

Transformation Index  
of the Bertelsmann Stiftung 2018



**BTI 2018**

**Codebook for Country Assessments**

# BTI project team

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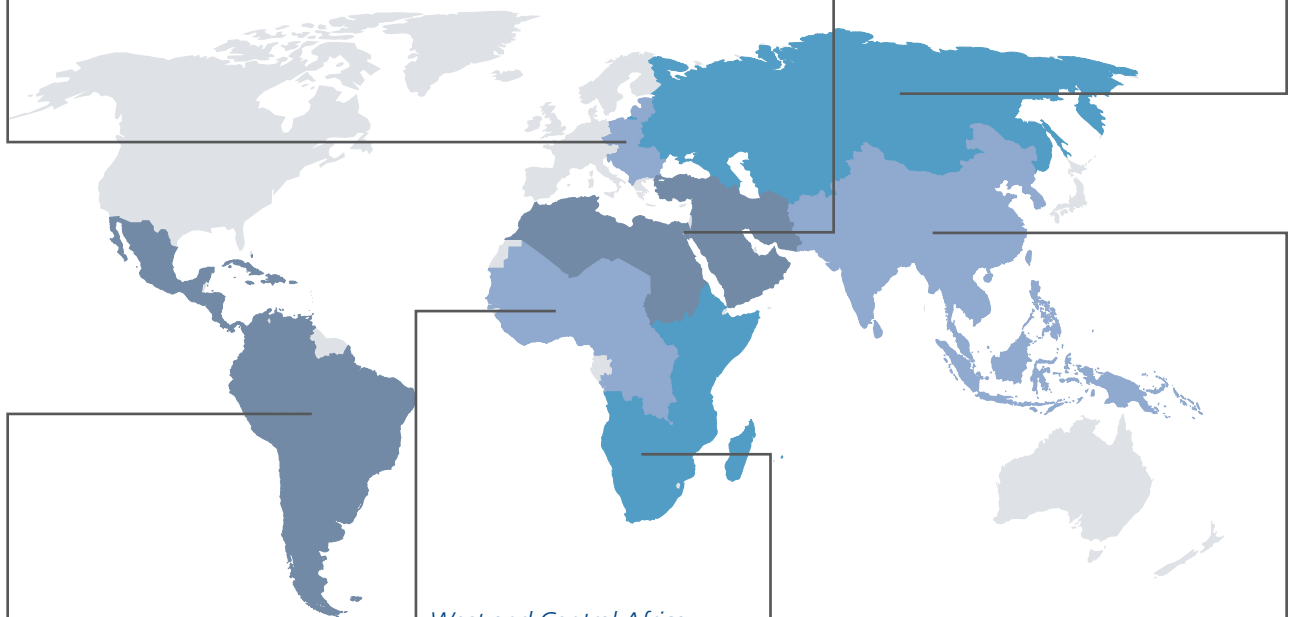
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## Foreword

Welcome to the eighth edition of the Transformation Index BTI, a survey of political and economic transformation around the world. Our goal is to contribute to successful strategies for peaceful and sustainable transformation. Comprehensive in its approach, and with an emphasis on the quality of governance, the BTI has become a trusted and well-known measure of good governance for scholars and decision makers alike.

As experts on countries in transition, you are our most valuable asset; the knowledge and information you provide is central to helping us improve our understanding of the complex processes of transformation. This manual is intended to support you in your work by serving as a guide to the organization, procedures and practices of the BTI. It explains all the criteria and questions guiding the individual assessments comprising the BTI. It also aims to ensure a common understanding of the BTI's criteria, questions and conceptual underpinnings in order to facilitate comparable assessments, reliable and objective ratings, and a transparent review process.

The BTI continues to be a fascinating learning experience, and we would like to thank all country experts who asked helpful questions or offered suggestions to improve the index and its outreach. As part of our regular methodological review, we have slightly modified the wording of some questions or explanations in order to improve clarity and ensure conceptual consistency. In addition, we would kindly ask you to specify a) in indicator 1.1 the percentage of the territory and population a state has effective control over and b) the level of confidence you have that the assigned numerical rating adequately reflects the situation on the ground. Both additions are intended to improve the quality of the intra- and interregional calibration process and to help us identify potential methodological refinements.

In terms of collecting and processing the data, we will again rely on our online database system [www.bti-network.de](http://www.bti-network.de) as our work platform, trusting that this procedure is facilitating your work and enhancing transparency and communication during the different stages of the process. As in the past, the BTI divides the world into seven regions. Each region is supervised by a regional coordinator with significant experience in his respective region. As your point of contact, your regional coordinator can provide support and answer any questions you might have about the BTI.

We look forward to working with you and encourage you to contact us or your regional coordinator with any questions that might arise.

The BTI Team

# BTI Basics

## What is the Transformation Index?

Throughout the world, democracy and a market economy have become powerful frameworks in which social sustainability can prosper. Successful processes of reform can be observed in every region of the globe. There are, however, no guarantees of success; many countries undergoing transformation face stagnation and power struggles or violence and even state failure. Good governance is pivotal to reform policies that work. What are the key decisions? What are the lessons to be learned from past experiences? What strategies are likely to succeed? Under which conditions? The BTI 2018 puts development and transformation policies to the test.

Advocating reforms aimed at supporting the development of a constitutional democracy and a socially responsible market economy, the BTI provides the framework for an exchange of good practices among agents of reform. The BTI publishes two rankings, the Status Index and the Management Index, both of which are based on in-depth assessments of 129 countries. The Status Index ranks the countries according to the state of their democracy and market economy, while the Management Index ranks them according to their respective leadership's management performance. Distributed among the dimensions of democracy, market economy and management, a total of 17 criteria are subdivided into 49 questions.

BTI countries are selected according to the following criteria: They have yet to achieve a fully consolidated democracy and market economy, have populations of more than two million (excepting six states chosen as particularly interesting cases), and are recognized as sovereign states.

The Transformation Index project is managed by the Bertelsmann Stiftung. More information is available at [www.bti-project.org](http://www.bti-project.org).

## Concepts of analysis and measurement

**Constitutional democracy** The construction of the BTI and the questions set out in this manual are based on specific analytic concepts of democracy, a market economy and management. In contrast to minimalist definitions of electoral democracy, the BTI's understanding of democracy includes the rule of law and the separation of legislative, executive and judicial powers with checks and balances. Our concept of democratic transformation reflects the extent to which a democratic order is consolidated in terms of acceptance, interest representation and political culture. Thus we seek to assess the extent to which the ground rules of democracy are both established and accepted within society. Individual democracy questions indicate whether and how to assess political transformation under authoritarian conditions.

Because we consider the cohesion and identity of a state a necessary condition for the sustainability of democracy, the BTI combines the democracy assessment with an assessment of the country's stateness. Transformation can be shaped profoundly by issues of stateness such as a contested state monopoly on the use of force, disputed nationhood, interfering religious dogmas or the absence of basic administrative infrastructures.

**Market economy equipped with socio-political safeguards** The underlying BTI concept of a market economy equipped with socio-political safeguards implies not only the existence of free markets and property rights, but also the principles of social justice, responsibility and sustainability. In our understanding, development entails not only economic growth, but also the process of overcoming poverty while extending freedoms of action and choice to the largest possible share of the population. Because we consider democracy to be empirically and functionally interlinked with a market economy, we aggregate democracy and market economy ratings into a single Status Index. Transformation thus refers to comprehensive, politically managed social change from an authoritarian system toward democracy and a market economy. Constitutional democracy and a socially responsible market economy are goals but not necessarily direct priorities in the complex processes of development and transformation.

**Management performance and good governance** Since the BTI considers leading political actors crucial to development and transformation, their management performance is examined and compared more closely in a separate ranking, the Management Index. Management here is defined as the performance, capacity and accountability of the political leadership, i.e., of those political actors who have the power and responsibility to shape or determine public policy in a society. These actors include not only governments and political elites, but also nongovernmental organizations that can play an important role in transformation. Political leadership demonstrates good governance in BTI terms when it manages development and transformation effectively, uses resources efficiently, builds a broad consensus on reform and cooperates with international partners.

# Country assessment procedure

## 1 Assessment preparation

Please review this codebook, which defines key concepts, explains the methodology and clarifies procedures. We advise you to access the online database [www.bti-network.de](http://www.bti-network.de) as soon as possible. Material relevant to the assessment process (including this codebook, a style guide and other documents) can be downloaded there. You can also familiarize yourself with the BTI and its previous editions at [www.bti-project.org](http://www.bti-project.org). More information on assessment preparation can be found on page 8.

## 2 Writing your country report

The country report is intended to provide both a comprehensive narrative and substantive analysis of the state of transformation and the management performance of political elites in your country. More on writing your report on page 8.

