicators.

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[10] With the exception of a few, governance surveys are not conducted across all African countries. See Annex 3 for a list of available reports by country.

[11] See for instance the mention made to Extractive Industries Transparency Initiative and other factors highlighted in para 2.5.

[12] It is important to underscore that the expert judgment of Country Economists, assisted by the Country Team and Peer Reviewers, will always be required to adequately interpret the data, assess the trajectory of change and base the final rating on the most up-to-date available information.

Data Gov **Inter-American Development Bank Governance Indicator Database**	DataGov provides a user-friendly interface for accessing 800 governance indicators for a global sample of countries whose coverage depends on the source, without differentiating between actionable or non-actionable indicators. The interactive tool permits users to easily produce cross-national comparative and time series graphs and tables for immediate printing or for export to standard office software. It contains approximately.
UNDP Governance Assessment Portal	The GAP aims to be a hub of information and an entry-point on democratic governance assessments. It provides information on: tools for assessing governance; existing initiatives for measuring democratic governance at the national, regional and global level; measurements of governance with regard to specific areas of governance such as corruption or local governance; how to use global indicators more correctly and opportunities to connect and share knowledge with other practitioners and experts.

3.4.1. *Property-Rights and Rule-Based Governance*

This criterion assesses the extent to which private economic activity is facilitated by an effective legal system and rule based governance structure in which property and contract rights are reliably respected and enforced.

Table 3: GF-1 - Property Rights and Rule-based Governance

GF 1-A Legal base for secured property and contract rights		
What to look for[13]	*Degree of transparency and protection of property rights; accuracy of registries; timeliness and cost of contract enforcement.*	
Evidence source[14]	**Specific indicator(s)**	**Description**
Mo Ibrahim Index of African Governance *Category*: *Rule of Law, Transparency, and Corruption* *Sub-Category; Laws on contracts and property rights*	Property Rights Index	Degree to which a country's laws protect and enforce private property rights. It is based on multiple yearly qualitative assessments (e.g. EIU Country Commerce Report, US Department of States Country Reports on Human Rights) and is produced annually. Index is measured on a scale of 0 (worst) to 100 (best) in increment of 10.
African Competitiveness Report *Pillar: Institutions*	Property rights indicator	Perception by business executives on property rights in the country, including over financial assets (where, 1 = poorly defined and not protected by law, 7 = clearly defined and well protected by law). Data is gathered on a yearly basis.

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[13] The sections on "what to look for" provide a short summary of the key elements of the CPIA questionnaires along which countries are assessed. Country Economists are however strongly advised to review the full questionnaire for each sub index provided in Annex 3.

[14] More detailed information on country coverage, periodicity, methodology and other relevant elements of the selected sources can be found in Annexes 2 and 3.

GF 1-B Predictability, transparency, and impartiality of laws affecting economic activity

What to look for	*Predictability in the enforcement and application of laws and regulations; public availability of judicial decisions; cost to resolve judicial disputes; favoritism vs. equal treatment when dealing with the state.*	
Evidence source	**Specific indicator(s)**	**Description**
Doing Business Report	Enforcing Contracts	Hard data on the procedures, time and cost to resolve a commercial dispute. Data is gathered annually and reported in absolute values or in percentages. Such values are thereby compared to the regional and OECD average. Countries are finally ranked according to their relative performance.
Global Integrity Report *Category: Anti-Corruption and Rule of Law*	Rule of Law	Combination of local expert assessment, peer-reviewers comments and reference to key legislations including on the independence of the judicial system; equal access to justice. The report is produced annually and scores range from Strong (90+) to Very Weak (< 60)
	Law Enforcement	Combination of local expert assessment, peer-reviewers comments and reference to key legislations on accountability of law enforcement officials and effectiveness of law enforcement agencies. Data is gathered on a yearly basis and scores range from Strong (90+) to Very Weak (< 60)
African Competitiveness Report *Pillar: Institutions*	Judicial independence	Perceptions of business executives on whether the judiciary system in the country is independent from political influences of members of government, citizens, or firms (1 = no—heavily influenced, 7 = yes—entirely independent). Data is gathered on a yearly basis.
	Efficiency of legal framework	Perceptions of business executive on the legal framework in the country for private businesses to settle disputes and challenge the legality of government actions and/or regulations is (1 = inefficient and subject to manipulation, 7 = efficient and follows a clear, neutral process). Data is gathered on a yearly basis.

GF 1-C Difficulty in obtaining business licenses

What to look for	*Cost, timeliness and impartiality in obtaining business licenses*	
Evidence source	**Specific indicator(s)**	**Description**
Doing Business Report	Obtaining business licenses	Hard data on the procedures, time, cost and paid-in minimum capital to open a new business. Data is gathered annually reported in absolute values or in percentages. Such values are thereby compared to the regional and OECD average. Countries are finally ranked according to their relative performance.

Evidence source	Specific indicator(s)	Description
Enterprise Surveys *Topic: Permits And Licenses*	Days to obtain Operating Licences	Data on the average wait time to obtain operating license as experienced by firms. Data is reported in real values without scaling. The Survey is undertaken every three years and the Data Analysis Link allows users to compare with other countries or regional average.
Global Integrity Report *Category: Oversight and Regulation*	Business Licensing and Regulation	Combination of local expert assessment, peer-reviewers comments and reference to key legislations on cost, timeliness and transparency of regulatory requirements to obtain business licenses. The report is produced annually and scores range from Strong (90+) to Very Weak (< 60).

GF 1-D Crime and violence as an impediment to economic activity

What to look for	*Efficiency and accountability of the police force; ability of the state to protect citizens from crime and violence*

Evidence source	Specific indicator(s)	Description
Mo Ibrahim Index of African Governance *Category: Safety and Security* *Sub-categories: National Security and Public Safety*	Safety and Security	Composite index on National security and Public safety which includes hard data on homicide rate; attacks on civilians by governments or organized armed groups; battle related deaths; ease of access to small arms, refugees and Internally displaced persons. The index produced annually and is measured on a scale of 1 (worst) to 100 (best).
African Competitiveness Report *Pillar: Institutions*	Business costs of crime and violence	Perceptions of Business executives on the incidence of common crime and violence in the country (1 = imposes significant costs on businesses, 7 = does not impose significant costs on businesses). Data is gathered on a yearly basis.
	Organized crime Reliability of police	Perceptions of Business executives on the costs of organized crime (mafia-oriented racketeering, extortion) to businesses in the country (1 = imposes significant costs on businesses, 7 = does not impose significant costs on businesses). Data is gathered on a yearly basis.
Worldwide Governance Indicators	Rule of law	Aggregate indicator which combines the views of large number of enterprises, citizens and survey respondents measures the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of the police, as well as the likelihood of crime and violence. Indicators are produced in a yearly basis and countries are assigned a percentile rank which indicates the % of countries that rate below the selected country.

