THE WORLDWIDE GOVERNANCE INDICATORS

The World Bank measures governance through following six dimensions

- Voice and Accountability
- Political Stability and Absence of Violence/ Terrorism
- Government Effectiveness
- Regulatory Quality
- Rule of Law
- Control of Corruption

Rating agencies incorporate these factors in sovereign rating

Source: The World Bank
GOVERNANCE INITIATIVES

Important initiatives promoting governance and transparency

- Open Budget Survey by International Budget Partnership
- Extractive Industries Transparency Initiative (EITI)
- Open Contracting Partnership (OCP)

The Emerging Markets Investors Alliance is educating institutional investors about these initiatives
The International Budget Partnership conducts an Open Budget Survey which independently measures budget transparency and accountability.

The three main pillars considered in the survey are:

- Budget transparency
- Public participation in budget process
- Oversight by strong formal government institutions
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OPEN BUDGET INDEX RANKING 2015

Source: International Budget Partnership
Most countries have failed to incorporate all three pillars.

New Zealand, Sweden, South Africa, Norway and US are top five scoring countries.

Significant gaps still exist in terms of public participation and strong oversight.
FISCAL OPENNESS: IMPACT ON YIELDS

Emerging Markets Sovereign Spreads and Corruption Index (Average 1994-2014)

Source: International Monetary Fund

1/ Variables presented are deviations from values predicted by income level.
2/ Larger numbers indicate lower perceived levels of public sector corruption. Asterisks from the correlation equation imply significance at 5 percent.
**EITI Countries**

- **EITI Candidate Country** - implementing EITI, not yet compliant
- **EITI Compliant Country** - confirmed to have met all EITI requirements
- **Suspended** - Compliant/Candidate status is temporarily suspended
GLOBAL GOVERNMENT CONTRACT SPENDING

$9,500,000,000
OPEN CONTRACTING PARTNERSHIP

DATA
An open data standard to enable information sharing of public contracting & foster re-useable tools to make this data actionable

ANALYSIS

DISCLOSURE
Improved disclosure of open, timely and accessible information for the full government contracting process

MONITORING

ENGAGEMENT
Business & civic engagement to make sure everyone has equal information to participate

FEEDBACK & FIXES

INNOVATION
Smarter analysis, more agility and better solutions for public problems
Tender documents in the hallways of the Government of Georgia’s Procurement Agency in 2010
Impact on Ukraine

• Savings of 14% to the government

• 50% increase of bidders by tender process
BENEFITS TO INVESTORS AND GOVERNEMENTS

- Improved government revenues
- Smaller budget deficits
- Less pressure for debt issuance both at national and sub-national levels
- Less company and industry risk
- Less risk in project finance bonds and PPPs
THANK YOU

ASHOK PARAMESWAR
AIG Investments
Emerging Markets Investors Alliance
LOWER CORRUPTION LINKED TO HIGHER TAX REVENUES

Source: IMF Staff Discussion Note on Corruption Costs and Mitigation Strategies, May 2016