



CHANDLER  
GOOD GOVERNMENT  
INDEX  
2021 REPORT



CHANDLER  
INSTITUTE OF GOVERNANCE





# CHANDLER GOOD GOVERNMENT INDEX

# The Chandler Good Government Index<sup>®</sup> 2021

The Chandler Good Government Index (CGGI) 2021 was produced by the Chandler Institute of Governance (CIG).

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CIG Index Team

Wu Wei Neng, Victoria Gaever-Enger, Christopher Wong, Dominic Tan Gabriel-Dean, Shanice Koh, Unna Muthiah, Jivan Jothi, and Clarissa Li.

More details on the CGGI Advisory Panel are available on page 106.

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[info@chandlergovernmentindex.com](mailto:info@chandlergovernmentindex.com)

The Report and the interactive CGGI website are available at <https://www.chandlergovernmentindex.com>.

**Chandler Institute of Governance**

Level 2 TPI Building, 62 Cecil Street, 049710, Singapore

<https://www.chandlerinstitute.org/>

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## Message from the Founder

# The Governance Competition

### **W**inners and Losers – Why Governance Matters

The COVID-19 pandemic has challenged the world in ways not experienced since the Spanish flu a century ago. It has had a profound impact on the way we live, work, and move. In the marketplace the move to working from home has accelerated the shift to a digital economy, catapulting tools such as Zoom to prominence. In an atmosphere of disruption in all spheres of life, we have witnessed an increase in social consciousness. There is an urgency to address challenges to the sustainability of our planet and the well-being of our communities. Issues such as climate change, income equality, race, and gender are now centre stage.

The pandemic has also laid bare the strengths and weaknesses of nations in surprising ways. Nations commonly thought to be highly capable, such as the United States and United Kingdom, have struggled. And several nations without large financial resources or knowledge centres, such as Vietnam, have fared well. This suggests that wealth or knowledge does not always foster wisdom, and inefficient bureaucracies will undermine its application.

One of the lessons for national leaders is that people and capital gravitate to good governance. Those with talent and passion – the creative class – will always seek out an environment which provides economic opportunity, consistency of rules and regulations, and certainty of justice. Throughout history, people have always moved from farms to cities and from poor countries to wealthy countries. Within and between countries,

there is a competition for talent and capital. The winners are those whose governance creates trust – and this is established through competence.

### What is Good Governance?

The quest for enlightened national leadership and good governance is universal, but has the world made much progress in recent centuries? Governance is often equated with prosperity, and while prosperity has increased globally, governance is lagging.

In the 1500s, China and India accounted for 50% of world GDP. The United States had not even been founded. Today, the US is the world's most powerful nation, but it is beset by political division, ageing infrastructure, and a severely indebted balance sheet. Its leadership position in the world is being challenged by nations that have copied much of its economic model, and benefited from its generosity. National indebtedness is usually a sign of a peak in a nation's story as a country lives beyond its means. Why is history a rhythmic pattern of the rise and fall of emperors and empires? Why is sustainability so elusive and what can we do to address the seeming inability of nations to master it?

### Sustainability Secrets

A few years ago, I noticed that the lifespans of large corporations were declining. A study by McKinsey found that the average length of a company's tenure in the S&P 500 Index in the US had fallen from an average of 61 years in 1958 to fewer than 18 years today. Recently, I had the opportunity to ask an experienced management consultant what she thought might be the explanation. While highlighting that new technologies and the speed of change played a major role, she said that in the course of her career no client had ever asked for advice on how to build a sustainable company, only how to fix a performance issue.

There appear to be two conditions necessary if we are to create more sustainable companies: a shift in focus from short term to long term, and a change in emphasis from governance being centred on leadership to one centred on identity, culture, structures, systems, and tools. I believe the same is true for nations.

Just as corporate CEOs have limited tenure in their roles, so too national leaders are beholden to election cycles. This fosters short-term thinking. Indeed, it could be said that the culture of governance – corporate or national – has become transactional. Corporate CEOs focus on the financial metrics which determine their stock options, while political leaders focus on policies which drive their popularity. While there are no simple answers to these challenges, I believe there is a need for a deeper understanding of governance as an applied discipline.

This is the reason the Chandler Institute of Governance has been established – to provide leaders, policymakers, and practitioners with the knowledge and tools to build strong, prosperous, and sustainable nations. The Chandler Good Government Index is one tool that highlights the leaders and laggards. Let's celebrate and learn from the governments that are building strong and resilient nations, and let's encourage those that are falling behind. Inclusivity is not just a national theme. If we are to build a better world, our neighbours must also flourish.



**Richard F. Chandler**

Founder, Chandler Institute of Governance



## Message from the Chairman

# A Government Index by Practitioners for Practitioners

**S**ince its inception, the Chandler Institute of Governance (CIG) has focused its efforts in supporting leaders and public institutions on addressing governance challenges through training programmes, research initiatives, and advisory work. We always strive to do more and better, and this ambition in championing good governance has driven us to invest in the development of an Index of good government.

Such an undertaking is complex and always a work in progress. We are mindful of the good work in this area, such as the World Bank Worldwide Governance Indicators. Yet good governance is not formulaic. Each country's needs, political context, culture, and skills vary. CIG began this work with the aim of adding to the rich evolving conversation in this space of governance and government.

We identified 34 indicators drawing on publicly accessible, quantitative data to make up the Index. These were shortlisted from our experience in working with governments and continuing conversations with experts, practitioners, and academics around the world. They form the seven pillars of Leadership and Foresight, Robust Laws and Policies, Strong Institutions, Financial Stewardship, Attractive Marketplace, Global Influence and Reputation, and Helping People Rise. These pillars are also well within areas of influence by government officials and leaders. By measuring and reporting them, we hope to engender discussion on these critical elements of good governance and bring out pragmatic insights on which civil servants, public sector leaders, and policymakers around the world can draw for their work.

I am proud of the CIG team who produced this inaugural Chandler Good Government Index. We share this report in the hope that it sparks questions and helps to surface specific, practical steps that government bodies can take to empower public service leaders and officers, at all levels, to make the world a better place for all.

A handwritten signature in gold ink, consisting of the letters 'JKF' in a stylized, cursive font.

**Lee Kok Fatt**  
Chairman, Chandler Institute of Governance

## Message from the Executive Director

# Using the Chandler Good Government Index



**T**he Chandler Good Government Index is the product of two years of extensive discussions, research, design, analysis, and review. I am grateful to everybody who has walked with us and contributed to the development of the Index. For us, this is the start of an eventful journey.

A central tenet of our work at the Chandler Institute of Governance (CIG) – our training programmes, research initiatives, and advisory projects – is practicality. That is partly why the Index focuses on government capabilities, rather than outcomes alone. Governments aren't always fully in control of final outcomes, but they can always take steps to develop their skills and capabilities.

We ask that government practitioners and experts make use of this Index, and here are three key ways you may wish to do so.

First, debate and discuss the ideas behind the Index, and its findings and analysis. What is good government? Our Index offers one answer, which will resonate with many who work in governments worldwide, but there is no single correct answer to this question. We invite and welcome responses, feedback, and constructive engagement with the global community of people who think and care deeply about governance.

Second, use the Index pillars, indicators, and rankings as a framework to facilitate a structured inquiry into the effectiveness and outcomes of national governance in your country. Consider the significance and limitations of each pillar and indicator, and your government's performance and ranking in each indicator relative to peer countries. What can we learn from other governments? The Index website features tools to easily compare several countries, and to adjust the weights of the indicators to suit specific needs, as well as governance case studies.

Third, reach out to our team at CIG to discuss where we can work together on government training, knowledge creation, projects, and programmes. CIG works closely with government partners and experts around the world on a non-profit basis, to support government leaders and institutions in improving both capabilities and outcomes. More information on our work can be found on page 110 of this report.

A stylized, handwritten signature in gold ink, appearing to read 'Wu Wei Neng'.

**Wu Wei Neng**  
Executive Director, Chandler Institute of Governance



# Introducing the Chandler Good Government Index

**T**he Chandler Good Government Index (CGGI) 2021 is the first edition of what will be an annual series, measuring the effectiveness of governments in 104 countries globally. It is the world's most comprehensive index of governance quality and outcomes.

It is a practical tool for all governments to understand and benchmark their capabilities. The Index takes a non-ideological and non-partisan view of governance. By focusing on state capabilities and performance, the Index does not prioritise any form of government over another.

It is designed to be relevant and accessible to countries at different stages in their national development journeys.

## The Origins of the Index

The Index has its origins in the belief that good national **governance** and national **prosperity** are deeply connected.

This relationship is characterised by three principles:

1. Government **capabilities** matter, and governments need to invest time and effort into enhancing skills and experience.
2. Effective governments create **opportunities** for citizens to thrive, forming the foundation of national development and prosperity.
3. Good governance leads to better outcomes and increased **public trust**; high levels of public trust make it easier for governments to do their work.

It is therefore essential that governments have the means to measure the quality of governance in their nation. Only then can they determine where to enhance capabilities and how to build good outcomes for national development and prosperity.

## The Challenge of Good Governance

Every nation deserves good governance – good leadership, sound policy, effective institutions, and systems that work. Today's citizens, living in a highly globalised world, have better access to information



Composite skyline featuring iconic buildings from the top ten ranking countries in the CGGI 2021.

than at any time in human history; they are keenly aware of what is possible – how government could function – from the rule of law to the delivery of education and healthcare. Yet, around the world, citizens' expectations of their national government are often not met. This could be due to corruption, or to low state capacity and resources. Often, a lack of planning and implementation skills hinder regulatory enforcement and public service delivery. These conditions have been exacerbated in recent years, as governments face increasing challenges from climate change, digital transformation, and a global pandemic.

### **Why We Need This Governance Index Now**

More than ever, governance is the deciding factor in whether nations succeed. The COVID-19 pandemic has revealed strengths and weaknesses in institutions, laws, and leadership. To meet all these challenges, governments need the best capabilities available to deliver for their citizens and businesses; only then can they establish the trust required to make the hard decisions that will ensure long-term opportunity and prosperity.

The CGGI recognises the extraordinary current global situation arising from the pandemic, and its impact on governments and those they serve. Countries have rallied to balance different interest and goals such as health, safety, growth, jobs and livelihoods, while

flattening the infection curve and boosting medical capacity. This 2021 report touches on many of the government capabilities that are being challenged by the pandemic, and future iterations of the index will reflect the many disparities in national governance around the handling of COVID-19.

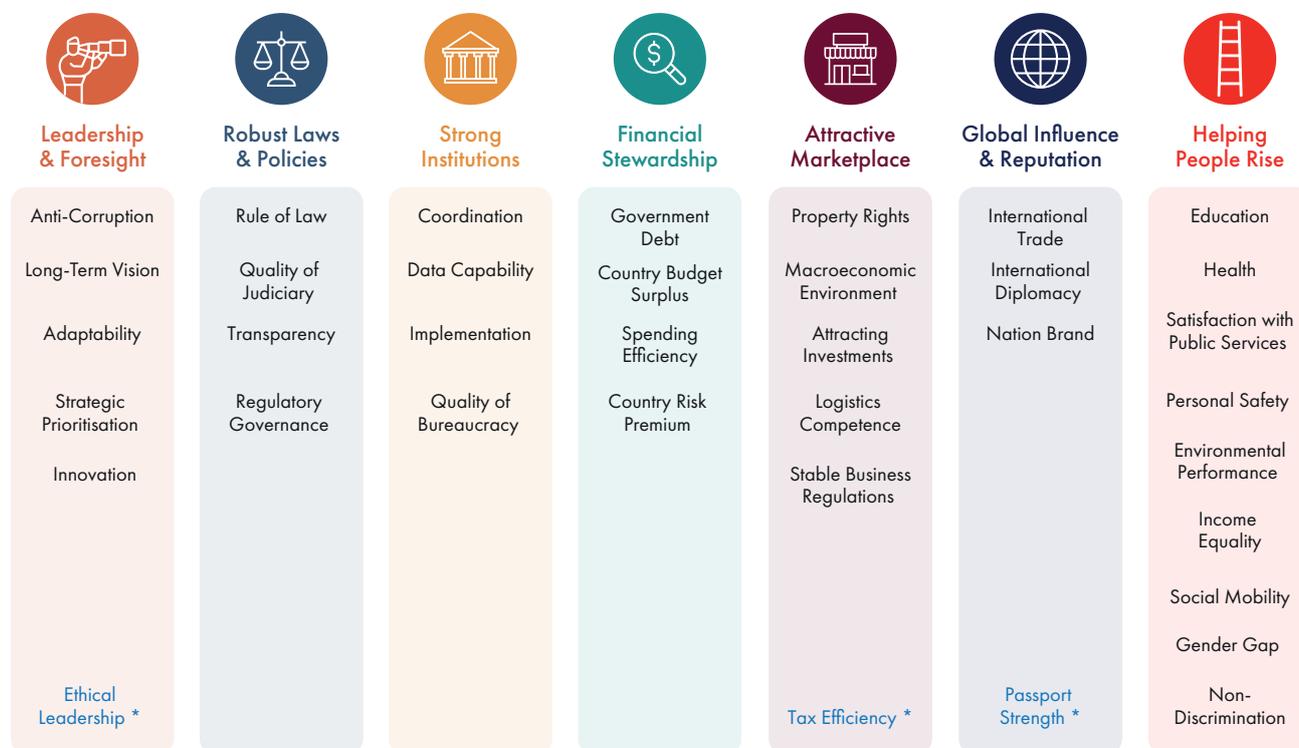
### **Constructing the Index**

There are several well-designed dashboards and indices of national governance. What the CGGI offers is a comprehensive and new way of framing, measuring and addressing the important work of government.

The Index is especially oriented to government practitioners. It is an index developed by government practitioners, for government practitioners. Designed as an analytic tool, it helps governments identify strengths and weaknesses, and provides practical and implementable guidance. It is a learning tool to encourage policy and programme discussion and development.

The CGGI has been more than two years in the making. Its conceptual framework and methodology were first developed with inputs from people working in government. We then consulted with a wide variety of leaders, experts and researchers in governance from around the world. This broad collaboration allowed a

PILLARS



\*Not included in CGGI 2021 due to incomplete data. To be considered for inclusion in future years.

comprehensive range of views to be captured and synthesised at various stages of review. Part of this process was in consultation with the distinguished members of the CGGI Advisory Panel (see page 106 for more details about the panel).

### Methodology

The CGGI is a composite index measuring the effectiveness and capabilities of 104 governments around the world. The CGGI has intentionally reached for the broadest global coverage possible – subject to the limitations of data quality available.

The Index is made up of 34 indicators, which are organised into seven pillars:

1. Leadership and Foresight
2. Robust Laws and Policies
3. Strong Institutions
4. Financial Stewardship
5. Attractive Marketplace
6. Global Influence and Reputation
7. Helping People Rise

The first **six** pillars relate to the six realms of government **capabilities**. Each of these pillars and its results are featured in depth in the body of this report. The final pillar focuses on the key **outcomes** of good governance that help create opportunity and prosperity. The 34 indicators – 25 on capabilities, nine relating to outcomes – capture the core tenets of good governance. Each indicator is measurable and has a quality or component that governments can act upon to improve performance. The outcomes pillar, Helping People Rise, enables the CGGI to reflect how much capabilities have translated into results.

The Index uses more than 50 publicly available global data sources, the full list of which can be found in the Indicator List (see page 112). Since data sources come in a variety of formats, the data gathered from each source is normalised, given equal weight, and aggregated to produce the final CGGI score on a scale of 0 (lowest score) to 1 (highest score).