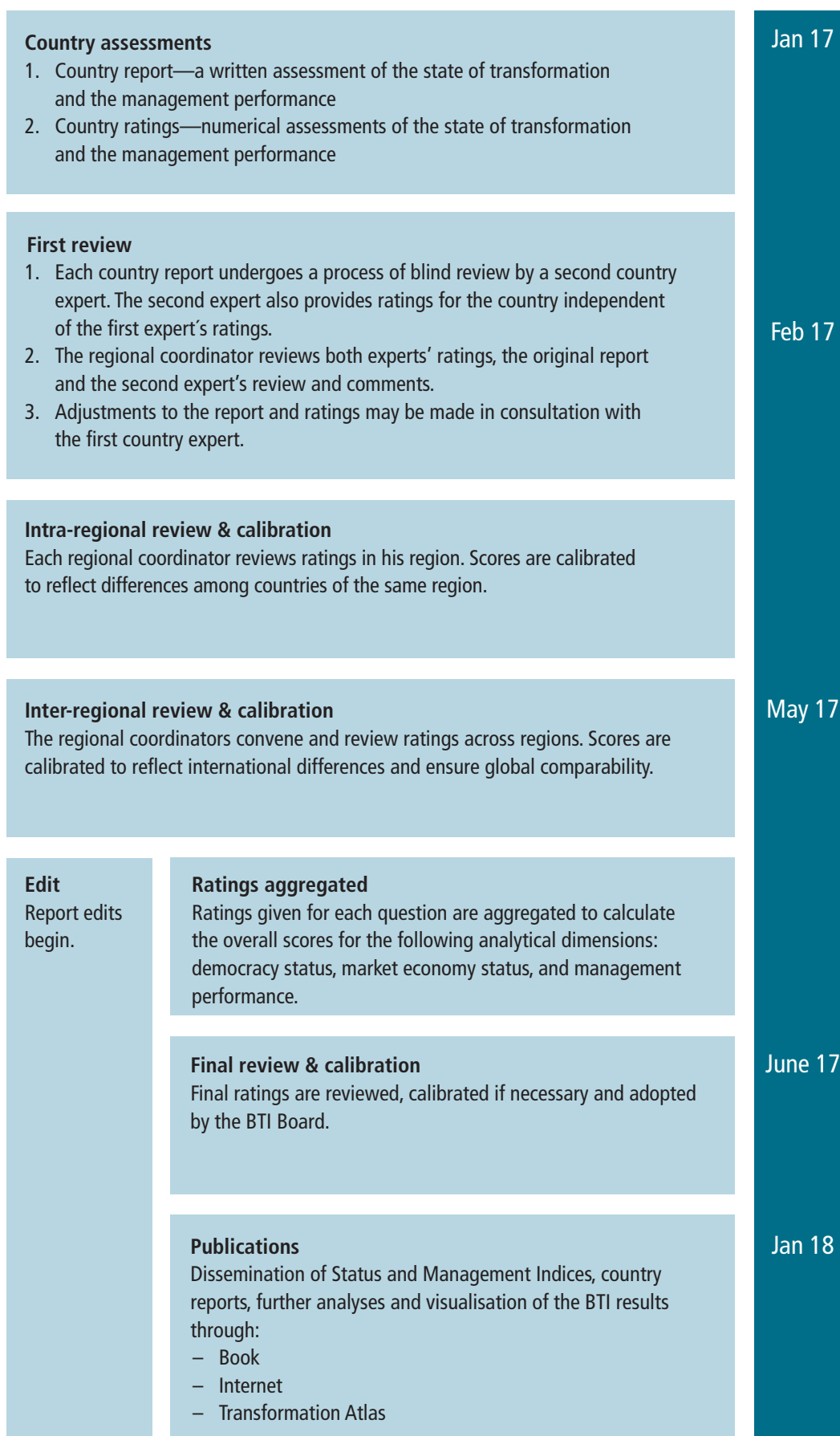
## 3 Assigning country ratings

For each section you have written in your country report, you will need to give a score that correlates to your assessment. There are a total of 49 questions requiring ratings. More on ratings on page 12.

## 4 What happens after submission?

Once you have completed and submitted the country report and the country ratings at [www.bti-network.de](http://www.bti-network.de), assessments undergo a review and calibration process before going to print. For more on how individual assessments are processed to create the BTI, go to page 13.

## BTI Workflow



# 1 Assessment preparation

A helpful starting point to prepare yourself for the assessment will be to read the reports on your country provided by previous editions of the BTI. Country reports from all previous BTI editions are accessible at [www.bti-project.org](http://www.bti-project.org). This is where you will also find an article on the methodology of the BTI, which details the BTI's conceptual underpinnings, analytical dimensions, criteria and the process of index creation. To start the country assessment online, you will receive a password which allows you to enter the database at [www.bti-network.de](http://www.bti-network.de). Please use the database manual to get acquainted with your work platform. Should you have any questions, please contact the BTI team or your regional coordinator.

# 2 Writing your country report

The country report needs to provide: (1) a comprehensive analysis of the state of transformation and its management in your country, and (2) a detailed but concise substantiation of this analysis. Authors are asked to provide as much country-specific detail as possible within a framework designed for standardization. Doing so allows for an in-depth analysis of governance within a specific country as well as international and longitudinal comparability. Reviewers are asked to supplement the information provided by the author, or to challenge the report's assessment, if country-specific details are not sufficiently provided.

The authors are requested to sketch a holistic view of the state of affairs in the following texts: Executive Summary, History and Characteristics of Transformation, and Strategic Outlook. The responses to individual criteria and questions should provide substantiations, explanations and justifications for a given rating.

The report and your comments should reflect the situation in your country at the beginning of 2017. Your evidence should refer to the period February 1, 2015 – January 31, 2017. Please make sure that your BTI 2018 report is carefully updated and reflects current developments. Do not insert footnotes or bibliographical references.



# BTI Country Report Structure

500 words

## Executive Summary

Identifies the key developments affecting your country's democratic and economic transformation from 2015 to 2017.

600 words

## History and Characteristics

Maps the trajectory of transformation.

## Criteria Texts

Criteria texts should provide a precise overview of the state of transformation and management at the end of January 2017.

3,200 words

### Democracy

|   |                                      |     |     |     |     |
|---|--------------------------------------|-----|-----|-----|-----|
| 1 | Stateness                            | 1.1 | 1.2 | 1.3 | 1.4 |
| 2 | Political Participation              | 2.1 | 2.2 | 2.3 | 2.4 |
| 3 | Rule of Law                          | 3.1 | 3.2 | 3.3 | 3.4 |
| 4 | Stability of Democratic Institutions | 4.1 | 4.2 |     |     |
| 5 | Political and Social Integration     | 5.1 | 5.2 | 5.3 | 5.4 |

3,200 words

### Market Economy

|    |                                        |      |      |     |     |
|----|----------------------------------------|------|------|-----|-----|
| 6  | Level of Socioeconomic Development     | 6    |      |     |     |
| 7  | Organization of the Market/Competition | 7.1  | 7.2  | 7.3 | 7.4 |
| 8  | Currency and Price Stability           | 8.1  | 8.2  |     |     |
| 9  | Private Property                       | 9.1  | 9.2  |     |     |
| 10 | Welfare Regime                         | 10.1 | 10.2 |     |     |
| 11 | Economic Performance                   | 11   |      |     |     |
| 12 | Sustainability                         | 12.1 | 12.2 |     |     |

4000 words

### Management

|    |                           |      |      |      |      |      |
|----|---------------------------|------|------|------|------|------|
| 13 | Level of Difficulty       | 13.1 | 13.2 | 13.3 |      |      |
| 14 | Steering Capability       | 14.1 | 14.2 | 14.3 |      |      |
| 15 | Resource Efficiency       | 15.1 | 15.2 | 15.3 |      |      |
| 16 | Consensus-building        | 16.1 | 16.2 | 16.3 | 16.4 | 16.5 |
| 17 | International Cooperation | 17.1 | 17.2 | 17.3 |      |      |

500 words

## Strategic Outlook

Identifies strategic policy recommendations for advocates of reform, domestic and external.

approx.  
12,000 words

## Executive Summary

**Snapshot of current failures and successes.** This text identifies the key developments within the period under review affecting the country's course of democratic and economic reform. It should provide the reader with a vivid image of transformation in your country. There is no need to summarize all 17 criteria and 49 questions; focus instead on what you consider most important to the development of democracy and a market economy in your country from 2015 to 2017. Often the most difficult text to write and comment on, this one is best saved for last.

1. Start with key, illustrative points and show how they affect transformation and why they are so important.
2. Introducing too many points at the start will overwhelm and confuse most readers.
3. If you can condense several key issues into three or four concepts (e.g., talk about state failure rather than list a series of discrete points without context such as deficiencies in stateness, rule of law and the monopoly on the use of force) your reader is likely to read more.

## History and Characteristics

**Mapping the trajectory of transformation.** This text outlines past developments in democratic and economic reform, beginning with the liberalization of the country's past authoritarian regime. For countries that are currently autocracies, past regime changes or major political developments shaping the present situation may be described. Past market reforms and structural economic changes shaping the current state of affairs should also be sketched. The purpose here is not to provide a history of the country per se, but to set the scene for the Executive Summary and Strategic Outlook.

1. Where appropriate, you can use the text provided in the BTI 2016.
2. Key figures, parties, events or developments should be introduced here.
3. Be strategic about where to start your timeline. There is rarely a need to recapitulate a century of history.

## Criteria Texts

The backbone: 17 criteria made up of 49 questions that measure the extent to which a country has transformed and how its leadership manages transformation.

Your responses to the questions provided in the questionnaire should reflect the situation in your country at the end of January 2017. To ensure international and longitudinal comparability, responses must explain in concrete terms why or how a given aspect is (partially) met or not (e.g., How do state powers check and balance each other?). Exceptions, limiting circumstances or otherwise relevant information not explicitly addressed by the question are also appropriate here.

1. Most important: You must address each question in the database, assign a score and indicate your level of confidence before you will be able to submit the report. Please follow this carefully when you draft the report.
2. The questionnaire provides four different response options for each question. You can use the wording of the most suitable option and adjust it to the situation in your country. Please substantiate your ratings with empirical evidence wherever possible.
3. Try to provide particularly rich evidence for the management dimension, as it is a distinctive feature of the BTI.
4. Level of detail: be judicious. Each question should warrant at least one salient example.
5. Avoid generalizations such as "a weak rule of law is one of the most important shortcomings in good governance."
6. Refer to events, policies or decisions made during the period under review.
7. Do not substitute a response with a reference to another question.
8. Avoid piling up information by simply adding information to the BTI 2016 country report. Most country reports tend to get longer over time, at times containing outdated and repetitive information which makes the text more difficult to read. To support your awareness of the text length, a word count is integrated into the database.

