

## Liberia Shows Dramatic Improvement in Controlling Corruption

Liberia has shown the largest improvement of any country in the world in controlling corruption over the last two years, according to new data released recently by the World Bank Institute.

According to the World Bank Institute's *Worldwide Governance Indicators*, which are among the most comprehensive databases on corruption in the world, Liberia was ranked 185<sup>th</sup> out of 206 countries on control of corruption in 2005. In 2006 Liberia moved up 39 places in the rankings to 145<sup>th</sup> place, and in 2007 it moved up an additional 32 places to 113<sup>th</sup> in the world. In other words, in just two years (2005-2007) Liberia moved up 72 places in the world rankings. This is the largest improvement by far over the last two years by any country in the world. See Liberia's ranking below:

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### Liberia's Control of Corruption Ranking

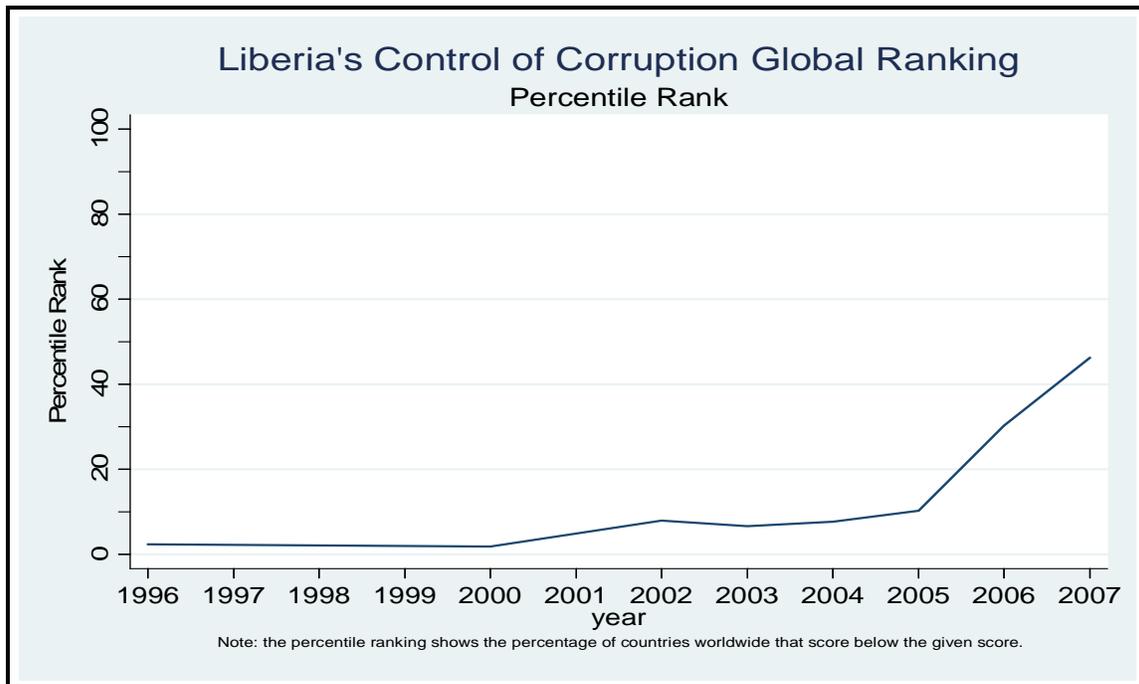
<u>Year</u>	<u>World Ranking</u>
2004	190 <sup>th</sup>
2005	185 <sup>th</sup>
2006	145 <sup>th</sup>
2007	113 <sup>th</sup>

Note: Ranking out of 206 countries worldwide

Source: World Bank Institute, *Worldwide Governance Indicators*

<http://info.worldbank.org/governance/wgi/index.asp>

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The *Worldwide Governance Indicators* report on six different indicators of the quality of governance, including “control of corruption.” The indicators are not based on a single source or opinion, but rather on the combined results of a large number of surveys of citizens, business enterprises, and experts in countries around the world. The individual data sources underlying the aggregate indicators are drawn from survey institutes, think tanks, NGOs, and international organizations, among other sources. The indicators are highly regarded as one of the best quality databases in the world. Oxford Analytica has called them “the standard bearer” for measuring global governance.