3.4.2. *Quality of Budgetary and Financial Management*

This criterion assesses the extent to which there is (i) a comprehensive and credible budget, linked to policy priorities, which in turn are linked to a poverty reduction strategy; (ii) effective financial management systems to ensure that incurred expenditures are consistent with the approved budget, that budgeted revenues are achieved, and that aggregate fiscal control is maintained; (iii) timely and accurate fiscal reporting, including a timely and audited public accounts and effective arrangements for follow up; and (iv) clear balanced assignment of expenditures and revenues to each level of government.

Table 4: GF-2 - Quality of Budgetary and Financial Management

General	
[IMF Report on the Observance of Standards and Codes (ROSC) – Fiscal Transparency](#)	IMF Report on the Observance of Standards and Codes (ROSC) on Fiscal Transparency summarize the extent to which countries observe international recognized standards and codes, mainly in the area of (i) Clarity of Roles and Responsibilities, (ii) Openness in Budget Preparation, Execution, and Account Filing (iii) Public Access to Information (iv) Guarantees of Integrity. There is no regular periodicity for the report, they are produced upon the request of countries.

GF 2-A Comprehensive and credible budget		
What to look for	*Extent policies' focus on poverty reduction and their link to the budget; level of consultations with spending ministries and legislature during budget formulation; level of off-budget spending.*	
Evidence source	**Specific indicator(s)**	**Description**
[CABRI – ADB Report on Budget Practices and Procedures in Africa 2008](#)	Budget Formulation Index	Index based on surveys among Ministry officials and data gathered through a peer-review process on practices in the production of multi-year budget estimates and targets/ ceilings and how roles and responsibilities are located in the budget formulation process. Index is measured on a scale of 1 (worst) to 10 (best). First report was produced in 2008 and is to be reviewed periodically.
[PEFA](#) *Section Budget Cycle Sub-section: Policy-Based Budgeting*	PI-11: Orderliness and participation in the annual budget process PI-12: Multiyear perspective in fiscal planning, expenditure policy and budgeting	Qualitative analysis on Public Financial Management, based on a standard methodology. Policy-based budgeting: The budget is prepared with due regard to government policy. Each indicator is scored on a scale from A (highest) to D (lowest), with specific descriptions of the elements necessary to achieve each score for every indicator, and with intermediate scores (denoted by a '+' sign). PEFA assessments are carried out typically every 3 years.

GF 2-B Effective financial management systems		
What to look for	*Comprehensiveness of budget classification; budget monitoring and control systems; deviation of actual expenditure from planned expenditure.*	
Evidence source	**Specific indicator(s)**	**Description**
CABRI – ADB Report on Budget Practices and Procedures in Africa 2008	Fiscal Transparency Index	Index based on surveys among Ministry officials and data gathered through a peer-review process on key rules that determine the degree to which the budget can be adjusted during the fiscal year. Index is measured on a scale of 1 (worst) to 10 (best). First report was produced in 2008 and is to be reviewed periodically.
PEFA *Section: PFM-OUT-TURNS: Credibility of the budget*	PI-1: Aggregate expenditure out-turn compared to original approved budget PI-2: Composition of expenditure out-turn compared to original approved budget PI-4: Stock and monitoring of expenditure payment arrears	Qualitative analysis on Public Financial Management, based on a standard methodology. Credibility of the budget: The budget is realistic and is implemented as intended;
Section: KEY CROSS-CUTTING ISSUES: Comprehensiveness and Transparency	PI-5: Classification of the budget PI-6: comprehensiveness of information included in budget documentation PI-7: Extent of unreported government operations	Comprehensiveness and transparency: The budget and the fiscal risk oversight are comprehensive, and fiscal and budget information is accessible to the public. Each indicator is scored on a scale from A (highest) to D (lowest), with specific descriptions of the elements necessary to achieve each score for every indicator, and with intermediate scores (denoted by a '+' sign). PEFA assessments are carried out typically every 3 years.
Open Budget Survey	Open Budget Index	The Open Budget Index based on a detailed questionnaire conducted biannually to measure the public availability of budget information and other accountable budgeting practices in countries. Country's rankings range from a minimum of 0 to a maximum 100.

GF 2-C Timely and accurate fiscal reporting		
What to look for	Timeliness of public accounts preparation; accounts auditing and submission to parliament; follow up of audit recommendations.	
Evidence source	**Specific indicator(s)**	**Description**
[ROSC Accounting and Auditing](#)	N/A	World Bank report that analyses the comparability of a country's accounting and auditing standards with international standards. There is no regular periodicity for the report, they are produced upon the request of countries.
[PEFA](#) *Section: Budget Cycle* *Sub-section: Predictability and Control in Budget Execution*	PI-21: Effectiveness of internal audit	Qualitative analysis on Public Financial Management, based on a standard methodology. Predictability and control in budget execution: The budget is implemented in an orderly and predictable manner and there are arrangements for the exercise of control and stewardship in the use of public funds;
Sub-section: Accounting, Recording and Reporting	PI-22:Timeliness and regularity of accounts reconciliation PI-23: availability of information on resources received by service delivery units PI-24: Quality and timeliness of in-year budget reports PI-25: Quality and timeliness of annual financial statements	Accounting, recording and reporting: Adequate records and information are produced, maintained and disseminated to meet decision-making control, management and reporting purposes;
Sub-section: External Scrutiny and Audit	PI-26: Scope, nature and follow-up of external audit PI-27: Legislative scrutiny of the annual budget law PI-28: Legislative scrutiny of external audit reports	External scrutiny and audit: Arrangements for scrutiny of public finances and follow up by executive are operating; Each indicator is scored on a scale from A (highest) to D (lowest), with specific descriptions of the elements necessary to achieve each score for every indicator, and with intermediate scores (denoted by a '+' sign). PEFA assessments are carried out typically every 3 years.

GF 2-D Clear and balanced assignment of expenditures and revenues to each level of government		
What to look for	*Assignment of revenues between different levels of government; match of revenues and expenditures at each level of government.*	
Evidence source	**Specific indicator(s)**	**Description**
PEFA *Section: KEY CROSS-CUTTING ISSUES: Comprehensiveness and Transparency*	PI-8: Transparency of inter-governmental fiscal relations	Qualitative analysis of Public Financial Management, based on a standard methodology. Comprehensiveness and transparency: The budget and the fiscal risk oversight are comprehensive, and fiscal and budget information is accessible to the public Each indicator is scored on a scale from A (highest) to D (lowest), with specific descriptions of the elements necessary to achieve each score for every indicator, and with intermediate scores (denoted by a '+' sign). PEFA assessments are carried out typically every 3 years.

3.4.3. Efficiency of Resource Mobilization
This criterion assesses the overall pattern of revenue mobilization- not only the tax structure as it exists on paper, but the revenue from all sources as they are actually collected.