## Strategic Outlook

The Strategic Outlook text should facilitate dialogue on key challenges by suggesting policy strategies for actors (domestic and international). You are not expected to forecast trends, but make suggestions on how to confront or handle main problems. If your country is successfully advancing transformation, provide a suggestion on how to sustain and promote good strategies currently underway. There is no need to recap key problems or successes in detail; state these succinctly at first, moving quickly to your suggestions. Please avoid:

1. Talking about the past.
2. Generalizations such as "future trends are difficult to establish at this point."
3. Stand-alone generalizations such as "reducing poverty is crucial to sustained economic transition"; follow this up with a suggestion for at least one aspect of poverty reduction.

# 3 Assigning country ratings

49 questions require numerical rating. The rating scale for each question ranges from 10 (best) to 1 (worst). Four response options relate to the scoring levels of 10 – 7 – 4 – 1, each of which describes an empirical assessment that corresponds to a respective rating. In most cases, the question is further clarified with an accompanying text.

The questions are grouped into criteria such as Stateness, Political Participation, etc. Directly below the criterion title, the normative assumption made by the BTI is provided as an additional guide to the questions and ratings (see example below). Please assign your rating by:

1. Considering which response option best approximates the situation in your country.
2. Relate and compare your rating with that given to your country in the previous BTIs.
3. Determine whether the response option is fully compatible with the situation in your country, or whether a slightly better or worse rating might be called for.

The following example illustrates questionnaire components:

### 3 Criterion: Rule of Law

State powers check and balance one another and ensure civil rights.

#### 3.1 Separation of powers

**To what extent is there a working separation of powers (checks and balances)?**

This question refers to the basic configuration and operation of the separation of powers (institutional differentiation, division of labor according to functions and, most significantly, checks and balances). However, it does not refer to the tendency toward convergence and a fusion of powers that can be observed in parliamentary systems. It does include the subjection of state power to the law.

|                                                                                                                                                             |    |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| There is a clear separation of powers with mutual checks and balances.                                                                                      | 10 |
|                                                                                                                                                             | 9  |
|                                                                                                                                                             | 8  |
| The separation of powers is in place and functioning. Checks and balances are occasionally subject to interference, but a restoration of balance is sought. | 7  |
|                                                                                                                                                             | 6  |
|                                                                                                                                                             | 5  |
| The separation of powers is formally established but weak in practice. One branch, generally the executive, has largely undermined checks and balances.     | 4  |
|                                                                                                                                                             | 3  |
|                                                                                                                                                             | 2  |
| There is no separation of powers, neither de jure nor de facto.                                                                                             | 1  |

## 4 What happens after submission?

The country report will be reviewed by a second country expert and by the coordinator responsible for your region. To ensure an independent second assessment, the review will be conducted anonymously, and we will not disclose experts' names during the rating period.

As the author, you will receive detailed comments on your report within three weeks after submission. Please consider these comments and adjust your report accordingly.

Please note that the regional coordinators and the BTI editors will revise and modify your report more substantially than is usual for conventional scholarly publications. Given the scale of the BTI and the need for international comparability of standardized assessments, such modifications are necessary.

### Ratings review and calibration

The 49 numerical ratings for each of the 129 countries are reviewed and adjusted three times. First, a second country expert gives ratings in response to the 49 questions independently of the first expert. Two regional experts then discuss these ratings and agree on ratings that reflect the differences among countries of the same region. To ensure global comparability, the regional coordinators and the BTI team then convene and review ratings across regions and calibrate the scores. During the final review phase, ratings are reviewed and calibrated by the BTI Board, a panel of esteemed scholars and practitioners with long-term experience in the field of development and transformation who advise the BTI team. Should a calibrated rating differ significantly from that suggested by you, we might consult you and request your opinion, which will influence the final rating. Final rating decisions, however, are made by the BTI Board.

## Democracy

15

Your responses should reflect the situation at the end of January 2017.

- 1 Stateness
- 2 Political Participation
- 3 Rule of Law
- 4 Stability of Democratic Institutions
- 5 Political and Social Integration

## Market Economy

25

Your responses should reflect the situation at the end of January 2017.

- 6 Level of Socioeconomic Development
- 7 Organization of the Market and Competition
- 8 Currency and Price Stability
- 9 Private Property
- 10 Welfare Regime
- 11 Economic Performance
- 12 Sustainability

## Management

34

Your responses should refer to the country's political leadership during the period under review (January 2015 – January 2017). If there was substantial change of policy during this period that can be assessed already, please rate the political leadership as of January 2017.

- 13 Level of Difficulty
- 14 Steering Capability
- 15 Resource Efficiency
- 16 Consensus-building
- 17 International Cooperation

# Democracy

- 1 Stateness
- 2 Political Participation
- 3 Rule of Law
- 4 Stability of Democratic Institutions
- 5 Political and Social Integration

There is clarity about the nation's existence as a state with adequately established and differentiated power structures.

### To what extent does the state's monopoly on the use of force cover the entire territory of the country?

In addition to your written assessment, please give an estimate of the percentage of territory and population the state has effective control over.

There is no competition with the state's monopoly on the use of force throughout the entire territory.

10

9

8

The state's monopoly on the use of force is established nationwide in principle, but it is challenged by guerrillas, mafias or clans in territorial enclaves.

7

6

5

The state's monopoly on the use of force is established only in key parts of the country. Large areas of the country are controlled by guerrillas, paramilitaries or clans.

4

3

2

There is no state monopoly on the use of force.

1

### To what extent do all relevant groups in society agree about citizenship and accept the nation-state as legitimate?

The question seeks to assess the extent to which

- major groups in society accept and support the official / dominant concept of the nation-state
- access to citizenship and naturalization is denied to particular groups (on the basis of race, ethnicity, national origin, religion, gender or for political reasons).

The large majority of the population accepts the nation-state as legitimate. All individuals and groups enjoy the right to acquire citizenship without discrimination.

10

9

8

The legitimacy of the nation-state is rarely questioned. Some groups are denied full citizenship rights.

7

6

5

The legitimacy of the nation-state is frequently challenged. Significant aspects of citizenship are withheld from entire population groups.

4

3

2

The legitimacy of the nation-state is questioned fundamentally. Different population groups compete for hegemony and deny citizenship to others.

1



There is clarity about the nation's existence as a state with adequately established and differentiated power structures.

### To what extent are legal order and political institutions defined without interference by religious dogmas?

This question seeks to assess the extent to which the state's legal framework and institutional arrangements are based on secular norms and positive law. If the legal system, its jurisdiction and political institutions are defined by and derived from religious dogmas, there will likely be fundamental barriers to the development of individual beliefs, capacities and choices.

Note: Religious dogmas can prove influential in politics, with churches or religious groups acting as interest groups (e.g., with regard to laws on abortion or divorce) as part of the decision-making process. This should negatively affect the assessment only in those instances, when their influence leads to the direct transfer of religious norms into laws.

|                                                                                                                                |    |
|--------------------------------------------------------------------------------------------------------------------------------|----|
| The state is secular. Religious dogmas have no noteworthy influence on legal order or political institutions.                  | 10 |
|                                                                                                                                | 9  |
|                                                                                                                                | 8  |
| The state is largely secular. However, religious dogmas have considerable influence on legal order and political institutions. | 7  |
|                                                                                                                                | 6  |
|                                                                                                                                | 5  |
| Secular and religious norms are in conflict about the basic constitution of the state or are forming a hybrid system.          | 4  |
|                                                                                                                                | 3  |
|                                                                                                                                | 2  |
| The state is theocratic. Religious dogmas define legal order and political institutions.                                       | 1  |

### To what extent do basic administrative structures exist?

This question seeks to examine whether the basic civil functions of a state apparatus are fulfilled in terms of regulation, administration and implementation. It does not refer to the most basic security functions like keeping the peace or maintaining law and order. It primarily addresses the existence and scope of administrative structures, as well as their operational reach across the territory (differentiation, efficiency, accessibility).

Please assess functions such as:

- the provision of jurisdiction, tax authorities and law enforcement
- the administration of communication, transport and basic infrastructure (water, education, health)

Quantitative Reference Indicators: Access to improved sanitation facilities · Access to improved water source

|                                                                                                                                                                                                           |    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| The state has a differentiated administrative structure throughout the country which provides all basic public services.                                                                                  | 10 |
|                                                                                                                                                                                                           | 9  |
|                                                                                                                                                                                                           | 8  |
| The administrative structures of the state provide most basic public services throughout the country, but their operation is to some extent deficient (lack of resources, corruption, inefficiency).      | 7  |
|                                                                                                                                                                                                           | 6  |
|                                                                                                                                                                                                           | 5  |
| The administrative structures of the state are extending beyond maintaining law and order, but their territorial scope and effectivity are limited.                                                       | 4  |
|                                                                                                                                                                                                           | 3  |
|                                                                                                                                                                                                           | 2  |
| The administrative structures of the state are limited to keeping the peace and maintaining law and order. Their territorial scope is very limited, and broad segments of the population are not covered. | 1  |

**To what extent are political representatives determined by general, free and fair elections?**

Please assess if:

- general elections are regularly conducted on the national level
- universal suffrage with secret ballot is ensured
- several parties with different platforms are able to run
- political posts are filled according to election outcome

When evaluating the quality of elections, please consider if:

- the electoral management body is impartial and effective
- registration procedures for voters, candidates and parties are transparent and fair
- the polling procedures, including vote count, result verification and complaint resolution, are conducted in a transparent, impartial and correct manner
- fair and equal media access is ensured for all candidates and parties
- polling is accessible, secure and secret to ensure effective participation

There are no constraints on free and fair elections.