The World Bank’s official press release **No:2008/392/WBI** states that “the Indicators suggest that where there is commitment to reform, improvements in governance can and do occur” and lists Liberia as a prime example of improvements in control of corruption.

Liberia’s dramatic improvement in controlling corruption is thought to result from the strong steps taken by the Sirleaf Government during the last two years, including enacting a new procurement law, establishing the new Public Procurement and Concessions Commission (PPCC), utilizing a Cash Management Committee to ensure greater honesty in budget spending, establishing the GEMAP program with key partners, renegotiating concession contracts, and holding government officials more accountable for their actions, among many other actions. The proposed anti-Corruption Commission, currently being debated in the Legislature as part of an anti-corruption bill, is designed to further strengthen these efforts. Liberia’s dramatic rise in the World Bank Institute’s rankings shows that, despite suggestions to the contrary by some, the country is making clear improvements in fighting corruption.

In her remarks at the recent Liberia Poverty Reduction Forum in Berlin, President Sirleaf welcomed the new indicators as a clear indication of progress. But she recognized that even with this progress, there is still a long way to go. “I am not yet satisfied,” she remarked, “but I am pleased that our efforts are beginning to show results.”

*Amara Konneh, Deputy Chief of Staff to President Sirleaf, and Steve Radelet of the Center for Global Development contributed to this story*

# OFFICIAL PRESS RELEASE FROM THE WORLD BANK

## Worldwide Governance Indicators Show Some Countries Making Progress in Governance and in Fighting Corruption

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**WASHINGTON, June 24, 2008** — This year's updated version of the Worldwide Governance Indicators (WGI) compiled by World Bank researchers shows many developing country governments making important gains in control of corruption, and some of them matching rich country performance in overall governance measures.

*"Some countries are making rapid progress in governance, including in Africa, showing that a measure of 'Afro-optimism' is called for",* said **Daniel Kaufmann, co-author of the report and Director of Governance at the World Bank Institute**, while acknowledging that the data also shows large variation in performance across countries, and even among neighbors within each continent. *"Progress reflects reforms in those countries where political leaders, policymakers, civil society and the private sector view good governance and corruption control as crucial for sustained and shared growth."*

**Good governance can be found at all income levels, with some emerging economies matching the performance of rich countries on key dimensions of governance.** Over a dozen emerging countries, including Slovenia, Chile, Botswana, Estonia, Uruguay, Czech Republic, Hungary, Latvia, Lithuania, Mauritius, and Costa Rica score higher on key dimensions of governance than industrialized countries such as Greece or Italy. And in many cases these differences are statistically significant.

**Over 2002-2007, the Indicators show sharp improvements in governance, along with reversals.** Examples include strong improvements in Voice and Accountability in countries such as Ukraine and Haiti; improvements in Political Stability and Absence of Violence/Terrorism in Argentina; and improvements in Control of Corruption in Georgia and Tanzania.

**But despite governance gains in some countries, overall quality of governance around the world has not improved much over the past decade.** Coinciding with countries that have done well, a similar number have experienced deteriorations in several governance dimensions, including Zimbabwe, Cote D'Ivoire, Belarus, Eritrea and Venezuela. In many other countries, no significant change in either direction is yet apparent in recent years.

**The Indicators suggest that where there is commitment to reform, improvements in governance can and do occur.** Over the past decade from 1998-2007, countries in all regions have shown substantial improvements in governance, even if at times starting from a very low level. Examples include:

- Ghana, Indonesia, Liberia and Peru in Voice and Accountability;
- Rwanda, Algeria and Angola in Political Stability and Absence of Violence/Terrorism;

- Afghanistan, Serbia and Ethiopia in Government Effectiveness;
- Georgia and the Democratic Republic of Congo in Regulatory Quality;
- Tajikistan in Rule of Law; and
- Liberia and Serbia in Control of Corruption.