# INDEX RESULTS



**Country Rankings**

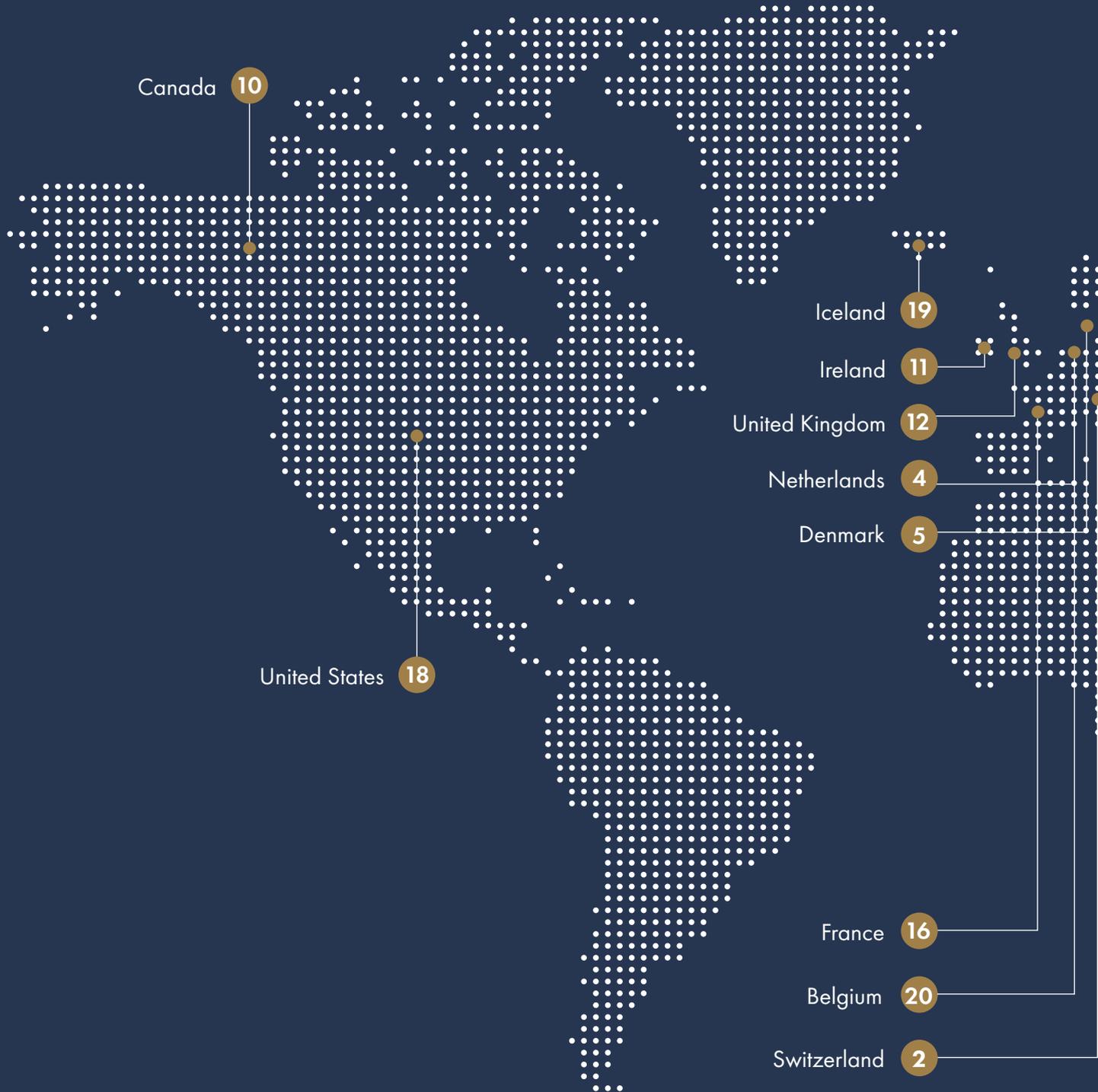
Country	Leadership & Foresight	Robust Laws & Policies	Strong Institutions	Financial Stewardship	Attractive Marketplaces
1. Singapore	2.0	2.0	2.0	2.0	2.0
2. Hong Kong	2.0	2.0	2.0	2.0	2.0
3. New Zealand	2.0	2.0	2.0	2.0	2.0
4. Denmark	2.0	2.0	2.0	2.0	2.0
5. Norway	2.0	2.0	2.0	2.0	2.0
6. Sweden	2.0	2.0	2.0	2.0	2.0
7. Finland	2.0	2.0	2.0	2.0	2.0
8. Netherlands	2.0	2.0	2.0	2.0	2.0
9. Switzerland	2.0	2.0	2.0	2.0	2.0
10. Iceland	2.0	2.0	2.0	2.0	2.0
11. Luxembourg	2.0	2.0	2.0	2.0	2.0
12. Belgium	2.0	2.0	2.0	2.0	2.0
13. Austria	2.0	2.0	2.0	2.0	2.0
14. Germany	2.0	2.0	2.0	2.0	2.0
15. France	2.0	2.0	2.0	2.0	2.0
16. United Kingdom	2.0	2.0	2.0	2.0	2.0
17. Canada	2.0	2.0	2.0	2.0	2.0
18. United States	2.0	2.0	2.0	2.0	2.0
19. Australia	2.0	2.0	2.0	2.0	2.0
20. South Korea	2.0	2.0	2.0	2.0	2.0
21. Japan	2.0	2.0	2.0	2.0	2.0
22. Taiwan	2.0	2.0	2.0	2.0	2.0
23. South Africa	2.0	2.0	2.0	2.0	2.0
24. Brazil	2.0	2.0	2.0	2.0	2.0
25. India	2.0	2.0	2.0	2.0	2.0
26. China	2.0	2.0	2.0	2.0	2.0
27. Russia	2.0	2.0	2.0	2.0	2.0
28. Mexico	2.0	2.0	2.0	2.0	2.0
29. Argentina	2.0	2.0	2.0	2.0	2.0
30. Chile	2.0	2.0	2.0	2.0	2.0
31. Colombia	2.0	2.0	2.0	2.0	2.0
32. Peru	2.0	2.0	2.0	2.0	2.0
33. Venezuela	2.0	2.0	2.0	2.0	2.0
34. Ecuador	2.0	2.0	2.0	2.0	2.0
35. Bolivia	2.0	2.0	2.0	2.0	2.0
36. Paraguay	2.0	2.0	2.0	2.0	2.0
37. Uruguay	2.0	2.0	2.0	2.0	2.0
38. Cuba	2.0	2.0	2.0	2.0	2.0
39. Haiti	2.0	2.0	2.0	2.0	2.0
40. Dominican Republic	2.0	2.0	2.0	2.0	2.0
41. Puerto Rico	2.0	2.0	2.0	2.0	2.0
42. Greenland	2.0	2.0	2.0	2.0	2.0
43. Faroe Islands	2.0	2.0	2.0	2.0	2.0
44. Jersey	2.0	2.0	2.0	2.0	2.0
45. Guernsey	2.0	2.0	2.0	2.0	2.0
46. Isle of Man	2.0	2.0	2.0	2.0	2.0
47. Gibraltar	2.0	2.0	2.0	2.0	2.0
48. Monaco	2.0	2.0	2.0	2.0	2.0
49. Liechtenstein	2.0	2.0	2.0	2.0	2.0
50. San Marino	2.0	2.0	2.0	2.0	2.0
51. Vatican City	2.0	2.0	2.0	2.0	2.0

**Country Rankings**

Country	Leadership & Foresight	Robust Laws & Policies	Strong Institutions	Financial Stewardship	Attractive Marketplaces
1. Singapore	2.0	2.0	2.0	2.0	2.0
2. Hong Kong	2.0	2.0	2.0	2.0	2.0
3. New Zealand	2.0	2.0	2.0	2.0	2.0
4. Denmark	2.0	2.0	2.0	2.0	2.0
5. Norway	2.0	2.0	2.0	2.0	2.0
6. Sweden	2.0	2.0	2.0	2.0	2.0
7. Finland	2.0	2.0	2.0	2.0	2.0
8. Netherlands	2.0	2.0	2.0	2.0	2.0
9. Switzerland	2.0	2.0	2.0	2.0	2.0
10. Iceland	2.0	2.0	2.0	2.0	2.0
11. Luxembourg	2.0	2.0	2.0	2.0	2.0
12. Belgium	2.0	2.0	2.0	2.0	2.0
13. Austria	2.0	2.0	2.0	2.0	2.0
14. Germany	2.0	2.0	2.0	2.0	2.0
15. France	2.0	2.0	2.0	2.0	2.0
16. United Kingdom	2.0	2.0	2.0	2.0	2.0
17. Canada	2.0	2.0	2.0	2.0	2.0
18. United States	2.0	2.0	2.0	2.0	2.0
19. Australia	2.0	2.0	2.0	2.0	2.0
20. South Korea	2.0	2.0	2.0	2.0	2.0
21. Japan	2.0	2.0	2.0	2.0	2.0
22. Taiwan	2.0	2.0	2.0	2.0	2.0
23. South Africa	2.0	2.0	2.0	2.0	2.0
24. Brazil	2.0	2.0	2.0	2.0	2.0
25. India	2.0	2.0	2.0	2.0	2.0
26. China	2.0	2.0	2.0	2.0	2.0
27. Russia	2.0	2.0	2.0	2.0	2.0
28. Mexico	2.0	2.0	2.0	2.0	2.0
29. Argentina	2.0	2.0	2.0	2.0	2.0
30. Chile	2.0	2.0	2.0	2.0	2.0
31. Colombia	2.0	2.0	2.0	2.0	2.0
32. Peru	2.0	2.0	2.0	2.0	2.0
33. Venezuela	2.0	2.0	2.0	2.0	2.0
34. Ecuador	2.0	2.0	2.0	2.0	2.0
35. Bolivia	2.0	2.0	2.0	2.0	2.0
36. Paraguay	2.0	2.0	2.0	2.0	2.0
37. Uruguay	2.0	2.0	2.0	2.0	2.0
38. Cuba	2.0	2.0	2.0	2.0	2.0
39. Haiti	2.0	2.0	2.0	2.0	2.0
40. Dominican Republic	2.0	2.0	2.0	2.0	2.0
41. Puerto Rico	2.0	2.0	2.0	2.0	2.0
42. Greenland	2.0	2.0	2.0	2.0	2.0
43. Faroe Islands	2.0	2.0	2.0	2.0	2.0
44. Jersey	2.0	2.0	2.0	2.0	2.0
45. Guernsey	2.0	2.0	2.0	2.0	2.0
46. Isle of Man	2.0	2.0	2.0	2.0	2.0
47. Gibraltar	2.0	2.0	2.0	2.0	2.0
48. Monaco	2.0	2.0	2.0	2.0	2.0
49. Liechtenstein	2.0	2.0	2.0	2.0	2.0
50. San Marino	2.0	2.0	2.0	2.0	2.0
51. Vatican City	2.0	2.0	2.0	2.0	2.0



# Top 20 Countries





# Country Rankings



## Overall Rank

Overall Rank	Country	Leadership & Foresight	Robust Laws & Policies	Strong Institutions	Financial Stewardship	Attractive Marketplace	Global Influence & Reputation	Helping People Rise
1	Finland	1	5	1	13	4	18	1
2	Switzerland	9	3	8	4	2	17	3
3	Singapore	3	18	7	1	1	40	4
4	Netherlands	10	2	22	7	3	5	6
5	Denmark	2	7	3	10	7	19	5
6	Norway	6	1	10	2	22	27	2
7	Sweden	4	6	5	9	13	11	7
8	Germany	23	13	11	3	8	2	9
9	New Zealand	5	3	4	5	15	49	19
10	Canada	11	8	6	13	14	32	16
11	Ireland	7	19	19	17	6	20	11
12	United Kingdom	15	10	13	18	5	34	12
13	Austria	18	12	26	20	9	16	10
14	Japan	21	14	23	30	12	14	13
15	Estonia	12	15	9	16	21	33	17
16	France	19	17	16	30	25	1	22
	Australia	28	16	2	19	11	39	18
18	United States	14	9	30	12	10	7	30
19	Iceland	26	11	21	8	29	47	14
20	Belgium	32	20	28	25	18	13	15
21	South Korea	21	21	12	11	32	24	21
22	Czech Republic	34	31	15	15	24	23	19
23	Slovenia	37	24	14	28	31	30	8
24	United Arab Emirates	8	33	24	6	16	61	32
25	Portugal	42	27	18	46	22	6	24
26	Israel	24	24	29	22	19	55	26

A shaded cell denotes that a country shares a joint pillar ranking.

# Country Rankings



## Overall Rank

Overall Rank	Country	Leadership & Foresight	Robust Laws & Policies	Strong Institutions	Financial Stewardship	Attractive Marketplace	Global Influence & Reputation	Helping People Rise
26	Spain	39	23	27	45	50	3	23
28	Poland	38	37	31	26	35	9	25
29	Lithuania	29	29	19	22	45	35	28
30	Chile	13	32	17	32	17	31	54
31	Latvia	31	46	25	33	52	38	27
32	Malaysia	17	28	37	21	20	41	51
33	Hungary	66	52	36	48	43	14	33
34	Bulgaria	52	35	43	57	55	25	41
	Italy	83	29	39	34	59	4	35
36	Croatia	80	39	40	41	77	22	29
37	Uruguay	27	36	33	50	41	59	43
38	Mauritius	25	55	32	40	30	87	42
39	Romania	79	44	78	52	53	10	31
40	Costa Rica	39	22	41	85	27	48	50
41	China	50	79	60	22	36	8	54
42	Georgia	46	34	34	54	48	51	53
43	Thailand	75	41	70	28	51	46	37
44	Kazakhstan	55	39	42	42	46	68	40
45	Indonesia	35	47	59	35	38	42	61
46	Serbia	57	57	46	49	42	69	36
47	Montenegro	30	42	46	76	37	81	45
48	Russian Federation	76	43	72	36	84	26	47
49	India	33	51	55	44	46	36	89
50	Greece	87	48	45	64	101	46	34
51	Colombia	51	53	50	53	44	50	66
52	Mexico	86	38	52	39	48	29	80

A shaded cell denotes that a country shares a joint pillar ranking.

# Country Rankings



## Overall Rank

Overall Rank	Country	Leadership & Foresight	Robust Laws & Policies	Strong Institutions	Financial Stewardship	Attractive Marketplace	Global Influence & Reputation	Helping People Rise
53	Rwanda	19	58	69	51	27	85	76
54	Panama	69	78	53	42	26	53	62
55	Albania	48	71	57	62	60	76	39
56	Armenia	44	49	66	67	67	60	52
57	Botswana	16	67	44	27	80	80	81
	Vietnam	61	73	71	69	40	57	44
59	Philippines	53	64	56	38	57	58	68
60	Peru	84	70	50	37	60	37	71
61	Morocco	63	45	79	47	33	44	78
62	Jamaica	41	59	61	61	34	98	58
63	Turkey	62	76	62	70	65	21	64
64	Jordan	53	54	74	77	39	82	56
65	Ukraine	70	68	67	81	93	54	38
66	North Macedonia	68	68	48	63	90	78	49
67	Brazil	85	49	38	95	71	29	77
68	Argentina	45	72	35	99	94	43	57
69	Moldova	87	56	65	72	85	101	44
70	South Africa	55	26	49	59	98	52	103
71	Senegal	36	77	67	68	62	94	83
72	Ghana	47	74	57	85	54	90	87
73	Egypt, Arab Rep.	60	80	76	91	78	45	84
74	Sri Lanka	72	81	64	93	87	71	63
75	Tunisia	71	65	73	84	91	77	71
76	Namibia	43	62	80	75	73	83	92
77	Kyrgyzstan	93	61	82	74	72	100	69
78	Honduras	82	92	83	58	56	67	82

A shaded cell denotes that a country shares a joint pillar ranking.

# Country Rankings



## Overall Rank

Overall Rank	Country	Leadership & Foresight	Robust Laws & Policies	Strong Institutions	Financial Stewardship	Attractive Marketplace	Global Influence & Reputation	Helping People Rise
79	Bosnia and Herzegovina	100	75	54	94	95	70	48
	El Salvador	95	87	97	56	86	62	65
81	Kenya	59	63	86	83	63	83	91
82	Mongolia	90	60	63	92	99	89	67
83	Tanzania	57	94	89	55	74	78	88
84	Uganda	65	66	76	82	64	85	99
85	Tajikistan	49	82	99	71	66	104	73
86	Cambodia	96	99	101	60	57	96	60
87	Ecuador	87	101	75	97	91	63	70
88	Guatemala	102	98	84	66	81	56	86
89	Nicaragua	103	96	85	72	69	74	85
90	Malawi	73	91	81	96	76	99	93
	Pakistan	77	84	94	89	83	66	101
92	Nepal	91	83	98	90	96	91	75
93	Ethiopia	64	93	95	65	88	95	100
94	Algeria	78	100	86	98	103	75	59
95	Zambia	74	90	90	100	69	92	96
96	Burkina Faso	67	89	91	80	75	103	96
97	Lebanon	97	102	93	103	68	73	73
98	Madagascar	91	88	95	87	89	97	90
99	Iran, Islamic Rep.	101	103	92	78	102	65	79
100	Mali	81	94	100	79	79	102	104
101	Mozambique	94	85	88	102	82	88	102
102	Nigeria	98	85	101	88	97	72	98
103	Zimbabwe	99	97	103	101	100	93	94
104	Venezuela	104	104	104	104	104	64	95

A shaded cell denotes that a country shares a joint pillar ranking.



THE PILLARS  
OF GOOD  
GOVERNMENT

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## Pillar One

# Leadership and Foresight

**G**ood governance begins with good leadership. The culture of government leadership varies from country to country, but the CGGI's highest-performing governments are united in three ways: a commitment to integrity, a strong vision and plan for their nation's future, and the ability to make the most of their available resources. These governments look beyond short-term political cycles that reward quick policy fixes.

Leaders at all levels of government are often the face of the public service. Their actions, choices, and words will influence the level of trust that citizens and businesses have in government. Government leaders must be role models, creating and sustaining cultures of integrity, sound values, and competence. Leaders also need a clear sense of future possibilities and pathways for their government and country, and the foresight to anticipate and plan for emerging challenges and opportunities. Public trust in government is fragile, and must be intentionally earned and carefully maintained.

The CGGI's first pillar draws on six key indicators to measure a government's Leadership and Foresight:



**Anti-Corruption:** The control and prevention of the abuse of public power for private benefit



**Long-Term Vision:** The ability to develop and express the desired goals and destination for the nation over a longer period of time



**Adaptability:** Responding to various trends and changes with appropriate strategies, policies and actions



**Strategic Prioritisation:** Developing longer-term plans and decision-making frameworks that focus on important goals and outcomes



**Innovation:** The capacity for learning, and the generation, adaptation, and application of ideas



**Ethical Leadership\*:** Positive moral values and standards that leaders possess and demonstrate

\*Not included in 2021 rankings because of incomplete data. To be considered for inclusion in future years.



Spring in Amsterdam, Netherlands.