10

9

8

General, multi-party elections are held, conducted properly and accepted as the means of filling political posts. However, there are some constraints on the fairness of the elections with regard to registration, campaigning or media access.

7

6

5

General elections are held, but serious irregularities during voting process and ballot count occur. The rights to vote, campaign and run for office are restricted, and elections have de facto only limited influence over who governs.

4

3

2

National elections, if held at all, are entirely unfree and unfair.

1

**To what extent do democratically elected political representatives have the effective power to govern, or to what extent are there veto powers and political enclaves?**

Veto powers refer to individuals or groups who have the power to undermine democratic procedures without questioning the system as such. Veto powers can come from the military, the clergy, landowners, business elites, and external actors, among others. They can “veto” the results of democratic decisions or retain prerogatives that cannot be touched by democratically elected officeholders (e.g., nominating the commander-in-chief of the armed forces).

Note: This point is distinct from the stateness criterion; guerrilla organizations, paramilitaries, state-free regions (in slums or in rural areas) are not the veto powers meant here.

Democratically elected political representatives have the effective power to govern. No individual or group is holding any de facto veto power.

10

9

8

Democratically elected political representatives have considerable power to govern. However, individual power groups can set their own domains apart or enforce special-interest policies.

7

6

5

Democratically elected political representatives have limited power to govern. Strong veto groups are able to undermine fundamental elements of democratic procedures.

4

3

2

Political decision-makers are not elected. Or: Elected bodies have no influence at all.

1

**To what extent can individuals form and join independent political or civic groups?  
To what extent can these groups operate and assemble freely?**

When assessing the degree of freedom of association and assembly, please consider:

- if the constitution guarantees freedom of association and assembly, and if these laws are enforced
- if there are severe restrictions on assembly and association for all citizens or for particular groups
- if the government uses intimidation, harassment or threats of retaliation to prevent citizens from exercising the rights to association and assembly (e.g. by arbitrarily arresting, detaining and imprisoning peaceful demonstrators or using excessive force)
- if the government uses transparent and non-discriminatory criteria in evaluating requests for permits to associate and/or assemble
- if groups are able to operate free from unwarranted state intrusion or interference in their affairs

Legal restrictions to protect democratic processes (no-protest zones, prohibition of fascist or racist organizations) should not be considered a reason for providing a lower score.

Association and assembly rights are guaranteed against interference or government restrictions. Residents and civic groups can fully exercise these rights.

10

9

8

Association and assembly rights are occasionally subject to interference or government restrictions, but generally there are no outright prohibitions of independent political or civic groups.

7

6

5

Association and assembly rights are often subject to interference or government restrictions. Residents and civic groups that do not support the government often cannot exercise these rights.

4

3

2

Association and assembly rights are denied. Independent civic groups do not exist or are prohibited.

1

**To what extent can citizens, organizations and the mass media express opinions freely?**

When assessing the degree of freedom of expression, please consider:

- if the constitution guarantees freedom of expression, and if these laws are enforced
- if individuals, organizations or media are harassed or physically threatened by either the state or influential interest groups and if there are cases of assault against dissenting media or critical journalists
- if the state practices censorship, or if journalists practice self-censorship
- if penal code, security laws or penalties for libeling state officials are enacted to intimidate dissenting opinion
- if freedom of information legislation is in place and effective
- if the structure of the media system provides for a plurality of opinions

Legal restrictions to protect democratic processes (ethical guidelines by media supervisory boards, prohibition of hate-speeches) should not be considered a reason for providing a lower score.

Freedom of expression is guaranteed against interference or government restrictions. Individuals, groups and the press can fully exercise these rights.

10

9

8

Freedom of expression is occasionally subject to interference or government restrictions, but there are generally no incidents of blatant intrusions like outright state censorship or media shutdowns.

7

6

5

Freedom of expression is often subject to interference or government restrictions. Distortion and manipulation shape matters of public debate.

4

3

2

Freedom of expression is denied. Independent media do not exist or are prohibited.

1

**To what extent is there a working separation of powers (checks and balances)?**

This question refers to the basic configuration and operation of the separation of powers (institutional differentiation, division of labor according to functions and, most significantly, checks and balances). However, it does not refer to the tendency toward convergence and a fusion of powers that can be observed in parliamentary systems. It does include the subjection of state power to the law.

There is a clear separation of powers with mutual checks and balances.

10

9

8

The separation of powers is in place and functioning. Checks and balances are occasionally subject to interference, but a restoration of balance is sought.

7

6

5

The separation of powers is formally established but weak in practice. One branch, generally the executive, has largely undermined checks and balances.

4

3

2

There is no separation of powers, neither de jure nor de facto.

1

**To what extent does an independent judiciary exist?**

An independent judiciary has the ability and autonomy to

- interpret and review existing laws, legislation and policies, both public and civil
- pursue its own reasoning, free from the influence of political decision-makers or powerful groups and individuals and from corruption
- develop a differentiated organization, including legal education, jurisprudence, regulated appointment of the judiciary, rational proceedings, professionalism, channels of appeal and court administration

The judiciary is independent and free both from unconstitutional intervention by other institutions and from corruption. It is institutionally differentiated, and there are mechanisms for judicial review of legislative or executive acts.

10

9

8

The judiciary is largely independent, even though occasionally its decisions are subordinated to political authorities or influenced by corruption. It is institutionally differentiated, but partially restricted by insufficient territorial or functional operability.

7

6

5

The independence of the judiciary is heavily impaired by political authorities and high levels of corruption. It is to some extent institutionally differentiated, but severely restricted by functional deficits, insufficient territorial operability and scarce resources.

4

3

2

The judiciary is not independent and not institutionally differentiated.

1

**To what extent are public officeholders who abuse their positions prosecuted or penalized?**

This question seeks to assess if public servants and politicians are held accountable by legal prosecution and public contempt when they break the law and engage in corrupt practices. It also includes conflicts of interest and ethical misconduct. The focus should be on the extent to which the rule of law is undermined by political corruption. Please note that the quality of anti-corruption policy shall be assessed in response to question 15.3.

Note: Please be aware that the Corruption Perceptions Index (CPI) of Transparency International uses the data and information given in response to questions 3.3 and 15.3 for their assessments. To avoid circularity of assessments, please do not base your evaluation of the extent to which office abuse is prosecuted on the CPI.

Officeholders who break the law and engage in corruption are prosecuted rigorously under established laws and always attract adverse publicity.

10

9

8

Officeholders who break the law and engage in corruption generally are prosecuted under established laws and often attract adverse publicity, but occasionally slip through political, legal or procedural loopholes.

7

6

5

Officeholders who break the law and engage in corruption are not adequately prosecuted, but occasionally attract adverse publicity.

4

3

2

Officeholders who break the law and engage in corruption can do so without fear of legal consequences or adverse publicity.

1

**To what extent are civil rights guaranteed and protected, and to what extent can citizens seek redress for violations of these rights?**

Civil rights contain and limit the exercise of state power by the rule of law. Their most important aspects comprise:

- the protection of personal liberty against state and non-state actors, including the right to life and security of the person, prohibition of torture, cruel and inhuman treatment or punishment and the protection of privacy
- equality before the law, equal access to justice and due process under the rule of law

Your answer should examine both the de jure and de facto situation concerning the protection of civil rights, including the mechanisms and institutions established to prosecute, punish and redress violations of these rights. Please also bear in mind that discrimination based on gender, sexual orientation, religion, ethnicity, race or political preference should be evaluated explicitly in the report and reflected in the rating.

Civil rights are codified by law and respected by all state institutions, which actively prevent discrimination. Residents are effectively protected by mechanisms and institutions established to prosecute, punish and redress violations of their rights.

10

9

8

Civil rights are codified by law, but are not properly respected and protected. Mechanisms and institutions to prosecute, punish and redress violations of civil rights are in place, but are not consistently effective.

7

6

5

Civil rights are codified by law, but even the most fundamental rights (i.e., to life, liberty and physical integrity) are violated in practice. Mechanisms and institutions to prosecute, punish and redress violations of civil rights are largely ineffective.

4

3

2

Civil rights are systematically violated. There are no mechanisms and institutions to protect residents against violations of their rights.

1

# 4 Criterion: Stability of Democratic Institutions

Democratic institutions are capable of performing, and they are adequately accepted.

## 4.1

### Performance of democratic institutions

#### Are democratic institutions capable of performing?

This question aims to establish if democratic institutions exist and to what extent they perform their functions effectively and are free from extensive, counterproductive friction. Democratic institutions include national, regional and local governments, the parliament, the judiciary and the public administration.

Note: If “democratic” institutions are part of an authoritarian system, please explain briefly how they operate and elaborate on their potential for future democratization.

The ensemble of democratic institutions is effective and efficient. As a rule, political decisions are prepared, made, implemented and reviewed in legitimate procedures by the appropriate authorities.

10

9

8

Democratic institutions perform their functions in principle, but often are inefficient due to friction between institutions.

7

6

5

Democratic institutions exist, but they are unstable and ineffective.

4

3

2

There are no democratic institutions as such (authoritarian regime).