Table 5: GF-3 - Efficiency of Resource Mobilization

General		
IMF Article IV staff report	Article IV staff reports document the IMF's annual surveillance on member state's economy and finances. This generally includes a section on fiscal policy and administration. The staffs Article IV reports are usually produced every year.	
GF 3-A Tax policy		
What to look for	*Tax base; arbitrary exemptions and distortion taxes*	
Evidence source	**Specific indicator(s)**	**Description**
Enterprise Surveys *Topic: Regulation and tax*	% of Firms Identifying Tax Rates as Major Constraint	Percentage of firms identifying tax rates as a major constraint. The computation of the indicator is based on the rating of the obstacle as a potential constraint to the current operations of the establishment. Data is reported in real values without scaling. The Survey is undertaken every three years and the Data Analysis Link allows users to compare with other countries or regional average.
African Competitiveness Report *Pillar: Goods Market Efficiency*	Extent and effect of taxation	Perceptions of Business executives on the level of taxes in the country (1 = significantly limits the incentives to work or invest, 7 = has little Impact on the incentives to work or invest). Data is gathered on a yearly basis.

Evidence source	Specific indicator(s)	Description and source
African Development Indicators Online (ADI)	Multiple data on Taxes	Customs and other import duties (% of tax revenue) Customs and other import duties Highest marginal tax rate, corporate rate Highest marginal tax rate, individual Taxes on exports (% of tax revenue) Taxes on goods and services (% value added of industry and services) Taxes on income, profits and capital gains (% of total taxes) Total tax payable by businesses (% of gross profit) Data is collected on a yearly basis.

GF 3-B Tax administration	
What to look for	*The effectiveness of tax administration; collection rate; compliance costs and efficiency of appeals mechanisms*

Evidence source	Specific indicator(s)	Description and source
Doing Business Report	Paying Taxes	Hard data on the number of tax payments, time to prepare and file tax returns and to pay taxes, total taxes as a share of profit before all taxes borne Data is gathered annually reported in absolute values or in percentages. Such values are thereby compared to the regional and OECD average. Countries are finally ranked according to their relative performance.
Enterprise Surveys *Topic: Regulation and tax*	% of Firms Identifying Tax Administration as Major Constraint	Percentage of firms identifying tax administration as a major constraint. The computation of the indicator is based on the rating of the obstacle as a potential constraint to the current operations of the establishment. Data is reported in real values without scaling. The Survey is undertaken every three years and the Data Analysis Link allows users to compare with other countries or regional average.
Global Integrity Report *Section: Oversight and Regulation*	*Taxes and Customs*	Combination of local expert assessment, peer-reviewers comments and reference to key legislations on the effectiveness of tax collection and customs authorities, uniformity in tax law and excise enforcement. The report is produced annually and scores range from Strong (90+) to Very Weak (< 60).

PEFA	PI-13: Transparency of taxpayer obligations and liabilities	Qualitative analysis of Public Financial Management, based on a standard methodology.
Section: Budget Cycle *Sub-section: Predictability and Control in Budget Execution*	PI-14: Effectiveness of measures for taxpayer registration and tax assessment PI-15: Effectiveness in collection of tax payments	Predictability and control in budget execution: The budget is implemented in an orderly and predictable manner and there are arrangements for the exercise of control and stewardship in the use of public funds.
		Each indicator is scored on a scale from A (highest) to D (lowest), with specific descriptions of the elements necessary to achieve each score for every indicator, and with intermediate scores (denoted by a '+' sign). PEFA assessments are carried out typically every 3 years.

3.4.4. *Quality of Public Administration*

This criterion assesses the extent to which civilian central government staffs (including teachers, wealth workers and police) are structured to design and implement government policy and deliver services effectively. Civilian central government staffs include the central executive together with all other ministries and administrative departments, including autonomous agencies. It excludes armed forces, state-owned enterprises, and sub-national government.

Table 6: GF-4 – Quality of Public Administration

General	
African Governance Report	AGR is a biannual publication, which assesses and monitors progress of governance in Africa. Chapter 5 of the report on Effectiveness and Accountability of executive provides expert analyses and country data on issues, such as remuneration, civil service reform, service delivery

GF 4-A Policy coordination and responsiveness		
What to look for	*Effectiveness of policy coordination mechanisms and policy consistency across departmental boundaries*	
Evidence source	**Specific indicator(s)**	**Description**
Afrobarometer *Section: Government Performance*	Central Governance Performance – economic issues; Central Governance Performance – social issues and services; Local Government Performance; the Quality of Local Governance	Survey measuring the performance of central and local governments by using a public opinion method. Data is presented in terms of percentage of respondents to specific questions.

Evidence source	Specific indicator(s)	Description and source
Bertelsmann Transformation Index	Status Index and Management Index	BTI examines and assesses whether and how developing and transformation countries manage social change toward democracy and a market economy. The findings on transformation processes and political management are synthesized in two sets of rankings: The Status Index and Management Index. These indices are produced biannually and rank countries on the status of democracy, market economy, and the quality of political management. Country are assigned a score from 0 (min) to 10 (max), and ranked according to their relative performance.

GF 4-B Service delivery and operational efficiency		
What to look for	*Efficiency of administrative structures and business processes;*	
Evidence source	**Specific indicator(s)**	**Description and source**
Worldwide Governance Indicators	Government effectiveness	Perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the, credibility of the government's commitment to such policies. Indicators are produced in a yearly basis and countries are assigned a percentile rank which indicates the % of countries that rate below the selected country.
African Competitiveness Report *Pillar: Institutions*	Burden of government regulation	Perceptions of Business executives on the burden of complying with administrative requirements in the country (1=burdensome, 7 = not burdensome). Data is gathered on a yearly basis.

GF 4-C Merit and ethics		
What to look for	*Merit and performance based hiring and promotion; bribe seeking behaviors*	
Evidence source	**Specific indicator(s)**	**Description and source**
Global Integrity Report *Section: Administration and Civil Service*	Civil Service Regulation	Combination of local expert assessment, peer-reviewers comments and reference to key legislations on topics including national regulations on civil services, including on recruitment practices, nepotism, regular payments and regulations on conflict of interest and asset disclosure for civil service. The report is produced annually and scores range from Strong (90+) to Very Weak (< 60)
Africa Peer Review Mechanism *Section: Democracy and Political Governance* *Objective: Accountable efficient and effective public office holders*	N/A	Analysis on public service reforms; transparency in hiring, promoting and evaluating civil servants, based on questionnaires and country's adherence to key standards and codes.

GF 4-D Pay adequacy and management of the wage bill		
What to look for	*Sustainability of the wage bill; Pay and benefit levels*	
Evidence source	**Specific indicator(s)**	**Description**
World Bank Civil Service website	N/A	Website containing useful information about good practices on civil services and useful data across countries.

3.4.5. *Transparency, Accountability and Corruption in the Public Sector*

This criterion assesses the extent to which the executive can be held accountable for its use of funds and the results of its actions by the electorate and by the legislature and judiciary; and the extent for which public employees within the executive are required to account for the use of resources, administrative decisions, and results obtained. Both level of accountability are enhanced by transparency in decision-making, public audit institutions, access to relevant and timely information and public and media scrutiny, a high degree of accountability and transparency discourages corruption, or the abuse of public office for private gain.