## Table 1.1 Leadership and Foresight Top Ten Countries

Countries	Pillar Rank	Anti-Corruption	Long-Term Vision	Adaptability	Strategic Prioritisation	Innovation	CGGI Rank
 Finland	1	3	8	4	2	2	1
 Denmark	2	1	12	11	2	2	5
 Singapore	3	4	1	1	56	60	3
 Sweden	4	4	34	21	8	1	7
 New Zealand	5	1	30	13	8	8	9
 Norway	6	7	14	15	21	8	6
 Ireland	7	16	13	20	21	2	11
 United Arab Emirates	8	19	2	2	56	60	24
 Switzerland	9	4	7	7	56	33	2
 Netherlands	10	8	10	8	8	60	4

Similarly shaded cells indicate shared rankings in a given indicator.

### Insights

Several countries in the Leadership and Foresight top 10, including **Finland**, **Singapore**, and the **Netherlands**, are small nations that have confronted existential threats from either internal or external forces. Both Finland and Singapore emerged from large and historically unstable political unions, while the Netherlands has for centuries confronted the persistent threat of widespread flooding. Arising from these shared experiences, such nations often do not take their safety and stability for granted, and devote more resources and time to developing plans and contingencies for a not always predictable future.

When nations are more politically stable, their governments tend to have more time and space to think and plan ahead for the longer term. **Estonia's** top ranking for Strategic Prioritisation is likely a reflection of this advantage. Nearly all governments since independence have been based on coalitions of several parties that have stuck to most agreed government programmes, such as the prioritisation of a



The Estonian government's foresight capabilities and its "e-Estonia" movement have earned it a reputation as one of the world's leading digital societies.



knowledge-based economy. As a result, when the first wave of COVID-19 forced lockdowns in March 2020, the country's education system was well-prepared. Schools quickly transitioned to distance learning and as Mart Laidmets, Secretary General of Estonia's Ministry of Education and Research, remarked, "We have already been preparing for this kind of crisis for 25 years." Estonia's approach is built on long-term investments in IT infrastructure, combined with strategic efforts to promote quality in online education. The government has sought to align digital resources with the national curriculum, and prepared teachers to deliver remote learning effectively.

### **Trust, Leadership, and COVID-19**

At the beginning of 2020, many governments around the world were caught off guard by the rapid onset of the COVID-19 pandemic. They could not grasp the scale of the situation, or develop an effective response. The global health crisis – and resulting economic downturn – has been a profoundly revealing test of government services and the resilience and adaptability of government leadership and institutions.



***Governments equipped with robust foresight strategies are better placed to respond to future challenges as well as leverage opportunities to their competitive advantage. It allows leaders to consider how to deal with trends and uncertainties, often by using scenarios to illustrate extraordinary change.***

Polls in mid-2020 showed that trust in governments surged at the outset of the pandemic, but this had waned by the time people were polled again at the end of 2020. Leaders are still learning lessons about how best to respond to the pandemic. Those nations with strong contingency plans are better placed to manage the crisis, while nations beset by corruption or a lack of foresight have been less successful in mounting effective and flexible responses.

In November 2020, Bloomberg launched their COVID Resilience Ranking, which tracks how the pandemic is being handled in 53 countries. Several countries that consistently feature in their top 20 rankings are also top performers in the CGGI Leadership and Foresight pillar, namely **New Zealand, Singapore, Finland, Norway, Denmark, and the UAE.**

### **Planning for the Long Term**

Governments today are faced with the difficult task of managing an increasingly volatile and complex landscape. Those with the ability to allocate resources to long-term planning and foresight will be better placed to handle – or shape – whatever the future brings. However, the results from the CGGI suggest long-term planning remains a significant challenge for most governments around the world (57% of the countries surveyed).

Foresight is not necessarily an exercise in predicting the future; rather it helps to develop a strategy for identifying trends, forces, and events that could worsen existing pressures on governments. It allows leaders to consider how to deal with trends and uncertainties, often by using scenarios to illustrate extraordinary change. Some of these changes – like a global health pandemic – will be deemed risks, whereas others like Artificial Intelligence (AI) or demographic trends can be viewed as potential opportunities. Governments equipped with robust foresight strategies are better placed to respond to future challenges, as well as to leverage opportunities to their competitive advantage.



New Zealand's Prime Minister Jacinda Ardern announces a Coronavirus quarantine-free travel agreement between Australia and New Zealand, Parliament House, in Wellington, 6 April 2021. Credit: Bloomberg/Getty Images

Many of the CGGI's highest-performing countries have built dedicated foresight systems and related institutions, such as Singapore's Centre for Strategic Futures, Policy Horizons Canada, Iceland's Committee for the Future, and the European Strategic and Policy Analysis System (ESPAS). Not all countries, however, need dedicated foresight agencies. Government agencies can also build foresight capabilities through forward-planning exercises and other systems. **New Zealand** is one high-scoring country that has successfully used this "toolbox" approach to policymaking.

Foresight teams should be made up of analytical, open-minded, and intellectually diverse individuals from across government and should be trained to understand biases, assumptions, and how to exercise good judgment. Regular foresight exercises offer a platform for experimentation, fresh thinking and "safe-fail" journeys that policymakers can learn from. The skills and tools developed through foresight exercises help governments to plan ahead and strike a balance between short-term actions and long-term considerations.

## PRACTITIONER STORY

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**When you as a leader protect your team, you earn their loyalty, create a positive culture, and nurture an environment where people work hard and things get done.**



### ANIL SWARUP

Former Secretary of School Education & Literary Secretary of India, Indian Administrative Service

*Anil Swarup recently retired after a distinguished 38-year career in the Indian Administrative Service, which is comprised of India's top civil servants. He held key leadership positions, including as School Education and Literacy Secretary of India and Coal Secretary of India. He is the author of two books, "Not Just a Civil Servant" (2019) and "Ethical Dilemmas of a Civil Servant" (2020).*

Leaders can make a huge difference by having integrity and creating the right culture through their actions. People watch leaders closely and often imbibe their values. One important value is protecting and giving credit to team members. If leaders create such a culture, people will look beyond themselves, fight for their buddies, and do more together.

I had taken over as Secretary for Horticulture in Uttar Pradesh, and my Minister was very corrupt. One day, I received an email from the Minister instructing me to suspend one of my officers. This officer was a very honest and efficient person. After investigation, I learnt that the Minister was upset because the officer had not offered him a cash gift. Although the Minister had the lawful authority to suspend officers, I could not allow this fate to befall an innocent person. Making use of an existing bureaucratic process, I routed the file through my Chief Secretary, on the grounds that I disagreed with the Minister, and explained the true situation to him. The Chief Secretary deliberately took no action on the file, and as a result, the officer was not suspended.

Protecting our staff against false accusations is a key example of ethical behaviour. When you as a leader protect your team, you earn their loyalty, create a positive culture, and nurture an environment where people work hard and things get done. Your staff know that you will support them as long as they do no wrong, and that in itself will inspire them to perform better, making your life as a leader easier as well. Being ethical pays.

If an officer has a reputation for honesty and integrity, then others will approach him or her accordingly. In the second half of my career, there was not a single instance where anyone approached me for any wrong purpose or action. That said, ethical behaviour alone is not enough – efficiency and performance are also important. Your capacity to deliver outcomes on the ground is what ultimately builds trust and respect.

*Practitioner Stories are told in the contributor's own words, speaking in their individual capacity. Their inclusion in this report is not an endorsement of the CGGI 2021 methodology or results.*

# Building a Culture of Integrity to Combat Corruption



Professor **Chris Stone** of Oxford University has spent his career exploring how government systems can operate with greater integrity.

Here, with Chandler Institute of Governance Executive Director **Mr Wu Wei Neng**, he discusses leadership and culture change, corruption in the age of COVID-19, and why many attempts to instil integrity are short-lived “sugar highs”.

**T**hroughout his career – first as a public defender in Washington, DC, followed by a tenure at Harvard University, and then as President of the Open Society Foundations – Professor Chris Stone has always combined a study of good governance with real-world implementation. He has worked with government reformers across five continents and in 2005 received an honorary OBE for his contributions to criminal justice reform in the UK. Professor Stone currently serves as Professor of Practice of Public Integrity at Oxford University’s Blavatnik School of Government.

**Corruption scandals are never far from the news, and we have seen more cases come to light in the wake of the COVID-19 pandemic. What are these new challenges governments are facing?**

**Chris Stone (CS):** The pandemic has stressed anti-corruption mechanisms at every level. Take frontline corruption, the petty kind perpetrated by individual police officers. During lockdowns in Nigeria and Zimbabwe, for example, we saw allegations that some police officers and border guards were soliciting or accepting bribes to let people travel or ignore COVID restrictions. This kind of corruption not only further undermines trust, but also adds public health risk. In that sense, the pandemic has enlarged familiar, longstanding patterns of corruption.

As huge amounts of money are spent very, very quickly by governments in response to the pandemic, we are also seeing widespread procurement fraud in local and national governments. To respond with the speed required of the situation, many governments suspended their normal procurement procedures. Sadly, but not surprisingly, we’ve seen allegations of everything from cronyism to outright fraud in South Africa, UK, the US, and beyond. Part of it, at least, is that officials think, “I need to get this done quickly. I don’t have time to go to the market. I’m going to work with somebody I know.” Sometimes they know of a particular supplier because they provided reliable service in the past; sometimes they know them because they’ve attended parties with them, or they have family members in the company. When you suspend the normal rules, it’s not surprising that we see patterns that look quite corrupt.

And at the highest level, the facilitation of international corruption has also been enlarged. This is interwoven with the procurement fraud and the corrupt distribution of financial support to businesses. The scale of some of these transactions, loans and subsidies in the hundreds of millions of dollars, requires the participation of international financial networks: accountants, bankers, and lawyers. The usual range of facilitators are helping obtain, move, and hide these vast sums. Sometimes this assistance is knowingly corrupt, at other times wilfully blind to the corruption, but certainly culpable.

In short, whenever governments decide to spend huge sums urgently, the opportunities for corruption expand and our cultures of integrity are tested. The global pandemic has seen governments worldwide spending big and fast, testing integrity like never before. We’ve seen some terrific government responses: with countless public servants putting the public interest first, selflessly and often at great risk to themselves. But alongside this, we’ve also seen a predictable enlargement of corruption.



**All of this can erode public trust at a time when governments need it most to manage a public health crisis. How can government leaders, to use the slogan, “build back better”?**

**CS:** There is no question in my mind that governments can win back public trust. Even the most cynical members of the public are willing to invest their confidence if they see real effort. However, we don’t often find evidence that governments are harnessing that confidence to build and secure trust for the longer-term.

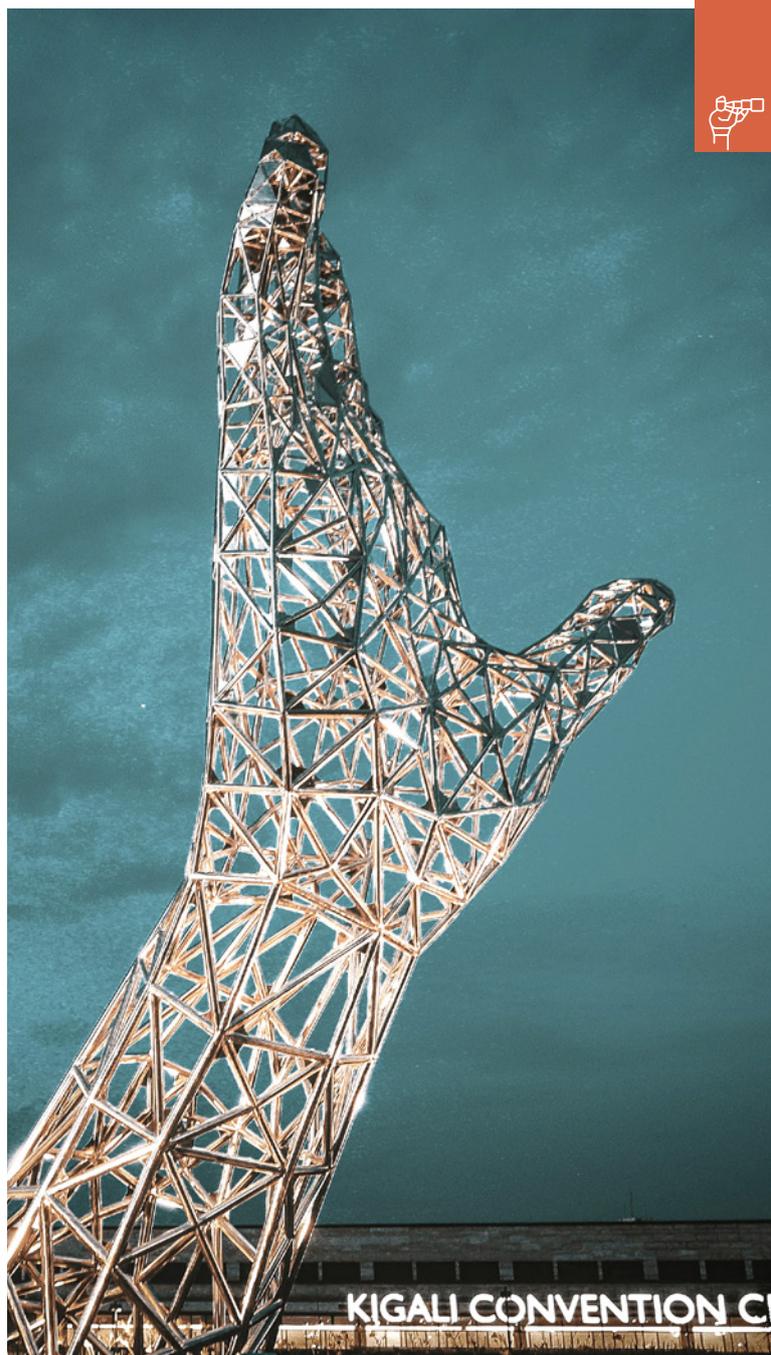
More often, it’s like a “sugar high”. After a scandal, some governments act swiftly to restore trust and get this short-term boost. The public gets excited. There’s a sense of movement but then the question is, can the government actually sustain it? Has the government changed the culture and blocked the systemic opportunities for corruption, or was this just a show? Is there the political will to continue for the long haul? Is there real change?

That’s where South Africa is poised right now. Will the anti-corruption efforts be sustained? We don’t know. Similarly in Europe, in Italy for example, it will also be very interesting to see what happens over the next few years. The nationwide *mani pulite* [clean hands] investigation of the early 1990s uncovered staggering levels of corruption in the country. There were prosecutions in the wake of the investigations and these produced a kind of sugar high – people went to prison, political parties collapsed because of the scandals, and there was hope that things were going to change. And then, because efforts never extended beyond the courts, the election of Silvio Berlusconi ushered in a new decade of cynicism and resignation about the state of corruption.

How will Italy, South Africa, and other countries fare in the wake of COVID? Will they use the opportunity to build public confidence in government integrity and sustain it in the long run? They definitely have a chance. Will they seize it?

**The default response to “fix” corruption is often to prosecute offenders, beef up anti-corruption agencies or anti-corruption laws. Does this work?**

**CS:** Criminal penalties don’t usually address patterns; they typically confine the scandal to a few people. But every once in a while, criminal prosecutions can



The “No To Corruption” hand sculpture, designed by Ahmed Al Bahrani, in Kigali, Rwanda. Credit: Franck Axel

be used to change the pattern, not just punish an individual. It’s rare, but it happens. When Eliot Spitzer was the Attorney General of New York in the early 2000s, he famously prosecuted a hedge fund for illegal late trading, changing a widespread practice almost overnight. The prosecution threw a spotlight on trading practices that had become corrupted, and while the legal results were just a few guilty pleas and fines, one strategically deployed indictment changed the pattern of financial misconduct across an industry.



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***There is no question in my mind that governments can win back public trust. Even the most cynical members of the public are willing to invest their confidence if they see real effort.***

Whether you're at the International Criminal Court, or you're a small-town prosecutor, your dream is to bring a small number of cases that lever the bigger change you want. But it's very hard and very rare. Almost always the bigger change has to come from changes in governance, management, and personnel practices, using the other tools we have. It's so easy to say, but hard to do: you want to change the culture, not just punish the individuals.

#### **So how do you go about changing culture?**

**CS:** If you look at a company that's lost public confidence for whatever reason – a bad product, mistreatment of employees, for example – a good, new CEO will always set out to change the culture. He or she won't rely simply on setting up a monitoring agency or reiterating existing policies; they will launch a broad programme to change the culture.

Culture change is achieved through countless messages, rituals, and other touchstones inside an organisation. Criminal law and anti-corruption agencies are crucial in maintaining pressure to strengthen a culture of integrity, but external monitoring and external punishment can never change internal culture on their own.

Leadership has to turn that culture around. It has to focus on accountability for past corruption that everyone knew about but went unpunished, while also making

sure that anybody who is corrupt in the present risks being caught. There has to be monitoring, surveillance, and protection for whistleblowers. And there has to be investment in the organisation's long-term culture: who you're hiring, who you're promoting, and how you are hiring and promoting them: the integrity rituals you're building into the organisation.

#### **Can you share a little more about those rituals?**

**CS:** They could be something as simple as how people are celebrated when they retire. The people who are beloved and have high integrity always say, "I don't want you to make a big fuss over me. I don't want a big party." But there's another reason for the party – it's a place to tell stories that entrench culture. Those kinds of rituals are incredibly powerful in any public or private organisation. They've got nothing to do with the criminal law, nothing to do with an anti-corruption agency. They're about leadership. Rituals alone aren't the answer for corruption, of course. You need external oversight, investigations, and criminal law. But the hard work and the real turnaround happens inside the organisation.

#### **Are there any countries that have done this well?**

**CS:** The turnaround examples I know best in the public sector are related to police corruption. This is a global problem, which makes it ideal to study, for example comparing best practices in what we criminalise, what we monitor, and how we conduct integrity testing. So much police work is done out of public view. This is an area where substantial money, technology, and effort are invested to stem corruption, and yet there's still significant police corruption worldwide.

