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## THE NEED FOR A GOVERNMENT DELIVERY INDEX

### What do Government Indicators indicate?

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Good governance is critical to long-term economic, social and environmental development. This Background Note outlines the scope and functions of Government Indicators, showing exactly what they indicate. It explores the role of Key performance indicators (KPIs) and standards of good governance indicators. It then analyzes the structure of 3 identified Indices (Mo Ibrahim, Commitment to Development and Grassroots focus Index) and hence shows the importance of measuring government performance. This provides a background / best practice for evaluating government Key Performance indicators. The Background Note concludes by outlining the key components of good indicators and why it is necessary to develop a Government Delivery Index.

There is an increasing demand from developing country governments, civil society organizations and donor agencies to measure different aspects of democracy, human rights and economic development. This demand has resulted in a tremendous growth in indicator frameworks and indices, which are used to measure the performance of government's delivery, the quality of public institutions, and people's perceptions on various aspects of governance.

#### Governance

Governance is defined as the system of values, policies and institutions by which a society manages its economic, political and social affairs through interactions within and among the state, civil society and private sector.

It comprises three (3) dimensions interdependent in society, namely, social, economic and political governance.

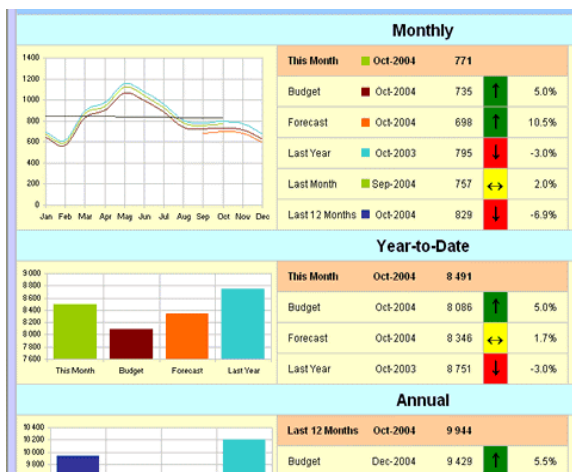
The role of governments is to provide a stable political, social and economic environment. Government policies throughout the world aim to promote fiscal responsibility; remove barriers to competition; ensure a legal framework for property rights and regulatory oversight; and ensure transparency of the law and policies. A question worth exploring therefore is: **What are Governance Indicators and what do they really measure?**

#### Indicators

To indicate is "to point out something or to measure". Therefore, in simple terms, an indicator is **a measure**. Indicators are basically stipulated targets of objectives which give the basis of measurement.

There are several uses for indicators. Their value to policy implementation, monitoring and evaluation is summarized as follows:

- Providing feedback on system behavior and policy performance.
- Improving chances of successful adaptation.
- Ensuring movement toward common goals.
- Improving implementation and increasing accountability.



## What are Government Indicators and What Do They Really Measure?

### What are Key Performance Indicators?

“Key performance indicators” (KPIs) are **factors or goals, against** which the development, performance or position of the government/Institution can be measured effectively.

An indicator does not necessarily have to come in numeric form. In the broadest sense, a KPI can be defined as providing the most important **performance information** that enables government and stakeholders to assess and understand whether the delivery/progress is on track or not, Therefore flagging the need for corrective action.

KPIs must be specific, measurable, attainable, realistic and time sensitive (S.M.A.R.T). They usually vary from Ministry to Ministry and also across a detailed timeline. KPIs are so detailed and always must have **Baseline Value** and a **target value**. This is done so as to outline where the measurement is beginning from, and where the intended target lies. One of the challenges of selecting good indicators is that it is easier to choose indicators based on ease of measurement or data availability, rather than what needs to be measured.

### Index

An index consists **of multiple indicators combined into a composite or aggregated unit**. While the development of indices is a complex task, indices have the potential to attract the decision maker and media attention.

From the information outlined, we would now qualify the formulation of the Government Delivery Index (GDI), as an effective tool to measure the performance of the Zambian Government from the basis of its various stated aims and commitments. The Government Delivery index (GDI) will leverage from renowned indices such as the Mo Ibrahim Foundation Index of African Governance (AGI), the Commitment to Development Index (CDI) and the Grassroots Focus Index (GFI).

Illustration, 1 (Source: <http://mofnp.gov.zm>)

### Governance Indicators

A governance indicator is “a measure that points out the state of governance in a country.” They are intended to **inform and are usually narrowed more specific areas of governance** such as electoral systems, corruption, human rights, public service delivery, civil society, and gender equality. (e.g., Ministerial Sectors.)

From a development perspective, **governance indicators can be used for monitoring and evaluation of governance programmes and projects**. These indicators are **also often used to establish benchmarks, objectives, targets, and goals in the development context**.

Indicators, therefore, form targets or goals which the government puts on board as a basis of targeting achievements and how to track progress towards goals. In Zambia, Governance Indicators overall form an analysis of desired areas of performance.

The next section explains in detail what Indicators really indicate and measure. This is done by first outlining the characteristics of good governance indicators, after which, Key Performance Indicators (KPIs) will be explained in detail.