1

## 4.2

### Commitment to democratic institutions

#### To what extent are democratic institutions accepted as legitimate by the relevant actors?

The relevant actors are all individuals and organizations that are able to concentrate political power. This includes government bodies, political parties, associations, interest groups and civic organizations, as well as groups with potential veto powers, such as the military or the clergy.

All democratic institutions are accepted as legitimate by all relevant actors.

10

9

8

Most democratic institutions are accepted as legitimate by most relevant actors.

7

6

5

Only individual institutions are accepted, while influential actors hold vetoes. Acceptance remains unstable over time.

4

3

2

There are no democratic institutions as such (authoritarian regime).

1

Stable patterns of representation exist for mediating between society and the state; there is also a consolidated civic culture.

### To what extent is there a stable and socially rooted party system able to articulate and aggregate societal interests?

To answer this question, please consider:

- the extent to which parties are socially rooted and organizationally institutionalized
- the degree of clientelism and the effects it has in promoting or inhibiting stability
- the fragmentation of the party system
- the level of polarization
- the degree of voter volatility

The party system is stable and socially rooted: it is able to articulate and aggregate societal interest with low fragmentation, low voter volatility and low polarization.

10

9

8

The party system is fairly stable and socially rooted: moderate fragmentation, moderate voter volatility and moderate polarization.

7

6

5

The party system is unstable with shallow roots in society: high fragmentation, high voter volatility and high polarization.

4

3

2

There is no party system to articulate and aggregate societal interest.

1

### To what extent is there a network of cooperative associations or interest groups to mediate between society and the political system?

This question addresses the representation of societal interests in the political system. In evaluating the systemic nature and the quality of representative patterns, please consider:

- the spectrum of interest groups, ranging from social movements and community organizations to unions and professional associations
- the capacity to incorporate all (competing) social interests and to avoid the dominance of few strong interests
- the degree of cooperation between different interest groups

Make sure to mention if organized social, communicative and political power aims to undermine democracy or civil society (e.g., mobilization of ethnic or nationalist interests).

There is a broad range of interest groups that reflect competing social interests, tend to balance one another and are cooperative.

10

9

8

There is an average range of interest groups, which reflect most social interests. However, a few strong interests dominate, producing a latent risk of pooling conflicts.

7

6

5

There is a narrow range of interest groups, in which important social interests are underrepresented. Only a few players dominate, and there is a risk of polarization.

4

3

2

Interest groups are present only in isolated social segments, are on the whole poorly balanced and cooperate little. A large number of social interests remain unrepresented.

1

Stable patterns of representation exist for mediating between society and the state; there is also a consolidated civic culture.

### How strong is the citizens' approval of democratic norms and procedures?

Please base your assessment on public opinion survey data, addressing the following factors:

- approval of the democratic system (often measured by agreement with the idea of democracy as the best form of government or the most preferred political system)
- approval of democratic performance (often measured by how democracy functions in practice or the satisfaction with the working of democracy)
- approval of democratic institutions (often measured by the level of trust in institutions such as parliaments, presidency, the legal system and police, the state bureaucracy, political parties, and the military)

Note: As the approval of **democratic** performance and institutions cannot be assessed in authoritarian systems, you should choose the N/A-option for autocracies.

Approval of democratic norms and procedures is very high.

10

9

8

Approval of democratic norms and procedures is fairly high.

7

6

5

Approval of democratic norms and procedures is fairly low.

4

3

2

Approval of democratic norms and procedures is very low.

1

No survey data available. And/or: Authoritarian regime.

N/A

### To what extent have social self-organization and the construction of social capital advanced?

This question aims to assess the level of trust between citizens, which fosters cooperation and mutual support for purposes of self-help, rather than primarily to further political objectives. Social capital may also be based on cultural patterns of interaction characterizing traditional societies.

Please indicate

- to what extent there is a sense of solidarity and trust among the citizens (as measured by public opinion surveys)
- to what extent there is a voluntary and autonomous organization of cultural, environmental or social associations.

There is a very high level of trust among the population and a large number of autonomous, self-organized groups, associations and organizations.

10

9

8

There is a fairly high level of trust among the population and a substantial number of autonomous, self-organized groups, associations and organizations.

7

6

5

There is a fairly low level of trust among the population. The small number of autonomous, self-organized groups, associations and organizations is unevenly distributed or spontaneous and temporary.

4

3

2

There is a very low level of trust among the population, and civic self-organization is rudimentary.

1



# Market Economy

- 6 Level of Socioeconomic Development
- 7 Organization of the Market and Competition
- 8 Currency and Price Stability
- 9 Private Property
- 10 Welfare Regime
- 11 Economic Performance
- 12 Sustainability

# 6 Criterion: Level of Socioeconomic Development

In principle, the country's level of development permits adequate freedom of choice for all citizens.

6

Socioeconomic barriers

## To what extent are significant parts of the population fundamentally excluded from society due to poverty and inequality?

Poverty combined with inequality leads to serious social exclusion that fundamentally impedes participation in otherwise potentially functional market economies. This question aims to assess the level of social exclusion as a determining factor for economic transformation. It refers to structural exclusion and not to the output strength of a country's economy as reflected in macroeconomic data like unemployment or GDP growth (see question 11).

Please take the following factors into account:

- the overall level of socioeconomic development
- the poverty rate
- the level of inequality with regard to
  - income
  - education
- the extent to which markers such as race, ethnicity, gender, place of residence etc. are excluding people from economic opportunity.
- the scope of subsistence economy (as an indicator for exclusion)

Whenever reliable data are available, your answer should combine quantitative indicators with qualitative explanation.

Quantitative Reference Indicators: Human Development Index · Gender Inequality Index · Gini Index · Poverty rate

|                                                                          |    |
|--------------------------------------------------------------------------|----|
| Poverty and inequality are minor and not structurally ingrained.         | 10 |
|                                                                          | 9  |
|                                                                          | 8  |
| Poverty and inequality are limited and barely structurally ingrained.    | 7  |
|                                                                          | 6  |
|                                                                          | 5  |
| Poverty and inequality are pronounced and partly structurally ingrained. | 4  |
|                                                                          | 3  |
|                                                                          | 2  |
| Poverty and inequality are extensive and structurally ingrained.         | 1  |

**To what level have the fundamentals of market-based competition developed?**

Market competition should be consistently defined both macroeconomically and microeconomically.

Essential elements of market-based competition comprise:

- low importance of administered pricing
- currency convertibility
- no significant entry and exit barriers in product and factor markets
- freedom to launch and withdraw investments
- no discrimination based on ownership (state/private, foreign/local) and size

Please consider the size of the informal sector, as a large informal sector indicates an inappropriate institutional framework of economic policy and is often the result of extensively regulated markets.

Market competition is consistently defined and implemented both macroeconomically and microeconomically. There are state-guaranteed rules for market competition with equal opportunities for all market participants. The informal sector is very small.

10

9

8

Market competition has a strong institutional framework, but the rules for market competition are not consistent or always uniform for all market participants. The informal sector is small.

7

6

5

Market competition operates under a weak institutional framework, with uneven rules for market participants. There is considerable state intervention in sectors the government regards as strategically important. The informal sector is significant.

4

3

2

Market competition is present only in small segments of the economy and its institutional framework is weak. Rules for market participants are unreliable and frequently set arbitrarily and there is heavy and often ad hoc state intervention. The informal sector is large.

1

**To what extent do safeguards exist to prevent the development of economic monopolies and cartels, and to what extent are they enforced?**

This question aims to assess whether antitrust or competition laws exist and are enforced against monopolistic or cartelistic structures (e.g. mergers, dominant market positions, concentration) and conduct (e.g. collusion, price fixing, predatory pricing).

Comprehensive competition laws to prevent monopolistic structures and conduct exist and are strictly enforced.

10

9

8

Competition laws to prevent monopolistic structures and conduct exist, but are enforced inconsistently.

7

6

5

Some regulation to prevent monopolistic structures and conduct exists, but is rarely enforced.

4

3

2

No legal or political measures are taken to prevent monopolistic structures and conduct.

1

## 7.3

## Liberalization of foreign trade

**To what extent has foreign trade been liberalized?**

Quantify your information whenever possible and include the following:

- conditions, tariff and non-tariff measures for market access
- import licensing and customs valuation
- export subsidies and “countervailing duties” on allegedly subsidized imports
- import quotas and export limitations
- contingency trade barriers (anti-dumping procedures, “safeguards” – restrictions of imports to protect a specific domestic industry from serious injury)
- replacement of non-tariff with tariff measures
- information on the country’s participation in the WTO

Foreign trade is widely liberalized, with uniform, low tariffs and few non-tariff barriers.

10

9

8

Foreign trade is liberalized in principle, but significant exceptions remain, including differentiated tariffs and privileged treatment for domestic sectors or industries.

7

6

Foreign trade follows non-discrimination principles in form, but is significantly distorted by state interference, special rules, tariff and non-tariff barriers, etc. The economy is integrated selectively into the world market.

5

4

3

Foreign trade is largely state-supervised or controlled. The economy is decoupled from the world market.

2

1

## 7.4

## Banking system

**To what extent have a solid banking system and a functioning capital market been established?**

International standards of banking systems are defined by the Basel Accords ([www.bis.org](http://www.bis.org)). These standards require banks to hold a minimum share of capital equity in relation to their assets and to the risk the bank exposes itself to through its lending and investment practices. They also demand that banks undergo a supervisory review process, and that they disclose information about their economic activities.

A solid capital market is characterized by a past record of low shares of nonperforming loans, prudential requirements for bank transactions in foreign currency, enforcement of rules on disclosure, independence of financial regulators and hard budget constraints between companies, banks and the public sector.