What inevitably matters is individual leadership. Leaders really make a difference, often in partnership with their oversight agency. That's true whether you're talking about the police in Nigeria or Los Angeles.

Years ago, I worked alongside some excellent leaders in the Nigerian state of Lagos, including both an Attorney General and a district police chief who were willing to arrest and punish corrupt officers. The public noticed their commitment. You could see that determined leadership, even in a



highly corrupt environment, could build integrity in a particular command. Similarly, in Los Angeles, when Bill Bratton became Police Chief and André Birotte became the Inspector General of Police as the outside monitor, the two built a partnership that made a significant difference to the culture of the department. It was acknowledged even by community organisations and legal watchdogs like the American Civil Liberties Union.

I find examples of effective police reform all over the world – in a handful of US cities, as well as in Chile, in Brazil, in India – and it’s invariably tied to

leaders. The problem is institutionalising the cultures of integrity, because those leaders change and corruption slips back in.

So you wind up in this curious situation. On the one hand, we know how to change corrupt cultures. It’s not just about resources. In countries at every income level, leaders can improve the integrity of their departments. And yet, it can be hard to find examples where the change has lasted through multiple changes in leadership. It really is first about leadership, then reinforcing structures and sustaining that change to build a lasting culture of integrity.



Commonwealth Secretary-General Patricia Scotland and President Buhari of Nigeria at the “Tackling Corruption Together” conference, Marlborough House, London, May 2016. Credit: WPA Pool/Getty Images

## Pillar Two

# Robust Laws and Policies

**A**n effective and consistent legal framework and public policies are the cornerstones of a well-functioning and prosperous country. These set the rules of the game for social and economic activities and relationships.

The specific laws and policies in each country are shaped by its historical, political and cultural context, as well as the priorities of its citizens and elected officials. In this Pillar, we focus on the institutions, systems and processes that countries use to apply and administer the law, and to design policies and regulations.

Thomas Bingham, a senior British judge, defined the rule of law to mean that “all persons and authorities within the state, whether public or private, should be bound by and entitled to the benefit of laws publicly and prospectively promulgated and publicly administered in the courts”. This compact sentence expresses a multitude of important ideas. Laws limit behaviour, while providing protection and benefits. Laws must apply consistently to all, including the

government, businesses and people. This means that the law is the supreme source of authority, rather than individual decisions made by leaders. Laws must be transparently and properly enacted and communicated, and the courts have primary responsibility for administering the law. Nobody should be retroactively subject to laws that did not exist at the time an action was taken.

For the rule of law to exist in a meaningful sense, it cannot just be procedural, and must exist within a wider environment of certainty, non-corruption, protection from abuse, safety and security, and public trust. The justice system must be of high quality, with rigorous and impartial appointment and training of judges, and professional regulation of the legal profession. Beyond this, access to justice must be inclusive and available to all, regardless of social and income status, gender, race, religion or other factors. Legal aid services, small claims tribunals and alternative dispute resolution platforms such as arbitration and mediation can reduce costs and improve access to justice.



A panel at the World Congress on Information Technology (2017) discusses the importance of technology that enhances government transparency and citizen participation in policymaking. Credit: MySociety



## Table 2.1 Robust Laws and Policies Top Ten Countries

Countries	Pillar Rank	Rule of Law	Quality of Judiciary	Transparency	Regulatory Governance	CGGI Rank
Norway	1	1	8	3	1	6
Netherlands	2	8	3	4	15	4
Switzerland	3	4	2	18	1	2
New Zealand	3	7	4	1	30	9
Finland	5	3	1	7	35	1
Sweden	6	5	13	2	25	7
Denmark	7	2	6	14	15	5
Canada	8	12	12	12	1	10
United States	9	20	11	5	1	18
United Kingdom	10	14	20	8	1	12

Similarly shaded cells indicate shared rankings in a given indicator.

Laws are an important component of public policies. Public policies are the laws, regulations, plans, administrative actions (or non-actions) and resource allocation decisions enacted and implemented by a government. Simply put, they are a government’s position, responses, and actions taken on any given issue. For instance, one government may pursue an economic development strategy based on local small and medium enterprises, while another may pursue a more international strategy based on global value chains and foreign investors. These different policy positions will be expressed through laws, regulations, plans and actions. The first country might establish business incubators and less onerous corporate reporting standards for small local firms, while the second might offer efficient ports and airports, and tax treaties, to attract global companies.

Collectively, public policies have a great impact on businesses and people. The method and process by which policies are designed, implemented and evaluated are key to the quality and effectiveness of

governments. The highest performing governments have robust capabilities in policymaking.

To measure a country’s capabilities in upholding the rule of law and the effectiveness of its policy-making process, the CGGI draws on four indicators:



**Rule of Law:** Whether laws are just and impartial, whether governments observe due process and are accountable to the laws, and whether justice is accessible to all



**Quality of Judiciary:** Whether courts of law are efficient and independent from external influence



**Transparency:** The public availability and accessibility of government information



**Regulatory Governance:** The ability of governments to establish clear and representative policies and regulations



Referendum posters, showing arguments both for and against an initiative, on display in the Plainpalais, Geneva, Switzerland, September 2020.

### Measuring Laws and Policies

It is often said that not everything important can be measured, and the CGGI acknowledges the challenges involved in measuring the robustness of the rule of law and the quality of public policies in a country.

First, it is possible to directly measure the public-facing qualities of policies and regulations, such as their inclusivity and transparency, but it is not possible to directly measure true regulatory and policy effectiveness. The CGGI hence makes specific assumptions about the relationship between policy and regulatory transparency and inclusiveness on the one hand, and policy effectiveness on the other hand.

While there is a very close correlation between countries that score highly in policy transparency and inclusivity and countries that produce good government outcomes, it remains a proxy. For instance, it is definitely true that more opaque, less inclusive policymaking and

regulatory processes can lead to hidden agendas, misconduct or abuse of process going unnoticed and unchecked. But this does not therefore mean that all policies are poor or ineffective, simply because they are not open to public consultation or appeal. Much government work is highly technical and confidential, and public consultation in these cases is not a substitute for rigorous analysis and decision-making by domain experts.

Second, there are “thin” and “thick” conceptions of the rule of law. The “thin” conception focuses on factors such as the existence of robust lawmaking and judicial review processes, whether the law is consistently and impartially applied, and the independence of the judiciary. These qualities are almost universally accepted as being essential to the rule of law, and are easier to assess and measure. The “thick” conception of the rule of law concerns the substantive requirements of justice – such as whether



will continue to debate, and where there is no single correct answer that applies to all countries, cultures and contexts.

### Insights

Lawmaking and the application of law, as well as public policies and regulations, are at the heart of what governments do. This explains why eight of the top ten countries for this pillar are also among the top ten highest ranked countries in the entire Index. Expand the list to the top 20 countries in the Index, and the overlap is even more striking – all of them appear in this pillar’s top 20.

Robust laws and sound policymaking are an important precondition for growth. Economic prosperity stems from the confidence that the rights of businesses, employees and citizens are protected. The codification and consistent implementation of rules creates norms for commerce and interpersonal transactions, and stimulates economic activity at all levels.

### Open and Collaborative Policymaking

Government transparency promotes accountability and provides more clarity for citizens about the efforts, actions, and results achieved by their leaders. This extra sense of oversight helps foster greater trust. The digital revolution has, in recent decades, enabled a much more open and consultative process of policymaking and regulatory design – both in terms of public consultation during policy development and the public’s ability to scrutinise the decisions and actions of their governments.

In **Switzerland**, which takes 3rd place in this pillar, citizens play a significant role in decision-making: Swiss citizens over the age of 18 can vote in up to four referendums each year on proposals and issues at the federal and canton level, after receiving information on the proposed legislation, arguments for and against the proposal, and recommendations from the federal government. While referendums are usually called by the parliament, citizens can also call for a popular vote on proposed changes to the Federal Constitution – provided they gather at least 100,000 signatures in 18 months – under Switzerland’s popular initiative system. For instance, a Swiss citizen’s proposal in 2016 to introduce universal basic income was put to a referendum and ultimately rejected by voters.

the laws strike the appropriate balance between individual freedoms and community rights, whether the laws promote good governance and the general welfare of society, and the optimal balance between the judiciary’s role as an advocate for legal reform and changes in the laws, and its role as a neutral guardian and administrator of the law.

These are philosophical and values-driven questions, and are more challenging to define, agree upon, and measure. For instance, several countries passed laws and issued orders allowing the use of monitoring and tracking apps as part of their COVID-19 response, which raised legitimate debates over whether the importance of safeguarding the health of the community and country should supersede the individual right to privacy.

These are deeper and more substantive questions and issues that governance practitioners and experts



A more inclusive and consultative decision-making process elicits a broader sense of ownership and ensures decisions are in the public interest. Policies and regulations are more likely to be accepted when those who are affected – individual citizens, civil society groups, and businesses – understand and participate in their development. This also broadens the field for more ideas, perspectives, and expertise to be included in the process.

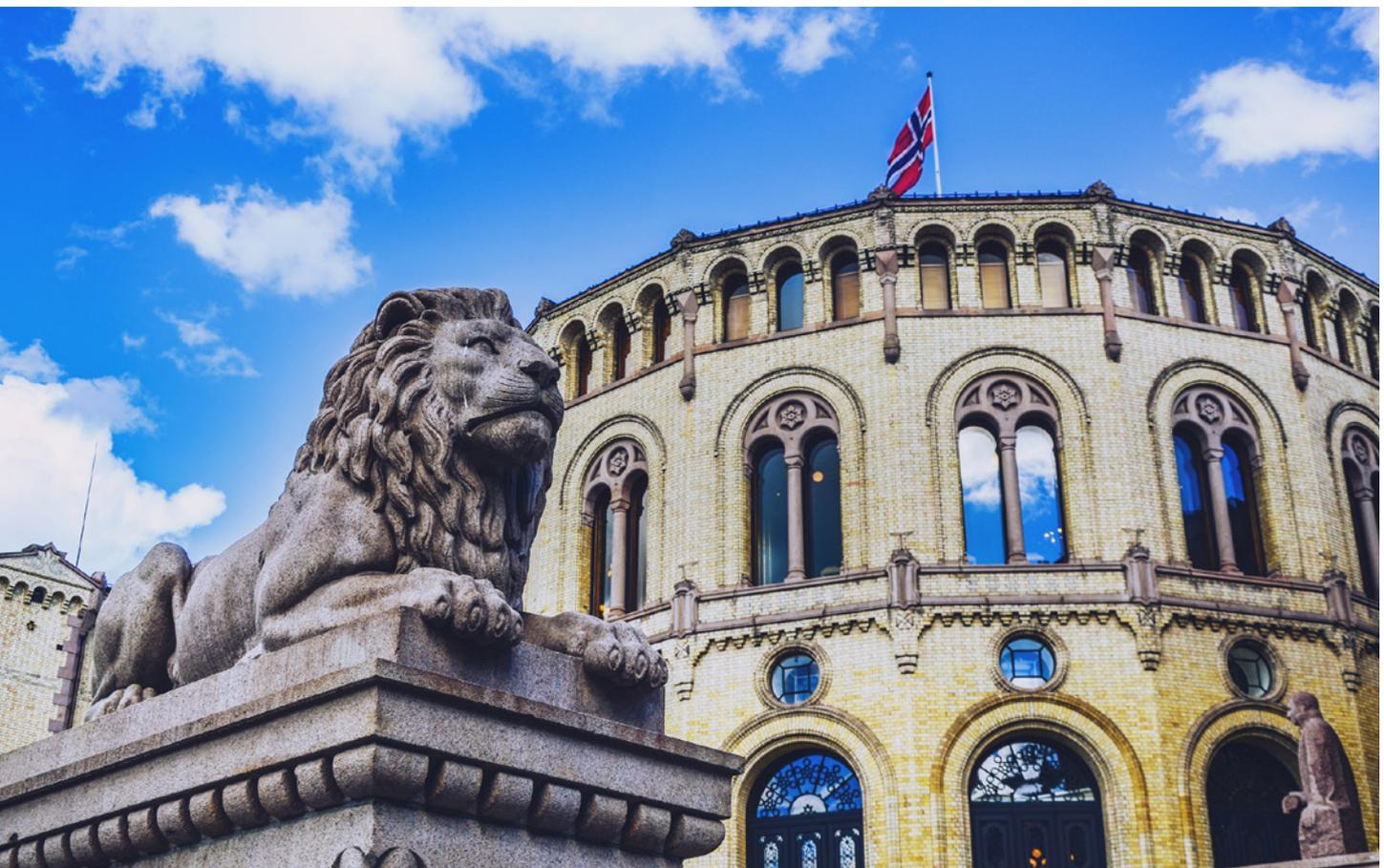
### **Embedding Transparency, The Nordic Way**

**Norway** takes the overall top spot in this pillar. Its model of governance prizes transparency and openness – attributes seen as effective counters to corruption – to control and prevent the abuse of public power for private benefit. Regulatory governance in Norway has long been shaped by a tradition of decision-making based on consensus-building and broad participation.

In the early 2000s, calls for regulatory reform grew as the country faced high public dissatisfaction with some social services, such as healthcare, and

shrinking revenues from its managed oil and gas income. The development of regulations now follows well-established whole-of-government procedures – laid out in the Instructions for Official Studies and Reports – for preparing regulatory proposals, regulatory impact assessments, stakeholder engagement, and post-implementation evaluations. Public consultation is carried out for all draft laws. An autonomous body, the Better Regulation Council, reviews selected proposals for new or revised regulations, as well as regulatory impact assessments that impact businesses.

Norway's Freedom of Information Act ensures everyone has the right to access case documents, journals, and similar registers at any government agency, municipality, and county covered by the act. To further strengthen transparency in public administration, Norway has rolled out an e-access platform called **elnnsyn** (translated as 'elnsight'), making the documents of public agencies searchable in a common database and allowing citizens to trace the decision-making process across government organisations.



Parliament building in Oslo, Norway.



## Creating One of the World's Most Consultative Regulatory Systems in Mexico

**Mexico** ranks joint first for Regulatory Governance in this pillar. This is the result of regulatory reforms undertaken by Mexico over several years, starting with the establishment of the Federal Commission for Regulatory Improvement (COFEMER) in 2000. COFEMER served as the gatekeeper to ensure effective regulations and a transparent rule-making process.

All draft federal regulations require wide-ranging and comprehensive regulatory impact assessments (RIA), and the draft legislation and RIA are made available for public consultation for at least 30 days – often longer in practice – via a dedicated online portal. The government agency sponsoring the regulation is required to respond to feedback received and responses are published online. The public consultation exercise is also publicised through email alerts, its website, and traditional and social media. In some cases, COFEMER actively seeks input from external stakeholders.

In 2018, the adoption of the General Law of Better Regulation raised the bar for stakeholder engagement in developing regulations. COFEMER became the National Commission for Regulatory Improvement (CONAMER), and its authority over regulatory processes was expanded to all levels of government. State and municipal draft regulations are now required to meet the same level of public consultation. Although this move presents some challenges for CONAMER – the number of regulations under its oversight has increased substantially, and it has to deal with state-level entities controlled by different political parties – Mexico now has one of the world's most transparent regulatory systems, ranking 20th in the Transparency indicator within this pillar.

During the COVID-19 pandemic, CONAMER has continued to play a key role in maintaining regulatory transparency in Mexico. It has made all pandemic-related regulatory changes easily accessible via its portal, allowing the public to keep track of regulatory changes that affect them in their state or municipality.

## Using Technology to Improve Judicial Efficiency and Administration: The Case of China

**China** is one country that is pioneering the use of technology in legal reforms and the administration of justice. In 2018, the Beijing 'Internet Court' e-litigation



***A more inclusive and consultative decision-making process elicits a broader sense of ownership and ensures decisions are in the public interest. Policies and regulations are more likely to be accepted when those who are affected – individual citizens, civil society groups, and businesses – understand and participate in their development.***

platform was established, with the goal of improving judicial process efficiency, and safeguarding individual's legal rights. With the Internet Court, the entire process from filing to adjudication takes place online, which is convenient for both defendants and plaintiffs. The whole process of litigation can be completed without physically attending court, which also saves on costs. Judges and their teams can handle 20 cases a day on average. Case hearings are open to the public via livestream, meaning hundreds, if not thousands of viewers can join in online, and in the process learn about the law and their rights.

The process is totally paperless, and accessible 24/7 through the online e-litigation platform. It now takes only five minutes to file a case and 28 minutes for an average court hearing. From filing and delivery to trial and appeal, everything can be done from a laptop or smartphone. The system handles around 40,000 cases per year.<sup>1</sup> The country's broader "Smart Courts" or "E-justice" policy framework promotes technologies such as AI and blockchain to be used in legal practice and court systems, and the Internet Courts are one step in this direction.



City of London skyline, with the “Lady of Justice” statue that tops the Old Bailey criminal court.

# The Rule of Law: A Foundational Element of Good Government



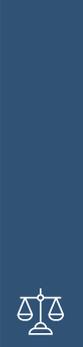
**Alejandro Ponce**, Chief Research Officer, the World Justice Project.