*"The WGI and other efforts to measure are useful in prompting public discussion of governance challenges and successes" said **Aart Kraay, coauthor of the WGI and lead economist in the Development Research Group of the World Bank.** "But at the same time, discussions of governance based on empirical measures need to be realistic about the limits of existing data. In this respect it is important that users take seriously the margins of error reported in the WGI, which reflect the inherent difficulties in measuring governance using any kind of data."*

This year's study is the seventh update of the WGI, a decade-long effort by the researchers to build and update the most comprehensive cross-country set of governance indicators currently available. The newly released set of the six updated aggregate indicators, as well as data from the underlying sources, are at [www.govindicators.org](http://www.govindicators.org). The Indicators cover 212 countries and territories, drawing on 35 different data sources to capture the views of tens of thousands of survey respondents worldwide, as well as thousands of experts in the private, NGO, and public sectors. The WGI are used by policymakers and civil society groups worldwide as a tool to assess governance challenges and monitor reforms, and by scholars researching the causes and consequences of good governance.

Better governance helps in the fight against poverty and improves living standards. Research over the past decade shows that improved governance raises development, and not the other way around. When governance is improved by one standard deviation, infant mortality declines by two-thirds and incomes rise about three-fold in the long run. Such an improvement in governance is within reach, since it is a fraction of the difference between the worst and best performers. For example, in the dimension of Rule of Law, one standard deviation is all that separates the very low ratings of Somalia or Afghanistan from countries such as Kenya and Bolivia; or what separates these countries from countries such as Ghana or Egypt; or in turn what separates Ghana or Egypt from Portugal or Estonia; or what separates these from the best performers such as Denmark or Switzerland.

Good governance has also been found to significantly enhance the effectiveness of development assistance in general, and of World Bank-funded projects in particular.

*"Until the mid-nineties, I did not think that governance could be measured. The Worldwide Governance Indicators have shown me otherwise" says **Shlomo Yitzhaki, Director of Israel's Central Bureau of Statistics and Professor of Economics at the Hebrew University.** "It constitutes the state of the art on how to build periodic governance indicators which can be a crucial tool for policy analysts and decision-makers benchmarking their countries. Uniquely, it publicly discloses the aggregated and disaggregated data, as well as the estimated margins of error for each country. It definitely sets a standard for transparency in data."*

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The full "Governance Matters VII" paper, the synthesis of the main findings, and the new WGI data update are available at: <http://www.govindicators.org>.

*The WGI do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. The WGI are not used by the World Bank Group to allocate resources.*

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**BACKGROUND**

## THE WORLDWIDE GOVERNANCE INDICATORS 2008

As consensus concerning the importance of good governance for development and aid effectiveness has grown, so too have efforts to measure and monitor governance performance.

The Worldwide Governance Indicators (WGI) project attempts to measure governance by synthesizing the views and reports of diverse sources, including Economist Intelligence Unit, Latinobarometro, Afrobarometer, World Economic Forum, Freedom House, Gallup World Poll, Bertelsmann Transformation Index, Institutional Profile Database by French Government Agencies, OECD Development Center African Economic Outlook, Global Integrity Index, Political and Economic Risk Consultancy in Asia, and Reporters without Borders, among others.

Governance is defined by the WGI authors as the traditions and institutions by which authority in a country is exercised. This includes the process by which governments are selected, monitored and replaced; the capacity of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them.

The WGI measure six broad definitions of governance capturing the key elements of this definition:

- **Voice and Accountability:** the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.
  - **Political Stability and Absence of Violence:** the likelihood that the government will be destabilized by unconstitutional or violent means, including terrorism.
  - **Government Effectiveness:** the quality of public services, the capacity of the civil service and its independence from political pressures; the quality of policy formulation
  - **Regulatory Quality:** the ability of the government to provide sound policies and regulations that enable and promote private sector development
  - **Rule of Law:** the extent to which agents have confidence in and abide by the rules of society, including the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.
  - **Control of Corruption:** the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests