



---

# WPF REPORTS

---

number 36

# *Good Governance Rankings:*

THE ART OF  
MEASUREMENT

MARIE BESANÇON

## THE WORLD PEACE FOUNDATION

The World Peace Foundation was created in 1910 by the imagination and fortune of Edwin Ginn, the Boston publisher, to encourage international peace and cooperation. The Foundation seeks to advance the cause of world peace through study, analysis, and the advocacy of wise action. As an operating, not a grant-giving foundation, it provides financial support only for projects which it has initiated itself.

Edwin Ginn shared the hope of many of his contemporaries that permanent peace could be achieved. That dream was denied by the outbreak of World War I, but the Foundation has continued ever since to attempt to overcome obstacles to international peace and cooperation, drawing for its funding on the endowment bequeathed by the founder. In its early years, the Foundation focused its attention on building the peacekeeping capacity of the League of Nations, and then on the development of world order through the United Nations. The Foundation established and nurtured the premier scholarly journal in its field, *International Organization*.

Since 1993, the Foundation has examined the causes and cures of intrastate conflict. The peace of the world in these decades has been disturbed primarily by outbreaks of vicious ethnic, religious, linguistic, and intercommunal antagonism within divided countries. The episodes of brutal ethnic cleansing that convulsed Rwanda, Bosnia, and Kosovo are but the best known and most devastating of a rash of such attempts to oust rivals across the globe. Few places are immune from some variant of this internecine warfare, whether the immediate battles are over religion, language, appearance, or color differences. Thus, the Foundation is active in and studies the problems of Cyprus, Sri Lanka, and the Sudan, and has worked in and studied the prospects for democracy in Burma and Haiti. It has sponsored research on the role of non-governmental organizations in preventing conflict in ethnically divided societies. It has engaged in feasibility studies regarding the reduction of conflict in Africa by the creation of African crisis response forces. It has analyzed the use of preventive diplomacy in resolving ethnic and other intercommunal conflicts. Its work on truth commissions demonstrates how that method of post-conflict justice-seeking can help prevent future internal conflicts. The Foundation has examined how the United Nations should manage its peace building responsibilities.

Intercommunal conflict often becomes civil war and, in some cases, leads to failed states. The Foundation has actively researched the causes of state failure, and how best to reinvigorate and manage the resuscitation of wounded states.

Contributing to widespread killings in intercommunal conflicts, civil wars, and imploding states is the easy availability of small arms and other light weapons. For this reason, the Foundation engaged in a long-term examination of the small arms problem, and how its licit and illicit trade should be addressed. The Foundation has also analyzed the connection between conflict diamonds and civil war.

Part of the task of the Foundation is to resolve conflicts as well as to study them. The Foundation's work in Congo, Cyprus, Burma, Sri Lanka, Haiti, the Sudan, Zimbabwe, and all of Africa has resolution of conflict as its goal. It has sponsored a detailed study of negotiating the end of deadly conflict within and between states. It is also engaged in an analysis of the successes and failures of African leadership.

# **GOOD GOVERNANCE RANKINGS: THE ART OF MEASUREMENT**

**MARIE BESANÇON**

**WORLD PEACE FOUNDATION  
WPF PROGRAM ON INTRASTATE CONFLICT AND CONFLICT RESOLUTION,  
JOHN F. KENNEDY SCHOOL OF GOVERNMENT, HARVARD UNIVERSITY  
Cambridge, Massachusetts  
2003**

**BOARD OF TRUSTEES**

Richard H. Ullman, *Chairman*  
J. Brian Atwood  
Peter D. Bell  
Lincoln P. Bloomfield  
Catherine E. C. Henn  
Philip Khoury  
Thomas M. O'Reilly  
Kenneth A. Oye  
James M. Shannon  
John Shattuck  
Anne-Marie Slaughter  
Frederick G. P. Thorne  
Paul Van Slambrouck  
Robert I. Rotberg, *President*

Copyright © 2003

**WORLD PEACE FOUNDATION**  
79 John F. Kennedy St.  
Cambridge, Massachusetts 02138  
Tel: 617-496-9812  
Fax: 617-491-8588  
E-mail: [world\\_peace@harvard.edu](mailto:world_peace@harvard.edu)  
[www.worldpeacefoundation.org](http://www.worldpeacefoundation.org)

All rights reserved

# CONTENTS

<b>Introduction</b>	1
<b>Why Measure Governance?</b>	2
<b>Theory/Policy</b>	3
<b>Subjective vs. Objective Approaches</b>	4
<b>Current Efforts and Future Objectives</b>	5
<b>Appendix</b>	11
<b>Participants</b>	35
<b>Books of the World Peace Foundation (since 1980)</b>	37
<b>Reports of the World Peace Foundation</b>	39

**Dr. Marie Besançon** was a post-doctoral fellow with the International Security and Women and Public Policy Programs at the John F. Kennedy School of Government at Harvard University, 2002-2003, and now holds a post-doctoral fellowship with the Program on Intrastate Conflict, Kennedy School. She received her Ph.D. in political science from Claremont Graduate School after becoming interested in international relations while researching media coverage of terrorism for the Committee on Media Accountability, and through her association with the Simon Wiesenthal Center for Holocaust Studies. Prior to her graduate work at Claremont, Besançon worked for the Center for Ulcer Research and Education at UCLA and the Los Angeles Veterans Hospital. She is a member of the board of advisors for Sentia Group, Inc. and the advisory board for the Olive Cosby and Kermit R. Mason Memorial Scholarship Fund.

## Introduction

Governance is the delivery of political goods—beginning with security—to citizens of nation-states. Good governance results when nation-states provide a high order of certain political goods—when the nation-states perform effectively and well on behalf of their inhabitants. Rotberg says that nation-states “exist to provide a decentralized method of delivering political (public) goods to persons living within designated parameters....” and “it is according to their performances—according to the levels of their effective delivery of the most crucial political goods—that strong states may be distinguished from weak ones...”<sup>1</sup> The social contract between ruler and ruled embodies effective delivery of these political goods—and what this hierarchy of crucial political goods entails is based on societal norms and beliefs.

The hierarchy of political goods begins with the supply of security, especially human security. A well governed nation provides: rule of law; political and civil freedoms; medical and health care; schools and educational instruction; roads, railways, the arteries of commerce; communications networks; a money and banking system; a fiscal and institutional context within which citizens can prosper; support for civil society; and a method of regulating the sharing of the environmental commons.<sup>2</sup> Together, the management, supply and delivery of some or most of these goods constitutes governance, and the extent to which nation-states do or do not so perform can—at least in theory—be *measured*.

Tackling the issue of *measuring* governance was the premise of a meeting of scholars, data experts, clients, donors, and policy makers at the Kennedy School of Government, Harvard University, in May 2003.<sup>3</sup> Participants granted that implicit and impressionistic measuring of governance already occurs within the policy and donor communities, and among academicians—such as the criteria established under President

---

The ideas presented in this paper reflect the author’s interpretation of an amalgam of opinions voiced by the participants in “The Conference on Measuring Governance” sponsored by the World Peace Foundation and the Program on Intrastate Conflict, Conflict Prevention, and Conflict Resolution at Harvard University’s John F. Kennedy School of Government in May, 2003, as well as her own. The paper does not necessarily reflect the individual participants’ personal philosophies, nor is it to be taken as containing their direct quotes unless indicated. Footnotes are meant to give credit to participants who initiated certain discussions or sparked specific ideas.

<sup>1</sup> This formulation follows Robert I. Rotberg, “The Failure and Collapse of Nation-States: Breakdown, Prevention, and Repair,” in Robert I. Rotberg (ed.), *When States Fail: Causes and Consequences* (Princeton, 2004), 2–5.

<sup>2</sup> *Ibid.*, 3–4. Daniel Kaufmann’s definition of governance is less detailed, but similar, in Kaufmann, Aart Kray, and Pablo Zoido-Lobaton, *Governance Matters* (Washington, D.C., 1999), 1–2.

<sup>3</sup> This Report draws upon the formal discussions of the Kennedy School meeting, and upon a detailed summary prepared by Deborah West of the deliberations of the group.

Bush's Millennium Challenge Account. However, the conferees at the Kennedy School explored the possibility of replacing implicit measures with explicit ones more useful to decision makers and donors, and to encourage better governance throughout the developing world. Rotberg, who convened and chaired the meeting, indeed stated that objectively measuring governance could lead prescriptively both to improving "the welfare of the peoples of the developing world" and to an increase in the rigor with which governance in Africa, Asia, and Latin America is discussed by the policy making and research communities in the G8, and by civil society in the countries concerned with improving their governance.<sup>4</sup>

## Why Measure Governance?

In this era, nation states are responsible for the task of governing and providing goods to those who reside within their borders. Many of these nation-states have corrupt leaders who drain the country's treasures and provide little or no security, education, infrastructure, or any other public good to their constituents.<sup>5</sup> Measurements of governance could set standards for improvement and achievement as well as indicate where funds could best be of use and where policy might prove most effective.

Some policy makers propose that a comparative aggregate rating index would act as a "shaming" mechanism or as an incentive for developing nations to improve the lot of their inhabitants, to reduce corruption, and to improve their economies.<sup>6</sup> Aggregate governance indicators, according to others, could constitute political leverage capable of being used by elites to mobilize their constituents.<sup>7</sup> For instance, Transparency International's Corruption Perception Index (CPI) has influenced election outcomes in Nigeria and has "galvanized" other countries such as Pakistan to address corruption.<sup>8</sup> Although Nigeria's low rating on the CPI has not necessarily altered corrupt practices in that country, it has encouraged open debate about the harmful practices of corruption. The CPI speaks to constituents' real experiences, and strengthens the best instincts of civil society.<sup>9</sup>

Measurements matter where clients, foundations, and donor organizations such as USAID, IMF, the Millennium Challenge Account, the World Bank, the UN, or the European Union allocate large sums of money to developing nations and base disbursements on good governance. Such measures show which states have improved and the ones in need of improvement, and show what sectors need more attention. Indices may serve to motivate aid; if a state understands that its grants will increase substantially by showing improvement along certain scales, then it will be more likely to focus and take action accordingly. The U.S.'s Millennium Challenge Account promises to assist only those poor countries that are governing well, or trying to do so. Thus, indicators of governance in

---

<sup>4</sup> Robert I. Rotberg, "An Opening Conversation," remarks to the Measuring Governance conference, 9 May 2003.

<sup>5</sup> Rotberg, "The Failure and Collapse of States," 1–45.

<sup>6</sup> *Rotberg*

<sup>7</sup> *Herbst*

<sup>8</sup> *Galtung*

<sup>9</sup> *Herbst, Rotberg*

the aggregate and disaggregate both become of vital importance.<sup>10</sup> The moral hazard, however, is that data, particularly subjective data, can be fabricated.<sup>11</sup>

To donor organizations such as USAID, corruption ratings may matter more than governance rankings. Some policy officials at the Kennedy School conference acknowledged that aid organizations often make decisions regarding distribution and policy without adequate information, or they pay little attention to indicators. These organizations might for instance need data more precisely defining what forms *corruption* takes—and in what institutions.<sup>12</sup> As a client organization, the Central Intelligence Agency also employs disaggregated, economic outcome indicators to study issues as seemingly mundane as how much schoolteachers earn in developing nations, to more global questions concerning what might cause economic growth to plummet in China.<sup>13</sup>

Any standards capable of measuring governance are evolving, are normative, and currently have a high association with democracy and economic development. Numbers, measures, and indices in various forms have firmly taken their place among social scientists and the policy community. What constitute reasons for war, reasons for peace, or reasons for the structure of states to disintegrate form the theoretical premises for using and aggregating data appropriate for isolating governance. The consensus among the conference participants was that better, more explicit, measures were possible.

## Theory/Policy

Where do the theoretical and policy questions intersect?<sup>14</sup> What levels of analysis are appropriate for the measuring of governance? Structural and perceptual indicators depend upon a precise theory for aggregation and outcomes. Though gathered perceptions or surveys of opinion highly correlate with growth outcomes, they do not necessarily identify policy triggers and do not always measure underlying issues of governance.<sup>15</sup> It is the job of the social scientist to derive theory, and to identify measures appropriate to each level of analysis.

The policy community requires information assembled in a different way from that preferred by academics. It also rarely credits academics, particularly those who develop formal and theoretical models, with having any impact on policy. Yet, it is indeed long-term structural policy that such academics seek to effect. They require robust, objective, disaggregated indicators for conclusions about long-term trends and for trajectory analysis. However, robust indicators that have theoretical cohesion, and reflect a sophisticated understanding of underlying causal factors, are not necessarily the ones that are best deployed by policy makers.<sup>16</sup>

Indicators driven by theory are not incompatible with indicators based on local culture and perceptions. Each is concerned with a different arena of policy development.