What is the “rule of law” and why is it so important for good governance? Dr Alejandro Ponce of the World Justice Project (WJP) explains how the concept can be understood and measured. The CGGI uses the Rule of Law Index as the primary metric of countries’ performance in this area. Dr Ponce discusses the challenges governments face, and how good use of data can support the rule of law. More information and details can be found at [www.worldjusticeproject.org](http://www.worldjusticeproject.org)

**T**he **Rule of Law** is the systematic compliance of both citizens and authorities with the law and its application, in a manner that is effective, consistent, impersonal, and upholds human rights. It is internationally recognised as a principle necessary to guarantee peace and justice and to encourage investment and economic development. The rule of law provides a foundation for good government and prosperous societies.

## What is the Rule of Law?

The rule of law has long been considered central to various goals, including justice, development, and democracy. And yet, despite its prominence as a conceptual ideal, there is little agreement as to what constitutes the rule of law and how to best advance it. Against this backdrop, the World Justice Project (WJP), an independent multi-disciplinary



order and security, regulatory enforcement, civil justice, and criminal justice. These outcomes encompass, for example, whether people have access to court, whether authorities adhere to due process in criminal proceedings, and whether corruption is effectively controlled.

To portray the rule of law as experienced by ordinary people, the WJP calculates the Index scores using a large number of questions drawn from two original data sources collected by WJP in each country or jurisdiction: a General Population Poll (GPP) and a series of Qualified Respondents' Questionnaires (QRQs). These data sources capture the experiences and perceptions of citizens and professionals of the performance of the state and its agents and the actual operation of the legal framework in their country or jurisdiction. This is the most comprehensive global dataset of its kind.<sup>2</sup>

organisation, developed a theoretical framework and a set of indicators for assessing the extent to which countries adhere to the rule of law in practice. These indicators constitute the backbone of the WJP Rule of Law Index<sup>®</sup> and build on previous research and literature on the nature of the rule of law.

The Index builds on the observation that all states have legal frameworks to organise the behaviour of individuals, organisations, and authorities, who decide to comply with the law, or apply it based on these legal and institutional frameworks and power asymmetries. The law imposes limits on the exercise of power by the state and its agents. In turn, the state limits the actions of members of society and fulfils its basic duties toward its population in accordance with the law, so that the public interest is served, people are protected from violence, and all members of society have access to dispute settlement and grievance mechanisms.<sup>1</sup>

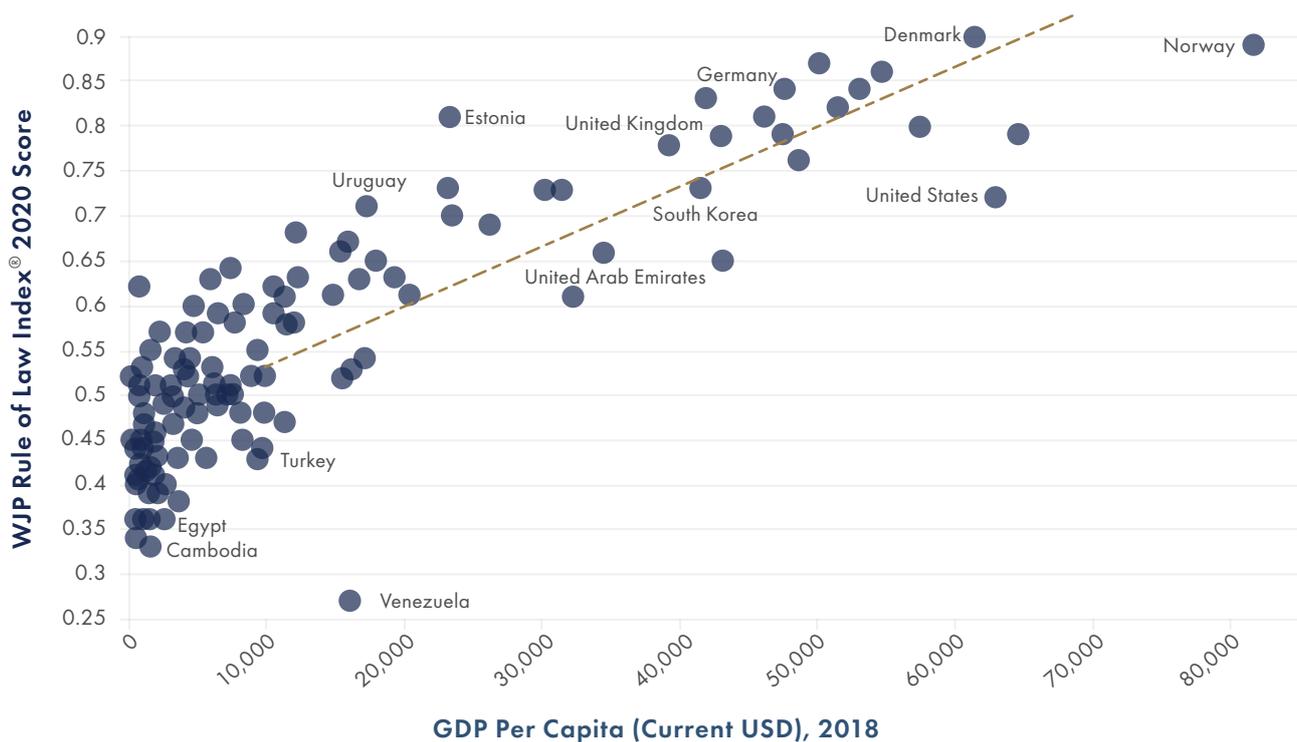
The WJP Rule of Law Index embodies these ideas within a simple framework, operationalised through a comprehensive and multi-dimensional set of outcome indicators organised across eight dimensions: constraints on government powers, absence of corruption, open government, fundamental rights, order and security, regulatory enforcement, civil justice, and criminal justice.

The scores and rankings in the WJP Rule of Law Index 2020 were derived from more than 130,000 household surveys and 4,000 legal practitioner and expert surveys in 128 countries. Together, they provide a basis for cross-jurisdictional and longitudinal analysis by policymakers and citizens to better develop and promote reforms.

## The WJP Rule of Law Index<sup>®</sup> Factors

- |   |   |   |   |
|---|---|---|---|
|  | <b>Factor 1</b><br>Constraints on Government Powers |  | <b>Factor 2</b><br>Absence of Corruption  |
|  | <b>Factor 3</b><br>Open Government                  |  | <b>Factor 4</b><br>Fundamental Rights     |
|  | <b>Factor 5</b><br>Order and Security               |  | <b>Factor 6</b><br>Regulatory Enforcement |
|  | <b>Factor 7</b><br>Civil Justice                    |  | <b>Factor 8</b><br>Criminal Justice       |

# Rule of Law and Economic Growth



Source: WJP Rule of Law Index 2020; The World Bank

## The Rule of Law Matters

The rule of law influences our everyday lives. Indeed, most scholars and policy-makers in recent years have viewed the rule of law as an instrument for achieving socio-economic development goals, and as an end in itself. This is exemplified by Goal 16 of the United Nation’s Sustainable Development Goals (SDGs), which establishes justice for all as being vital to sustainable development. In the words of the United Nations Development Program, the rule of law is a “critical instrument for promoting social cohesion, preventing conflict and ensuring inclusive, safe and peaceful societies.”

Intrinsically, the rule of law guarantees public safety, legal security, respect for human rights, access to justice, and accountability. Instrumentally, the rule of law promotes investment by improving the business environment, which increases the expected return on investment. It encourages the efficient use of public and private resources, by promoting competition and encouraging investment in public goods such as health, education, and infrastructure. It also supports human development

by promoting the peaceful resolution of conflicts, combatting violence, and redressing grievances.

The data supports these ideas. In cross-country analyses, the rule of law correlates with higher economic growth, greater peace, less inequality, improved public health, and more education. Generally, the stronger the rule of law, the better the outcomes across a range of measures of various economic and social goals. (See Rule of Law and Economic Growth figure above for an illustration of the relationship between the rule of law, as measured in the WJP Index, and Gross Domestic Product.) While this analysis is correlational and does not prove causation, it is clear and consistent with other, more robust, studies. These linkages have motivated policy-makers, scholars, and decision-makers in a range of public and private institutions across the globe to take note and work to identify effective strategies to strengthen the rule of law.

## The Challenges of Strengthening the Rule of Law

Despite the growing appreciation for the importance of the rule of law, very few countries have been



able to establish institutional settings in which citizens and authorities comply systematically with the laws. In turn, few authorities are able to enforce them effectively, systematically, impersonally, and in a rights-respecting manner across multiple areas and spheres of action of the law.

In the 2020 edition of the WJP Rule of Law Index, on a scale of 0 to 1, only 23 countries out of 128 attained a score greater than 0.7. In the same way, few countries have been able to make steady progress on their rule of law scores. Only 9% of countries improved their overall score more than 2% over the previous year, and only 2% improved, on average, more than 2% over the last five years. Indeed, in the last two years, the rule of law has been in decline globally. The 2020 WJP Rule of Law Index reported more countries' scores declining than improving for the third year in a row, with the steepest declines in the factors that measure constraints on government powers, absence of corruption, and fundamental rights.

The negative trend holds in all corners of the world, with the majority of countries in every region either declining or remaining the same in their Index score between 2019 and 2020. These trends are likely to continue in light of the challenges posed by the COVID-19 pandemic such as weak compliance and accountability mechanisms, discrimination, and difficulties accessing the justice system.

While different countries face different rule of law challenges, most of them derive, in one way or another, from exclusive institutional arrangements, lack of capacity, and a dearth of incentives for political actors to generate substantial change, all of which makes change difficult. In fact, the vast majority of countries experience an ebb and flow in rule of law, with progress coming slowly, in small increments. Often the countries that experience the largest gains in the WJP Rule of Law Index one year subsequently see significant declines, when a government's inconstant commitment to reform erodes its past progress.

In spite of this, a few countries have been able to strengthen the rule of law in recent years. In all these cases, the common denominator was the construction of social and political support for reforms grounded on causes that were sufficiently important to overcome opposition from entrenched forces and to modify beliefs and behaviours of people both in government



***In cross-country analyses, the rule of law correlates with higher economic growth, greater peace, less inequality, improved public health, and more education. Generally, the stronger the rule of law, the better the outcomes across a range of measures of various economic and social goals.***

and the general public. These movements require effective leadership, the participation and commitment of different parts of society to design, implement and sustain reforms, and a strong evidence base.

#### **Using Data to Strengthen the Rule of Law**

Indeed, data and indicators can be invaluable to reform efforts, providing policy-makers with essential evidence, inspiration, and insight to strengthen the rule of law. Cross-country indicators, in particular, can serve as diagnostic tools for stakeholders to identify trends, stress strengths and shortcomings, and draw attention to issues. This information helps practitioners solidify a country's intuitive grasp of known problems and complement their personal experiences with systematic data. This not only forms the basis of a more complete assessment, but also empowers policymakers with information to support arguments, raise the profile of important questions, and build pressure to advance the rule of law. Indicators are also useful in monitoring the progress of reform by tracking institutions, inputs, and outcomes over time, and as they are affected by new policies and events.

Data collection is not an end in itself and it certainly has limitations, but more quality information can help in advancing social outcomes. The WJP Rule of Law Index has stimulated and supported rule of law reform in each of these ways. We hope that those who use it as part of the Chandler Good Government Index will find it helpful in building the rule of law as a foundation for good government, and that in future years we will measure their progress and look to it as a model for others.

## Pillar Three

# Strong Institutions

Institutions, such as Ministries, public departments, and statutory agencies, are the building blocks of a well-functioning government.

Strong institutions are grounded in purpose. Leaders understand fully how each Ministry's work supports larger national goals, and develop institutional blueprints to align organisational structure with workflow and resources. These institutions are effective at working with other agencies to execute their missions, and deliver public goods and services that are valued by households and businesses.

By displaying a track record of professional competency, fairness, and keeping promises, strong institutions ultimately build public trust.

The third pillar draws on four indicators to measure the strength and effectiveness of government institutions:



**Coordination:** The ability to balance interests and objectives, and to ensure that multiple government agencies act coherently and in a collaborative manner



**Data Capability:** The ability to gather and use data, and to provide quality digital and online services



**Implementation:** The degree to which a government can execute its own policies and meet its policy objectives



**Quality of Bureaucracy:** The capability and performance of the civil service, regardless of political and policy changes



Aerial view of Montreal showing the Biosphere Environment Museum and Saint Lawrence River in Quebec, Canada.

## Table 3.1 Strong Institutions Top Ten Countries

Countries	Pillar Rank	Coordination	Data Capability	Implementation	Quality of Bureaucracy	CGGI Rank
 Finland	1	2	4	20	1	1
 Australia	2	8	5	7	1	16
 Denmark	3	6	1	7	7	5
 New Zealand	4	5	8	7	7	9
 Sweden	5	47	6	1	1	7
 Canada	6	22	23	7	1	10
 Singapore	7	1	11	58	1	3
 Switzerland	8	43	16	1	7	2
 Estonia	9	9	3	1	22	15
 Norway	10	43	13	7	1	6

Similarly shaded cells indicate shared rankings in a given indicator.

### Insights

Nations ranked with the strongest institutions come in all sizes. Larger and more decentralised countries may face greater coordination challenges at times, but big countries such as Canada and Australia succeed on the basis of their effective local governments, professional civil services, and clear inter-agency systems and processes. Highly centralised, unitary systems can work, as seen from the good performance of Singapore, but even relatively small countries with central, regional, and local levels of governments, such as Finland, can excel in institutional effectiveness and coordination.

Countries with strong institutions show resilience in weathering shocks, either from internal policy shifts or changes in government. Australia (ranking second in this pillar) ushered in seven prime ministers between 2007 and 2018, with remarkably little negative impact on the government's ability to effectively do its work. While Singapore displays greater stability of political leadership, its strong public institutions likewise enable the state to shift its core strategies when needed, and respond to crises and developments in a focused manner.

### Nordic Cooperation, Collaboration, and Community

Nordic nations feature prominently in this pillar. Some believe the region's success lies in the tradition of *Bildung*. Originally a German concept, *Bildung* was adopted by Nordic education systems in the late 19th century and is credited with elevating the region from one of the poorest to one of the most prosperous in Europe.

*Bildung* emphasises a moral and emotional maturity that encourages citizens to be fully engaged with culture and community while equipping them with the education, knowledge, and autonomy to thrive in society. The Nordic welfare model interprets "welfare" to mean not just financial capacity but well-being, and has been framed as "more climbing web than safety net".

These are high ideals, but the governments of Nordic countries have developed effective policies and systems to institutionalise them. Strong national institutions in countries such as Finland and Denmark reinforce public trust in government, which in turn sustains public support for comprehensive social





An Ordinary Session from the Nordic Council, the world's longest-running regional partnership.

safety nets and social welfare policies. There is strong and coherent coordination between related policy areas, such as family welfare, income security, social and health security, gender equality, and insurance.

Beyond national initiatives, there is longstanding regional partnership and cooperation between Nordic nations, with initiatives like the Nordic Council – the world's oldest regional partnership – fostering co-operation across politics, economics, and culture. Nordic nations are set to become even more integrated through their joint investment in Nordic Smart Government (NSG), a major cooperation programme designed to make it easier for companies to operate across the region by connecting their digital systems. The NSG seeks to ensure that economic data of SMEs is securely accessible and can be utilised for the purposes of innovation and growth.

The project will establish the Nordic region as the most transparent and digitally integrated in the world, facilitating regional trade, simplifying

the filing of reports with public authorities, and supporting new digital solutions with more accessible data. Ernst & Young has estimated that the annual value of making financial data available to Nordic SMEs will be between EUR 25-27 billion (USD 29.8-32.2 billion) from 2027.

### **Making Sense of the World Through Statistics**

Data can improve decisions and answers to questions such as: "Should interest rates be raised?", "Do we need more doctors or teachers?", "How many people will retire in the coming years?", or "Is the environment being polluted?"

Statistical capacity – the ability to gather, analyse, and use data to make better decisions, and to understand the context and limitations of data – is a critical capability for good governance. Governments with better statistical capacity can collect data that is more relevant, accurate, timely, accessible, and free from intentional bias or distortion. This provides leaders with the evidence to make important decisions that affect our lives.



“

***Good public data does not only benefit policymakers. When governments communicate data and information openly and in an unbiased way, they are investing in a more educated, informed and discerning public.***

COVID-19 pandemic raged in 2020, we witnessed how medical and infection statistics were ignored and distorted by populist politicians, conspiracy theorists, and some segments of the media. Governments across the world responded by publishing essential information, infection data, and fatality rates daily on social media, to calm public sentiments and counteract the influence of online falsehoods.

Governments can invest in statistical capacity by hiring qualified statisticians and analysts, setting aside budget and time for data collection as part of any major decision-making process, and improving the collection, cleaning, and archival of administrative data collected in the course of daily work.

#### **Coordination in a Crisis**

Cross-government coordination is complicated. Governments are large, multi-dimensional structures, and priority issues are constantly evolving. Meanwhile, internal actors often have competing or conflicting motivations based on politics, local-versus-national needs, and the uneven distribution of funding and resources. Existing institutions are often ill-equipped to effectively coordinate these fast-moving dynamics. The challenge is compounded by unforeseen challenges such as pandemics, terrorist attacks, natural disasters, and economic crises.

Coordination methods and tools differ greatly with context and needs. Inter-agency coordination for high-level diplomatic visits can be specific and

Better data helps governments to make sense of their context and situation, allowing them to design more effective policies and regulations, and to anticipate and respond to challenges in a timelier manner. Data dashboards allow government leaders to monitor and evaluate the progress of ongoing projects and initiatives, improving accountability and keeping implementation teams on track and on target. Data has little use if not analysed and applied. Governments that actively take steps to use relevant data in their planning, innovation, and collaborative processes will reap benefits.