Note: Please make sure you provide information on capital-adequacy ratios, disclosure rules, supervision, share of non-performing loans and hard budget constraints. You should also elaborate on reforms in the financial sector.

Quantitative Reference Indicators: Bank capital to assets ratio · Bank nonperforming loans

The banking system is solid and oriented toward international standards with functional banking supervision and minimum capital equity requirements. Capital markets are open to domestic and foreign capital with sufficient resilience to cope with sudden stops and capital flow reversals.

10

9

8

The banking system and capital market are differentiated and oriented in principle to international standards. However, there is a de facto lack of supervision, which contributes to increased vulnerability to sudden stops and capital flow reversals.

7

6

The banking system and capital market are poorly differentiated; regulation and supervision requirements are inadequate.

5

4

3

Banks are largely state-owned or state-controlled; there is no capital market.

2

1

There are institutional or political precautions to control inflation sustainably, together with an appropriate monetary policy and fiscal policy.

## 8.1

Anti-inflation /  
forex policy**To what extent do government and central bank pursue a consistent inflation policy and an appropriate foreign exchange policy?**

This question seeks to assess whether inflation control and exchange-rate policies are in accordance with other goals of the government's economic policy. Please provide data on the volatility of inflation and currency exchange rates. When answering the question, note the following aspects:

- Inflation control: Account should be taken not only of the absolute level of inflation, but also of its volatility over time, which in some cases may trigger greater uncertainty in expectations among economic players.
- Exchange-rate policies: Account should be taken whether, in case of exchange rate targeting, the central bank is successful in achieving a stable real exchange rate by avoiding a strong divergence between the country's inflation rate and that of the anchor country. When the local currency is not pegged to a foreign anchor currency, please assess whether inflation targeting was successful.
- The role of the central bank: Formal independence of the central bank has not proven to be a sufficient guide post in assessing the quality of anti-inflation and forex policy. Please focus your assessment on the de facto independence of the central bank and its cooperation and conflict resolution mechanisms with the government.

Quantitative Reference Indicators: Inflation (CPI) · Real effective exchange rate index

Inflation and foreign exchange policies are brought into concert with other goals of economic policy and are institutionalized in a largely independent central bank.

10

9

8

Controlling inflation and an appropriate foreign exchange policy are recognized goals of economic policy, but have not been consistent over time and do not have an adequate institutional framework.

7

6

Controlling inflation is a component of the economic system in principle, but it is institutionally and politically subordinated to other goals. Foreign exchange policy is essentially used for political purposes.

5

4

3

The country has no anti-inflation system or policy; foreign exchange policy is subject to manipulation for political reasons.

2

1

## 8.2

## Macrostability

**To what extent do the government's fiscal and debt policies support macroeconomic stability?**

This question seeks to assess whether the government has implemented a consistent stability policy which includes medium-term goals for debt reduction and fiscal consolidation, and potentially the creation of a stabilization reserve to reduce external vulnerability. Please provide data on the budget deficit and public debt.

Quantitative Reference Indicators: Current account balance · Public debt · External debt · Total debt service · Government consumption · Cash surplus or deficit · Total reserves

The government's fiscal and debt policies promote macroeconomic stability, supported in part by institutional (self-) constraints.

10

9

8

The government's fiscal and debt policies generally promote macroeconomic stability, but lack institutional safeguards and are prone to populist policy changes.

7

6

The government's fiscal and debt policies are inconsistent and insufficient to promote macroeconomic stability.

5

4

3

The government has not devised or implemented any fiscal or debt policies to promote macroeconomic stability.

2

1

**To what extent do government authorities ensure well-defined rights of private property and regulate the acquisition, benefits, use and sale of property?**

Property rights and regulations on acquisition, benefits, use and sale are well defined and enforced. Property rights are limited, solely and rarely, by overriding rights of constitutionally defined public interest.

10

9

8

Property rights and regulations on acquisition, benefits, use and sale are well defined, but occasionally there are problems with implementation and enforcement under the rule of law.

7

6

Property rights and regulations on acquisition, benefits, use and sale are defined formally in law, but they are not implemented and enforced consistently nor safeguarded adequately by law against arbitrary state intervention or illegal infringements.

4

3

2

Property rights and regulations on acquisition, benefits, use and sale are not defined in law. Private property is not protected.

1

**To what extent are private companies permitted and protected? Are privatization processes conducted in a manner consistent with market principles?**

Private companies are viewed institutionally as primary engines of economic production and are given appropriate legal safeguards. The privatization of state companies proceeds consistently with market principles.

10

9

8

Private companies are viewed institutionally as important engines of economic production and are given legal safeguards, but concentration of market power (state companies, oligopolies) is tolerated. The privatization of state companies does not always proceed consistently with market principles.

7

6

5

Private companies can act freely in principle but encounter economic, political or social barriers to development. State companies or monopolies dominate the strategic business sectors.

4

3

2

Private companies are not protected by the state. At best, they are permitted as exclusive enclaves.

1

## 10.1

Social  
safety nets**To what extent do social safety nets provide compensation for social risks?**

This question refers to social safety nets which compensate for the social risks of the capitalist economic system, such as unemployment or poverty, and which alleviate handicaps such as old age, illness or disability. In your answer, please make sure to comment on:

- the forms of compensation: cash and conditional cash transfers, subsidies, waivers, food programs, educational or empowerment initiatives
- the funding: tax, redistribution, pay-as-you-go, investment funds
- the structure of the welfare regime: public, private or both
- the coverage/inclusiveness of social safety nets (where applicable, please also comment on the access of non-citizens to social safety nets).

Note: In countries that do not provide comprehensive, state-funded welfare systems, social safety nets can refer to those arrangements that are functionally equivalent to formal compensation for social risks. Social safety nets may also comprise family, clan or village structures, if these structures can provide viable compensation on a broad scale for risks.

Social safety nets are comprehensive and compensate for social risks, especially nationwide health care and a well-focused prevention of poverty.

10

9

8

Social safety nets are well developed, but do not cover all risks for all strata of the population. A significant part of the population is still at risk of poverty.

7

6

5

Social safety nets are rudimentary and cover only few risks for a limited number of beneficiaries. The majority of the population is at risk of poverty.

4

3

2

Social safety nets do not exist. Poverty is combated hardly at all, or only ad hoc.

1

## 10.2

Equal  
opportunity**To what extent does equality of opportunity exist?**

This question is directed at finding out to what extent individuals have equal access to participation in society regardless of their social background. This includes equal access to education, public office or employment. The denial of equal opportunity based on gender, sexual orientation, religion, ethnicity, race or political preference should be evaluated explicitly in your analysis as should be the scope and intensity of discrimination against non-citizens. Please comment both on the legal provisions and their implementation and enforcement.

Quantitative Reference Indicators: Literacy rate · Ratio of female to male enrollment · Gross enrollment ratio · Female labor force

Equality of opportunity is achieved. Women and members of ethnic, religious and other groups have equal access to education, public office and employment. There is a comprehensive and effective legal and institutional framework for the protection against discrimination.

10

9

8

Equality of opportunity is largely achieved. Women and members of ethnic, religious and other groups have near-equal access to education, public office and employment. There are a number of legal provisions against discrimination, but their implementation is at times insufficient.

7

6

5

Equality of opportunity is only partially achieved. Women and/or members of ethnic, religious and other groups have limited access to education, public office and employment. There are some legal provisions against discrimination, but their implementation is highly deficient.

4

3

2

Equality of opportunity is not achieved. Women and/or members of ethnic, religious and other groups have only very limited access to education, public office and employment. There are no legal provisions against discrimination.

1

**How does the economy, as measured in quantitative indicators, perform?**

Quantitative Reference Indicators: GDP · GDP per capita, PPP · GDP growth · Inflation (CPI) · Unemployment · Foreign direct investment · Current account balance · Public debt · Cash surplus or deficit · Tax revenue · Gross capital formation

The economic performance is very good. Positive macroeconomic data may include relatively high GDP growth rates, relatively high employment levels, price stability, balanced budget, reasonable debt and a sustainable current account position.

10

9

The economic performance is good. Moderately positive macroeconomic data may include low GDP growth rates, only moderate unemployment levels, relative price stability, a slightly unbalanced budget, a tendency toward debt and a manageable current account position.

8

7

6

The economic performance is poor. Continuing negative macroeconomic data may include stagnant GDP levels, relatively high unemployment levels, low price stability, an unbalanced budget, rising debt and a volatile current account position.

5

4

3

The economic performance is very poor. Strongly negative macroeconomic data may include negative GDP growth rates, very high unemployment levels, high inflation, large budget deficits, unreasonably high debt and an increasingly unsustainable current account position.

2

1



## 12.1

## Environmental policy

**To what extent are environmental concerns effectively taken into account in both macro- and microeconomic terms?**

This question seeks to assess the extent to which externalization of costs or inadequate time horizons are avoided or restrained by environmental regulation.

In macroeconomic terms, you should determine whether tax and energy policies take environmental goals and measures into account (e.g., promotion of renewable energies, CO<sub>2</sub> reduction goals). In microeconomic terms, you should establish whether the government sets incentives for environmentally sound consumption and investments to households and companies.

Please consider that a deeply engrained awareness of the environment or nature in society may serve as a functional equivalent.

Environmental concerns are effectively taken into account and are carefully balanced with growth efforts. Environmental regulation and incentives are in place and enforced.

10

9

8

Environmental concerns are taken into account but are occasionally subordinated to growth efforts. Environmental regulation and incentives are in place, but their enforcement at times is deficient.