---

<sup>10</sup> *Krasner*

<sup>11</sup> *Herbst, Henisz*

<sup>12</sup> *Barkan, O'Donnell*

<sup>13</sup> *Hillebrand*

<sup>14</sup> *Rotberg*

<sup>15</sup> *Henisz*

<sup>16</sup> *Herbst, Henisz, Oye, Bates, and O'Donnell*

Cultural and perceptual indicators reflect “expert opinions” and may identify particular “issue areas” that respondents find critical. The critical building blocks for these pertinent areas can then be structurally identified through theory and disaggregated output indicators. Aggregate perceptual indicators allow for better comparisons; disaggregated numbers have utility for structural theory or specific policy recommendations.<sup>17</sup> However, if measurements of governance are detailed enough and the resultant rankings are sufficient, they should be immediately usable at the in-country level.<sup>18</sup>

These in-country level indicators, however, hold a form of policy hazard. Those formulating field policy might choose to correct the most immediately malleable—but inconsequential—issues (low-hanging fruit) and neglect the more embedded or long term strategies in order to maintain existing levels of aid. For an overall assessment of governance, those who are part of the policy community in the field have suggested a subjective, audit-type analysis within states to demonstrate a deeper understanding of specific configurations of governance.<sup>19</sup> CIET, a Mexican Academic Institution (and NGO), currently conducts this type of analysis in a dozen developing countries at the community and national levels (see Appendix).

A number of well-used measuring systems—particularly for democracy—exist, but not all are designed to capture what the Kennedy School meeting and the Kennedy School Governance Project defined as governance.<sup>20</sup> For example, the Center for International Development and Conflict Management’s Polity measure (institutional properties) was never intended to be a guide for better governance, per se. It aims instead to facilitate an understanding of how governance interacts with other indicators of performance and is in fact driven by theory previous to the design of the measure.<sup>21</sup> With its Polity 2 measure, the designers found that they had to move beyond procedural democracy to performance democracy in order to separate those states that maintained a façade of democracy from genuine democracies that sustained viable opposition parties.

Though theirs is not a robust measure grounded in theory, Transparency International’s often used CPI offers an annual snapshot of corruption and makes no claim to be a suitable measure for time-series analysis. Its ratings are not comparable from year to year and small shifts in the annual rankings are not meaningful. Nevertheless, CPI rankings are often misused as an output causal variable for cross-national time series studies. Likewise, Freedom House’s Freedom of the World Index gives an overall perception of the state of freedom within countries, but it is not necessarily useful as an identifier of causal mechanisms for failures. Both of these rating systems are inherently subjective, and not grounded in explicit theory. “Theoretical work on governance reflects the interest of the social science community in a shifting pattern in styles of governing.”<sup>22</sup>

---

<sup>17</sup> *Bates*

<sup>18</sup> *Rotberg*

<sup>19</sup> *Barkan*

<sup>20</sup> Robert Rotberg has conducted several class projects on measuring governance with aggregate objective indicators theorized and compiled by his students.

<sup>21</sup> *Marshall*

<sup>22</sup> Gerry Stoker, “Governance as Theory: Five Propositions,” *International Social Science Journal*, L (1998), 17–28.

A critical question that so far has not been the subject of much theoretical or empirical investigation is how to alter domestic regime structures in badly performing states. Once aggregate measures indicate impending weakening or failure of governance, how then can individual or global efforts reconstruct a regime so that it can govern efficiently in diverse cultures? How best can a form of government be reinvented that is workable in fragile situations in the developing world? In light of current events in Iraq and Afghanistan, and current U.S. governance norms, debate on this issue is increasingly central to efforts at reform and tutelage. A basis for meaningful discussion, as well as for informed policy making, would be a governance ranking method that is transparent, legitimate, and fully informed by relevant theory.<sup>23</sup>

## Subjective vs. Objective Approaches

The World Bank's Worldwide Governance Research Indicators Dataset, the Global Governance Initiative, the OECD's Participatory Development and Good Government rankings, Freedom House's index, and Transparency International's rating system for governance are all primarily subjective, being based on expert or informed opinions, systematically gathered and arrayed with or against other perceptions and surveyed views. So are the majority of the forty-seven data sets listed in the Appendix that follows this essay. The relevant question remains, however, can objective measures be substituted for subjective ones, i.e. can output indicators and sub-output indicators be developed with sufficiently broad acceptance so that facts can be substituted for opinion? Countries and leaders with sub-par rankings would be far more likely to respect such objective measures, if they can be developed. Leaders of developing nations naturally disparage low ratings of their own states that are based on "mere opinions."

Data experts inform us that one of the simple reasons for using subjective data is that no complete cross-country, objective data are available, particularly from the underdeveloped nation states. Some data experts argue that inasmuch as such quantitative measures are limited, they should complement subjective ones. Neither is intrinsically superior.<sup>24</sup> Yet subjective measures are ultimately *impressionistic*, and even the best of these measures can be legitimately criticized as prey to source bias.

*Subjective* measures are the aggregated collective opinions of *subjectively* chosen "experts." With certain measures the moral hazard involved is that the data are geared toward the client. In other words—who wants to know? If businessmen with a particular bent are surveyed about South Africa, for example, and that country is given a low score on corruption, they can be accused of bias.<sup>25</sup> Those surveyed may have financial or psychological incentives to provide better or poorer answers. Even if they do not, and attempt to be non-partisan, their perceptions may still be limited by the breadth or lack of breadth of their familiarity with whatever place or questions are being assessed. This is not to deny that massive surveys of public opinion can be extremely accurate and use-

---

<sup>23</sup> Krasner, Russett

<sup>24</sup> Kaufmann

<sup>25</sup> Rotberg

ful.<sup>26</sup> But the utility of such surveys is dependent on the nature of the questions and the quality of respondents. Objective-based rankings do not depend on such vagaries.

In the debate concerning the superiority of objective over subjective measures, subjectivity often implies “lesser quality.” One method of short-circuiting this implied inferiority of subjective measures is to replace subjective with the term *perceptual* and objective with *structural*. Although *perceptual* does adequately replace *subjective*, *structural* implies a broader modeling of a given scenario, whereas objective implies a single disaggregated interval number useful in identifying root causes of structural problems. Perceptual (subjective) overview measures (such as Freedom House’s) have provided useful information to governments and policy makers, yet they are difficult to manipulate for policy.<sup>27</sup> Objective measures embedded in theory can be manipulated and are more easily identified in underlying causal mechanisms.

Measuring one isolated component does not tell us whether the state is successful in its rule and a composite measure of success does not diagnose the component of failure. Measuring the “messy middle” proves to be one of the greatest measurement difficulties. The failures at the extremes are generally self-evident, and the identification of these failures of rule are not the problem so much as the lack of any institutional structures to effect change. Apart from the debate of which measures are best, subjective or objective, certain client organizations suggest that each type of ranking measure can be individually analyzed and used where it can best serve client needs.<sup>28</sup>

The art of measuring governance requires a theory for the selection and aggregation of both outcome and subjective data capable of influencing long and short-term policy. Given a plausible theory for both the collective and individual elements of governance, and credible proxies for its disaggregated elements, a completely objective measure would also prove useful to politicians and policy makers.

## Current Efforts and Future Objectives

Can we devise a more satisfactory method of measuring governance than currently exists?<sup>29</sup> More specifically, is it desirable to attempt to construct a cross country time series data set comprised only of outcome data to measure efficient governance?<sup>30</sup> Revisiting the broader question, will this measure or any other numbers already available help to improve the governance and welfare of peoples in the developing world? To answer such questions, data experts, quantitative and qualitative scholars, client organizations, and policy analysts have begun to weigh the quality of different measures, address the puzzles of integrating measures and analysis sectors, discuss the theory behind measurements and aggregates, and better formulate policy to achieve broader goals. Again, where do the theoretical and policy questions intersect and what can be done practically to provide *objective* measures grounded in theory, yet applicable for both aggregated broad policy and disaggregated policy recommendations?

---

<sup>26</sup> Norris

<sup>27</sup> Karatnycky

<sup>28</sup> O’Donnell

<sup>29</sup> Rotberg

<sup>30</sup> *Ibid.*

Stoker maintains that, “governance is ultimately concerned with creating the conditions for ordered rule and collective action. The outputs of governance are not therefore different from those of government. It is rather a matter of a difference in process.”<sup>31</sup> How do we measure that process? With the growing surge of interest in measuring governance, multiple projects are in their pilot phases, are ongoing, or have undergone several iterations of refinement. Though several purely objective democracy measures have been theorized and aggregated, all of the governance data sets contain either completely subjective material or an aggregate of subjective survey data plus some objective data.

Recent conferences in both the U.S. and abroad have addressed the issues of accuracy in the current data sets, objective versus subjective data, and how to improve data collection from poorer nations.<sup>32</sup> Qualitative and quantitative scholars fully agree that the conceptualization of empirical work must be much more rigorous and that myriads of statistical studies done with abysmal data already exist.<sup>33</sup> Among those who have accepted constructive criticism, begun further to refine their existing methods, and create greater transparency and availability for their disaggregated components are Freedom House, Transparency International, the World Bank, and the Center for International Development and Conflict Management. Policy analysts accept the inevitable—that numbers have arrived to stay and the client-donors themselves understand which measures correctly supply the information that they need for their specific projects and policy concerns.

In Transparency International’s *Global Corruption Report* (2003), Knack, Kugler, and Manning introduce “second generation” governance indicators as important complements to broad indicators which implicate many institutions and policies simultaneously, but do not naturally suggest solutions or who should implement them. These secondary indicators, they say, should prove more specific in measuring performance and institutional arrangements, be country specific, and be transparently constructed. For policy applications they should also include some capacity for measurement and accountability.<sup>34</sup>

Academics are strongly concerned that whatever measures used be properly conceptualized before aggregation. Though the World Bank measures on governance give appropriate weights to reflect the precision of data sources, little attention is given in other studies as to which aspects of governance are theoretically most important and to which aspects the most weight should be given. Data sets are generally constructed with multiple variables sometimes measuring the same thing, added together with equal weights and then transformed to an ordinal scale. Qualitative and quantitative scholars are equally wary of the accuracy of certain objective outcome indicators from developing areas. All parties agree that finding accurate data from more remote regions of the world is an ongoing issue that needs to be addressed. Furthermore, client organizations, those

---

<sup>31</sup> Stoker, “Governance as Theory,” 17.

<sup>32</sup> Claremont Conference on Global Political Economy Data, Claremont Colleges, April 2003; Conference on “Deepening Democracy in Africa,” Dar es Salaam, Tanzania, October 2002.

<sup>33</sup> *Herbst*

<sup>34</sup> Stephen Knack, Mark Kugler, and Nick Manning, “‘Second Generation’ Governance Indicators” in Transparency International, *Global Corruption Report 2003* (Berlin, 2003), 306.

scholars formulating structural models, and those producing policy as well are all keenly aware of the problem of source bias.

Some of these data collection issues can be addressed in the future by training in-country personnel to gather data under consistent parameters and employing trained social scientists. Country Assessment in Accountability and Transparency (CONTACT, see Appendix) has set out to gather some subjective/perceptual data by providing a template for every nation. It seeks to gather consistent data that will be available within countries and to outside interested parties. New Partnership for Africa's Development (NEPAD) plans to offer peer review of the quality of governance in African nations, but no protocols have yet been developed, and neither it nor the African Union have seen fit to criticize mis-governance in difficult places like Liberia or Zimbabwe. The UNDP's Arab Human Development Report (2002) was commissioned by the League of Arab States and provides peer review of the progress and lack of progress of Arab states, done largely by Arab intellectuals. These, however, are and will be mostly qualitative studies.

Having established the stated desire of some policy analysts for a broad governance indicator that would not reflect the source bias of subjective indicators and would not easily be ignored by nations wary of ulterior motives from "experts," its creation lies in a joint scholarly effort. This would ensure a solid theoretical basis for the construction and aggregation of outcome data, and a solid basis for choosing proxy sub-indicators that would be directly applicable to policy. The first step is to consolidate a theory concerning governance. The second step is to agree on the measures or proxies for each aspect of governance. A third step calls for the aggregation of those measures, consistent with the theory. Though several data sets are available measuring democracy from a completely objective base, with varying effectiveness, efforts to measure governance using purely outcome proxies are not yet widely available.

Several attempts at developing frameworks for objective governance measures have been made, however, at the Kennedy School. From 1998 through 2003, graduate students in Rotberg's classes on the Politics of the Developing World and the Politics of Contemporary Africa have designed aggregates of output indicators that they chose to serve as proxies for the measurement of government performance, and thus for good governance. Using available indicators and sub-indicators, they derived quantitative aggregate scores, and thus ranked both the developing world and African countries. Their pilot efforts have been replicated in multiple classes with similar methodologies, but with more or less refined techniques and proxies depending on their ingenuity and level of quantitative skills. These pilot efforts to construct an objective, rating scheme for governance demonstrates that it is a feasible and worthy endeavor. The students have not yet shown, however, that their objective approach offers more reliable ranking systems than the best and most highly developed of the perception-based methods (although the most thorough—that of the World Bank—does not rank countries).

Governance involves institutions and their relationship with group actions, and autonomous self-governing networks of actors.<sup>35</sup> Capturing these relationships with output indicators will require the subtleties of a carefully agreed upon theory of gov-

---

<sup>35</sup> Stoker, "Governance as Theory," 18.

ernance applied to the proportional aggregation of such elements. Even careful thought and theory behind aggregation of necessity incorporates current ideology, and is influenced by expediency and by availability of proxy indicators.<sup>36</sup> Until a single approach to governance measurement is agreed upon, greater coordination among existing data compilers and theorists should focus on a joint effort to create such an objective governance model.

What follows in the Appendix to this report is a nascent effort to array alphabetically many of the projects on measuring governance (or its various subsets) already in progress and to include sources and descriptions of each particular data project, the empirical scope of those efforts, and to describe what types of indicators are employed.

Of the forty-seven data sets listed, nine are purely democracy measures contingent on both procedural and participatory theories, and on some perceptual information. Of the nine democracy measures, only five measures are completely objective: Arat's "Democraticness," the Democracy and Development Data, Vanhanen's Polyarchy Data, Doorenspleet's Minimal Democracy, and Henisz's Political Constraint Data. None of these measures offer interval data. Other objective measures are: RPC—Relative Political Capacity, CIM—Contract Intensive Money, Regime Instability Measures, and the Data Base of Political Institutions. Two economic freedom measures that are mostly objective (that is, they are "enhanced" with subjective data) are available from the Frazer Institute and the Heritage Foundation.

The most comprehensive set of global governance indicators has been compiled by the World Bank and combines subjective and objective attributes.<sup>37</sup> Qualitative global governance assessments have been compiled through the World Economic Forum's Global Governance Initiative, and the United Nations University's World Governance Survey. Various regional governance assessments are listed as well as the subjective and qualitative democracy measures. The components of these data sets as well as the above-mentioned research are summarized in the Appendix and references for the complete data sets and information are included.

Several of these data sets have been subjected to peer review, particularly the democracy sets and the World Bank's Governance data. Munck and Verkuilen comprehensively review and critique the democracy data.<sup>38</sup> Their guidelines for theory, aggregation, and measurement are applicable to all data sets. They maintain that data should be replicable, theory should complement measurement selection and aggregation methods, and the methods should be transparent and clearly identified. USAID's *Handbook on Using Existing Corruption Indices* (September 2002) critically assesses four indicators on corruption: Transparency International's Corruption Perception Index, Business Environment and Enterprise Performance, the Opacity Index, and the World Bank's Aggregate Governance Data. Other peer review references are available for some of these research efforts and, if available, are generally mentioned on the relevant web sites. Some are yet to be tested.

---

<sup>36</sup> Oye

<sup>37</sup> Steve Radelet, *Challenging Foreign Aid: A Policymaker's Guide to the Millennium Challenge Account* (Washington, D.C., 2003), <http://www.cgdev.org>, 32–36.

<sup>38</sup> Gerardo Munck and Jay Verkuilen, "Conceptualizing and Measuring Democracy: Evaluating Alternative Indices," *Comparative Political Studies*, XXXV (2002), 5–34.

The data sets collected in the Appendix comprise what has already been done for subjective measures of governance, subjective and objective measures of democracy, and subjective measures of corruption and risk. There are qualitative data sets as well. Communication efforts among the academic scholars, data experts, clients, donor organizations, and policy analysts reduce tautological concerns and duplication of efforts. This information-sharing expedites the realization of mutual policy goals and can facilitate future scholarly efforts to “develop an agreed upon definition of governance that is distinct from democracy, is easily understood, and capable of being expressed through a composite measure based on reliable data.”<sup>39</sup>

---

<sup>39</sup> *Rotberg*

## **APPENDIX**

*All quotes in the descriptions are taken from the data sets listed, otherwise the references are noted with the text.*

### **Africa Competitiveness Report**

World Economic Forum, *Global Competitiveness Report*

<http://www.weforum.org/site/homepublic.nsf/Content/Global+Competitiveness+Programme%5Creports%5Cglobal+Competitiveness+Report+2002-2003>

“The Report ranks 24 African countries and analyses their competitive strengths and weaknesses. Each African country is given a four-page profile that offers a summary of the political, economic, and social factors that affect each country’s competitiveness. The countries are then ranked in the following areas: openness, government, finance, infrastructure, labor and institutions.”

- [24 countries, 1998; 29 countries, 2000–2001]
- *Subjective*: surveys and subjective analysis from economists and other in-country experts—subjective and *objective* statistics are combined to form a competitive index—not clear how data are aggregated.

### **Afro Barometer—Popular Attitudes to Democracy**

The Institute for Democracy in South Africa (IDASA), Ghana Centre for Democratic Development (CDD-Ghana), Michigan State University (MSU), Department of Political Science

<http://democracy.stanford.edu/Seminar/BrattonTables.htm>

<http://www.afrobarometer.org/results.html>

[www.afrobarometer.org](http://www.afrobarometer.org)

[Tanya@idasact.org.za](mailto:Tanya@idasact.org.za)

The Afro Barometer measures public opinion in twelve African countries using surveys of representative samples (1200 respondents), and thousands of interviews, on support for democracy, satisfaction with democracy, and satisfaction with the economy. This is a *subjective* measure and reports percentages of respondents’ feelings on attitudes toward governance, corruption, democracy, and the economy, and on knowledge, extent, satisfaction, and support for democracy.

- [12 countries, 1999–2000]
- Botswana, Ghana, Lesotho, Malawi, Mali, Namibia, Nigeria, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe
- *Subjective*: survey data, percent support, knowledge, etc. for democracy.

**Arat (1991) “Democraticness”<sup>40</sup>**

Zehra F. Arat, *Democracy and Human Rights in Developing Countries* (Boulder, 1991).

Arat has developed a measure of democracy using four sometimes overlapping components: participation, inclusiveness, competitiveness, and civil liberties. She uses a point system or a ratio system for each of the components and combines them to compute her annual score for democracy with the following equation:

‘Democraticness’ = [(Participation x (1 + Inclusiveness)) + Competitiveness] – Coerciveness  
Annual scores range from 29 to 109 and the sample size varies between 65 and 150 for different years.

- [152 countries, 1948–1982]
- Ordinal
- *Objective*

**Asia-Pacific Economic Cooperation (APEC) Economic Governance Capacity Building Survey**

Center for International Economics and Australian Government

<http://www.ausaid.gov.au/hottopics/apec/report.pdf>

“This is a report on a survey of economic governance capacity building cooperation in APEC economies. ... The object of this survey is two fold: First, to identify and document current activities as a useful contribution to coordination of responses and information flows. Second, to identify areas for additional capacity building cooperation that could complement existing bilateral, regional and multilateral activities.” These areas are: “Adopting appropriate codes of corporate governance; business law development and enforcement, strengthening judicial systems, and formulating and implementing bankruptcy and liquidation procedures; strengthening domestic capabilities to implement effective early warning systems; bank restructuring and closure, and realization of assets taken over from distressed financial institutions; and development of capital markets, strengthening disclosure and oversight of securities markets, and improving operations of, and access to instruments of spreading risk.”

- [Indonesia, Korea, Malaysia, Philippines, Thailand, Vietnam]
- *Subjective*: Assessment of current documentation from IFIs, and consultations with stakeholders and officials. Survey of governance capacity building in APEC

**Bollen (1980) and Index of Political Democracy (1950–1990)**

Kenneth A. Bollen, “Issues in the Comparative Measurement of Political Democracy,” *American Sociological Review*, XLV (1980), 370–390; idem., “Political Democracy: Conceptual and Measurement Traps,” in Alex Inkeles (ed.), *On Measuring Democracy: Its Consequences and Concomitants* (New Brunswick, NJ, 1991); idem. “Liberal Democracy: Validity and Method Factors in Cross-national Measures,” *American Journal of Political Science*, XXXVII (1993), 1207–1230.

Bollen’s original index devises a theoretical method for measuring political democracy. He defines “political democracy as the extent to which the political power of the elite is

---

<sup>40</sup> Gerardo Munck and Jay Verkuilen, “Conceptualizing and Measuring Democracy,” *Comparative Political Studies*, XXXV (2002), 5–34. Munck and Verkuilen critique nine of the major democracy measures.

minimized and that of the nonelite is maximized.” He tries to capture *political liberties* (press freedom, freedom of group opposition, and government sanctions) and *popular sovereignty* (fairness of elections, executive selection, legislative sanction) using an aggregate of various subjective indicators from Nixon, Taylor and Hudson, and Banks. Bollen does a linear transformation of ordinal components to scale of 0–100, using at least three of six components to calculate each country.

- [113 countries, 1960; 123 countries, 1965; 153 countries, 1980]
- Interval—weighted average-factor scores
- *Subjective*: aggregate of various subjective indicators

### **Bollen’s Cross-National Indicators of Liberal Democracy, 1950–1990**

Kenneth A. Bollen, “Cross-National Indicators of Liberal Democracy, 1950–1990,” [Computer file], 2nd ICPSR version (Chapel Hill, 1998), distributed by the Inter-university Consortium for Political and Social Research (Ann Arbor, 2001)  
<http://www.icpsr.umich.edu:8080/ABSTRACTS/02532.xml?format=ICPSR>

“This study, a collection of crossnational measures of political democracy, contains over 800 variables for most of the world’s independent countries. Political, social, and economic measures are available in the data file, and topics include adult suffrage, civil liberties, political rights, the openness, fairness, and competitiveness of the electoral process, executive and legislative selection and effectiveness, political party legitimacy, political participation, limitations on the executive branch of the government, level of democratization, economic openness, constitutional development, government legitimacy, and the outlook for freedom. A series of variables focuses on freedom and barriers to freedom, including freedom of peaceful assembly and association, mail censorship, women’s rights, freedom of information and technology, freedom of political opposition, and freedom of the press. Compulsory membership in state organizations and political parties and compulsory religion in schools are addressed as well.” (ICPSR website noted above).

- [“Most of the world’s independent countries,” 1950–1990]
- Interval
- *Subjective*: survey data

### **Bribe Payers Index (BPI)**

Transparency International and Gallup, *2001 Global Corruption Report*  
<http://www.transparency.org/cgu-bin/search-osiris.pl?type=std>  
[www.globalcorruptionreport.org](http://www.globalcorruptionreport.org)

BPI rates the likelihood that companies from leading exporting countries will pay bribes when they do business abroad. Ranking is done through questionnaires and surveys conducted by Gallup (hired by Transparency International). This is subjective data with two years available and is the only major survey that tracks corrupt practices among international businesses. It ranks 21 of the world’s leading export economies on a 10 point scale.

- [21 export economies; 2001–2002]
- *Subjective*: questionnaires and surveys

### **Business Environment and Enterprise Performance Survey (BEEPS)**

<http://econ.worldbank.org/view.php?topic=13&type=18&id=3446>

“The Business Environment and Enterprise Performance Survey (BEEPS), developed jointly by the World Bank and the European Bank for Reconstruction and Development, is a survey of over 4000 firms in 22 transition countries conducted in 1999–2000 that examines a wide range of interactions between firms and the state. Based on face-to-face interviews with firm managers and owners, BEEPS is designed to generate comparative measurements in such areas as corruption, state capture, lobbying, and the quality of the business environment, which can then be related to specific firm characteristics and firm performance.”

- [22 transitional economies, 1999–2000]
- Sub indicators: Administrative Corruption, Governance Obstacles, State Capture
- *Subjective*: Survey data

### **Business Environment Risk Intelligence (BERI)**

<http://www.beri.com/>

“BERI is the private source for risk ratings, analyses, and forecasts for over 140 countries. Economic, financial, monetary, operating, and political conditions are integral components of the zero (worst case)–100 (best case) system for assessing countries. Panels of professionals with many years of experience in a region of the world submit their assessments for the Operations Risk Index (ORI) and the Political Risk Index (PRI) three times per year. Senior staff enters data for the large computer program that produces the Remittance and Repatriation Factor (R Factor). This combination of judgment and perspective by a statistically relevant number of experts greatly increases the accuracy of the ORI, PRI, and R Factor forecasts for +1 year and +5 years.”