Lastly, an analysis of 3 Indices will be outlined, clearly showing how they measure performance and delivery.

## Indices Analysed

1. The Mo Ibrahim Index of African Governance.
2. The Grassroots Focus Index
3. The Commitment to Development Index.

### The Mo Ibrahim Index of African Governance

Established in 2007, the Mo Ibrahim index is the most comprehensive collection of quantifiable data that provides an **annual assessment of government performance** in any African Country. It is Africa's leading assessment of governance. The index provides a framework and tools for citizens, public authorities and partners to **assess' progress in governance**. It is **compiled using 86 Indicators** grouped into 14 sub-categories and 4 overarching categories, to measure the effective delivery of public goods and services to African Citizens.

**Figure 1: Structure of the Mo Ibrahim African Governance Index**



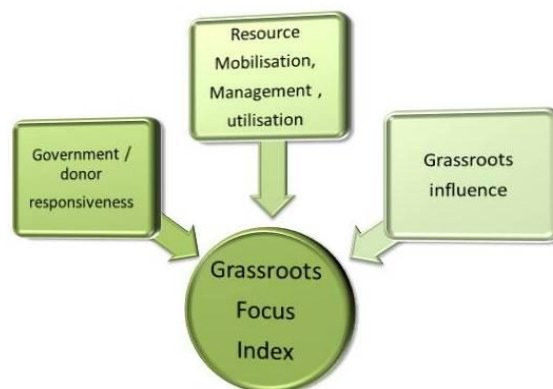
(Source: Mo Ibrahim Index 2011)

The rationale is that the **data gathered comes in different units and scales**. Before they can be used in the Ibrahim Index, they are transformed onto a scale on which they can be meaningfully compared and averaged. Once the **86 indicators** have been transformed to a common scale, each one is grouped with similar indicators to form **14 sub-categories**. The sub-category score is the simple average of all the indicator scores. Sub-categories are then grouped into one of **four categories**; the category score is the average of subcategory scores. The category scores are then averaged to produce the final Ibrahim Index score. Underlying indicators are combined in a standardized way to provide **statistical measure of governance performance**.

### The Grassroots Focus Index (GFI)

This Composite Index **measures the grassroots perception of the impact of development programs**. It measures the extent to which African governments and donor partners **prioritize the grassroots** (the local people) in policy making, policy implementation and performance monitoring. The GFI is constructed on the assumption that they are composite indicators that measure multi-dimensional concepts of development and hence cannot be compared by a single indicator.

**Figure 2: Structure of the Grassroots Focus Index**



(Source: African Monitor Trust (2010), African Monitor, Cape Town)

Methodology- the index captures 21 indicators in its measurement. The composite indicators are based on 3 key pillars:

Three best practice principles can be drawn from the GFI structure. These are:

- a solid theoretical framework;
- a sound process of construction;
- a good quality underlying data set;

The GFI has a set of 8 themes in its construction structure: -(a) Responsiveness;;(b)Empowerment; (c) Political Governance; (d) Equity (e) Resource commitment and flows; and (f) Participatory budgeting and capacity to influence. The rationale of the GFI is to assess if the grassroots (local people) are considered in policy making, policy implementation and policy monitoring. This is done because the local citizens are the impact bearers of the government decisions and laws.

### The Commitment to Development Index

This is a composite index which combines metrics of Aid, Trade, Investment, Migration, Environment, Security and Technology. It however has a method of varying weights to the Indicators. Trade and investment are weighted higher while migration is weighted low.

**Figure 3: Policy Areas of the Commitment to Development Index.**



(Source: David Roodman, Centre for Global Development, Washington DC)

The CDI uses a range of model selection criteria instead of just one standard. The model in selection is not limited to one view of what complexity means or how it should be perceived. The rationale is that, literally, it is not possible to go into the field and measure the theoretical constructs directly in order to determine whether such models are an accurate representation of reality. Thus, critical measurement is necessary.

### Lessons and Best Practices for Good Governance Indices

Based on the review of the three indices, several key lessons and best practices for a good indicator framework and indices can be drawn. The following are some of the lessons learnt and best practice. They all should be:

- Developed within an accepted conceptual framework;
- Clearly defined, easy to understand and interpret, and able to show trends over time;
- Scientific and credible, based on high quality data;
- Policy relevant;
- Relevant to users, politically acceptable and a basis for action;
- Responsive to changes in the environment and related human activities;
- Able to provide a basis for international comparison by providing a threshold or reference value;
- Subject to aggregation (from household to community, from community to nation.);
- Objective (be independent of the data collector); and
- Have reasonable data requirements;

### Conclusion

Appropriate indicators and how they tie in to the formulation of indices are vital tools for measuring government performance. Critical analysis is needed in formulating and selecting the type or kind of indicator, as the findings from an index should influence policy formulation process and monitoring criteria.

PMRC Background Note Number 4 outlines the structure and formulation of the PMRC Government Delivery Index.

## References and Other Resources

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