Table 7: GF-5 - Transparency, Accountability and Corruption in the Public Sector

General		
Transparency International Corruption Perception Index	Produced annually, the index measures the level of corruption in countries based on expert perception. Quantitative, calculated using data from 14 sources originated from 12 independent institutions. All sources measure the overall extent of corruption (frequency and/or size of bribes) in the public and political sectors and all sources provide a ranking of countries. CPI scores range from 1 (most corrupt) to 10 (least corrupt).	
GF 5-A Accountability of the executive to oversight institutions and of public employees for their performance		
What to look for	*Existence and application of check and balances, external accountability mechanisms*	
Evidence source	**Specific indicator(s)**	**Description**
Global Integrity Report *Section: Government Accountability* *Section: Oversight and regulation* *Section: Anticorruption and rule of law*	Executive Accountability Legislative Accountability Judicial Accountability National Ombudsman Supreme Audit Institution Anti corruption agency	Combination of local expert assessment, peer-reviewers comments and reference to key legislations on the accountability of the different branches of government and quality of external accountability mechanisms institutions and anti-Corruption Agencies. The report is produced annually and scores range from Strong (90+) to Very Weak (< 60).
Africa Peer Review Mechanism *Section: Democracy and good political governance* *Objective: Separation of power*	N/A	Analysis on the provisions establishing the separation and balance of powers, and assessing the actual independence of judiciaries and legislation, based on adherence of country to key standards and codes, as well as questionnaires.

Open Budget Survey	Open budget index	Disaggregated data and questionnaires from Open Budget Index (OBI), includes several questions on oversight mechanisms. Questions 66-67 evaluate the extent to which the executive is open about and adheres to deadlines for the presentation of its budget proposal to the legislature. Questions 101-110 cover the executive's Year-End Reports, which are key accountability documents. Questions 111-123 explore practices associated with the supreme audit institution, including (Q 120-123) on Supreme Audit Institution's interaction with the legislature and whether its recommendations are implemented. The Open Budget Index based on a detailed questionnaire conducted biannually. Answers are scaled from "a" or 100 as best practice to "d" or 0 as most negative practice,
Afrobarometer *Section: Accountability*	Horizontal Accountability	Survey measuring the quality of the relationship between the executive and parliament by using a public opinion method.

GF 5-B Access of civil society to information on public affairs		
What to look for	*Transparency in decision making; citizens access to government information; independence of media*	
Evidence source	**Specific indicator(s)**	**Description**
Africa Peer Review Mechanism *Section: Democracy and good Political governance*	N/A	Analysis on the extent to which national constitutions reflect the democratic ethos and provide for demonstrably accountable governance and that political representation is promoted, thus providing for all citizens to participate in the political process in a free and fair political environment. It is based on adherence of country to key standards and codes, as well as questionnaires.
Global Integrity Report *Category : Civil Society, Public Information and media*	Media Public Access to Information	Composite index covering issues such as, freedom, credibility and investigating capability of the Media, as well as public access to Information. The report is produced annually and scores range from Strong (90+) to Very Weak (< 60).
Open Budget Survey	Open budget index (OBI)	Disaggregated data and questionnaire from OBI, includes several questions on access to information related to Budget. Questions 60-63 look at ways that the budget is made accessible to a wider audience. Questions 64-65 ask about the ability of the public to obtain in practice highly disaggregated data that would be useful for monitoring specific activities or projects. Open Budget Index based on a detailed questionnaire conducted biannually. Answers are scaled from "a" or 100 as best practice to "d" or 0 as most negative practice,

Reporters Without Borders	Worldwide Press Freedom Index	The index measures the degree of freedom of journalists and news organizations in a country, and the efforts made by the state to respect and ensure respect for this freedom. The ratings are based on a questionnaire with 50 criteria for assessing the state of press freedom in each country. The index is produced annually and countries are ranked from 0 (highest level of press freedom) to 100 (the lowest level).
Freedom House	Freedom of the Press Index	The Index measures the degree to which each country permits the free flow of news and information determines the classification of its media as Free, Partly Free, or Not Free. Countries are given a total score from 0 (best) to 100 (worst) on the basis of a set of 23 methodology questions

GF 5-C State capture by narrow vested interest		
What to look for	*Conflict of interest rules, ethics in decision making; level of administrative corruption*	
Evidence source	**Specific indicator(s)**	**Description**
Enterprise Surveys *Topic: Corruption*	% of firms expected to pay informal payments to public officials (to get things done)	Percentage of establishments that consider that firms with characteristics similar to theirs are making informal payments or giving gifts to public officials to "get things done" with regard to customs, taxes, licenses, regulations, services, etc.
	% of firms expected to give gifts to get an operating license	Percentage of firms expected to give gifts or an informal payment to get an operating license.
	% of firms expected to give gifts to secure a government contract	Percentage of establishments that consider that firms with characteristics similar to theirs are making informal payments or giving gifts to public officials to secure government contract. Data is reported in real values without scaling. The Survey is undertaken every three years and the Data Analysis Link allows users to compare with other countries or regional average.
African Competitiveness Report *Pillar: Institutions*	Diversion of Public funds	Perception of business executives of whether diversion of public fund to companies, individuals, or groups due to corruption (1= is common, 7= never occurs). Data is gathered on a yearly basis.
	Transparency of Government Policy Making	Perception of business executives of whether firms are usually informed clearly by the government of changes in policies and regulations affecting your industry (1= never informed, 7= always informed). Data is gathered on a yearly basis.

Annex 1: Key sources of evidence

Reference and link	Description of Index	Scaling	Methodology	Periodicity
African Competitiveness Report www.weforum.org/en/initiatives/gcp	The ACR summarizes the factors seen by business executives as the most problematic for doing business in their economy. It is produced by the **World Economic Forum**, the **World Bank** and the **African Development Bank** It relies on both survey data from on the World Economic Forum's Executive Opinion Survey as well as hard data from a variety of sources.	Data is generally reported on a scale from 1(worst) to 7 (best) or in absolute values.	Quantitative and qualitative: expert asessments and perception based, gathering views from segments of the business community.	Yearly
African Development Indicators (ADI) www.worldbank.org/adi	Africa Development Indicators provide detailed collection of data on Africa. It is produced by the **World Bank** and it contains over 1,000 indicators from basic indicators and national accounts to governance and polity; and household welfare. ADI provides data since 1960 for 53 African countries	Data is generally reported in absolute values	Quantitative indicators	Yearly
African Governance Report www.uneca.org/agr	AGR is a biannual publication by the **United Nations Economic Commission for Africa**, which assesses and monitors progress of governance in Africa, identifies capacity gaps in governance institutions and proposes policy interventions. The report combines a national expert opinion panel, a sample of household survey and desk research.	N/A	Qualitative: household and expert surveys.	Biannually
Africa Peer Review Mechanisms www.aprm-international.org/	The APRM is a self-monitoring mechanism by the **member states of the African Union** with the aim of fostering the adoption of policies, standards and practices that would lead to political stability, high economic growth, and sustainable development.	N/A	Qualitative: Country experts assessment	Between 2 - 4 years
Afrobarometer www.afrobarometer.org	The Afrobarometer is produced by social scientists from 15 African countries and coordinated by **CDD-Ghana, IDASA, IREEP Benin**. It measures public opinion on the overall performance and responsiveness of both central and local governments in African countries using survey research methods. The findings for each country are based on nationally representative samples (usually 1200 respondents).	Data is presented in % of respondents to specific questions	Quantitative: Mass Opinion survey	Every 3 years since 1999