Good public data does not only benefit policymakers. When governments communicate data and information openly and in an unbiased way, they are investing in a more educated, informed, and discerning public. While the CGGI does not explicitly measure this, governments can also improve their statistical capacity through developing the ability to tell clear and accurate stories using data and infographics.

In this current age of post-truth and disinformation, the need for rigorous data has never been clearer. As the





A firefighter struggles to fight the “Black Summer” bushfires that raged across Australia in January 2020. Credit: Saeed Khan/Getty Images

codified in standard operating procedures (SOPs) and flowcharts. However, social and economic agencies may coordinate in a more organic and case-specific way, when ensuring that families with multiple challenges receive state support in a coherent and sensitive manner. There is no one size that fits all.

At the same time, more coordination is not always better. Too much can create additional work and layers of bureaucracy for already stretched public agencies, and government leaders often think of coordination as “yet another committee”. There is a need to clearly assess the benefits and costs of additional coordination around specific policy issues.

**Australia** performs well in the CGGI’s Coordination indicator, but even the Australian government was unprepared for the full force of the 2019/20 bush fire season, known as the “Black Summer”. The fires burnt an estimated 18.6 million hectares of land – an area almost twice the size of Portugal – destroyed thousands of buildings and homes, and killed at least 34 people. Nearly three billion animals – mammals, reptiles, birds, and amphibians – were killed or displaced. Australia is still counting the environmental, ecological, and economic impacts of the crisis.

The Royal Commission into National Natural Disaster Arrangements, which investigated the government’s response to the fires, released its final report in late 2020. It made 80 recommendations, including calls for a more coordinated approach and new legislation to allow the Prime Minister to declare a national state of emergency. The recommendations cut across national and state-based responses, and called for more standardised and consistent processes in crisis management.

The Black Summer crisis was emblematic of the coordination challenges that face all governments – how complex challenges always involve multiple agencies; how local level disparities can hinder delivery; how domestic issues are influenced by global factors; and how short-term responses and long-term policymaking are equally essential.

Coordination is only achievable when governments invest in both physical and intangible assets – national infrastructure, people’s skills, and the operational capabilities of their institutions. The importance of such investments is not always immediately apparent in the short term, until a crisis hits. Poor coordination exacts its own price in time and money, and sometimes life itself.

## PRACTITIONER STORY

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***Government services play an important role in citizens' lives, and good service and communication are every bit as important in the public sector as in the private sector.***



**NICOLE EDWARDS-FRANCIS**  
HR Manager, Inland Revenue  
Service, Ministry of Finance  
Antigua and Barbuda

It's often said that human resources are the most important resource in any organisation. We need to ensure that our people are equipped with the tools and skills they need to perform well. Training plays a critical role, alongside policies to support the professional growth and development of civil servants. Twenty years ago, people were used to waiting a week or two weeks to receive services or benefits. In 2021, that is not the case, and employees play an important role in streamlining services.

Good HR systems are built based on a clear objective and purpose – for instance, a department may need to understand the demographics of its staff to conduct good leadership training and succession planning. Another organisation may need to fill gaps in core skill sets such as compliance and forensic auditing. When your HR systems work for you, you can stay on top of the game and not lag behind.

Customer service is key. Government services play an important role in citizens' lives, and good service and communication are every bit as important in the public sector as in the private sector. Both the public and private sectors can learn from each other. My experience in the private sector has given me a keen sense of meeting customer needs. While working on pension matters, I streamlined some services from a paper-based system to an electronic one, which allowed the department to produce projections and serve the needs of our users better. Throughout my career, when a citizen visited my department to express displeasure over some delay or other matter, I would do my best to speak to that person, and at the end they would usually be satisfied. Being truthful and communicating proactively are very important in these situations.

I've worked across a range of human resource functions, in areas such as civil servant benefits, pensions, KPI management, training, and performance appraisal. I'm also managing health and safety issues. When COVID-19 hit, this meant implementing new safety protocols, procuring personal protection equipment, and ensuring the well-being of staff. It was a challenging but rewarding experience; we moved quickly and achieved a lot in the first two weeks. Reflecting on my career, good government is when we are able to use relevant information and evidence to make sound and effective decisions. For instance, if a government is reviewing the minimum pension, it should be looking at the cost of living, inflation, the minimum wage, and other indicators.

To young civil servants just starting out, think about what you hope to do and what you aspire to achieve in public service, then chart your path – find out what skills, experiences and knowledge you would need. Then stay the course, and work towards it. It may not be easy, but there is no reason you cannot succeed.





# Placing Design at the Centre of Public Service Delivery



**Christian Bason** is CEO of the Danish Design Centre, a foundation working to advance the value of design for business and society. He shares how a

“design” approach in public policymaking helps public servants discover how to connect citizens to services.

**G**overnments are struggling to keep up. With the pace of technological change, with a rapidly deteriorating natural environment, and with increasingly diverse and complex demands from citizens. In addition, governments are increasingly stretched, lacking the financial muscle to meet the rising demand for high quality, differentiated public services that produce the results citizens expect.

So what is the way forward for public managers who wish to not only react to an ever-changing and turbulent environment, but to more pro-actively develop services that are meaningful to citizens and enable better outcomes? How might governments shift to a more citizen- and user-centric stance?

Design – the strategic use of the thinking, sensibility, and methods of professional designers – is a promising approach which has been increasingly embraced by public managers around the world. From Europe to North America, to the Asia-Pacific, often under the banner of “design thinking”, a suite of practices has emerged and been applied, adjusted, and iterated. These provide leaders with ways to drive



The BLOX building, home to the Danish Design Centre in Copenhagen, Denmark.

innovation, serve citizens better, and even discover new ways of governing that are much more aligned with contemporary challenges.

## How Can Design Drive Innovation in Policymaking and in Public Services?

The design field offers policymakers and public managers three sets of processes, which taken as a whole can power more innovative and citizen-centred solutions.

First, **design can contribute to uncovering problems from a human perspective, eliciting insight and even empathy with the people governments serve.** Methods such as ethnographic research – including deep qualitative interviewing, shadowing, and participant observation – allow public actors to achieve a nuanced understanding of how people encounter their systems and interventions. As an example, the Danish Design Centre worked with independent fund Bikubenfonden to explore how children in foster care experience their transition from placement with foster families to adult life. Through interviewing and the exploration of different service experiences, new and eye-



But creativity needs space to flourish. It needs the involvement of diverse views and domains of expertise. It needs challenges and barriers to overcome. It needs “new boxes” to think inside – not outside – new frames and settings that can enable actors to view entrenched problems in a new light. By using visual tools and artifacts, designers can help public managers drive creative brainstorming and concept development processes that lead to new types of solutions.

An example is the “Fredericia model” in Danish elder care, which was co-designed in a collaborative workshop hosted by the city of Fredericia. The idea was simple but had not been considered before: Why not rethink care services for the elderly from “helping people with their chores at home” to “investing in people’s own ability to do their chores themselves”? So, rather than public care workers visiting the elderly to vacuum for them, the new model would design interventions such as physical training and physiotherapy to help citizens gain enough strength to not only vacuum for themselves, but to be able to take the train to visit their grandchildren. In short, the public should invest in people’s ability for independent living and “living longer in their own life”, as the project’s slogan later became. This idea ultimately became the standard model for in-home care in Denmark, embedded in national policy.

opening insights emerged for local governments in charge of foster systems. One young man, Dennis, whom public servants had considered an extreme introvert, opened up during interviews and shared how he would love to attend local community centre classes to teach other youths how to play the guitar. The government officials were surprised that Dennis didn’t want to be left alone; the problem was that he couldn’t see a meaningful activity in which to engage. This kind of citizen insight allows public managers – ranging from front-line workers to policymakers – to reimagine what fruitful interventions can look like, and how to redesign them to achieve better outcomes for citizens. What would good outcomes be in the case of Dennis? A sense of belonging, new social connections, and an appetite to contribute.

Second, **designers are adept at engaging and facilitating creative processes where ideas are developed across multiple disciplines, organisations, and sectors.** Expanding perspectives on the types of solutions possible requires a diversity of views and skills. Too often, public organisations develop ideas internally only, and in very short and narrow time frames.



Denmark has a citizen-centred approach to care and rehabilitation for elderly citizens who wish to stay as long as possible in their own homes in familiar surroundings. *Credit: Healthcare Denmark*



Third, **designers are masters in giving form and shape to abstract ideas.** Taking a model like “living longer in your own life”, and graphically illustrating the new and re-designed user journey for older citizens engaging with the public system, enables care workers to enact the new behaviour needed. New digital and physical forms and templates that can place descriptions of citizens’ needs at the heart of new services could be another example. By building rough models or prototypes early, designers help public servants to experiment and test temporary suggestions with citizens themselves before making final decisions. This power of making things concrete and learning by doing, as citizens and other users provide feedback, is at the heart of good design.

### **Leading Design in Government: Pitfalls and Possibilities**

However, policymakers and managers should be aware that introducing design-thinking and methods into organisations goes beyond the processes described above. It challenges at a more fundamental level how an organisation acts and thinks about problem-solving and new opportunities. This is, ultimately, a question of culture. Designers seek deep understandings of users’ conditions, situations, and needs by stepping into their shoes, seeing the world through their eyes and capturing the essence of their experiences. There is a deliberate focus on achieving connection, even intimacy, with users.



***As a professional, systematic approach to user engagement in innovation processes, design offers the best bet available for public managers and policymakers to connect citizens to future services and interventions.***

Because design work is fundamentally human-centred and takes an outside-in view of value creation, it can significantly challenge organisations that are built on administrative, bureaucratic traditions that take an inside-out view. Consequently, employees travelling this path who are unfamiliar with design thinking (usually, most of them) need the guidance and support of leaders in key moments to help them navigate the unfamiliar landscape of feelings, divergence, and failure and to channel their reactions to the approach productively.

Public managers and policymakers can embrace three sets of practices to help overcome these challenges: leveraging empathy to motivate change, encouraging divergence, and navigating ambiguity, and making space to rehearse new futures.

### **Leveraging Empathy**

Gathering insights from citizens such as Dennis in the story above, and truly incorporating those insights into the design of new services or policies, can be quite challenging. To employees long accustomed to being told to be rational and objective, design methods can seem subjective and personal. As public organisations endeavour to understand their users better, design thinking approaches to connecting with citizens can feel too close, uncomfortably emotive, and sometimes overwhelmingly affecting. Enduring this “discomfort” of design thinking is worthwhile because great new possibilities for change, improvement, and innovation can ensue. The truth is that the same aspects of design methods that employees find difficult to digest are also the source of their power. In response to this, leaders can:

- Endorse processes that involve information about citizens, insisting that this outside-in perspective is valuable and necessary to drive innovation
- Support those employees who are dealing with distressing emotions that may arise when the effectiveness of the process is questioned
- Push and support employees to embrace and tackle new insights
- Frame new findings as opportunities for redesign and improvements, not as performance problems.



Public sector and business leaders participate in a scenarios workshop, 'Experimentation by Design', looking at societies and businesses in the year 2050, at the Danish Design Centre, January 2020.

**Encouraging Divergence**

The challenges don't end with managing new insights from citizen-centred processes. Another potentially unsettling aspect of design approaches is their reliance on divergent thinking, which means not taking the most efficient path to a solution. Design methods ask employees to not race to the finish line or to converge on an answer as quickly as possible, but instead widen the set of options – to go sideways for a while rather than forward, so to speak. This can be difficult for people schooled in the need to maintain clear direction, the importance of cost savings, the value of finishing sooner rather than later, and so on. Employees can feel that the process is stuck and going nowhere (and for a while, that may indeed be the case). Leaders can, in response to this, practise the following:

- Help their staff resist the urge to converge quickly on a solution without feeling they lack direction
- Support goal-oriented people to deal with their insecurities and worries about the process of divergent thinking [in their eyes an unnecessary ambiguity]
- Lead by example, by sharing feelings of uncertainty with employees while at the same time showing trust in the open-endedness as a benefit [not a lack of direction].

**Rehearsing New Futures**

Design approaches also call on employees to repeatedly experience something that they have

historically tried to avoid: failure. The aspects of design methods that involve iterative prototyping and testing are at their best when they produce lots of negative results: outcomes that show you what does not work. But piling up seemingly unsuccessful outcomes does not feel good to most people! Leaders can respond with the following:

- Enable testing and trial-and-error practices with users and staffers by providing time and resources
- Address scepticism about the value of the work by conveying to employees that "failed" prototypes represent progress
- Be specific about what overall outcomes need to be achieved
- Have a focus on creating value not just for external clients but also for employees, which will broaden the potential benefits of change and secure buy-in.

As a professional, systematic approach to user engagement in innovation processes, design offers the best bet available for public managers and policymakers to connect citizens to future services and interventions. However, for all the power of design methods, leadership and hands-on engagement is needed to be successful. When it comes to innovation in government, there is no such thing as a silver bullet.

But design comes close.

## Pillar Four

# Financial Stewardship

**G**overnments are entrusted to oversee a nation's public finances. How they manage budgets, borrow and allocate funds, and distribute resources have far-reaching consequences for their citizens and businesses. To achieve sustainable prosperity, countries need to ensure sound and prudent management of government revenue and expenditure.

Effective stewardship of a nation's finances is closely linked to national prosperity in several ways. Governments that manage their spending through well-governed procurement systems, accounting, and audit processes can better hold their vendors and service providers to account, achieve better value for money, and attain higher-quality outcomes for the same amount of spending. Fiscal "handcuffs", such as constitutional budget growth rules and restraints on public debt levels, can help to ensure that government borrowing is sustainable, and will not leave future governments and generations saddled with excessive debts. Prudent stewardship

of government finances and good investment of budget surpluses and revenues from natural resource sales can help governments to accumulate reserves over the long term. These reserves can serve as an important national asset in times of crisis.

Together, these good financial practices will improve public trust in government, enhance confidence in the government's debt repayment abilities, and lower the cost of sovereign borrowing. When nations have more robust finances and sustainable debt levels, investor and business confidence will also improve. The famous value investor Benjamin Graham noted that, in the long run, the markets are a weighing machine. Sovereign debt ratings, credit default swap spreads and other indicators are highly responsive to shifts in government financial risks and investor confidence.

The Financial Stewardship pillar measures the effectiveness of a government's financial management and the risks associated with its debt through four indicators:



**Government Debt:** The debt dynamics and risk of a country, based on its debt-to-GDP levels, changes in debt, country credit ratings, and stage of economic development



**Country Budget Surplus:** A government's average revenue and expenditure position, based on its fiscal balance, over a five-year period



**Spending Efficiency:** The extent to which public spending translates into outcomes and services with minimal wastage



**Country Risk Premium:** The risk of investing in a country due to its sovereign debt repayment ability and economic governance



Central Bank of Iceland.

## Table 4.1 Financial Stewardship Top Ten Countries

Countries	Pillar Rank	Government Debt	Country Budget Surplus	Spending Efficiency	Country Risk Premium	CGGI Rank
 Singapore	1	1	1	2	1	3
 Norway	2	1	1	11	1	6
 Germany	3	1	5	5	1	8
 Switzerland	4	1	7	7	1	2
 New Zealand	5	1	13	6	1	9
 United Arab Emirates	6	1	31	1	14	24
 Netherlands	7	1	11	8	1	4
 Iceland	8	1	3	14	25	19
 Sweden	9	1	8	16	1	7
 Denmark	10	1	9	20	1	5

Similarly shaded cells indicate shared rankings in a given indicator.

### Insights

The top countries in this pillar share several common characteristics, such as strong and stable government finances, efficient government revenue and expenditure systems, and sustainable levels of public debt. Top-ranked countries such as Switzerland are also regional or global financial centres, and most have strong central and private banks. A diversity of economic structures is represented, ranging from economies with a significant reliance on natural resources and agriculture such as the United Arab Emirates and New Zealand, to economies dependent on trade and services like Singapore, to manufacturing powerhouses like South Korea and Germany. There is no single economic structure that best generates the economic growth and revenues governments need to function effectively.

**Singapore** takes the top spot for this pillar. Despite an apparently high government debt-to-GDP ratio of 120% in 2019, Singapore's net government debt-to-GDP ratio was actually 0%. This is due largely to the fact that the government has assets far in excess of its liabilities, and borrows only for investment or market-making purposes, rather than to fund operational spending. Investment returns are sufficient to pay all

debt servicing costs. Singapore's strong public balance sheet is widely acknowledged by international credit rating agencies and financial markets, and Singapore's government is one of only a few accorded the strongest credit rating worldwide. According to the Monetary Authority of Singapore, these consistently high ratings show that the government has strong creditworthiness, and a very low chance of default.

**Iceland** ranks eighth in this pillar, which marks a dramatic turnaround from the financial meltdown it experienced in 2008. The original crisis stemmed from the collapse of three commercial banks, which then made up over 80% of Iceland's financial system, within a few days of each other. The banks' excessive balance sheet growth, to 10 times Iceland's GDP, and an outsized share of both foreign assets and liabilities meant the Central Bank of Iceland (CBI) could not act as the lender of last resort in foreign currency because its foreign exchange reserves and foreign credit lines were insufficient. Ultimately, Iceland's financial system was reconstructed via a multi-pronged approach with an IMF-backed programme of banking reforms, capital controls, and phased fiscal consolidation. Its gross public debt has since declined from 92% of GDP at its peak, to 37% in 2019.



