

# Why Governance Indicators?

## **Workshop on Justice Sector Performance Indicators, 03/30/04**

*Production and use of GIs is an industry with the strengths and weaknesses of a rapid growth industry*

- 1. Easy access for new conceivers / producers**
  - a. Political science / economics departments: Student assignments
  - b. NGOs for advocacy
  - c. Aid agencies for development effectiveness: reproduction of the aid industry
  - d. Consultancy business – like all earlier buzz words and development fads.
  
- 2. But highly concentrated demand**
  - a. Large donors – multilateral / bilateral – OECD-DAC
  - b. Large NGOs
  - c. Accountability / new public management: Outputs / performance – from activities to countries. The state auditors are far away, so indicators are the proxy...
  
- 3. Highly unequal industry: Imposed on developing countries – governments and bureaucracies**
  - a. Governments react with outright opposition. Seen as tools of donors. E.g. in Executive Board in the Bank on GMR04 and CPIA. Missed opportunities.
  - b. Bureaucracies react with tolerance / flexibility: Producing numbers to donors, cf. the closely related M&E industry
  
- 4. No international standards (except in PFM, where indicators require Fund / Bank leverage). Amazing mixture of products. Major biases:**
  - a. Ideological biases: Designing GIs to fit your purpose (democracy – free world). Secrecy about data sources and criteria / standards
  - b. Narrow purposes: Fiduciary / donor money – quite legitimate, but little local ownership
  - c. Sales prospects: Packaging. Good looks, little substance. Rankings are the key. Oversell.
  - d. Reproductive biases: ‘Data are good – more data are better’. Justification / legitimization: replacing sound analysis and judgments.
  
- 5. Methodological confusion**
  - a. Data without time-series are used for snapshots, with no regard for change and trends
  - b. Data with (short) time-series are used for judgments on change. Governance takes time
  - c. Relative data used to express absolutes: A country is at the bottom; rule of law is the main weakness in this country; - but it’s all relative to other countries.
  - d. Global comparative data are used to identify local strengths and weaknesses and to develop intervention strategies
  - e. Locally relevant data are used for international purposes, e.g. size of civil service.

### Priorities

- 1. Always make explicit and transparent the purpose, criteria and data sources. Never let an indicator stand alone. Combine specific, quantitative indicators with qualitative analyses.**
- 2. Distinguish clearly by use / purpose:**
  - a. Global comparison and awareness raising: Ranking countries for advocacy
  - b. Assessment of aid effectiveness / absorptive capacity: Case-by-case
  - c. Assessments of de facto governance weaknesses for peer pressure. NEPAD’s APRM.
  - d. Assessment of change, problems, opportunities: Progress / regress in country
  - e. (Not ‘competition’ on uneven playing field: performance/criteria outside your own control)
- 3. Link GIs as closely as possible to goals of development / governance:** It’s about the state, so intermediary outcomes (not poverty reduction) of the state: Security; rule of law; shared vision / democracy; public goods and services of good quality. In view of the time required for institutional change, consider taking outcomes seriously in GI design; limit short-term activity indicators.