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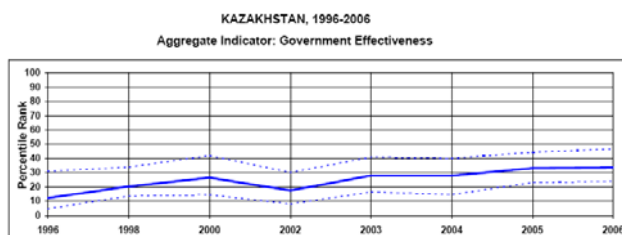
World Bank Releases Report *Worldwide Governance Indicators 1996-2006*:

Kazakhstan governance indicators improve but there is a lot of room for progress

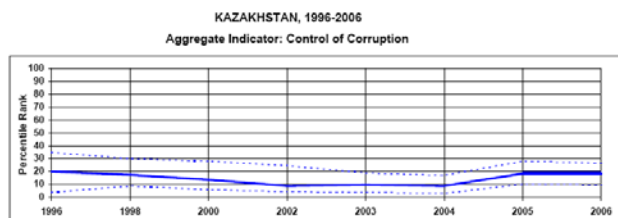
Astana, July 12, 2007 — The report, *Governance Matters, 2007: Worldwide Governance Indicators 1996-2006* launched by the World Bank Institute and the World Bank Development Economics Vice-presidency, shows that a number of countries in the world are making progress in improving governance and fighting corruption. This is encouraging given that good governance and corruption control are fundamental for long-term growth and reducing poverty.

This year's report represents a decade-long effort by the researchers to build and update the most comprehensive cross-country set of governance indicators currently available to the public. The selected six indicators cover 212 countries and territories, drawing on 33 different data sources to capture the views of tens of thousands of survey respondents worldwide, as well as thousands of experts in the private, NGO, and public sectors.

According to the report, in the last four-five years Kazakhstan has been making some strides on the path to better governance but there is still a lot of room for further improvements. Thus, on the indicator "government effectiveness," Kazakhstan moved



from below 20th percentile in 2002 to above 30th percentile in 2005-2006. On "regulatory quality", it moved from 20th percentile in 2002 to almost 40th percentile in 2005-2006. On "control of corruption," it moved from 10th percentile to 20th. For "rule of law," progress is more moderate, but still positive.



However, the positive trend noticed since 2002 in Kazakhstan on almost all the indicators has somewhat stagnated in the last year - there was virtually no progress between 2005 and 2006. Current reform initiatives in the area of governance in Kazakhstan have very good motivation, and the record of the several last years proves that the country's

efforts are paying off, but the seeming lack of progress in 2006 relative to past few years needs to be addressed. Kazakhstan could be performing better relative to other countries, and the momentum needs to be re-established.

The report, authored by the World Bank's Daniel Kaufmann, Aart Kraay and Massimo Mastruzzi, builds on research on the importance of governance and its impact on development over the past decade. Good governance matters for other human development outcomes such as infant mortality, illiteracy, and inequality, as well. Good governance has also been found to significantly enhance the effectiveness of development assistance in general, and of World Bank funded projects in particular.

“The hopeful news is that a considerable number of countries, including in Africa, are showing that it is possible to make significant governance progress in a relatively short period of time. Such improvements in governance are critical for aid effectiveness and for sustained long-run growth.” says **Daniel Kaufmann**, co-author of the report and Director of Global Programs at the World Bank Institute. *Bribery around the world is estimated at about US \$1 trillion dollars, and the burden of corruption falls disproportionately on the bottom billion people living in extreme poverty”*

The report shows that:

Emerging economies are matching rich countries on key dimensions of governance. Over a dozen developing countries such as Slovenia, Chile, Botswana, Estonia, Uruguay, Czech Republic, Latvia, Lithuania, and Costa Rica score higher on key dimensions of governance than industrialized countries such as Greece or Italy.

Improving governance helps fight poverty and improves standards of living. 10 years of research show that improved standards of living are largely the result of improved governance, and not the other way around. When governance is improved by one standard deviation, infant mortality declines by two-thirds and incomes rise about three-fold in the long run. Such an improvement is within reach as it is just a fraction of the difference between the worst and best performers. For example, in the dimension of Rule of Law, one standard deviation is all that separates the extremely low rating of Somalia from Cote D’Ivoire, or Cote D’Ivoire from El Salvador, or El Salvador from Italy or Botswana, and Botswana from the United Kingdom.

Where there is commitment to reform, improvements in governance can take place relatively quickly. While not the norm, a number of countries have made significant progress even in the very brief five-year period since 2002, as for example in Ukraine, Kenya, and Liberia in Voice and Accountability; and Angola and Algeria in Political Stability.

Some African countries are making significant strides on the path to good governance. Over the period from 1998 to 2006, Kenya, Niger, Sierra Leone have shown marked recent improvements in Voice and Accountability, while Algeria and Liberia have strengthened their Rule of Law. Countries like Algeria, Angola Libya, Rwanda and Sierra Leone have made improvements in Political Stability and Tanzania has recorded gains on Control of Corruption. The report also shows however that other African countries still face enormous governance and development challenges.

On average the quality of governance around the world has not improved much over the past decade, despite individual country improvements. For the countries that have done well, there have been a similar number that have experienced deteriorations in a number of governance dimensions, including Zimbabwe, Cote D’Ivoire, Belarus and Venezuela. And in many other countries no significant change in either direction is yet apparent.

Background Information

This is the sixth update of the Worldwide Governance Indicators, reflecting work over the past decade to develop evidence-based measures that help development stakeholders track the quality of institutions, support capacity building, improve governance, and address corruption.

The WGI measure the following six components of good governance:

1. **Voice and Accountability** – measuring the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media
2. **Political Stability and Absence of Violence** – measuring perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including terrorism
3. **Government Effectiveness** – measuring 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

4. **Regulatory Quality** – measuring the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development
5. **Rule of Law** – measuring the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, the police, and the courts, as well as the likelihood of crime and violence
6. **Control of Corruption** – measuring the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

"Measuring governance poses unique challenges. Governance is complex and has many different aspects, and so no single indicator can fully capture a country's governance performance" says

Aart Kraay, Lead Economist in the World Bank's Development Research Group, and co-author of the report. *"It is therefore important to draw on the wide variety of data sources on governance currently available. The Worldwide Governance Indicators are a way of collecting and summarizing this wealth of information, based on the experiences and insights of stakeholders worldwide.*

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The full paper, the synthesis of the main findings, and the new indicators dataset itself are available at: <http://www.govindicators.org>

Or access through the general site on governance and corruption, at: <http://www.worldbank.org/wbi/governance>

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