- [140 countries, 1984–2002]
- *Subjective*: aggregate measure from panels of professionals opinions

### **Centre d’Etudes et Recherches sur le Developpement International (CERDI)**

Université d’Auvergne

[http://www.cerdi.org/IDREC/List\\_Annu.asp](http://www.cerdi.org/IDREC/List_Annu.asp)

[http://www.worldbank.org/research/abcde/eu\\_2000/pdf/arcand.pdf](http://www.worldbank.org/research/abcde/eu_2000/pdf/arcand.pdf)

<http://www.cerdi.org/Recherche/default.asp>

These data are collected by the University of Auvergne and are part of a broader study on economic growth and sustainable reform in Africa that encompasses five structural variables. These variables are ethno-linguistic fractionalization, human capital, vulnerability to exterior shocks, external aid, and specific political factor variables listed below.

- [African countries, 1960–2000]
- Variables: Political Instability, Quality of Governance, Degree of Centralization, Social and Economic Infrastructure.
- *Objective and Subjective*

**Community Information, Empowerment and Transparency (CIET)**

Mexican Academic Institute and a Non-governmental Organization

<http://www.ciet.org>

<http://www.capacity.org/15/editorial1.html>

“CIET is an international group of epidemiologists and social scientists who bring scientific research methods to local government and community levels. By involving people in evidence gathering and analysis, CIET helps them to participate, in an increasingly informed way, in decisions that affect their lives.” “Its epidemiologic backbone allows for causality analysis. The formal linking of qualitative and quantitative data make it possible to predict the relative likelihood of success of alternative corrective actions. It strengthens the community voice, not only by including user views through surveys, but through formal mechanisms of participation in interpreting evidence and developing solutions. It builds social audit capacities at national and local levels, both in community organisations and in the services. It takes costs to the intended user of the service as seriously as costs to the service itself.”

- [Baltic States, Bolivia, Bosnia, Bangladesh, Mali, Nicaragua, Pakistan, South Africa (Gauteng), South Africa (Wild Coast), Tanzania, Uganda, Mexico]
- “Social audits” of accountability in Police, Customs, Primary Education, Health Services, and Justice Services
- *Subjective* and *objective* qualitative assessments of corruption within the countries

**Compendium of Sustainable Development Indicator Indices**

International Institute for Sustainable Development (IISD)

[www.iisd.org](http://www.iisd.org)

“IISD’s strategic objective on measurement and indicators is to facilitate the development of robust sets of indicators for public- and private-sector decision-makers to measure progress toward sustainable development and to build an international consensus to promote their systematic use in assessment, reporting and planning. ... IISD has been working on measurements and indicators since 1995, with the aim of making significant local, national and international contributions, and of building the institute into a world centre of expertise in this field.”

- Worldwide indices for economy, environment, society, institutions
- Compilation of studies from various sources
- *Subjective*

**Contract Intensive Money (CIM)**

Christopher Clague, Philip Keefer, Stephen Knack, Mancur Olson, “Contract-Intensive Money: Contract Enforcement, Property Rights, and Economic Performance,” *Journal of Economic Growth*, IV (1999), 185–211.

CIM is the ratio of non-currency money to the total money supply (measures non-currency transactions). This measure has been used as a proxy, or imperfect measure of contract enforcement and/or rule of law. It is “based on citizens’ decisions regarding the form in which they choose to hold their financial assets.” It is purely an objective measure with high availability of countries and years.

- [160 countries; 1948–2000] all years that WB/IMF/UN OECD/COC\* report  $M_2$  (money supply) and C (currency held outside banks)]
- *Objective:* The ratio of non-currency money to the total money supply  $(M_2 - C) / M_2$

\*United Nations, Commission of the European Communities, International Monetary Fund, Organization for Economic Cooperation and Development, and World Bank. System of National Accounts 1993 (SNA 1993). Series F, No. 2, Rev. 4 (United Nations publication Sales No. E.94.XVII.4). (para. 11.70)

[http://unstats.un.org/unsd/cdb/cdb\\_dict\\_xrxx.asp?def\\_code=29](http://unstats.un.org/unsd/cdb/cdb_dict_xrxx.asp?def_code=29)

### **Coppedge and Reinicke (1991)—Polyarchy**

Michael Coppedge and Wolfgang Reinicke, “Measuring Polyarchy,” *Studies in Comparative International Development*, XXV (1990), 51–72; idem., “Modernization and Thresholds of Democracy,” in Manus Midlarsky (ed.), *Inequality, Democracy, and Economic Development* (Cambridge, 1997), 177–201.

This is a subjective measure through surveys gauging whether or not meaningful elections are held, if there is full freedom for political organization and expression, and if there is no preferential presentation of official views in the media. It measures free and fair elections, but it does not gauge participation. It does so on an 11-point Guttman scale, and its components, measuring thresholds of polyarchy in every independent state in the world as of mid-1985. (Guttman scale does not lose information in the process of moving from a lower to a higher level of aggregations without having to assign weights to each component). Measures contestation. Omits participation.

- [170 countries, 1985]
- Ordinal
- *Subjective:* surveys

### **Corruption Perceptions Index (CPI)**

Transparency International

The Corruption Online Research and Information Service

<http://www.transparency.org/cgu-bin/search-osiris.pl?type=stdfgaltung@ti-cir.org> (Fredrik Galtung)

Reports on the state of corruption world-wide. “Transparency International defines corruption as the misuse of entrusted power for private gain.” The index is subjective and has been published annually since 1995. It aggregates “perceptions” of business people, investors, journalists and risk analysts as a composite index using 15 data sources and a variety of reports, surveys, and methods. It provides a ranking of nations as well as an overall index of corruption.

[Global Corruption Barometer: survey of general population including women that is new this year. 47 countries.]

- [100 countries (10 sub-Saharan Africa), 1994–2002]
- Ten-point scale covers some variables
- *Subjective:* perceptions of “well informed people”

**Country Assessment in Accountability and Transparency (CONTACT)**

Democratic Governance, UNDP

[http://www.undp.org/governance/contact\\_cdrom.htm](http://www.undp.org/governance/contact_cdrom.htm)<http://magnet.undp.org/Docs/efa/CONTAC~1.htm><http://www.respondanet.com/english/governance/publications.htm>

CONTACT provides a guideline for governments to conduct self-assessment of overall governance by applying systematic and uniform methodology that would be available for their own databases and to others. This would cover areas such as accountability, transparency, integrity, the accounting infrastructure, information management, financial reporting, financial auditing, revenue administration, procurement and assets management, and corruption control. The method is by survey and is *subjective*. The distribution is to be world-wide.

- [Global, 2001]
- *Subjective*: survey data

**The Data Base of Political Institutions (DPI)**

World Bank

Thorsten Beck, George Clarke, Alberto Groff, Phillip Keefer, and Patrick Walsh, “New Tools in Comparative Political Economy: The Database of Political Institutions,” *World Bank Economic Review*, XV (January, 2001), 165–176.

<http://econ.worldbank.org/view.php?id=17970>

“The DPI contains 113 variables (detailed in Annex 1) for 177 countries over the years 1975–1995. The variables provide details about elections, electoral rules, type of political system, party composition of the opposition and government coalitions, and the extent of military influence on government. The DPI also contains a number of new variables, compiled from the raw data, including original measures of checks and balances and political stability. In contrast to other databases, these variables are nearly all objective and their construction is entirely transparent. They are also disaggregated, allowing researchers to get away from such useful but broad indicators of countries as whether they allow elections or not, whether elections are ‘free,’ or whether the executive is ‘constrained.’ Instead, the DPI allows researchers to use precise and concrete institutional features.”

- [177 countries; 1975–1995]
- 100 plus objective variables divided into 7 categories: political system and electoral competitiveness, preferences and parties, tenure, turnover and popular vote share of the chief executive and the chief executive’s party, the legislature, electoral rules, checks and balances, federalism
- *Objective*

**DPI 2000**

Philip Keefer, “The Database of Political Institutions and Empirical Political Economy: A Description and an Application to Banking Crisis”

[http://spe.cgu.edu/econ/conferences/2003\\_cgped/papers/keefep.ppt](http://spe.cgu.edu/econ/conferences/2003_cgped/papers/keefep.ppt)[http://www.worldbank.org/research/bios/keefer/DPI2000\\_documentation\\_changes.doc](http://www.worldbank.org/research/bios/keefer/DPI2000_documentation_changes.doc)

Updates DPI and DPI3, corrects errors and adds changes to some variable definitions.

Enhances cross-country investigations of political institutions.

- [150 countries, 1975–2000]
- 100 variables

### **Democracy and Development Data Set**

Yale University and New York University

Adam Przeworski, Michael E. Alvarez, Jose Antonio Cheibub, Fernando Limongi, *Democracy and Development: Political Institutions and Well-Being in the World, 1950–1990* (Cambridge, 2000); Michael Alvarez, Jose Antonio Cheibub, Fernando Limongi, and Adam Przeworski, “Classifying Political Regimes,” *Studies in Comparative International Development*, XXXI (1996), 1–37; continuing work by Jose Cheibub at Yale University (Claremont Conference on Global Political Economy, April 2003).

Przeworski, Alvarez, Cheibub, and Limongi developed this data set to improve upon existing classification of regimes with better grounding in political theory, exclusive reliance on observable variables rather than subjective judgments, explicit distinction between systemic and random errors, and more extensive coverage. The “...primary question concerns the impact of democracy on development, more precisely of political regimes on material well-being.” Their democracy measure is *objective*, and the variables are nominal. The country is coded as 1) *Democracy*: if chief executive is elected, legislature elected, more than one party-contestation or, 2) *Dictatorship*: if at least one of these conditions holds: chief executive is not elected, legislature is not elected, there is no more than one party.

- [141 countries, 1950-1990] [199 countries, 1946-2002]
- Nominal
- Bureaucracy, Autocracy, Parliamentarism, Presidentialism
- *Objective*

### **Développement et insertion internationale (DIAL): Survey on Governance and Democracy**

Centre de recherche européen en économie du développement fondé par IRD-CESD, Paris

EUROSTAT

“METAGORA (international project on measuring democracy, human rights and good governance” currently being launched within the OECD-Paris21, with financial support from the European Commissions and bilateral donors)”

[www.dial.prd.fr](http://www.dial.prd.fr)

“DIAL has undertaken concomitant households surveys with 8 African Countries (7 in Western Africa + Madagascar), including specific modules on governance and democracy. These surveys will inform on the opinion of the general populations of these countries about how good/bad governance and democracy are in their country and how this affects their lives.

DIAL is now proposing to conduct a mirror-survey with the view to appraise the opinion of a targeted public of practitioners, policy makers and researchers, especially from international and co-operation agencies, working with these 8 countries and dealing with issues of governance and democracy.”

- [8 countries of Africa]
- *Subjective*: concurrent surveys of households and “experts”

**East Asia Barometer**

National Taiwan University and Ministry of Education of the Republic of China

<http://eacsurvey.law.ntu.edu.tw>

“A comparative study of democratization and value changes.”

“This project represents the largest, most careful and systematic comparative survey of attitudes and values toward politics, power, reform, democracy and citizens’ political actions in East Asia. Cross-national comparative surveys have been implemented ... in Hong-Kong, Indonesia, Japan, mainland China, Mongolia, the Philippines, South Korea, Taiwan and Thailand. In each of the nine countries or regions, a national research team administers a country-wide face-to-face survey using standardized survey instruments to compile the required micro-level data under a common research framework and re-search methodology.”

- [8 countries of Asia]
- *Subjective*: survey

**Economic Freedom of the World Index (EFW)**

Economic Freedom of the World Report, Fraser Institute, Vancouver

Michael Walker (ed.), *Freedom, Democracy, and Economic Welfare* (Vancouver, 1988);

Walter Block (ed.), *Economic Freedom: Toward a Theory of Measurement* (Vancouver, 1991); Stephen T. Easton and Michael A. Walker (eds.), *Rating Global Economic Freedom* (Vancouver, 1992)

<http://www.freetheworld.com/2002/1EFW02ch1.pdf>

The EFW index “measures the consistency of a nation’s policies and institutions with economic freedom.” According to this measure, the key ingredients of economic freedom are voluntary exchange, personal choice, freedom to compete, and protection of person and property. EFW is an *objective* data measure that has been “enhanced” by subjective data in the last year from the Global Competitiveness Report and ICRG. EFW incorporates 21 components within five areas (size of government, expenditures, taxes and revenue, legal structure and security of property rights, sound money, and freedom to trade with foreigners, regulation of credit, labor and business) with several sub-components making 37 distinct data contribution sources. The index rates the five areas both individually and together on a *ten-point* scale. The report documents the theory and components of each of the areas. However, there are no clear rules for weighting. The index is highly correlated with per capita income, economic growth and income distribution.