7

6

5

Environmental concerns receive only sporadic consideration and are often subordinated to growth efforts. Environmental regulation is weak and hardly enforced.

4

3

2

Environmental concerns receive no consideration and are entirely subordinated to growth efforts. There is no environmental regulation.

1

## 12.2

Education policy/  
R&D**To what extent are there solid institutions for basic, secondary and tertiary education, as well as for research and development?**

This question seeks to assess:

- whether education policy is successful in delivering high-quality education and training
- whether research and development receive effective support from the government

When answering this question, your focus should not be on expenditures alone, but also on the quality and competitiveness of the education system and the research sector. Please also consider:

- the structure of funding and knowledge providers (public, private, international cooperation)
- the output of the educational and developmental efforts: enrollment rates, literacy rates, percentage of people with higher education, number of patent applications etc.

Quantitative Reference Indicators: UN Education Index · Public expenditure on education · R&D expenditure

Education policy ensures a nationwide system of high-quality education and training, and the research and technology sector is dynamic and competitive. Investment in education and training is clearly above average (more than 6% of GDP) as is investment in research and development (more than 2.0% of GDP).

10

9

8

Education policy ensures a nationwide system of sound education and training, and the research and technology sector is fairly advanced. Investment in education and training is average (from 4% to 6% of GDP) as is investment in research and development (1.5% to 2.0% of GDP).

7

6

Education policy contributes to a system of education and training which is sub-standard, with qualitative deficits in secondary and tertiary education and insufficient school enrollment. Research and development is deficient. Investment in education and training is rather low (from 2% to 4% of GDP) as is investment in research and development (less than 1.5% of GDP).

5

4

3

There are only basic levels of institutions for education, training and R&D. School enrollment is low, and the illiteracy rate is high. Investment in education and training is very low (below 2% of GDP) as is investment in research and development (below 0.5% of GDP).

2

1

# Management

- 13 Level of Difficulty
- 14 Steering Capability
- 15 Resource Efficiency
- 16 Consensus-building
- 17 International Cooperation

## 13.1

## Structural constraints

**To what extent do structural difficulties constrain the political leadership's governance capacity?**

Management performance may be limited by structural constraints that do not result from the current political leadership's actions and cannot be overcome swiftly.

Constraints may include:

- extreme poverty
- the lack of an educated labor force
- a disadvantageous geographical location (e.g., landlocked or small island states)
- severe infrastructural deficiencies
- natural disasters
- pandemics, such as widespread HIV/AIDS infections.

While the level of difficulty will also be calculated from three quantitative indicators reflecting structural constraints (Gross National Income p.c. at purchasing power parities; U.N. Education Index; mean of the BTI 2018 stateness and rule of law scores), you should describe the country-specific profile of structural constraints.

The structural constraints on governance are very high.

10

9

8

The structural constraints on governance are fairly high.

7

6

5

The structural constraints on governance are fairly low.

4

3

2

The structural constraints on governance are very low.

1

## 13.2

## Civil society traditions

**To what extent are there traditions of civil society?**

Indicators of civil society traditions are:

- long-term presence of public or civic engagement
- a civic culture of participation in public life
- numerous and active civic associations
- social trust (social capital)

Traditions of civil society are very weak.

10

9

8

Traditions of civil society are fairly weak.

7

6

5

Traditions of civil society are fairly strong.

4

3

2

Traditions of civil society are very strong.

1

## 13.3

Conflict  
intensity**How serious are social, ethnic and religious conflicts?**

Indicators of conflict intensity include the following:

- the confrontational nature of politics
- the polarization and split of society along one or several cleavages
- the mobilization of large groups of the population
- the use and spread of violence

There is civil war or a widespread violent conflict based on social, ethnic or religious differences.

10

9

8

There are violent incidents. Mobilized groups and protest movements dominate politics. Society and the political elite are deeply split into social classes, ethnic or religious communities.

7

6

5

There are only few violent incidents. Radical political actors have limited success in mobilizing along existing cleavages. Society and the political elite, however, are divided along social, ethnic or religious lines.

4

3

2

There are no violent incidents based on social, ethnic or religious differences.

1

**To what extent does the government set and maintain strategic priorities?**

This question seeks to assess:

- the political capability to take on a longer-term perspective going beyond immediate concerns of electoral competition and to maintain strategic priorities over periods of crisis and stalemate
- the strategic capacity of the government to prioritize and organize its policy measures (gaining and organizing expertise, evidence-based policymaking, regulatory impact assessments, strategic planning units)

The focus should be on the executive, including the administration and the cabinet. Make sure to identify reform drivers and defenders of the status quo, as political determination and institutional capacity may vary among different departments and ministries. Please also comment on how setting and maintaining strategic priorities might be constrained by government composition and by actors outside the government (e.g. powerful economic interests, lobbies, foreign governments, foreign donors).

Please consider if the strategic priorities correspond with the normative framework of the BTI in terms of striving for democracy and a market economy. The maximum score for autocracies is 5 points.

The government sets strategic priorities and maintains them over extended periods of time. It has the capacity to prioritize and organize its policy measures accordingly.

10

9

8

The government sets strategic priorities, but sometimes postpones them in favor of short-term political benefits. It shows deficits in prioritizing and organizing its policy measures accordingly.

7

6

5

The government claims to be setting strategic priorities, but replaces them regularly with short-term interests of political bargaining and office seeking. Policy measures are rarely prioritized and organized.

4

3

2

The government does not set strategic priorities. It relies on ad hoc measures, lacks guiding concepts and reaps the maximum short-term political benefit.

1

## 14.2

## Implementation

**How effective is the government in implementing its own policies?**

This question examines the extent to which the government has been able to achieve its own strategic priorities. The assessment should therefore center on the major policy priorities identified by a government and examine whether declared objectives could be realized or what hinders effective implementation.

The focus should be on the executive including the administration and the cabinet. Make sure you identify reform drivers and defenders of the status quo, as political determination and institutional capacity may vary among different departments and ministries.

Please consider if the implementation of strategic priorities corresponds with the normative framework of the BTI in terms of striving for democracy and a market economy. The maximum score for autocracies is 5 points.

The government is able to implement its policies effectively.

10

9

8

The government fails to implement some of its policies.

7

6

5

The government fails to implement many of its policies.

4

3

2

The government is not able to implement any of its policies.

1

## 14.3

## Policy learning

**How innovative and flexible is the government?**

Innovation in policymaking often comes from learning. This learning extends beyond changes in policy outputs to include changes in the basic beliefs guiding policy formulation. Learning opportunities are provided by:

- learning from past experiences (effective monitoring and evaluation)
- observation and knowledge exchange (good practices, international cooperation)
- consultancy (academic experts and practitioners)

Flexibility refers to a government's ability to adapt to and take advantage of developmental opportunities inherent to a given political situation. Flexibility and learning allow governments to replace failed policies with innovative ones. If possible, provide empirical evidence on whether policy learning happens coincidentally or if there are institutionalized mechanisms that facilitate innovation and flexibility in policymaking.

Please consider if innovation and flexibility correspond with the normative framework of the BTI in terms of striving for democracy and a market economy. The maximum score for autocracies is 5 points.

The government demonstrates a pronounced ability of complex learning. It acts flexibly and replaces failed policies with innovative ones.

10

9

8

The government demonstrates a general ability of policy learning, but its flexibility is limited. Learning processes inconsistently affect the routines and the knowledge foundation on which policies are based.

7

6

5

The government demonstrates little willingness or ability in policy learning. Policies are rigidly enforced, and the routines of policymaking do not enable innovative approaches.

4

3

2

The government demonstrates no willingness or ability in policy learning.

1

**To what extent does the government make efficient use of available human, financial and organizational resources?**

In assessing the government's resource efficiency, please focus on the executive, including the administration and the cabinet.

Please consider the following indicators:

Efficient use of government administrative personnel

- personnel expenses relative to the services offered by the state
- low number of politically motivated dismissals and new appointments of public servants
- competitive recruiting procedures protected against political influences

Efficient use of budget resources

- balanced state budget
- a manageable level of state debt
- effective and independent auditing
- transparent budget planning and implementation
- low deviation of actual budget expenditures from the associated planned expenditures

Efficient administrative organization

- public administration that enables effective management under criteria of professional rationality
- "responsible" decentralization (i.e., establishing local self-government with legal and financial autonomy), backed by arrangements for public review of the local administration's activities
- existence of procedures and institutions to reform and modernize the public administration

The government makes efficient use of all available human, financial and organizational resources.

10

9

8

The government makes efficient use of most available human, financial and organizational resources.

7

6

5

The government makes efficient use of only some of the available human, financial and organizational resources.

4

3

2

The government wastes all available human, financial and organizational resources.

1

## 15.2

Policy  
coordination**To what extent can the government coordinate conflicting objectives into a coherent policy?**

As many policies have conflicting objectives, reflect competing political interests and affect other policies, the government has to ensure that its overall policy is coherent.

Successful coordination should:

- assure that trade-offs between policy goals are well balanced
- introduce horizontal forms of coordination to mediate between different departments of the state administration
- ascribe responsibilities in a transparent manner to avoid the negligence of tasks, redundancies or friction between different government branches.

Various coordination styles — hierarchic-bureaucratic, informal-network, personalist, centralized, decentralized etc. — are possible and may be functionally equivalent. What matters is their impact on policy coherence.

The government coordinates conflicting objectives effectively and acts in a coherent manner.

10

9

8

The government tries to coordinate conflicting objectives, but friction, redundancies and gaps in task assignment are significant.