It is clear that excessive public debt will eventually hurt economic confidence and growth, but there is no single safe and sustainable level of debt that applies to all countries. Some governments may borrow more extensively to fund infrastructure and productive investments during the “take-off” phase of economic growth, but are able to service their debts with the resulting rise in tax revenues. Economists and investors consider multiple factors when assessing the debt and risk profile of governments, such as the nature of the debts, economic growth rates, projected changes in debt levels, and country credit ratings.

### **Building Fiscal Robustness – The Case of Botswana**

Alongside European nations like Denmark, Finland, and Switzerland, **Botswana** – one of the world’s poorest nations before independence in 1966 – is joint leader in terms of the Government Debt indicator (and 57th in the overall Index). This is a development success story thanks to significant mineral wealth, prudent economic management, and a stable political environment.

This stable political system since independence has enabled the government to formulate and implement long-term financial plans – including the creation of fiscal buffers – which has played a key role in shielding the economy during times of uncertainty. With the economy largely dependent on its mineral resources, Botswana’s government introduced structural reforms, including in the water and energy sectors, to manage volatility and disruptions to the diamond manufacturing process.



***Prudent stewardship of government finances and good investment of budget surpluses and revenues from natural resource sales can help governments to accumulate reserves over the long term. These reserves can serve as an important national asset in times of crisis.***

Recognising the country’s reliance on mineral resources, Botswana’s government also introduced an Economic Stimulus Programme (ESP) from 2016 to mandate substantial fiscal savings from diamond-relevant revenues. These savings, together with international reserves, are equivalent to 12 months of imports, giving Botswana the scope to gradually adjust expenditures to any anticipated shocks in the long run and to provide counter-cyclical stimulus in the short term. Botswana’s debt-to-GDP ratio declined from 20.4% in 2010, to 15.1% in 2019.



Parliament building in Gaborone, Botswana. Decades of political stability have helped strengthen the country’s finances.



The UAE's Smart Government, or "mGovernment", stand showcasing its e-services at the GITEX Technology Week in Dubai, December 2020.

### Efficient Public Spending in the UAE

The **UAE** performs strongly in the indicator Spending Efficiency. Critical to this success has been cooperation between various government bodies and the Ministry of Finance (MoF) to implement effective financial management practices. The general budget is the financial programme of the federal government, used to achieve economic and social development. This is aligned around the framework of the federal strategy – the National Agenda 2021. This Agenda was developed by over 300 government officials from 90 federal and local government entities, to promote a more inclusive environment with a focus on education, the broader economy, and sustainable development. Each federal authority determines its programmes, plans, and key performance indicators in alignment with the National Agenda 2021.

During the budgeting process, the MoF provides technical support to all ministries and federal authorities to ensure their readiness and ability to carry out their objectives. The MoF helps determine the main and complementary services and activities, along with their costs.

The MoF prepares the federal budget according to a zero-based budgeting (ZBB) model based on periodic plans every five years, and a medium-term strategic operation plan that works to raise the efficiency of the government's fiscal expenditures. This method of budgeting ensures that all expenses must be justified for each new budget cycle, and is conducted at regular intervals, and starts from a "zero base", analysing every function within an organisation regarding its needs and costs. This allows for comparisons between the cost of similar activities across various other government and private sector entities to maximise the return on government spending.

The UAE has shifted its public spending priorities in the wake of the COVID-19 pandemic. The government initially boosted spending on frontline and emergency personnel, and increased the allocated expenditure to the Ministry of Health and Prevention. The UAE also supported specially qualified medical teams, provided health insurance to the wider public, and established advanced health facilities and new laboratories for COVID-19 testing. Having healthy fiscal balances has allowed countries such as the UAE to pivot more effectively in response to the crisis.

## PRACTITIONER STORY



**Good government is one that can deliver high quality solutions on time, to address public needs.**



**BENJAMIN MATURANA**  
Head of Policy, Ministry of Science, Technology, Knowledge and Innovation, Chile

My Ministry is in charge of promoting and coordinating science, technological research and innovation, to contribute to Chile's national development. Coordination is never easy, but we have a powerful asset, the National Innovation, Science and Technology Fund that supports our coordination work. We allocate this budget to various development and research agencies, and we sign agreements with these agencies on the use of the funds for research and innovation initiatives and programmes. This gives us a good overview of the system, what each agency is doing, and to identify possible synergies and partnership opportunities. Under the law, we also have power to ask for certain information from other Ministries.

We want to support and fund more science and technology research, and we actively engage in the national budget process to highlight the importance of these initiatives. We also organize a Challenge Prize, where we ask public agencies and local governments to nominate problems that they face, which can be solved using science and technology.

My goal in joining public service was to have a positive impact on the neediest people in

Chile. I started work in the Ministry of Social Development. I could not achieve everything I wanted, but we made good progress and I was very satisfied. During my Masters, I became convinced about the crucial importance of science, innovation and technology. This led me to work in the Ministry of the Economy, and to where I work now.

Progress in science and innovation is necessary to diversify Chile's economy away from natural resources like copper. Of course, copper is a blessing and we need to export our resources in a sustainable way. Today, when copper prices rise, it is front page news. I will be happy in future when copper prices rise 20 percent and nobody realises, because we have already found more productive and better sectors to drive Chile's economic growth.

Good government is one that can deliver high quality solutions on time, to address public needs. This is not just limited to financial payouts or assistance. My team works hard to identify and assess measures and solutions to support economic growth, although the public will not directly see this. Many important solutions will need more than one government cycle to implement, so good governments should also think longer term.

In government service, I find it useful to see my work like a portfolio of projects. Not everything we work on will succeed. Some of our projects may never see the light, or may be delayed. But even if half of our projects succeed, there will be a very big positive difference in people's lives. The challenge is that some of our team members may only be working on one project, and that may not succeed. In such situations, it's important to motivate and communicate well, and to foster a good team spirit so that another person's success is also their success.



Aerial view of Singapore business district and city.



# Country Story: Singapore – a Story of Self-Reliance

**W**hen Singapore gained independence in 1965, the country faced a myriad of challenges: lack of natural resources, large urban slums and squatter communities, and a colonial-era economy based on entrepôt trade that could not generate enough jobs to sustain a rapidly growing population. In just 55 years, Singapore has become one of the most prosperous nations in the world. Forward planning, budgetary prudence, and an unwavering culture of self-reliance have laid the foundations for remarkable economic growth.

To appreciate Singapore's fiscal strategies, it is important to take into account its historical context. The British founded a port and settlement in Singapore in 1819, due to its strategic location along the Straits of Malacca. Singapore was later designated a Crown colony of the British Empire, and its court systems and civil service were based on British administrative and legal systems.

Following independence, Singapore faced a bleak economic outlook. Its separation from Malaysia resulted in a loss of access to a larger economic

market, while the withdrawal of British troops and military spending resulted in a 16% loss of GDP. Unemployment was at 13.5% – high for a small city without basic essentials like food and water supplies – and the government faced a budget deficit of SGD 42 million (1.5% of GDP at the time).

## First State Development Plan

As a small city-state of about two million citizens, the Singapore government focused on developing a manufacturing sector that could serve regional and global demand. The First State Development Plan (1961-1964), which focused on developing social and economic infrastructure, was valued at SGD 870 million (USD 646 million, current valuation). Approximately 40% of the plan was financed by the government, with the remaining 60% sourced from loans, primarily from the World Bank.

In the 1960s and 1970s, the country focused on large-scale infrastructure development, including the repurposing of military shipyards for commercial use, and the development and expansion of roads, public housing, and industrial parks. These projects



were “bankable”, because their internal rates of return were sufficient to recover the initial investment. Infrastructure development led to growing budget deficits for the most part of the 1960s, but eventually paid dividends, allowing economic growth to pick up, and yielding a string of government budget surpluses from 1968.

### Development Fund

The Development Fund was created in 1953 by the British to house financial transfers from operating revenues to finance development plans. The Fund was retained by the Singapore government post-independence and in addition to operating revenues, was also used to hold the borrowings undertaken for the First Development Plan. The Development Fund Act was enacted subsequently to allow the fund to make grants and loans to, or investments in public agencies or corporations for development projects. The fund became a consolidation point for all interests and arising profits from these loans, which could be used to repay the existing loans. By utilising the Development Fund in this manner, the government began to cultivate the principle of self-sufficiency.

### Culture of Self-Reliance

As a new nation, the government focused on nurturing self-reliance, opting to raise funds domestically before borrowing from abroad, and encouraging a culture of saving for the future.

The Central Provident Fund (CPF) scheme, which has become a key pillar of Singapore’s fiscal strategies, was introduced primarily to reduce the government’s liabilities to provide for the retirement needs of the workforce. Countries usually operate public pension schemes to support a minimum standard of living for the retired workforce; these have traditionally been in the form of cash payouts. Such pension schemes are optimal when the population is young and growing, such that working contributions to the pension funds by the working population exceed withdrawals from the funds by retirees. Inadvertently with life expectancy increases, adjustments must be made to the pension system to remain self-sustained. Unfortunately, these are painful and unpopular changes which are often deferred by governments, resulting in high inflation or future generations having to bear the responsibility of shouldering the costs.



The Central Provident Fund is a compulsory comprehensive savings and pension plan for working Singaporeans to fund their retirement, healthcare, and housing needs in Singapore.

Singapore does not have a public pension scheme; instead the CPF provides for the retirement needs of the workers. The compulsory CPF scheme requires all employers and employees to contribute a portion of the employee’s monthly gross salary to the fund, which is overseen and maintained by the CPF Board. The size of the account at the end of the employees working life would determine the level of payouts that the employee would be entitled to at the age of retirement. Over the years, the Singapore government has made changes to the CPF system to allow for these savings to be used for specific purposes such as education and healthcare.

The CPF scheme was also introduced to reduce Singapore’s reliance on external loans and to raise domestic savings. Domestic savings grew as a result of the mandated contributions from both employees and employers. The CPF Board invested these savings into Special Singapore Government Security (SSGS) bonds that paid interest rates to ensure that the real value of savings were maintained. As employment levels and education standards increased, so too did salary levels, resulting in higher domestic savings for the government to tap into.



Singapore also took out loans with the UK government, the World Bank, and the Asian Development Bank. These were used solely to finance projects that supported economic development, instilling a national discipline that loans should be invested in credit-worthy projects. External loans peaked in 1978 at more than SGD1 billion, but with increasing domestic savings, eventually declined to nil in 1995.

### Growing Reserves

Due to burgeoning economic growth, budget surpluses grew four-fold between 1966 and 1980, with an annual average of 10.3%. The Singapore government began accumulating budgetary reserves in the 1970s. These reserves are critical to Singapore's system of financial stewardship.

The budget surpluses accrued by Singapore's government are invested to earn dividends and interest. Up to half of the total investment returns can be allocated to Singapore's annual budget for government expenditure, while the remainder of the returns are reinvested. This ensures that the real value of the accumulated reserves appreciates in the long term.

Beyond their investment value, the reserves provide an important buffer, allowing the government to finance budget deficits from discretionary stimulus or spending measures during major crises, such as the global financial crisis of 2007-2008 and the COVID-19 pandemic. Strong national reserves also enhance investor confidence in the economy and the Singapore dollar, because businesses know that the government will have the fiscal ammunition to respond effectively to unexpected crises, defend the currency against speculative pressure, and support the economy in times of recession.

To protect Singapore's national reserves against short-term political pressures and irresponsible spending, the government introduced the Past Reserves Protection framework. With this framework, each successive government is required to balance its budget over its five-year electoral term in office. Each new government must generate its own revenues to finance its plans, while balancing its deficits and surpluses generated during its term of office. Any surpluses accumulated by each elected government

are "locked up" at the end of its five-year term. The next elected government is not permitted to spend these past reserves, except with the approval of both Parliament and the elected President, who serves as the head of state.

The practice of setting aside savings to meet future demands and potential liabilities reduces the fiscal burden on Singapore taxpayers. By ensuring all liabilities are backed by assets and reserves, the government can respond adequately to unanticipated shocks, while not leaving irresponsible debts for future generations. The government's COVID-19 response is testament to this, as it drew from its past reserves to fund support packages aimed at helping workers and businesses affected by the pandemic. The overall budget deficit for FY 2020, which totals SGD 64.9 billion (USD 48.2 billion) and is equal to 13.9% of GDP, is the largest deficit in Singapore's history since it became independent, but Singapore's COVID-19 support and fiscal stimulus packages have been entirely funded by government revenue and reserves, with no domestic or external borrowing.

*This country profile draws on the book, Singapore's Fiscal Strategies For Growth: A Journey of Self-Reliance, by Lee Kok Fatt (2018).*



Parliament House, Singapore.

## Pillar Five

# Attractive Marketplace

A nation's economy can be seen as an ecosystem of markets. There are markets for goods and services ranging from toys and personal training to passenger jets and advertising, and also markets for capital, talent, raw materials, property rights, and information. In turn, national marketplaces are connected as part of the global economy, as people purchase foreign goods and companies make investments and trade abroad.

Markets are essential for a flourishing economy and vibrant nation, but they are also prone to imperfections and volatility. Various national experiments in the 20th century to either replace markets with central planning, or rely solely on market forces to produce fair and optimal outcomes for society, have failed.

Emerging from the collapse of the Soviet Union and a bruising 2007–2008 global financial crisis, we now understand that markets need government, and governments need markets. In the last decade, we have seen governments act as lenders and guarantors of last resort, regulators of increasingly complex and novel markets such as cryptocurrencies, and a crucial source of economic stimulus supporting jobs and companies in the wake of COVID-19. At the same time, we have witnessed the awesome innovative potential of private companies, delivering novelty and value in everything from electric cars to virus vaccines in a way that governments cannot.

Professor Dani Rodrik wisely suggests that governments be embedded in, but not in bed with, private markets and companies. This is a delicate balancing act. Ministries and agencies need to enable markets to function by providing security, laws, and property rights. They must also curb market failures through sound regulations and interventions, and facilitate market development through investment promotion, incentives for innovation and productivity, and the signing of trade agreements with other countries. Finally, governments need to legitimise market outcomes through progressive redistribution, social expenditure, and safety nets.

To foster an attractive and well-functioning marketplace, governments must also avoid the temptation to replace or supplant the role of the market, through unnecessary nationalisation of industries, or the establishment of state-owned monopolies and companies that crowd out private capital, and suck out the oxygen of innovation and entrepreneurship from the marketplace.

The Attractive Marketplace pillar draws on six indicators to measure a nation's ability to encourage economic activity both domestically and internationally:



**Property Rights:** The extent to which the legal rights to own and use physical and intellectual property are established and protected



**Macroeconomic Environment:** The maintenance of inflation and unemployment levels within optimal ranges, given the economic situation and needs



**Attracting Investments:** The ability to attract foreign direct investment (FDI)



**Logistics Competence:** The quality of logistics infrastructure and systems within a country



**Stable Business Regulations:** The stability of policies and regulations concerning business activities



**Tax Efficiency\*:** Whether taxes are set at reasonable levels, well-designed, and simple to comply with

\*Not included in 2021 rankings because of incomplete data. To be considered for inclusion in future years.

## Table 5.1 Attractive Marketplace Top Ten Countries

Countries	Pillar Rank	Property Rights	Macro Environment	Attracting Investments	Logistics Competence	Stable Business Regulations	CGGI Rank
 Singapore	1	2	32	3	7	2	3
 Switzerland	2	3	2	3	12	1	2
 Netherlands	3	5	17	1	6	5	4
 Finland	4	1	59	18	10	3	1
 United Kingdom	5	18	15	6	9	28	12
 Ireland	6	12	47	1	26	11	11
 Denmark	7	10	7	57	8	7	5
 Germany	8	23	1	42	1	12	8
 Austria	9	6	2	86	4	4	13
 United States	10	13	7	45	13	10	18

Similarly shaded cells indicate shared rankings in a given indicator.

### Insights

High-income countries perform well in this pillar, which shows the close relationship between the attractiveness of a country's market and its ability to generate sustained economic growth and high wages for its citizens. The top two countries, **Singapore** and **Switzerland**, likewise perform strongly in business competitiveness rankings published by the World Economic Forum and the World Bank. While they both have relatively small populations, both countries have integrated fully into regional and global supply chains and capital markets, and both countries

actively seek to provide goods and services to the world. Singapore is the only Asian representative in this pillar's top 10, with **Japan** ranking 12th followed by **Malaysia** at 20th.

The countries that have done well are all market economies with sound property rights and stable business regulations. They range from smaller Northern European social democracies to large economic powerhouses like the US. Most of these countries have relatively high but progressive tax rates, and governments that play a conscious but not obstructionist role in monitoring and regulating economic activity. These governments do not simply limit themselves to fixing problems, but play active roles in facilitating and welcoming business, trade, innovation, and investment.

**Vietnam** ranks 35th in the Logistics Competence indicator, which makes it the highest-ranked lower-middle income country. Since early 2017, the Vietnamese government has been executing a ministerial plan designed to improve the development and competitiveness of the country's logistics services by 2025. This is bearing fruit in terms of logistics performance.



Ho Chi Minh City Hall in Vietnam. The lower-middle income country delivered a strong performance in the Logistics Competence indicator.



Tea plantations in Rwanda. The country ranked 32nd for Property Rights in the CGGI – making it the highest-ranking low-income country for the indicator.

European Union member states make up more than half of this pillar's top 10. Its status as a large stable trading bloc makes it an attractive trading entity. **Ireland** and the **Netherlands** share the top spot for Attracting Investments, with high levels of FDI and efficient regulatory restrictions imposed on investments from overseas.