- [54 countries (1970); 72 countries (1975); 105 countries (1980); 111 countries (1985); 113 countries (1990); 123 countries (1995 and 2000, 2002)]
- *Objective*: aggregate measures on a 10 point scale (enhanced by “subjective data”)

**Freedom House (2000)**

Annual survey of freedom country scores, 1972–1973 to 1999–2000

<http://freedomhouse.org/ratings/index.htm>

“Since 1972, Freedom House has published an annual assessment of state of freedom by assigning each country and territory the status of ‘Free,’ ‘Partly Free,’ or ‘Not Free’ by averaging their political rights and civil liberties ratings. Those whose ratings average 1–2.5 are generally considered ‘Free,’ 3–5.5 ‘Partly Free,’ and 5.5–7 ‘Not Free.’ The dividing line between ‘Partly Free’ and ‘Not Free’ usually falls within the group whose ratings

numbers average 5.5. For example, countries that receive a rating of 6 for political rights and 5 for civil liberties, or a 5 for political rights and a 6 for civil liberties, could be either 'Partly Free' or 'Not Free.' The total number of raw points is the definitive factor which determines the final status. Countries and territories with combined raw scores of 0–30 points are 'Not Free,' 31–59 points are 'Partly Free,' and 60–88 are 'Free.'”

- [Number of countries varies; 1972–present]
- Political right, civil rights
- 9 components/ 13 components.
- Additive-point methodology for categorizing political rights and civil liberties
- Ordinal
- *Subjective*: survey

### **Gasiorowski—Political Regime Change**

Louisiana State University

Mark J. Gasiorowski, “An Overview of the Political Regime Change Dataset,” *Comparative Political Studies*, XXIX (1996), 496–483; Robert Dahl, *Polyarchy* (New Haven, 1971); Larry Diamond, Juan J. Linz, and Seymour M. Lipset, *Democracy in Developing Countries* (Boulder, 1989).

Gasiorowski constructs a three point ordinal scale—distinguishing among democracy, semi-democracy, and authoritarianism—with a residual category for transitional regimes. He bases his definition of regime types on competitiveness, participation, and civil and political liberties stemming mainly from Diamond, Linz, and Lipset (1989), and Dahl (1971). He determined his measures from historical sources and case studies.

- [97 countries, independence–1992]
- Competitiveness, Inclusiveness, Civil and political liberties
- Ordinal
- Highly correlated with most of democracy measures except Gurr
- *Subjective*: determined personally by Gasiorowski

### **Global Governance Initiative**

World Economic Forum

<http://www.weforum.org/site/homepublic.nsf/Content/World+Economic+Forum+Launches+Global+Governance+Initiative+to+Monitor+Effort+on+UN+Millennium+Declaration+Goals>

This report assesses efforts by governments, and cooperation among governments, civil society, the private sector and intergovernmental organizations to meet certain targets in improving education, reducing poverty, upholding human rights, implementing arms control, and improving environments. GGI offers qualitative assessment of *changes in level of efforts* by governments, and cooperation among governments, international organizations, civil society, and business firms. It evaluates *contributions to good government* from the private sector and civil society as well as from governmental and intergovernmental actions.

- [189 governments, one year assessment]
- Rating from zero to 10
- *Subjective*: qualitative assessments by experts

**Growth Competitiveness Index (GCI)**

*Global Competitiveness Report 2002–2003*, World Economic Forum

[http://www.weforum.org/pdf/gcr/GCR\\_2002\\_2003/GCR\\_GCI.pdf](http://www.weforum.org/pdf/gcr/GCR_2002_2003/GCR_GCI.pdf)

“The overall Growth Competitiveness Index aims to measure the capacity of the national economy to achieve sustained economic growth over the medium term, controlling for the current level of development.” “We construct the rankings on the basis of recent theoretical literature on the determinants of economic growth, as well as the past 10 years’ empirical evidence on economic growth. The Index is tested each year to confirm that it does indeed correlate with rates of economic growth from the recent past.” “The CGI is based on three broad categories of variables that are found to drive economic growth in the medium- and long-term. These categories are technology, public institutions, and the macroeconomic environment.” Data for Index from Executive Opinion Summary and from statistical sources such as UN, World Bank, World Trade Organization and IMF.

- [75 countries 1988–2001; 80 countries, 2002]
- Scores are interval, rankings of countries are ordinal
- *Objective* data combined with *subjective* opinions from Executive Opinion Summary

**Hadenius (1992) Democracy Index<sup>41</sup>**

Axel Hadenius, *Democracy and Development* (Cambridge, 1992)

Hadenius devises a democracy index with two equally weighted components of elections and political freedoms. The components of elections—suffrage, elected offices, meaningful elections (openness, fairness and effectiveness) are interval measures. Each of the components of political freedom (organizational freedoms, freedom of opinion, lack of political violence) is measured on a scale ranging from 0 (no freedom) to 8 (all freedoms).

- [132 countries, 1988]
- *Subjective* and *objective* based on statistical publications, journal articles, and newspapers.

**Heritage Foundation Index of Economic Freedom**

Heritage Foundation

<http://www.heritage.org/research/features/index/>

Heritage Foundation develops a systematic, empirical measurement of economic freedom in countries throughout the world using objective economic criteria. “The Index is a careful theoretical analysis of the factors that most influence the institutional setting of economic growth. ...The Heritage Foundation/Wall Street Journal 2003 Index of Economic Freedom measures how well 161 countries score on a list of 50 independent variables divided into 10 broad factors of economic freedom. The higher the score on a factor, the greater the level of government interference in the economy and the less economic freedom a country enjoys. These 50 variables are grouped into the following categories: trade policy, fiscal burden of government, government intervention in the economy, monetary policy, capital flows and foreign investment, banking and finance, wages and prices, property rights, regu-

---

<sup>41</sup> Daniel Druckman (ed.) *Assessing Progress Toward Democracy and Good Governance: Summary of a Workshop* (Washington, D.C. 1992).

lation, and black market.” The Heritage Foundation rates each country on a five point scale for the individual components and gives each country an overall score of economic freedom.

- [161 countries, 1995–2003]
- *Objective*: (mostly objective fiscal data with some *subjective* assessment and “grading” of information such as determining whether government involvement in the financial sector is low/minimal/substantial, etc.)

### **Hobbes Index**

Bruce Bueno de Mesquita, Alastair Smith, Randolph M. Siverson, James D. Morrow, *The Logic of Political Survival* (Cambridge, Mass., 2003)

<http://www.nyu.edu/gsas/dept/politics/data/bdm2s2/Logic.htm>

The Hobbes index measures the quality of life in each country based on what Hobbes termed the miseries in the state of nature, using variables such as life expectancy, poverty, civil liberties, and conflict. The components are: *Solitary* (radios per capita), *Poor* (log of per capita income), *Nasty* (civil liberties as per Freedom House), *Brutish* (civil war, revolution and international war, Correlates of War Project), and *Short* (death rate, World Bank). The indices are both objective and subjective on scales that are normalized to ordinal measures from 1–100. The 0–100 scale is calculated by the following formula:

$\{(States'_x \text{ Characteristic}_i - \text{Minimum}_i) / \text{Maximum}_i\} \times 100$  [‘x’ ranges from country code 2 to 990, and ‘i’ ranges from component 1-5. In cases where original data generate a score where higher values are indicative of a worse life, the authors subtract 100 and multiply by negative one to invert the component. The five components are averaged and scaled 0-100]\*

- [144 countries, 1972–1997]
- Quality of life in each country
- *Objective*: scales from one 0–100 on life expectancy, poverty
- *Subjective*: scale from 0–100 on civil liberties (Freedom House)

### **IDEA State of Democracy Project**

David Beetham, Stuart Weir, Sarah Bracking, and Ian Kearton, *Handbook on Democracy Assessment* (Stockholm, 2001).

<http://www.idea.int/publications/catalogue/browsecatalogue.cfm>

[http://www.idea.int/publications/democracy\\_and\\_deep\\_rooted\\_conflict/home.htm](http://www.idea.int/publications/democracy_and_deep_rooted_conflict/home.htm)

“Only the citizens of a nation themselves are qualified to assess the quality of their own democratic arrangements. The *International IDEA Handbook on Democracy Assessment* is a self-help guide, which gives academics, lawyers, political practitioners, journalists and interested citizens the tools to assess the state of their democracy, or any key aspects of their democracy.”

“International IDEA’s groundbreaking handbook provides practical advice on how to broker peace in countries emerging from deep-rooted conflict and outlines options negotiators can draw upon when trying to build or rebuild democracy. The handbook provides a thorough overview of democratic levers—such as power-sharing formulas, questions of federalism and autonomy, options for minority rights, constitutional safeguards, and many others. It analyzes actual negotiated settlements from places like Bosnia, Fiji, Northern Ireland, Guatemala, Sri Lanka, Papua New Guinea, and South Africa. Written by international experts and experienced negotiators, the handbook is designed as a quick reference tool containing numerous case studies, fact sheets and practical examples.”

**Instability Measures: Probability of Government Change**

Yi Feng, “Democracy, Political Stability and Economic Growth,” *British Journal of Political Science*, XXVII (1997), 391–418; Alberto Alesina, Sule Ozler, Nouriel Roubini, and Phillip Swagel, “Political Instability and Economic Growth,” *Journal of Economic Growth*, I (1996), 189–212; Alex Cukierman, Sebastian Edwards, and Guido Tabellini, “Seigniorage and Political Instability,” *American Economic Review*, LXXXII (1992), 537–555.

“To account for the relationship between the all-or-nothing nature of the transfer of the executive power and the relativity of political instability, I use the limited dependent variable estimation method. This method defines the probability of government change as a continuous variable, characterized as a function of economic and political conditions; it is obtained through a yearly logit model on time-series and cross-section data over the period 1960-1980 [1995 extension]. The explanatory variables in the logit model fall into three broad classes: economic variables designed to measure the recent economic performance of the government; political variables, to account for significant political events that may signal the imminence of a government change; and dummy variables that group countries according to their continents. This logit model of government change is based on similar models by Cukierman *et al.* and Alesina *et al.*”

- [96 countries, 1960–1995]
- Ratio (0–1)
- Variables: Irregular government change, Major government change, Minor government change
- *Objective* economic and political variables to estimate ratio using logistic regression

**International Country Risk Guide (ICRG)**

PRS Political Risk Services Group

<http://www.prsgroup.com/icrg/icrg.html>

“The *International Country Risk Guide* (ICRG) rating comprises 22 variables in three subcategories of risk: political, financial, and economic. A separate index is created for each of the subcategories. The Political Risk index is based on 100 points, Financial Risk on 50 points, and Economic Risk on 50 points. The total points from the three indices are divided by two to produce the weights for inclusion in the composite country risk score. The composite scores, ranging from zero to 100, are then broken into categories from Very Low Risk (80 to 100 points) to Very High Risk (zero to 49.5 points).”

“The Political Risk Rating includes 12 weighted variables covering both political and social attributes. ICRG advises users on means of adapting both the data and the weights in order to focus the rating on the needs of the particular investing firm.”

- [140 countries, 1984–2002]
- Composite scores 0–100
- *Subjective* measures not linked to political institutions

**Latinobarometro**

Corporación Latinobarómetro

Swedish International Development Agency (SIDA), the United Nations Development Program (UNDP), and the Inter American Development Bank (IDB), local governments, private enterprises, and scholars around the world.

<http://www.latinobarometro.org/English/inisobrepro-i.htm>

“LATINOBARÓMETRO is an annual public opinion survey carried out in 17 Latin American countries by the CORPORACIÓN LATINOBARÓMETRO. It expresses the opinions, attitudes, and behaviors of the around 400 million inhabitants of the region. The survey started in 8 countries in the region in 1995 and extended to 17 countries in 1996. It is a private, non-profit initiative for use by the social and political sectors of the region.” The data are time series and are subjective opinions on such subjects as democracy and institutions, trust, economic attitudes, international relations, and public policy attitudes.