Bertelsmann Transformation Index www.bertelsmann-transformation-index.de/16.0.html?&L=1	BTI by **Bertelsmann Stiftung** assesses whether and how countries manage social change toward democracy and a market economy. The findings on transformation and political management are synthesized in two sets of rankings: (i) The Status Index representing the mean value of the scores for the dimensions "Political Transformation" and "Economic Transformation", (ii) Management Index, evaluating the governance capability by political decision-makers	Country are assigned a score from 0 (min) to 10 (max), and ranked according to their relative performance	Qualitative: Expert analysis based a standardized codebooks	Biannually
CABRI - ADB Report on Budget Practices and Procedures in Africa www.afdb.org/governance	The 2008 **CABRI/ADB** Report on Budget Practices and Procedures in Africa describes and compares budget practices across 26 selected African countries, covering issues of Budget Execution, Accounting and Audit, as well as Aid Management.	Indexes are measured from 0 to 1 (best performance level)	Qualitative: survey based on existing budget practices	First report produced in 2008 to be reviewed periodically
Corruption Perceptions Index www.transparency.org/policy_research/surveys_indices/cpi	**Transparency International**'s Corruption Perceptions Index surveys of perceptions of public sector corruption. It should be noted that the sources used in the CPI have varied from year to year, so the producers of the CPI caution against comparisons over time.	Index is measured from 0 (high level of corruption) to 10 (lowest)	Qualitative: Surveys and expert assessments	Yearly
Doing Business Report (DBR) www.doingbusiness.org	DBR is produced by the **International Finance Corporation** and **World Bank**. It measures business regulations and their enforcement across countries that can be compared over time across 181 economies. It analyzes countries across 10 indicators, ranging from setting up a business to closing a down business. It relies on (i) data drawn directly from laws and regulations (ii) time and motion indicators that measure the efficiency in achieving a regulatory goal. DB uses data from largest business city of the economy, and it may overlook the reality from other areas.	Data is reported in absolute values or in %. Countries are ranked according to their relative performance.	Quantitative indicators	Yearly
Economist Intelligence Unit (EIU) www.eiu.com	**EIU** County Reports presents an in-depth analysis of political and economic trends for nearly 200 countries. It includes sections on political outlook, economic policy outlook and Economic forecast. EIU also produces Country Risk Reports for a more limited number of countries, focused on political, economic, and financial risk analysis	N/A	Quantitative and qualitative: country expert assessment	Monthly

Freedom in the World www.freedomhouse.org	The Freedom in the World by **Freedom House** surveys 193 countries and 16 related and disputed territories, Each country is assessed on their political rights (numerical rating), civil liberties (numerical rating), and a 10-year ratings timeline. The 10-year ratings timeline lists the political rights and civil liberties ratings and status for each of the last 10 years.	Countries are ranked by their status (Free, Partly Free, or Not Free) and given a score from 0 (best) to 100 (worst)	Qualitative: Expert Assessment based on a set of 23 methodology questions	Yearly
Global Integrity Report www.globalintegrity.org/	Rather than trying to measure actual corruption, the report produced by **Global Integrity** quantitatively assesses the opposite of corruption, that is, the access that citizens and businesses have to a country's government, their ability to monitor its behavior, and their ability to seek redress and advocate for improved governance.	Scores range from Strong (90+) to Very Weak (< 60)	Qualitative: expert assessment and quantitative data, combined with journalists' views,	Yearly
IMF Article IV staff reports www.imf.org/external/np/sec/aiv/indexc.htm	Article IV staff reports document the **IMF**'s annual surveillance on member state's economy and finances. This generally includes a section on fiscal policy and administration. IMF staff also produces regular reports on the surveillance of their lending arrangements: Stand-By Arrangement (SBA), Poverty Reduction and Growth Facility (PRGF) Exogenous Shocks Facility (ESF) as well as for other facilities such as the Policy Support Instrument (PSI).	N/A	Qualitative report by IMF staff	Yearly SBA: quarterly ESF: quarterly/semi-annually PRGF, PSI: semi-annually
Ibrahim Index of African Governance www.moibrahimfoundation.org/	The Ibrahim Index of African Governance by the **Mo Ibrahim foundation** assesses a country's progress in the domain of governance against 84 criteria, making it the most comprehensive collection of qualitative and quantitative data that measures governance in Africa. The criteria are divided into four main categories: safety and rule of law, participation and human rights, sustainable economic opportunity and human development and 13 sub-categories.	The index is measured on a scale of 1 (worst) to 100 (best).	Qualitative and quantitative data based on official data and expert assessment.	Yearly
Open Budget Survey www.openbudgetindex.org/	Open Budget Survey conducted by the **International Budget Partnership** and other civil society partners is a comprehensive analysis and survey that evaluates whether governments give the public access to budget information and opportunities to participate in the budget process at the national level. Data is gathered through a network of local NGOs and covers 85 countries across the globe.	Country's rankings range from a minimum of 0 to a maximum 100.	Qualitative; questionnaires to key informants, peer-reviewed by country experts	Biannually