7

6

5

The government often fails to coordinate between conflicting objectives. Different parts of the government tend to compete among each other, and some policies have counterproductive effects on other policies.

4

3

2

The government fails to coordinate conflicting objectives. Its policies thwart and damage each other. The executive is fragmented into rival fiefdoms that counteract each other.

1

## 15.3

Anti-corruption  
policy**To what extent does the government successfully contain corruption?**

Please elaborate whether adequate institutional arrangements exist to implement an anti-corruption policy and if they successfully contribute to an effective prosecution of corruption. In your answer, you should indicate if the government implements and monitors the following integrity mechanisms:

- auditing of state spending
- regulation of party financing
- citizen and media access to information
- accountability of officeholders including asset declarations, conflict of interest rules, codes of conduct
- transparent public procurement system

Note: Please be aware that the Corruption Perceptions Index (CPI) of Transparency International uses the data and information given in response to questions 3.3 and 15.3 for their assessments. To avoid circularity of assessments, please do not base your evaluation of the success of anti-corruption policy on the CPI.

The government is successful in containing corruption, and all integrity mechanisms are in place and effective.

10

9

8

The government is often successful in containing corruption. Most integrity mechanisms are in place, but some are functioning only with limited effectiveness.

7

6

5

The government is only partly willing and able to contain corruption, while the few integrity mechanisms implemented are mostly ineffective.

4

3

2

The government fails to contain corruption, and there are no integrity mechanisms in place.

1



The political leadership establishes a broad consensus on reform with other actors in society without sacrificing its reform goals.

## 16.1

## Consensus on goals

### To what extent do the major political actors agree on democracy and a market economy as strategic, long-term goals?

This question specifically seeks to assess the extent of normative agreement on the general goals of development and transformation. It reflects the experience that many successful transformations are based on agreements reached by reform-minded political actors together with old elites or potential opponents of reform.

Major political actors are parties, politicians, interest groups and economic actors with political clout, whose power and importance (e.g., number of voters, jobs, financial resources, authority, influence, etc.) are relevant to the course of the political process.

Please make sure to comment on the degree of consensus both with regard to democracy and with regard to a market economy. For that purpose, two separate response fields are offered in the database. Your written assessment should still be reflected in one single score. The maximum score for autocracies is 7 points.

All major political actors agree on establishing or consolidating democracy and a market economy as strategic, long-term goals of transformation.

10

9

8

The major political actors agree on one of the goals (democracy or market economy) as a strategic, long-term goal of transformation. Or: there is a general consensus on both goals, which is weakened by significant controversy over strategic priorities.

7

6

5

The major political actors are in conflict over both democracy and a market economy as strategic, long-term goals of transformation. Or: any proclaimed consensus on goals is rudimentary, very fragile and likely to be challenged by powerful actors.

4

3

2

There are no major political actors who want to establish democracy or a market economy.

1

## 16.2

## Anti-democratic actors

### To what extent can reformers exclude or co-opt anti-democratic actors?

This question seeks to assess the extent to which reformers are able to overcome anti-democratic veto actors:

- Reformers are defined here as all political actors who advocate democratization, be it in or close to the government or in opposition.
- Anti-democratic veto actors are defined as political actors who can cause democratization to stall or fail and might include the military, influential economic actors or powerful opposition groups.

A successful reform policy can eliminate the veto power of anti-democratic actors, induce them to comply permanently with constitutional rules, or develop a basic consensus with them.

Reformers can successfully exclude or co-opt all actors with anti-democratic interests.

10

9

8

Reformers cannot completely control all powerful anti-democratic actors, but can limit their influence significantly.

7

6

5

Reformers have little control over powerful anti-democratic actors, who can use their influence to severely disrupt the reform process.

4

3

2

Reformers have no control over anti-democratic actors.

1

The political leadership establishes a broad consensus on reform with other actors in society without sacrificing its reform goals.

### To what extent is the political leadership able to moderate cleavage-based conflict?

Cleavages are significant and protracted divisions of society that are often, but not necessarily, reflected in the political party system. Cleavages may be manifest in ethnic, class, regional or religious conflicts as well as those regarding national citizenship.

Please assess the extent to which the political leadership is able to depolarize structural conflicts, to prevent society from falling apart along these cleavages, and to establish as broad a consensus as possible across the dividing lines.

The political leadership depolarizes cleavage-based conflict and expands consensus across the dividing lines.

10

9

8

The political leadership prevents cleavage-based conflicts from escalating.

7

6

5

The political leadership does not prevent cleavage-based conflicts from escalating.

4

3

2

The political leadership exacerbates existing cleavages for populist or separatist purposes.

1

### To what extent does the political leadership enable the participation of civil society in the political process?

This question asks whether the political leadership involves civil society actors in:

- agenda setting
- policy formulation
- deliberation and decision-making
- policy implementation
- performance monitoring

Civil society actors include civic, economic and professional interest associations, religious, charity and community-based organizations, intellectuals, scientists and journalists.

The political leadership actively enables civil society participation. It assigns an important role to civil society actors in deliberating and determining policies.

10

9

8

The political leadership permits civil society participation. It takes into account and accommodates the interests of most civil society actors.

7

6

5

The political leadership neglects civil society participation. It frequently ignores civil society actors and formulates its policy autonomously.

4

3

2

The political leadership obstructs civil society participation. It suppresses civil society organizations and excludes its representatives from the policy process.

1

The political leadership establishes a broad consensus on reform with other actors in society without sacrificing its reform goals.

### To what extent can the political leadership bring about reconciliation between the victims and perpetrators of past injustices?

This question examines the extent to which a country's political leadership is able to address or overcome a conflict-laden past that is experienced as unjust, or at least to achieve moral justice for past acts of injustice. The goal of coping with the past is to obtain justice or reconciliation between former victims and perpetrators.

Note: In case a country has already achieved reconciliation prior to 2015, please elaborate briefly on the successfully concluded process.

The political leadership achieves reconciliation between the victims and the perpetrators of past injustices.

10

9

8

The political leadership recognizes the need to deal with historical acts of injustice, but its attempts for reconciliation encounter difficulties.

7

6

5

The political leadership does not address historical acts of injustice and does not initiate a process of reconciliation.

4

3

2

The political leadership manipulates memories of historical injustices as a weapon against political opponents.

1

There have been no major historical injustices committed, or reconciliation processes have been completed (by 2015).

N/A

The political leadership is willing and able to cooperate with external supporters and organizations.

17.1

Effective use  
of support

### To what extent does the political leadership use the support of international partners to implement a long-term strategy of development?

This question evaluates how the political leadership makes use of international assistance – major projects involving technical or personal cooperation – in its own development agenda. The focus here is on the ability to learn from international know-how, to adapt external advice to domestic realities and to integrate international assistance into a consistent, long-term strategy of development.

Questions to consider include:

- Does the government have clear aims of political and economic development?
- Is there a roadmap specifying steps to reach these aims and defining the inputs required from international partners?
- Have the political actors made progress in implementing such steps or do short-term expediencies, policy inconsistencies, perhaps even rent-seeking, dominate the use of international assistance?

The political leadership makes well-focused use of international assistance in order to implement its long-term strategy of development.

10

9

8

The political leadership uses international assistance for its own development agenda, but falters in devising a consistent long-term strategy capable of integrating this support effectively.

7

6

5

The political leadership uses international assistance for short-term expediencies and fails to devise a consistent long-term strategy.

4

3

2

The political leadership either uses international assistance for rent-seeking or considers any form of international cooperation as undesired political interference. There is no viable long-term development strategy.

1

17.2

Credibility

### To what extent does the government act as a credible and reliable partner in its relations with the international community?

This question addresses the level of confidence the government has been able to attain with the international community.

The international community includes multilateral or intergovernmental organizations, foreign governments and investors, bilateral and multilateral donors, and international NGOs.

Please base your assessment on how consistent and coherent a government has been in upholding its international commitments.

Considerations might include but are not limited to the following:

- compliance with existing international agreements (e.g., climate change agreements, ILO core labor standards, human rights conventions, trade and debt agreements, development agreements, arms control agreements, peace and cease-fire agreements)
- the reliable and trustworthy cooperation with the institutions or mechanisms that monitor compliance (e.g., International Criminal Court, International Court of Justice, UN Human Rights Council, WTO dispute settlement decisions). →

## Criterion: International Cooperation

The political leadership is willing and able to cooperate with external supporters and organizations.



The government acts as a credible and reliable partner. It frequently demonstrates initiative in advancing international cooperation efforts and actively contributes to them.

10

9

8

For the most part, the government acts as a credible and reliable partner. It shows notable engagement in international cooperation efforts.

7

6

5

The government rarely acts as a credible and reliable partner. It shows little engagement in international cooperation efforts.

4

3

2

The government repeatedly acts unreliably, and cooperating with the state entails major risks. The government does not contribute (and often undermines) international cooperation efforts.

1

## 17.3

### Regional cooperation

#### To what extent is the political leadership willing and able to cooperate with neighboring countries?

This question seeks to assess the willingness and ability of the political leadership:

- to develop good neighborly relations
- to cooperate with neighbors in international and regional organizations
- to support regional or international integration.

The political leadership actively and successfully builds and expands cooperative neighborly and international relationships. It promotes regional and international integration.

10

9

8

The political leadership cooperates with many neighboring states and complies with the rules set by regional and international organizations.

7

6

5

The political leadership cooperates selectively or sporadically with individual neighboring states and is reluctant to accept the rules set by regional and international organizations.

4

3

2

The political leadership is uncooperative. It does not seek to build relations with neighbors and obstructs regional or international organizations.

1

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