- [17 Latin American countries; representing only urban populations in 7 of those]
- *Subjective*: survey of public opinions, behaviors, values, and attitudes

### **Microeconomic Competitiveness Index (MICI)**

World Economic Forum

[http://www.weforum.org/pdf/gcr/GCR\\_2002\\_2003/GCR\\_MICI.pdf](http://www.weforum.org/pdf/gcr/GCR_2002_2003/GCR_MICI.pdf)

“Stable political, legal, and social institutions and sound macroeconomic policies create the potential for improving national prosperity. But wealth is actually created at the microeconomic level—in the ability to create valuable goods and services using efficient methods.” ...“The microeconomic foundations of productivity rest on two interrelated areas: (1) the sophistication with which domestic companies or foreign subsidiaries operating in the country compete, and (2) the quality of the microeconomic business environment.” ...“The Microeconomic Competitiveness Index (MICI) is constructed from measures drawn primarily on a survey of more than 4,700 senior business leaders [average of 60 per country] in 80 countries [five more than previous years].” Survey data are regressed against dependent variable of GDP per capita PPP. Variable is a combination of survey data plus various objective variables.

- [75–80 countries, 1998–2002]
- *Subjective* survey answers mixed with *objective* output data

### **Millennium Challenge Account**

<http://www.usaid.gov/mca/>

[http://www.cgdev.org/nv/Choosing\\_MCA\\_Countries.pdf](http://www.cgdev.org/nv/Choosing_MCA_Countries.pdf)

<http://usinfo.state.gov/journals/ites/0303/ijee/whfs.htm>

Steve Radelet, “Qualifying for the Millennium Challenge Account,” Center for Global Development, December 13, 2002; Steve Radelet, “Will the Millennium Challenge Account Be Different,” *Washington Quarterly*, XXVI (2003), 171–187.

<http://www.heritage.org/Research/TradeandForeignAid/BG1634.cfm>

“In March 2002, President George W. Bush proposed the creation of the Millennium Challenge Account (MCA), a new foreign assistance program to low-income countries that demonstrate a strong commitment to “ruling justly,” “investing in people,” and “establishing economic freedom.” Linking foreign aid to sound policies responds to the overwhelming evidence that aid can make a difference only in countries with sound institutions. Sound institutions foster a more transparent and accountable governing environment, reducing the government’s ability to misuse aid funds. In contrast, weak institutions foster corruption, cronyism, and government mismanagement, expanding the possibilities for governments to misuse aid funds. ...

The Administration has proposed a set of eligibility requirements for MCA aid that uses 16 indicators of just rule, investment in people, and economic freedom. Although all of the indicators are important, the “rule of law” indicator—the mechanism by which society enforces rules and protects property—is by far the most crucial. Studies on aid, growth, and prosperity reveal that the rule of law is the only mechanism that curtails corruption, sustains economic growth, and therefore improves people’s living standards.”

- [All Countries]
- 16 indicators to assess country commitments in three policy baskets: ruling justly, investing in their people, and establishing economic freedom
- Countries must score above the median in half the indicators in each policy basket.
- *Subjective and Objective*
- To determine countries qualifying for new US aid program, the Millennium Challenge Account

### **Minimal Democracy**

Renske Doorenspleet, “Reassessing the Three Waves of Democratization,” *World Politics*, LII (2000), 384–406.

Doorenspleet defines minimal democracy as having two requirements: competitiveness and universal suffrage. She uses Gurr’s Polity II “competitiveness of recruitment” variable and chooses those countries with at least one executive chosen by competitive popular elections as having the first requirement for minimal democracy. The second criterion is universal, inclusive suffrage of all citizens without regard to sex, race, language, descent, income, land holdings, education or religious beliefs. She codes levels of suffrage as 1 if there is no popular suffrage, 2 if suffrage is denied to large segments of the population (more than 20 percent is excluded), 3 if there is suffrage with partial restrictions (less than 20 percent of the population is excluded), or 4 if there is universal suffrage or minor restrictions. If a country falls within category three or four, it is then considered to have the second requirement for minimal democracy.

- [174 countries, 1800–1994]
- Nominal
- *Objective*

### **Multiple on Governmental Institutions, Policies, and Processes**

Center for the Study of European Governance, University of Nottingham  
<http://www.nottingham.ac.uk/politics/european-governance/european-governance@nottingham.ac.uk>

“The research work of the Centre will focus on in-depth single-country case studies, large- and small-n cross-national comparisons, and time-series analyses. In this respect the Centre can build on current expertise within the School relating to Western Europe, particularly Belgium, France, Germany, Ireland, the Netherlands, Spain and the United Kingdom as well as the considerable experience of colleagues who are already engaged in cross-national and time-series comparisons. In addition, one of the Centre’s main aims in the future is to promote research and teaching activity on Central and Eastern Europe. Finally, the Centre will also encourage the study of methodological and conceptual problems as they relate to European politics.”

- Belgium, France, Germany, Ireland, the Netherlands, Spain, and the United Kingdom as well as some on Eastern Europe
- *Qualitative* country assessments

### **Nationwide Study Monitoring Progress Toward Good Governance In Ghana**

Centre for Democratic Development-Ghana (CDD-Ghana)

Economic Commission for Africa

cdd@ghana.com

<http://www.africaonline.com/site/Articles/1,3,42986.jsp>

“The nationwide monitoring study project is aimed at mobilizing African expertise and stakeholders to access adequate information on progress in governance in the various countries in the continent.”

“The monitoring study would address issues concerning policy systems in the provision of effective transfer of power, effective public sector legislation and administrative institutions, transparency and accountability in political and regulatory decisions by government and its institutions.”

- Ghana and 13 other African countries
- 87-item questionnaire given to 120 national elites and a 35-item questionnaire given to a national sample of 1,400
- *Subjective*: Questionnaires/surveys

### **The Opacity Index**

PricewaterhouseCooper

[http://www.pwcglobal.com/extweb/ncpressrelease.nsf/84f5f51d361fe04e8525665f00506220/7aa10b8e3bc832fe852569de0054519e/\\$FILE/Opacity%20Index%20Chart.pdf](http://www.pwcglobal.com/extweb/ncpressrelease.nsf/84f5f51d361fe04e8525665f00506220/7aa10b8e3bc832fe852569de0054519e/$FILE/Opacity%20Index%20Chart.pdf)

“A panel of economists and researchers brought together by PricewaterhouseCoopers Endowment for the Study of Transparency and Sustainability has created an analytical model correlating five key opacity factors to the cost of capital in 35 countries. In this study, opacity is defined as the lack of ‘clear, accurate, formal and widely accepted practices.’ Using this tool, policy makers and investors can identify the specific incremental borrowing costs imposed by opacity in the areas of: Legal protections for business, Macro-economic policies, Corporate reporting, Corruption, and Government regulations.”

“The Opacity Index measures the cost of capital due to the lack of clear, accurate, formal and widely accepted practices. The composite O-Factor scores (0-150) ... measure the level of opacity cause by legal, regulatory, economic, and accounting practices and corruption in 35 countries.”

- [35 countries, 2001]
- Ordinal (0–150)
- *Subjective*: index based on surveys, publicly available statistics, and primary and secondary research

### **Participatory Development and Good Government**

Aid Study Committee, Institute for International Cooperation, Japan International Cooperation Indices and Organization for Economic Cooperation and Development (OECD)’s Development Assistance Committee (DAC)

[http://www.jica.go.jp/english/publication/studyreport/country/part/part\\_03.html](http://www.jica.go.jp/english/publication/studyreport/country/part/part_03.html)  
<http://www.jica.go.jp/english/publication/studyreport/topical/roads/index.html>

“There is growing awareness that in order for aid to have visible effects, to protect human rights, and to promote democratization, donors must become actively involved in reforms of developing nations’ political systems, policies, and implementing structures and development cooperation.”

“As the basic premise for discussing good governance, this study committee has decided to *define governance* from its functional aspect: whether governments achieve their stated objectives effectively and efficiently? We regard ‘good governance’ as [something] that should help countries to achieve sustainable and self-reliant development and social justice. Good governance can therefore be understood as comprising two concepts: the ideal orientation of a state that works best to achieve self-reliant and sustainable development and social justice; and the ideal functioning of government that operates most effectively and efficiently.”

The study covers twelve Asian countries and is based on a subjective study with specific examples of aid promoting participatory development under a standard framework.

- [11 countries, 2002, 2003]
- Cambodia, Cuba, China, Philippines, Southern Africa, Peru, Vietnam, Tanzania, Thailand, Jordan, Mongolia
- *Subjective*

### **Political Constraint Dataset (POLCON)**

University of Pennsylvania

Witold Henisz, “The Institutional Environment for Economic Growth,” *Economics and Politics*, XII (2000), 1–31.

<http://www-management.wharton.upenn.edu/henisz/>

Henisz develops a measure of institutional commitment that is objective, extensive, and based in positive political theory. He uses a quantitative model to capture the competitiveness portion of the definition of democracy (competitiveness and participation) with a proxy of *number of independent veto points over policy outcomes* and distribution of preferences of those actors. The measure is objective, with clear rules for measurement and aggregation, however it incorporates some of the Polity data coding for “independent judiciary” that gives it a slight subjective bias. POLCON is based on strong assumptions about each actor’s veto power. The measures are strongly correlated with the ICRG indexes and the Polity “Executive Constraint” index.

“The new release of the political constraint dataset expands the scope of coverage to as many as 234 countries over the period 1800–2001. It also corrects a small number of computational, coding and factual errors in the previous release. The new database also includes country codes from the Cross-national time series data archive, Polity and the World Bank to facilitate matching this dataset to other international datasets that you may have. Finally, it contains the component variables used to construct the political constraint indexes.”

- [234 countries, 1800–2001]
- Independent veto points in political system: executive, legislative, judicial and sub-federal branches
- *Objective*

**Polity IV**

Center for International Development and Conflict Management (CIDM)

Monty Marshall and Keith Jagers, “Polity IV project: Political Regime Characteristics and Transitions, 1800–1999, Dataset and User’s Manual,” 2001, a,b.

<http://www.cidcm.umd.edu/inscr/polity/index.htm>

“Polity IV contains coded annual information on regime and authority characteristics for all independent states (with greater than 500,000 total population) in the global state system and covers the years 1800–2001.”

“In order to provide greater transparency in Polity coding decisions, we have added individual country reports for all 161 countries covered by the Polity data series for the year 2001. Each Polity IV Country Report 2001 provides a summary of that country’s Polity codes and a graphic illustration of changes in Polity scores over the contemporary period 1946 (or date of independence) through December 31, 2001, including indicators of major episodes of armed civil conflict (from the State Failure Problem Set).”

The data are based on procedural definitions of democracy, which are: competitiveness of participation, regulation of participation, competitiveness of executive recruitment, openness of executive recruitment, and constraints on the executive. Their Polity measure is based on theory and intended to facilitate understanding of how governance interacts with other indicators of performance. According to the authors the measure was never intended to be a guide for better governance. The measure is an additive ten-point scale for autocracy and democracy with weighted components.

- [161 countries, 1800–2001, updated annually]
- Ordinal
- Individual country reports
- *Subjective*: survey data

**Preliminary Report of the EuroMeSCo Report on Good Governance**

PASSIA and the Euro-Mediterranean Study Commission (EuroMeSCo)

[http://www.euromesco.org/euromesco/artigo.asp?cod\\_artigo=73140](http://www.euromesco.org/euromesco/artigo.asp?cod_artigo=73140)

“This project is designed to investigate the mechanisms that will be required to create the conditions for good governance in the EMP. It will therefore investigate the current situation as far as governance is concerned in the EMP area and then analyze the nature of institution-building and the creation of appropriate legal environments to ensure the proper growth of good governance and civil society.”

“The database is an attempt to trace a diversity of worldwide addresses [sources] (experts, NGOs, institutions, legal and research centers, consultancy groups, society groups and initiatives, United Nations organs, and governmental agencies) working in good governance related fields regardless of their nature, origin and mandates to bring lights on their programs, projects, and services and have these flow of information made systematically and constantly accessible to a wide range of concerned people and institutions with an aim of creating a more consciousness of the importance of the conceptuality of good Governance and the effective utilization of available resources and expertise.”

- *Subjective*: surveys

### **Public Good Governance and Management Program**

Final Report of the Ad Hoc Working Group On Participatory Development and Good Governance, OECD

[www.oecd.org](http://www.oecd.org)

<http://www.oecd.org/EN/statistics/0,,EN-statistics-11-nodirectorate-no-1-no-11-no-no-3,00.html>

The goals of this study are “poverty reduction, promoting gender equality, raising the basic education and health standards, and reversing environmental degradation—emergence of more participatory, transparent, and accountable societies.” The principles of good governance as defined in this report are: “respect for the rule of law; openness, transparency and accountability to democratic institutions; fairness and equity in dealings with citizens, including mechanisms for consultation and participation; efficient, effective services; clear, transparent and applicable laws and regulations; consistency and coherence in policy formation; and high standards of ethical behaviour.”