PEFA Performance Measurement Reports www.pefa.org/assessment_reportmn.php	PFM Performance Measurement Framework (PEFA) developed by the **World Bank and other development partners** allows measurement of country Public FM performance over time. The PEFA builds on 28 performance indicators (PI 1- 28), structured into three categories (i) PFM system out-turns (ii) Cross-cutting features of the PFM system (iii) Budget cycle. In addition to the indicators of country PFM performance, this PEFA also includes indicators covering Donor practices impacting the performance (D1-D3).	Each indicator is scored on a scale from A (highest) to D (lowest)	Qualitative: expert assessments	Typically every three years
Report on the Observance of Standards and Codes (ROSC) www.imf.org/external/np/rosc/rosc.asp?sort=topic#FiscalTransparency www.worldbank.org/ifa/rosc_aa.html#ctry	ROSCs are produced by the **IMF** and **the World Bank** and summarize the extent to which countries observe certain internationally recognized standards and codes. The reports cover accounting; auditing; anti-money laundering and countering the financing of terrorism (AML/CFT); banking supervision; corporate governance; data dissemination; fiscal transparency; insolvency and creditor rights; insurance supervision; monetary and financial policy transparency; payments systems; and securities regulation;	N/A	Qualitative: expert assessments	No regular periodicity. Upon request by the country
Worldwide Press Freedom Index www.rsf.org/rubrique.php3?id_rubrique=639	The index is produced by **Reporters Without Borders**. It measures the degree of freedom journalists and news organizations in a country, and the efforts made by the state to respect and ensure its respect. The ratings are based on a questionnaire with 50 criteria, covering issues such as violations to journalists, media and news legal situation, the behavior of the authorities towards the state-owned news media and the foreign press, and internet freedom	Countries are ranked from 0 highest level of press freedom and 100 the lowest level.	Qualitative; questionnaire with 50 criteria for assessing the state of press freedom in each country	Yearly
World Bank Enterprise Surveys www.enterprisesurveys.org	The Enterprise Surveys by the **World Bank** capture business perceptions on the biggest obstacles to enterprise growth, the relative importance of various constraints to increasing employment and productivity, and the effects of a country's business environment on its international competitiveness. The Surveys cover 115 economies	Data is reported in real values without scaling	Quantitative: Objective data on the business environment as experienced by firms, performance measures and perceptions	Every three years
Worldwide Governance Indicators http://info.worldbank.org/governance/wgi/index.asp	The WGI is a research product by the **World Bank** and the **Brookings Institute researchers** that reports on aggregate and individual governance indicators for 212 countries and since 1996 for six dimensions of governance.	Percentile rank indicating the % of countries that rate below the selected country	Qualitative and quantitative: surveys from institutes, think tanks, NGOs, and international organizations	Yearly

Annex 2: Selected references

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Annex 3: Mapping of Selected available assessments by African Country[15]

Countries	PEFA*	TI CPI	APRM	Afrobarometer	Africa Competitiveness	Global Integrity	Ibrahim Index	World Gov Indicators	Doing Business Report	Open Budget Survey	CABRI Report	Enterprise Survey
Algeria		√	√		√			√	√	√		√
Angola		√	√			√	√	√	√	√		√
Benin	2007	√	√	√	√		√	√	√		√	√
Botswana	2008	√		√	√		√	√	√	√	√	√
Burkina Faso	2006	√	√	√	√		√	√	√	√	√	√
Burundi	2008	√			√		√	√	√			√
Cameroon	2007	√	√		√	√	√	√	√	√		√
Cape Verde	2008	√		√			√	√	√			√
CAR	2007	√					√	√	√			
Chad	2009	√			√		√	√	√	√		
Comoros	2007						√	√	√			
Congo	2006	√					√	√	√		√	√
Cote d'Ivoire	2007	√			√		√	√	√			√
DRC	2007	√	√				√	√	√	√		√
Djibouti		√	√				√	√	√			
Egypt		√	√		√	√		√	√	√		√
Equatorial Guinea		√					√	√	√	√		
Eritrea		√					√	√	√			
Ethiopia	2007	√	√		√	√	√	√	√		√	√
Gabon	2005	√	√				√	√	√			√
Gambia	2008	√			√		√	√	√			√
Ghana	2009	√	√	√	√	√	√	√	√	√	√	√
Guinea	2006	√					√	√	√		√	√
Guinea-Bissau	2006	√					√	√	√			√
Kenya	2008	√	√	√	√	√	√	√	√	√	√	√
Lesotho	2006	√	√	√	√		√	√	√		√	√
Liberia	2008	√		√			√	√	√	√	√	√
Libya		√			√			√				

Countries	PEFA*	TI CPI	APRM	Afrobarometer	Africa Competitiveness	Global Integrity	Ibrahim Index	World Gov Indicators	Doing Business Report	Open Budget Survey	CABRI Report	Enterprise Survey
Madagascar	2008	√		√	√		√	√	√		√	√
Malawi	2008	√	√	√	√		√	√	√	√	√	√
Mali	2006	√	√	√	√		√	√	√		√	√
Mauritania	2007	√	√		√		√	√	√			√
Mauritius	2006	√	√		√		√	√	√		√	√
Morocco		√			√	√		√	√		√	√
Mozambique	2007	√	√	√	√		√	√	√		√	√
Namibia	2008	√		√	√		√	√	√	√	√	√
Niger	2008	√					√	√	√	√		√
Nigeria	2007		√	√	√	√	√	√	√	√	√	√
Rwanda	2007	√	√				√	√	√	√	√	
Sao Tome and Principe	2006	√	√				√	√	√			
Senegal	2007	√	√	√	√		√	√	√	√		√
Seychelles	2008	√					√	√	√			
Sierra Leone	2007	√	√				√	√	√		√	√
Somalia		√				√	√	√	√			
South Africa	2008	√	√	√	√	√	√	√	√	√	√	√
Sudan	2008	√	√				√	√	√	√		
Swaziland	2006	√			√		√	√	√		√	√
Tunisia		√			√			√	√		√	
Tanzania	2007	√	√	√	√		√	√	√	√		√
Togo	2008	√	√				√	√	√			
Uganda	2008	√	√	√	√	√	√	√	√	√	√	√
Zambia	2007	√	√	√	√		√	√	√	√	√	√
Zimbabwe		√		√	√		√	√	√		√	

* Dates on PEFA refer to expected or actual or substantially completed report. Check **www.pefa.org** for more updated information report.

Annex 4: CPIA Governance Rating Questionnaire

GF 1. Property Rights and Rule-based Governance

1   a.   Formal property rights are hardly recognized, and informal rights are seldom enforced. Formal contractual arrangements are little used. Manipulation of property and contract rights is endemic.

      b.   Laws and regulations are rarely applied and enforced. They are changed frequently and unpredictably to suit a select few. Records of legal changes and judicial decisions are not available outside government. Favoritism rather than equal treatment pervades dealings with the state.

      c.   Business licenses and permits are non-existent or can only be obtained through private connections and the unpredictable use of unofficial payments.

      d.   The state cannot protect the lives and property of its citizens in most of its territory.

2   a.   Enforcement of contracts and recognition of property rights depend largely on informal mechanisms. Property and contract rights are subject to manipulation by government officials or other elites.

      b.   Laws and regulations are applied selectively or changed unpredictably, for example through frequent and unpublicized executive decrees. Judicial decisions are not publicly available.

      c.   Obtaining business licenses and permits is inordinately time-consuming and may require numerous unofficial payments.

      d.   The state is ineffective in protecting citizens' lives and property against crime and violence.

3   a.   The law protects property rights in theory, but in fact registries and other institutions required to make this protection effective function poorly, making the protection of private property uncertain.

      b.   Laws and regulations are not changed arbitrarily, but may not be publicly available. Courts are costly to use. Judicial decisions are sometimes publicly available.

      c.   The process of securing business licenses and permits is overly bureaucratic and prone to delays, for those without connections.

      d.   The state is able to provide a modicum of protection against crime and violence.

4   a.   Property rights are protected in practice as well as theory. Contracts are enforced, but the process may be lengthy and expensive.

      b.   Laws and regulations are publicly available and a mechanism exists to resolve conflicts of rules. Courts may be costly to use, but judicial decisions are publicly available.

      c.   Obtaining business licenses may be costly, but can be done without using connections. The process is cumbersome and delays are common, but are not pretexts for bribes.

      d.   The state is able to protect the lives and property of most citizens from crime and violence most of the time.

5   a.   All property rights are transparent and well protected. Property registries are current and non-corrupt. Contracts are routinely enforced.

      b.   Laws and regulations affecting businesses and individuals are uniformly applied; changes in them are publicly announced. Low-cost means are available for pursuing small claims. Citizens can pursue claims against the state without fear of retaliation.

      c.   Obtaining the necessary licenses is a relatively small share of the costs of doing business, even for those without connections. Delays are rare and are not pretexts for bribes to operate a business.

      d.   A well-functioning and accountable police force protects citizens and their property from crime and violence.

6   Criteria for "5" on all four sub-ratings are fully met. There are no warning signs of possible deterioration, and there is widespread expectation of continued strong or improving performance.

GF 2. Quality of Budgetary and Financial Management

1   a.   If there is a budget, it is not a meaningful instrument, nor an indicator of policies or tool for allocation of public resources. More than 50 percent of public resources from all sources do not flow through the budget.

      b.   There is practically no monitoring and reporting of public expenditures. There is no reconciliation of cash accounts with fiscal accounts. No regular, in-year fiscal reports are produced.

      c.   Public accounts are seldom prepared, or are more than five years out of date. The use of public resources is not on the public agenda.

      d.   There is no information on revenues and expenditures at different levels of government. If at all, revenues and expenditures are assigned to different levels of government only on an ad hoc basis.

2   a.   The budget is formulated without consultation with spending ministries. There is no discernible link with government policies or priorities, including poverty reduction. Significant fiscal operations (e.g., extra-budgetary expenditures, donor funded projects, and contingent liabilities of 25-50 percent of total spending by value) are excluded from the budget.

      b.   There is no adequate system of budget reporting and monitoring, and no consistent classification system. There are significant payments arrears, and actual expenditures often deviate significantly from the amounts budgeted (e.g., by more than 30 percent overall or on many broad budget categories).

      c.   There are significant delays (more than three years) in the preparation of the public accounts. The accounts are not (professionally) audited nor submitted to the legislature in a timely way, and no actions are taken on budget reports and audit findings.

      d.   There is no clear assignment of revenues and expenditures between different levels of government and there is a significant mismatch of revenues and expenditures at each level.

3   a.   Policies or priorities that may focus on poverty reduction are explicit, but are not linked to the budget. There is no forward looking in the budget. The budget is formulated in consultation with spending ministries. A significant amount of funds controlled by the executive is outside the budget (e.g., 10-25 percent), a number of donor activities bypass the budget, and there is no analysis of contingent liabilities.

      b.   The budget classification system does not provide an adequate picture of general government activities, and budget monitoring and control systems are inadequate. Payment arrears are a problem, and expenditures deviate from the amounts budgeted by more than 20 percent overall, or on many broad budget categories.

      c.   There are significant delays (more than two years) in the preparation of public accounts. Accounts are not audited in a timely and adequate way, and few if any actions are taken on budget reports and audit findings.

      d.   The assignment of revenues and expenditures between different levels of government is vague and there is a mismatch of revenues and expenditures.

4   a.   Policies and priorities that focus on poverty reduction are broadly reflected in the budget. Some elements of forward budget planning are in place. The budget is prepared in consultation with spending ministries.

      b.   The budget classification system is comprehensive, but different from international standards. There are no significant extra-budgetary funds and nearly all donor funds are reported in the budget, but there is little analysis of contingent liabilities. Budget monitoring and control systems exist, but there are some deficiencies. Actual expenditures deviate from the amounts budgeted by more than 10 percent on many broad budget categories.

      c.   There are delays (more than one year) in preparation of the public accounts. The accounts are audited in a timely and professional manner, but few meaningful actions are taken on budget reports or audit findings.

      d.   The assignment of revenues and expenditures between different levels of government is clear, but there is still some mismatch of revenues and expenditures.

5   a.   Policies and priorities focus on poverty reduction and are linked to the budget. The budget is formulated through systematic consultations with spending ministries and the legislature.

      b.   The budget classification system is comprehensive. Budget monitoring occurs throughout the year based on well functioning management information systems. The budget is implemented as planned, and actual expenditures deviate only slightly from planned levels (e.g.,by less than 10 percent on most broad categories).

      c.   The public accounts are prepared on a timely basis. The accounts are audited and submitted to the legislature in a timely way, and appropriate action is taken on budget reports and audit findings.

      d.   The assignment of revenues between different levels of government is clear and there is a good match of revenues and expenditures at each level of government.

6.   Criteria for "5" on all four sub-ratings are fully met. There are no warning signs of possible deterioration, and there is widespread expectation of continued strong or improving performance.

GF3. Efficiency of Revenue Mobilization

1 a. Tax base is extremely narrow with many open-ended exemptions. Most tax revenues are collected from foreign trade and other distortionary taxes. There are high, multiple, and widely ranged import tariffs, which change frequently or are applied in a highly discretionary manner. Little is collected from income taxes.

     b. Tax administration is extremely weak, with very low collection rates. It is organized by type of tax and business processes have not been reviewed and reformed. Computerization is limited to very basic functions. Many taxpayers must make several or more personal visits to tax offices. Corruption is endemic among tax and customs officials.

2 a. Tax system is poorly designed, with a narrow base and many open-ended exemptions. Taxes on foreign trade, turnover taxes and other distortionary taxes are the dominant source of revenue. There are high and multiple import tariffs. Both company and personal income taxes have high rates on a very narrow base and generate little revenue.

     b. Tax administration is weak due to complex laws, poor information systems, corruption, weak capacity and political interference. Collection rates are low. Tax obligations are negotiable rather than rule-based. Appeals and other dispute resolution mechanisms have not been developed.

3 a. Taxes on trade are the dominant source of revenue; turnover and other distortionary taxes and levies remain. Consumption based taxes (e.g., a VAT) are planned or in limited use. Import tariffs are moderate, but there are too many rates. Income tax base is narrow and the rate structure is only partly rationalized.

     b. Tax administration is weak, but tax laws are not inordinately complex, and information systems are functioning (e.g., unique taxpayer identification numbers used). Corruption exists, but there are efforts to improve integrity as well as capacity.

4 a. A significant amount of revenue is being generated by low-distortion taxes such as retail sales/VAT, property, etc. VAT has not been fully operational to include activities at the retail stage. Non-trivial amounts of revenue are generated from company and personal income taxes. Tax base is broad and exemptions are moderate and made time-bound, especially for promotion schemes. Trade taxes have few and low rates.

     b. Tax administration is solid, cost of revenue generation has been reduced and there are relatively few cases of corruption and political interference. Eligibility for preferential rates and exemptions is largely transparent.