- 30 member countries
- OECD
- Various tables of *objective* economic data, *subjective* data and nominal data

### **Relative Political Capacity (RPC), Politics of Fertility and Economic Development (POFED)**

National Science Foundation and Claremont Graduate University

Marina Arbetman and Jacek Kugler (eds.), *Political Capacity and Economic Behavior* (Boulder, 1997); Yi Feng, Jacek Kugler and Paul J. Zak, “The Politics of Fertility and Economic Development,” *International Studies Quarterly*, XLIV (2000), 667–693.

<http://it.cgu.edu/help/data/datalist.html>

Political capacity measures a government’s relative ability to extract resources from its constituency compared to other governments at similar levels of socio-economic development. Political extraction approximates the relative efficiency of governments to obtain resources using objective indicators. The political extraction is a ratio of actual tax extraction over predicted tax extraction based on the economic capacity of governments to extract taxes. Revenues are expressed as ratios of taxes to GDP after subtracting social security contributions. Major controls for potential extraction include *Exports* over GDP that can be easily taxed at the point of exit, *Agricultural* production over GDP because in subsistence economies such production is consumed prior to taxation, and *Mining* over GDP because these are also easily taxable productions. GDP per capita is used because total output per person determines the potential level of viable taxation. Regression techniques are used to estimate the predicted government revenues. For details on the construction of this indicator refer to Arbetman and Kugler (1997).

- [117 countries, 1960–2000]
- Relative Political Capacity: Actual Government Revenue/Predicted Government Revenue
- *Objective*: ratio of governmental performance

**UNECA (United Nations Economic Commission for Africa)**

<http://www.uneca.org/>

Kempe Ronald Hope, Sr., “The UNECA and Good Governance in Africa,”  
Harvard International Development Conference, Boston, 2003.

“The overall objective of the project is to monitor the progress of African states towards good governance ... Three survey instruments were designed to obtain data and pertinent information with respect to governance.” The first instrument is a panel of experts comprised of at least 100 people, including academics, researchers, lawyers, professionals working with independent civil society organizations, business leaders, retired professionals, and religious leaders. The second instrument seeks the perception of a sample population of the general adult population, by household. The third instrument “seeks factual information and hard data through investigations or desk research on the prevailing political, social, and economic life of the country.” The three instruments provide 83 indicators of political representation, institutional effectiveness and accountability, and economic management and corporate governance.”

- [28 countries covering 5 sub-regions of Africa]
- *Subjective*: data from expert panel and from the perception of the general adult population
- *Objective*: factual information and hard data through investigations or desk research

**Vanhanen—Polyarchy**

Tatu Vanhanen, “A New Dataset for Measuring Democracy, 1810–1998,” *Journal of Peace Research*, XXXVII (2000), 251 *Subjective*: survey data 265.

Vanhanen uses “‘democracy’ to refer to a political system in which ideologically and socially different groups are legally entitled to compete for political power, and in which institutional power-holders are elected by the people and are responsible to the people.” He measures *participation* purely as a percentage of total population who actually vote in elections. He obtains his competition variable by subtracting the percentage of votes won by the largest party from 100 (smaller parties share of all votes cast in parliamentary or presidential elections).

- [187 countries, 1810–1998]
- Competition and Participation, Interval, Multiplicative
- *Objective*

**World Governance Survey—World Governance Assessment**

United Nations University, UNDP

<http://www.unu.edu/p&g/wgs/index.html>

“The quality of governance—the formation and stewardship of the rules that regulate the public realm—is increasingly seen as a critical factor in explaining variables in development performance around the world. The key question that remains to be answered adequately, however, is what rules matter, why and how? The start of the new century provides a historic moment to [initiate] a new data collection effort that would hopefully shed new light on some of the determinants of good governance and on the relationships between governance processes and development outcomes. The ultimate goal is to better

understand what aspects of governance matter most and to provide more informed policy advice in this area.”

“In partnership with UNDP and local institutions in 30 countries around the world, UNU [has undertaken] the pilot phase of a World Governance Survey (WGS). The WGS is an attempt to establish how the quality of governance varies over time in countries around the world. Drawing primarily on the assessments of a cross section of well-informed persons in each country, the WGS is expected to generate systematic information on perceptions of governance at the national level. “

“The WGS takes a comprehensive view of governance and collects information on all dimensions of the policy process. The pilot questionnaire focuses on 6 main sets of issues: The extent of participation in the political process, The way interests in society are aggregated in the political process, Government stewardship of the system as a whole, Policy implications particularly the bureaucracy, The relationship between the state and the market, and Institutions for dispute resolution, particularly the judiciary.”

- [30 countries, pilot phase]
- Ordinal: Individual indicators on scale of 1-5. Total score is additive
- *Subjective*: survey data

### **World Values Survey**

University of Michigan

Ronald Inglehart and Pippa Norris, *Rising Tide: Gender Equality and Cultural Change Around the World* (New York, 2003).

<http://wvs.isr.umich.edu/>

“The World Values Survey is a worldwide investigation of socio-cultural and political change. It has carried out representative national surveys of the basic values and beliefs of publics in almost 80 societies on all six inhabited continents, containing almost 80 percent of the world's population. It builds on the European Values Surveys, first carried out in 1981. A second wave of surveys, designed for global use, was completed in 1990–1991, a third wave was carried out in 1995–1996 and a fourth wave took place in 1999–2001. The pooled survey dataset contains almost one-quarter of a million respondents. This investigation has produced evidence of gradual but pervasive changes in what people want out of life, and the basic direction of these changes is, to some extent, predictable. This study has given rise to more than 300 publications, in 16 languages. The survey contains items, among others, monitoring public satisfaction with government and the political system, attitudes towards democracy, confidence in public and private-sector institutions, social trust and social capital, political participation, attitudes towards corruption and personal ethics, as well as detailed demographic and social background characteristics. The dataset for the first three waves of the survey can be downloaded for secondary analysis from any academic archive, including the University of Michigan.”

- [22 countries, 1981; 42 countries (2<sup>nd</sup> wave), 1990–1993; 54 countries (3<sup>rd</sup> wave), 1995–1998; 66 countries (4<sup>th</sup> wave), 1999–2000]
- *Subjective*: survey data

### **Worldwide Governance Research Indicators Dataset**

Web-Interactive Governance Indicators, The World Bank

Daniel Kaufman, Aart Kraay, and Pablo Zoido-Lobaton, "Governance Matters, Policy Research Working Paper," 1999a,b and 2002; Daniel Kaufmann, Aart Kraay, Massimo Mastruzzi, "Governance Matters III: Governance Indicators for 1996-2002," The World Bank Development Research Group (Washington, D.C., 2003)

<http://www.worldbank.org/wbi/governance/pubs/govmatters.html>

<http://www.worldbank.org/wbi/governance/pubs/govmatters3.html>

[www.worldbank.org/wbi/governance/govdata2002/](http://www.worldbank.org/wbi/governance/govdata2002/)

"This paper presents estimates of six dimensions of governance covering 199 countries and territories for four time periods: 1996, 1998, 2000, and 2002. These indicators are based on several hundred individual variables measuring perceptions of governance, drawn from 25 separate data sources constructed by 18 different organizations. We assign these individual measures of governance to categories capturing key dimensions of governance, and use an unobserved components model to construct six aggregate governance indicators in each of the four periods. We present the point estimates of the dimensions of governance as well as the margins of error for each country for the four periods."

"While the addition of data has improved the precision of our governance indicators relative to previous years, the margins of error associated with estimates of governance remain large relative to the units in which governance is measured. This implies that cross-country comparisons of levels of governance based on this type of data should be made with due caution. This is particularly the case for changes over time, which in the vast majority of cases are small relative to the margins of error associated with our estimates of governance."

- [199 countries, 1996, 1998, 2000, 2001]
- Weighted aggregate indicators: Interval [-2.5-2.5]
- Voice and Accountability; Political Stability and Absence of Violence; Government Effectiveness; Regulatory Quality; Rule of Law; Control of Corruption
- *Subjective* data gathered from "polls of experts and cross country surveys of residents"

## ADDITIONAL POSSIBLE RESOURCES FOR GOOD GOVERNANCE DATA

### Sources for Governance:

- Afrobarometer
- Business Environment Risk Intelligence (BRI)
- State Failure Task Force Capacity Survey (CUD)
- Standard and Poor's DRI/McGraw-Hill (DRI)
- European Bank for Reconstruction and Development (EBR)
- The Economist Intelligence Unit (EIU)
- Freedom House (FRH, FNT)
- Gallup Millennium Survey
- Heritage Foundation/Wall Street Journal (HWJ): Index of Economic Freedom by Aggregate Governance Indicator
- Human Rights
- Institute for Management Development (WCY)
- Latinobarometro (LBO)
- PriceWaterhouseCoopers (PWC)
- Political Economic Risk Consultancy (PRC)
- Political Risk Services (PRS)
- Reporters Without Borders
- Voice of the People
- The World Business Environment Survey (WBS)
- The World Bank's Country Policy and Institutional Assessment (CPIA)
- World Economic Forum (GCS)
- World Markets Online

### Political Science Data Base Links:

- Anti Corruption Gateway for Europe and Eurasia, [http://www.nobribes.org/rc\\_survey.htm#New%20information%20of%20this%20month](http://www.nobribes.org/rc_survey.htm#New%20information%20of%20this%20month)
- Canada International Development Agency, [http://www.acdida.gc.ca/cida\\_ind.nsf/vall/120E9700965D51CE85256919006BF1E5?OpenDocument](http://www.acdida.gc.ca/cida_ind.nsf/vall/120E9700965D51CE85256919006BF1E5?OpenDocument)
- Claremont Graduate University data link, <http://it.cgu.edu/help/data/datalist.html>
- Florida State: Paul Hensel's web page and data links, <http://garnet.acns.fsu.edu/~phensel/>
- Harvard: Gary King's web links and home page, <http://gking.harvard.edu/> & <http://gking.harvard.edu/data.shtml>
- Harvard MIT Data Center, <http://www.hmhc.harvard.edu/jsp/index.jsp>
- Indicators of democratic development in Latin America, <http://www.lademocracia.org/en/Indicators.htm>
- University of California San Diego data link, [http://odwin.ucsd.edu/cgi-bin/easy\\_search2?search=getdata&file=/data/data.html&print=notitle&header=/header/data.header](http://odwin.ucsd.edu/cgi-bin/easy_search2?search=getdata&file=/data/data.html&print=notitle&header=/header/data.header)
- University of Michigan data link, <http://www.lib.umich.edu/govdocs/stpolisc.html>
- Urbana-Champaign link, <http://www.lademocracia.org/en/Indicators.htm>
- Vanderbilt: Political Science Data Resources. Richard Tucker's home page: <http://www.vanderbilt.edu/~rtucker/methods/data/>
- Yale: Bruce Russett (et al.), Democratic Peace Replication Archive, <http://www.yale.edu/unsy/democ/democ.htm>

### **Additional Primary Data Sources**

- *Africa South of the Sahara*, Europa Publications Ltd. (London)
- *African Statistical Yearbook*, Addis Ababa, UN, Economic Commission for Africa
- Banks' Cross-National Time Series Data Archive
- *CIA Factbook*
- *Economic and Social Commission for Asia and the Pacific*
- Economic Commission for Latin America and the Caribbean (CEPAL)
- *The Europa World Yearbook*, Europa Publications Ltd. (London)
- *The Far East and Australasia*, Europa Publications Ltd. (London)
- Global Data Management CD-ROM
- *Government Finance Statistics Yearbook*, Various Years, International Monetary Fund, Washington, DC
- International Energy Agency (IEA), <http://www.iea.org/statist/>
- International Financial Statistics CD-ROM
- *International Historical Statistics*, B.R. Mitchell, Stockton Press, MacMillan Reference, Ltd., London, 1998 [Europe, Africa and Asia, The Americas]
- *The Middle East*, Europa Publications Ltd. (London)
- *The Middle East and North Africa*, Europa Publications Ltd. (London)
- OECD, Organization for European Economic Cooperation *Statistical Bulletin*
- OPEC (Annual Statistical Bulletin), <http://www.ieicenter.com/Statistics/Opec.asp>
- Penn World Tables 2000 & PWT Summers and Heston
- The Statistical Abstract of Latin America
- *Statistical Yearbook for Asia and the Far East*, United Nations (Bangkok)
- *Statistical Yearbook for Asia and the Pacific*, United Nations (Bangkok)
- *Statistical Yearbook for Latin America*, United Nations (Santiago)
- *Statistical Yearbook for Latin America and The Caribbean*, Economic Commission for Latin America and the Caribbean (Santiago)
- United Nations Demographics Statistics Division
- United Nations Development Program CD-ROM (UNDP)
- United Nations Educational, Scientific and Cultural Organization (UNESCO) (*Statistical Yearbook*)
- *United Nations Statistical Yearbook*
- United Nations Women's Indicators and Statistics Database (WISTAT)
- US Census Bureau, International Data Base, <http://www.census.gov/ftp/pub/ipc/www/idbnew.html>.
- World Development Indicators CD-ROM