5 a. The bulk of revenues are generated by low-distortion taxes such as sales/VAT, property, etc. Import tariffs are low and relatively uniform, and export rebate or duty drawback are functional. There is a single statutory corporate tax rate comparable to the maximum personal income tax rate. Tax base for major taxes is broad and free of arbitrary exemptions.

     b. Tax administration is effective, and entirely rule-based. Administrative and compliance costs are low. A taxpayer service and information program, and an efficient and effective appeals mechanism, have been established.

6   Criteria for "5" on both sub-ratings are fully met. There are no warning signs of possible deterioration, and there is widespread expectation of continued strong or improving performance.

GF4. Quality of Public Administration

1. a. Mechanisms for coordination are non-existent or ineffectual, creating bureaucratic conflict and uncertain or conflicting policies.
   b. Administrative structures are highly fragmented, with vague and overlapping responsibilities. Business processes are extremely complex and convoluted, with multiple decision layers, and many signatures required to move decisions forward.
   c. There are no workable rules on hiring and promotion, which are based on bribes, personal ties, or ethnic affiliation rather than merit. Most public employees, even at lower levels, lose their positions on changes in government. Bribe seeking is endemic.
   d. Level of public employment has little relation to provision of public services: either employment is too low or too few employees show up for work to provide essential services, or the wage bill consumes all of current spending, leaving no funds available for essential supplies such as drugs or textbooks. Pay and benefit levels, particularly at upper levels, are a small fraction of comparable private sector levels, and bribe payments represent a large share of income for many public officials.

2. a. Mechanisms for coordination are weak.
   b. Administrative structures are fragmented, with frequently overlapping responsibilities. Business processes are complex involving multiple decision layers, regularly causing unnecessary delays.
   c. Hiring and promotion based on personal ties or time in service rather than merit. Most public employees serve at the pleasure of the current government, and bribe-seeking is accepted behavior.
   d. Public employment as a share of total employment is clearly excessive. The wage bill represents an inordinate share of recurrent spending, with adverse impacts on the quality of public service delivery. Pay and benefit levels, particularly at upper levels, are far below comparable private sector levels, but benefits (housing, car, utilities, servants) for senior civil servants may be high and there are other complex and opaque forms of compensation. "Ghost" employees are on the payroll.

3. a. Administrative structures are fragmented, and coordination mechanisms are generally inadequate to overcome parochial bureaucratic interests.
   b. Business processes can be overly complex, often causing unnecessary delays.
   c. Hiring and promotion formally merit-based, but there is extensive patronage in practice in several parts of government. Bribe seeking is accepted behavior in some agencies but not throughout government.
   d. Public employment as a share of total employment is higher than needed and unsustainable if adequate wages were paid. The wage bill represents an excessively large proportion of total government expenditure. Some sectors are overstaffed (particularly health and education). Pay and benefit levels are generally inadequate and there are major difficulties in attracting and retaining staff in key technical areas.

4. a. Mechanisms for policy coordination generally function effectively.
   b. Administrative structures are generally well designed, although gaps or areas of overlap may exist. Initial efforts have been made to redesign business processes in selected areas.
   c. Hiring and promotion merit-based but emphasize seniority unduly. Corruption may occur but is not general practice in any public agency. d. Public employment as a share of total employment is somewhat higher than needed and the wage bill represents a large proportion of government spending. Pay and benefit levels are low but not unattractive when benefits and job security are factored in. Some sectors are overstaffed (particularly health and education) and there are some difficulties in attracting and retaining staff in key technical areas.

5. a. Effective coordination mechanisms ensure a high degree of policy consistency across departmental boundaries.
   b. Organizational structures are along functional lines with very little duplication. Business processes are regularly reviewed to ensure efficiency of decision making and implementation.
   c. Hiring and promotion are based on merit and performance, and ethical standards prevail.
   d. The wage bill is sustainable and does not crowd out spending required for public services. Pay and benefit levels do not deter talented people from entering the public sector. There is flexibility (that is not abused) in paying more attractive wages in hard to fill positions (e.g. rural teachers, technical specialists).

6. Criteria for "5" on all four sub-ratings are fully met. There are no warning signs of possible deterioration, and there is widespread expectation of continued strong or improving performance.

GF5. Transparency, Accountability, and Corruption in the Public Sector

1   a.   There are no checks and balances on executive power. Public officials use their positions for personal gain and take bribes openly. Seats in the legislature and positions in the civil service are often bought and sold.

      b.   Government decision-making is secretive. The public is prevented from participating in or learning about decisions and their implications.

      c.   The state has been captured by narrow interests (economic, political, ethnic, and/or military). Administrative corruption is rampant.

2   a.   There are only ineffective audits and other checks and balances on executive power. Public officials are not sanctioned for failures in service delivery or for receiving bribes.

      b.   Decision making is not transparent, and government withholds information needed by the public and civil society organizations to judge its performance. The media are not independent of government or powerful business interests.

      c.   Boundaries between the public and private sector are ill-defined, and conflicts of interest abound. Laws and policies are biased towards narrow private interests. Implementation of laws and policies is distorted by corruption, and resources budgeted for public services are diverted to private gain.

3   a.   External accountability mechanisms such as inspector-general, ombudsman, or independent audit may exist, but have inadequate resources or authority.

      b.   Decision making is generally not transparent, and public dissemination of information on government policies and outcomes is a low priority. Restrictions on the media limit its potential for information-gathering and scrutiny.

      c.   Elected and other public officials often have private interests that conflict with their professional duties.

4   a.   External accountability mechanisms limit somewhat the degree to which special interests can divert resources or influence policy making through illicit and non-transparent means. Risks and opportunities for corruption within the executive are reduced through adequate monitoring and reporting lines.

      b.   Decision making is generally transparent. Government actively attempts to distribute relevant information to the public, although capacity may be a constraint. Significant parts of the media operate outside the influence of government or powerful business interests, and media publicity provides some deterrent against unethical behaviour.

      c.   Conflict of interest and ethics rules exist and the prospect of sanctions has some effect on the extent to which public officials shape policies to further their own private interests.

5   a.   Accountability for decisions is ensured through a strong public service ethic reinforced by audits, inspections, and adverse publicity for performance failures. The judiciary is impartial and independent of other branches of government. Authorities monitor the prevalence of corruption and implement sanctions transparently.

      b.   The reasons for decisions, and their results and costs, are clear and communicated to the general public. Citizens can obtain government documents at nominal cost. Both state-owned (if any) and private media are independent of government influence and fulfil critical oversight roles.

      c.   Conflict of interest and ethics rules for public servants are observed and enforced. Top government officials are required to disclose income and assets, and are not immune from prosecution under the law for malfeasance.

6   Criteria for "5" on all three sub-ratings are fully met. There are no warning signs of possible deterioration, and there is widespread expectation of continued strong or improving performance.