## Conference Participants

- **Joel D. Barkan**, University of Iowa
- **Robert H. Bates**, Harvard University
- **Marie Besançon**, Kennedy School of Government
- **Bear F. Braumoeller**, Harvard University
- **José Antonio Cheibub**, Yale University
- **Bernadette Cunningham**, Cunningham Thompson Ltd.
- **Yi Feng**, Claremont Graduate University
- **Fredrik Galtung**, Transparency International
- **John Gerring**, Institute for Advanced Study (IAS)
- **Witold Jerzy Henisz**, University of Pennsylvania
- **Jeffrey I. Herbst**, Princeton University
- **Evan Hillebrand**, Central Intelligence Agency
- **Adrian B. Karatnycky**, Freedom House
- **Daniel Kaufmann**, The World Bank
- **Stephen D. Krasner**, Stanford University
- **Doug Lemke**, University of Michigan
- **Jane J. Mansbridge**, Kennedy School of Government
- **Monty G. Marshall**, University of Maryland
- **Pippa Norris**, Kennedy School of Government
- **Madalene O'Donnell**, U.S. Agency for International Development
  
- **Kenneth A. Oye**, Massachusetts Institute of Technology
- **Thomas I. Palley**, Open Society Institute
- **Roger Petersen**, MIT
- **Robert I. Rotberg**, WPF Program on Intrastate Conflict, Kennedy School of Government and World Peace Foundation
- **Bruce M. Russett**, Yale University
- **Margaret J. Sarles**, U.S. Agency for International Development
- **Christine Thompson**, Cunningham Thompson Ltd.



## **Books of the World Peace Foundation (since 1980) \***

*State Failure and State Weakness in a Time of Terror.* Robert I. Rotberg (ed.), (Washington, D.C., The Brookings Institution Press, 2003).

*Ending Autocracy, Enabling Democracy: The Tribulations of Southern Africa 1960–2000.* Robert I. Rotberg (Washington, D.C., The Brookings Institution Press, 2002).

*Peacekeeping and Peace Enforcement in Africa: Methods of Conflict Prevention.* Robert I. Rotberg, Ericka Albaugh, Happyton Bonyongwe, Christopher Clapham, Jeffrey Herbst, Steven Metz (Washington, D.C., The Brookings Institution Press, 2000).

*Truth v. Justice: The Morality of Truth Commissions.* Robert I. Rotberg and Dennis Thompson (eds.), (Princeton, Princeton University Press, 2000).

*Creating Peace in Sri Lanka: Civil War and Reconciliation.* Robert I. Rotberg (ed.), (Washington, D.C., The Brookings Institution Press, 1999).

*Burma: Prospects for a Democratic Future.* Robert I. Rotberg (ed.), (Washington D.C., The Brookings Institution Press, 1998).

*War and Peace in Southern Africa: Crime, Drugs, Armies, and Trade.* Robert I. Rotberg and Greg Mills (eds.), (Washington D.C., The Brookings Institution Press, 1998).

*Cascade of Arms: Managing Conventional Arms Proliferation.* Andrew Pierre (ed.), (Washington D.C., The Brookings Institution Press, 1997).

*The United States and Europe After the Cold War: A New Alliance.* John W. Holmes (Columbia, University of South Carolina Press, 1997).

*Haiti Renewed: Political and Economic Futures.* Robert I. Rotberg (ed.), (Washington D.C., The Brookings Institution Press, 1997).

*Democratic Transitions in Central America.* Jorge I. Domínguez (ed.), (Gainesville, University Press of Florida, 1997).

*Vigilance and Vengeance: NGOs Preventing Ethnic Conflict in Divided Societies.* Robert I. Rotberg (ed.), (Washington D.C., The Brookings Institution Press, 1996).

*From Massacres to Genocide: The Media, Public Policy, and Humanitarian Crises.* Robert I. Rotberg and Thomas G. Weiss (eds.), (Washington D.C., The Brookings Institution Press, 1996).

*Maelstrom: The United States, Southern Europe, and the Challenges of the Mediterranean.* John W. Holmes (ed.), (Washington D.C., The Brookings Institution Press, 1995).

---

\* For a list of all World Peace Foundation publications, see WPF Report 25: *Foundation Report 1999–2000* (Cambridge, MA, World Peace Foundation, 2000), 31–40.

*Os Estados Unidos da America e a Europa do Sud.* John W. Holmes (ed.), (Lisboa, FundaquoLuso-Americana, 1995).

*Transiciones Democráticas en Centro América.* Jorge I. Domínguez and Marc Lindenberg (eds.), (San José, Costa Rica, CINDE, 1994).

*Democracy in the Caribbean: Political, Economic, and Social Perspectives.* Jorge I. Domínguez, Robert A. Pastor, and R. DeLisle Worrel (eds.), (Baltimore, The Johns Hopkins University Press, 1993).

*Collective Security in a Changing World.* Thomas G. Weiss (ed.), (Boulder, Lynne Rienner Publishers, 1993).

*Third World Security in the Post-Cold War Era.* Thomas G. Weiss (ed.), (Boulder, Lynne Rienner Publishers, 1993).

*Alternative to Intervention: A New US-Latin American Security Relationship.* Richard J. Bloomfield and Gregory F. Treverton (eds.), (Boulder, Lynne Rienner Publishers, 1990).

*Regional Conflict and U.S. Policy: Angola and Mozambique.* Richard J. Bloomfield (ed.), (Boulder, Lynne Rienner Publishers, 1990).

*Africa in the 1990s and Beyond: U.S. Policy Opportunities and Choices.* Robert I. Rotberg (ed.), (Algonac, MI, Reference Publications, 1988).

*Guests Come to Stay: The Effects of European Labor Migration on Sending and Receiving Countries.* Rosemarie J. Rogers (ed.), (Boulder, Westview Press, 1985).

*Puerto Rico: The Search for a National Policy.* Richard J. Bloomfield (ed.), (Boulder, Westview Press, 1985).

*Portugal, Os Estados Africanos de Lingua Oficial Portuguesa E Os Estados Unidos Da America.* Joaquim Aguiar (Lisbon, Fundaço Calouste Gulbenkian and Boston, WPF, 1985).

*South Africa and its Neighbors.* Robert I. Rotberg, Henry Bienen, Robert Legvold, and Gavin Maasdorp (Lexington, Lexington Books, 1985).

*Namibia: Political and Economic Prospects.* Robert I. Rotberg (ed.), (Lexington, Lexington Books, 1983).

*The American People and South Africa.* Alfred O. Hero and John Barratt (eds.), (Lexington, Lexington Books, 1981).

*Conflict and Compromise in South Africa.* Robert I. Rotberg and John Barratt (eds.), (Lexington, Lexington Books, 1980).

## Reports of the World Peace Foundation

36. *Good Governance Rankings: The Art of Measurement*, Marie Besançon (2003)
35. *Governing Nigeria: Continuing Issues after the Elections*, Deborah L. West (2003)
34. *Myth and Narrative in the Israeli-Palestinian Conflict*, Deborah L. West (2003)
33. *Africa's Discontent: Coping with Human and Natural Disasters*, Robert I. Rotberg (2003)
32. *Haiti's Turmoil: Politics and Policy Under Aristide and Clinton*, Robert I. Rotberg (2003)
31. *To Rid the Scourge of War: UN Peacekeeping Operations and Today's Crises*, Rachel M. Gisselquist (2002)
30. *Diamonds In Peace and War: Severing the Conflict-Diamond Connection*, Ingrid J. Tamm (2002)
29. *The Foundation Report 2000–2001*, Robert I. Rotberg (2002)
28. *Zimbabwe Before and After the Elections: a Concerned Assessment*, Moeletsi Mbeki, Greg Mills, and Fred Phaswana (Johannesburg, 2001)
27. *The Challenge of Puerto Rico: Resolving Status Issues*, Rachel M. Gisselquist (2000)
- Sudan: Policy Options Amid Civil War: Postscript*, Deborah L. Weinberg West (2000)
26. *Sudan: Policy Options Amid Civil War*, Rachel M. Gisselquist (2000)
25. *The Foundation Report 1999–2000*, Robert I. Rotberg (2000)
24. *Preventing Conflict in Africa: Possibilities of Peace Enforcement*, Robert I. Rotberg and Ericka A. Albaugh (1999)
23. *The Scourge of Small Arms*, Michael Klare and Robert I. Rotberg (1999)
22. *The Foundation Report 1997–1998*, Robert I. Rotberg (1999)
21. *Peacekeeping or Peace Enforcement? Conflict Intervention in Africa*, Dana Francis (1998)
20. *Cyprus 2000: Divided or Federal?*, Robert I. Rotberg and Ericka A. Albaugh (1998)
19. *Mediating Deadly Conflict: Lessons from Afghanistan, Burundi, Cyprus, Ethiopia, Haiti, Israel/Palestine, Liberia, Sierra Leone, & Sri Lanka*, Dana Francis (ed.), (1998)
18. *Sri Lanka's Civil War and Prospects for Post-Conflict Resolution*, Lisa M. Kois, Dana Francis, and Robert I. Rotberg (1998)
17. *Securing Peace in Africa: An Analysis of Peacekeeping and Peace Enforcement Potential*, Jeffrey Herbst (1998)
16. *Truth Commissions: A Comparative Assessment*, Henry J. Steiner (ed.), (1997)

15. *Burma: Prospects for Political and Economic Reconstruction*, David I. Steinberg (1997)
14. *The Foundation Report, 1995–1996*, Robert I. Rotberg (1997)
13. *War and Peace in Southern Africa: Crime, Drugs, Armies, and Trade*, Greg Mills (1996)
12. *The UN Tangle: Policy Formation, Reform, and Reorganization*, Leon Gordenker (1996)
11. *Haiti: Perspectives d'une Reprise Politique et Économique*, Jennifer L. McCoy (trans. Carrol F. Coates), (1995)
10. *Haiti: Prospects for Political and Economic Reconstruction*, Jennifer L. McCoy (1995)
9. *Non-Governmental Organizations, Early Warning, and Preventive Diplomacy*, Emily MacFarquhar, Robert I. Rotberg, and Martha A. Chen (1995)
8. *The Foundation Report 1993–1994*, Robert I. Rotberg (1995)
7. *The Media, Humanitarian Crises, and Policy-Making*, Robert I. Rotberg and Thomas G. Weiss (1995)
6. *Democratic Transitions in Central America and Panama*, Marc Lindenberg (1993)
5. *Collective Security in a Changing World*, Thomas G. Weiss and Laura S.H. Holgate (1992)
4. *The Caribbean Prepares for the Twenty-First Century*, Jorge I. Domínguez, Richard Fletcher, and Robert Pastor (1991).
3. *The United States and Latin American Democracy: Lessons from History*, Abraham Lowenthal (1991)
2. *Third World Security in the Post-Cold War Era*, Thomas G. Weiss and Meryl A. Kessler (1991)
1. *Combating Cocaine in Supplying Countries: Challenges and Strategies*, Gregory F. Treverton (1989)



IMANI GHANA RANKING OF GOOD GOVERNANCE IN GHANA HEADS OF GOVERNMENT SINCE INDEPENDENCE; (1) Dr. Kwame Nkrumah 87% (2) John Dramani Mahama 83.1% (3) J.J. Rawlings 76.4% (4) John A. Kufuor 73.8% (5) Dr. Hilla Limann 68% (6) John Evans Atta Mills 65.3% (7) E. Akuffo- Addo You can visit [www.imani.ghana.com](http://www.imani.ghana.com). Good Governance Report. Rank. Full ranking Company. 72 Old Mutual PLC 73 Hargreaves Lansdown PLC 74 Barratt Developments PLC 75 SSE PLC. GGI Index score (out. A statistical analysis of the ranking in Table 1 does not identify any strong correlation between the GGI score and the size of the company (as measured by market capitalisation).