### Property Rights

Property rights have long been fundamental to stable markets. This is because such rights reduce the uncertainty around doing business. Since 1701, England and Wales have had an independent judiciary with a clear understanding of the link between legal certainty and enterprise. Chief Justice Lord Mansfield stated in 1774 that "in mercantile transactions the great object should be certainty." Eight years later he warned: "Nothing is more mischievous than uncertainty in mercantile law" and, as a result, "in all mercantile cases there are two objects, convenience and certainty."

These principles still resonate today. Sound property rights in physical assets such as land provide certainty of ownership, which gives companies the confidence

to invest in infrastructure and plant improvements that will only pay off in the longer term. Beyond this, Intellectual Property (IP) rights are essential to protect the intangible assets and inventions of creative entrepreneurs, which allow creators and inventors to benefit from and commercialise their ideas and innovations. Sound laws and property rights are the cornerstone of any well-functioning market.

**Rwanda** ranks 32nd for Property Rights and is the highest-ranking low-income country for this indicator. It moved to a nationwide digital land registry system in 2008. This policy initiative not only improved national planning, but also enhanced social cohesion. The new system improved income security for rural citizens. For the first time, many people were able to apply for credit against the value of their property and invest in new business ventures. A digital platform enabled land transactions to be completed much faster, without having to sift through physical records that could have taken days to find, resulting in more than 11 million individual parcels of land being defined and recorded, reducing the number of conflicts involving tenancies and property boundaries.

Meanwhile, **Finland** is a stand-out among its peers, consistently ranking as the leading nation in safeguarding IP protections. The Finnish legal system protects IP rights fiercely, while Finland adheres to numerous international agreements that protect patents, trademarks, copyrights, industrial designs, and utility models. Finland also designs outreach campaigns aimed at increasing public awareness of IP issues. For example, Finland’s Copyright Information and Anti-Piracy Centre (CIAPC) implemented a “Fake No More” campaign in 2012, aimed at providing school children with information on counterfeiting and piracy.

### Productivity and Investment

An attractive marketplace must be stable and consistent, but it must also be vibrant and productive. Competitive, productive economies tend to be more innovative and efficient over time, allowing them to attract even more investment capital. Countries that are well placed to attract foreign investments will have a strong advantage in growing their economies beyond the constraints of domestic capital and consumer markets.

Following multi-year reforms aimed at reducing corruption, cutting regulations and simplifying taxes, **Georgia** earns eighth position in the Attracting Investment indicator – an achievement that reflects its



***The first step is to consider what public policy is actually for. Rather than just fixing market failures, policymakers should view themselves as market makers, using their resources to create the flexible and adaptable structures for guiding a collective vision and establishing the conditions for bottom-up solutions to emerge. Those solutions must collectively point to a green and circular economy – with all sectors transforming operations in such a way as to reduce their material content. Government subsidies should not be handouts; rather, they should be made conditional on reaching specific benchmarks.***

**MARIANA MAZZUCATO**

Economist and Author of *Mission Economy*

Source: Project Syndicate



Aerial view of hundreds of solar energy panels in the Atacama Desert, northern Chile.

gradual rise to become one of the freest economies in the world. Georgia has enjoyed strong economic growth since 2003. Skilled individuals are moving to Georgia and launching offshore companies, enticed by low tax rates and simplified immigration procedures.

**Chile** tied for third along with **Switzerland** and **Singapore** within this indicator, and has recorded consistent increases in net FDI inflows since 2017, propelled by the success of InvestChile – a government agency responsible for promoting Chile worldwide as an attractive investment destination. InvestChile was named the best investment promotion agency in South America in both 2019 and 2020. Chile’s economic policies of capital transparency and non-discrimination against foreign investors have helped it attract FDI. The country’s stable economic growth in recent years, low unemployment rate, and trade openness have earned investor confidence and trust, and Chilean government bonds now enjoy the best ratings in Latin America.

## PRACTITIONER STORY

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***Cities and countries can definitely benefit by benchmarking themselves and studying the experiences of their peers. I would invite governments to ask a simple question: are we achieving outcomes that are best in class, and if not, why not?***



**ANDREW WEAR**  
Director, Economic Development  
& International, City of Melbourne

International partnerships and collaboration are key to economic development, and also to supporting economic activity during a crisis. During the COVID-19 pandemic, cities and governments have been willing and open to learning from each other. Melbourne is planning to introduce a voucher scheme, and we have benefited from close discussions with our counterparts in Milan, London, and Singapore.

In the past, Australian governments would lead business delegations overseas, and they would strike a deal and find buyers for their wine and other products, or they would convince a company to invest in Australia, and that was considered a big success. Today, we focus much less on the individual transaction

or deal, and more on cultivating the deeper ecosystems and relationships that support trade and investment. In many cases, a strong government-to-government relationship supports and encourages vibrant economic activity and trade between cities and countries. Governments are uniquely positioned to convene and coordinate these deeper relationships.

The cost of doing business becomes less important as we deal more with knowledge- and innovation-based products and services. These investors care more about broader advantages like the end-to-end supply chain, the quality of research centres and universities, and whether there is a sophisticated consumer base.

More broadly, cities and countries can definitely benefit by benchmarking themselves and studying the experiences of their peers. I would invite governments to ask a simple question: are we achieving outcomes that are best in class, and if not, why not? I discuss these issues in my book *Solved! How other countries have cracked the world's biggest problems and we can too* (2020). Singapore does well in education, Australia succeeds in having a multicultural, cosmopolitan society, and the US is superb in innovation. But I have yet to see a single country that has no room for improvement, and that's why countries should learn from each other.

It's rare that any policy can be plucked from one place and simply dropped into another. Maybe another country's policies will work, and maybe they won't. But the first step is to understand in detail what others are doing. When cities and countries learn from each other, they expand their repertoire of possible policy options. Each city and country must choose its own path. But with mutual learning and sharing, we can have better conversations on what might be possible, and make better choices.



# Country Story: Morocco's Growing Marketplace

**T**he Kingdom of Morocco is the only lower-middle income country to be featured within the top 40 of the Attractive Marketplace pillar (ranked 33rd in this pillar and 61st overall). Situated strategically between Africa and Europe, and endowed with an array of natural resources, the Moroccan economy has taken important strides over the last two decades. Its accession to the WTO in 1995, a growing number of trade agreements, customs duty reform, and the reduction of tariffs enabled policy developments that led to an attractive market for foreign investment and stimulated productivity through competition. Notably, it has been able to maintain a stable growth pattern, with GDP amounting to USD 118.5 billion in 2018, an increase of USD 92.5 billion from just a decade earlier. The country was also able to buffer itself from the economic aftershocks of the Arab Spring, which affected most of its North African neighbours.

## Transforming the Agricultural Economy

The agricultural sector is a significant part of Morocco's economy, currently contributing 19% of the country's GDP and creating a large number of jobs. Due to volatile weather patterns and the need to modernise agricultural production, the government has conducted long-term policy planning to support agricultural development while diversifying the economy.

The Green Morocco Plan (2008–2020), launched as a key part of that agenda, has been responsible for generating growth in the agricultural sector as well as preparing for future challenges. The focus was two-pronged: developing a modern and competitive agricultural sector while promoting productivity for smaller farms in rural areas. The Plan, which primarily focused on increasing competition and productivity, was supported and financed by partnerships with banks, microcredit institutions, associations, and the World Bank.



As part of the Green Morocco Plan, government organisations and policy instruments were restructured, and a number of new state agencies created. The agencies were established to focus on future development and challenges, such as the Office for Food Safety and the Agency for Agricultural Development of Morocco, which also oversees investments in renewable technologies and energy sources. The achievements of the Green Morocco Plan resulted in private sector investments and further adoption of agricultural mechanisation. Rural farmers are being equipped with better tractors and irrigation technologies to improve crop yield and ultimately generate revenue. The government has encouraged these investments through subsidies and tax rebates, to build a more competitive and productive agricultural sector.

### Enabling a Stable Regulatory Landscape

Morocco scores highly in the Stable Business Regulations indicator, ranking 15th overall and outperforming a significant number of high-income countries. One element of its success has been a rapid improvement in the efficiency and simplicity of

the corporate tax and insurance contribution systems. The introduction of an online tax portal and approval of interconnected accounting software contributed to the growing ease of doing business in the country. In addition to taxes, regulations have been simplified in areas such as obtaining construction permits and starting a new business. Over the last decade, Morocco has seen a steady 50% rise in registered commercial entities, suggesting the existence of a healthy corporate and entrepreneurial environment, and the reduction of barriers to entry.

### Ensuring Property Rights

Morocco ranked 24th for the Property Rights indicator, which considers the protection of physical and intellectual property rights. In terms of real property, the World Bank has consistently given higher ratings to the country over the last few years in its Doing Business Report due to policies that make its property register more transparent and simplify administrative steps to registration. Additionally, agricultural real estate initiatives, such as the titling of certain portions of rural land, show promise in encouraging local investments into agricultural intensification. On the intellectual



Dawn at the port of Casablanca, Morocco.



**Morocco has made significant economic progress over the last two decades, particularly in improving standards of living and access to public services.**

property front, Morocco has taken proactive steps to introduce more robust laws and policies, as well as increase penalties for the violation of rights. One example is through the government's Office of Moroccan Industrial and Commercial Property, which ensures better business practices by promoting and protecting industrial and intellectual property rights. This Office grants and maintains a register of commercial trademarks, patents, designs, and Protected Geographical Indications. It also administers the national business register and an industrial property rights holders' register, which ensures that the property rights of local and international companies are recognised and protected.

### **Embracing Foreign Investment**

Morocco ranked 56th on the Attracting Investments indicator, but there are some notable recent developments that suggest an upward trend in this important area. Moroccan authorities launched the Industrial Acceleration Plan (2014–2020), which supported economic diversification focused on emerging industries. As a result, the automotive and aeronautics manufacturing industry grew from 14% of total GDP in 2014 to 25% by 2018. According to the United Nations Conference on Trade and Development, Morocco boasts the fourth-highest FDI in Africa. In particular, large investments in the finance and automotive sectors supported a 36% increase in FDI in 2018. The government has ratified over 70 bilateral investment treaties, which have helped to create a favourable business environment for international investors. At the same time, a raft of FTAs has lowered barriers to trade and attracted investment. For instance, Morocco is the only country on the African continent with an FTA with the US.



Oasis in the Dade valley, Morocco.

### **Looking Ahead**

Morocco has made significant economic progress over the last two decades, particularly in improving standards of living and access to public services. While these indicators are a positive sign for the economy, there is still more to be done. The World Bank's Morocco Country Economic Memorandum 2017 identifies a set of reforms to ensure more inclusive development as part of sustainable economic growth, including increased investment in human capital, creating a level playing field through fair business competition, and closer integration into the global economy, among other measures.

Youth unemployment has been identified as the most pressing issue to be addressed. Roughly half of young people between the ages of 25 and 35 are employed in a job that is often informal and insecure. The country is laying the groundwork for labour reform, hoping that a rise in formal employment could result in greater integration into the global economy, subsequently improving Morocco's investment attractiveness, and boost its exports.

## Pillar Six

# Global Influence and Reputation

In a highly globalised world, governments need the capabilities to effectively manage their diplomatic networks, trade and economic partnerships, and country “brand”, both at home and abroad. No country – not even superpowers with an abundance of natural resources – can thrive in isolation.

There are several distinct ways in which strong international capabilities contribute to better governance outcomes. Countries with a strong, qualified, and professional diplomatic corps and astute deployment of diplomatic and consular presence abroad will have ready access to partnerships, negotiations, fora and information that others do not. International diplomacy requires a careful analysis of interests and dynamics alongside a sound understanding of international organisations and law. Deep networks, effective systems for recruiting and training foreign representatives, and contributing to international negotiations, committees, and working groups are also crucial.

Formal and informal partnerships, treaties, and agreements are also important for governments, and expand a country’s international space and options. These include security agreements, trade agreements, and agreements in areas such as transborder crime, extradition, airspace and maritime cooperation, environmental management, mutual legal assistance, and dispute resolution. Likewise, success in this area requires governments to have concrete capabilities: skilled negotiators and legal experts, cultural sensitivity, and good coordination among different government agencies, to identify core national interests and “red lines”, and to work as one team. In turn, well-designed agreements can serve as platforms for countries to obtain much-needed trade and investment, skills and expertise, technology and capital, and mutual cooperation on issues of importance.

The “soft power” and cultural appeal of countries goes beyond just economic and diplomatic resources. Countries that understand and honour



Miraikan, located in the Odaiba area of Tokyo, is a science museum featuring cutting-edge Japanese technology.

their national identity, cultural heritage, and traditions can tap into a deep and nourishing wellspring of inspiration, energy, and national unity, amidst growing polarisation and conflict in many countries and communities. Countries with a credible, trusted national brand – think of Germany for reliability and stability, Japan for culture and technology, and the US for innovation and economic dynamism – can leverage this in everything from increased demand for their country’s goods and services, to confidence and trust from other governments. These reputational advantages benefit



countries. Singapore and Switzerland are often seen as honest and neutral parties, which has led to their role in hosting dialogues such as the annual Shangri-La Dialogue and World Cities Summit in Singapore, and the annual World Economic Forum meetings in Davos. Trust and confidence must be earned and maintained. For instance, a country's ability to negotiate visa-free arrangements for its passports depends directly on the confidence that other countries have in its law enforcement, citizenship and residency background checks, credibility and reputation, and security situation.

The CGGI considers a government's international influence and reputation together, but these are very distinct concepts. Some countries wield enormous influence on the global stage due to their economic and military strength, but this does not always translate into a trusted and positive reputation.

The Global Influence and Reputation pillar measures four factors that capture broad international influence and reputation:



**International Trade:** The freedom, access, and capabilities to buy and sell goods and services beyond national borders



**International Diplomacy:** The extent of a nation's diplomatic representation and presence abroad



**Nation Brand:** The coherence of a country's national tourism promotion, and its image and appeal to a variety of non-commercial stakeholders



**Passport Strength\*:** The credibility of a nation's passport, as measured by the number of visa-free arrangements that passport holders enjoy globally

\*Not included in 2021 rankings because of incomplete data. To be considered for inclusion in future years.

**Table 6.1 Global Influence and Reputation Top Ten Countries**

Countries	Pillar Rank	International Trade	International Diplomacy	Nation Brand	CGGI Rank
France	1	22	3	10	16
Germany	2	1	7	2	8
Spain	3	1	9	7	26
Italy	4	1	10	11	34
Netherlands	5	1	18	4	4
Portugal	6	1	30	5	25
United States	7	42	2	1	18
China	8	47	1	3	41
Poland	9	1	23	16	28
Romania	10	1	19	42	39

Similarly shaded cells indicate shared rankings in a given indicator.

## Insights

**Germany** and the **Netherlands** perform well in this pillar, supported by their European Union (EU) membership, global outreach, and strong nation-branding. **Romania**'s high rank in this pillar is likewise boosted by the trade and diplomatic network effects of EU membership. It is also an increasingly attractive tourist destination, being the most biogeographically diverse country in the EU. According to World Bank data, international tourist arrivals to Romania grew from 4.8 million in 2002 to 12.8 million in 2018, reflecting increasing tourism brand awareness and appeal.

**France**'s top performance is supported by its historic and cultural soft power and active diplomatic participation – it is a member of more multilateral and international organisations than any other country, and lays claim to the most cultural missions through its extensive Alliance Française network worldwide. The promotion of French culture, language, art, artisanship, food, and wine is a conscious goal of the French government, through a separate global Institut Français [French Institute] network under the auspices of the French Foreign Ministry.

Meanwhile, the **UK**'s absence from the top ten is largely a result of leaving the EU. The data shows the UK ranking 74th for international trade during the Brexit withdrawal period, compared to ninth prior to its departure from the EU. The UK government is actively rebuilding its network of trade agreements and partnerships, and time will tell how the UK's post-Brexit trade performance and influence will play out.

**China** ranks eighth in this pillar, but 40th in the overall CGGI. This is largely due to China having the largest diplomatic network of embassies and consulates of any country in the world, and the country's strong representation in international bodies. These developments align with China's diplomatic efforts over the last decade, ranging from increased involvement in multilateral and international organisations and dialogues, ambitious international partnerships such as the "Belt and Road Initiative", and the establishment of new multilateral institutions such as the Asian Infrastructure Investment Bank.



The European Parliament in Strasbourg, France.



The opening ceremony of the 1994 GATT ministerial meeting in Marrakesh, Morocco, which would see the WTO formally established. Credit: Abdelhak Senna/Getty Images

# The Role of Trade Agreements in a “Slowbalising” World



*The CGGI measures the number of Free Trade Agreements (FTAs) that countries are party to. We do so because well-designed and effective FTAs can be important platforms for governments to encourage economic integration, create jobs, and promote mutually beneficial trade and cooperation on multilateral issues. A country’s capabilities and success in negotiating and using FTAs is a key aspect of its global influence and reputation.*

Following the Second World War, the General Agreement on Tariffs and Trade (GATT) was established in 1948 to encourage and negotiate international trade tariff reductions, and support global economic recovery and

expansion. The second half of the 20th century witnessed a flourishing of trade and the lowering of protectionist tariffs. Global merchandise trade increased 16-fold from 1948 to 1996, about three times faster than the growth in manufacturing output. In 1994, 128 nations signed the Marrakesh Agreement to formally establish the World Trade Organization (WTO). The WTO was tasked with building upon the achievements of GATT in areas such as services trade, non-tariff trade barriers, and trade-related intellectual property rights issues. It focused its efforts on multilateral trade negotiations, rule-making, and dispute resolution. Its goal was to achieve a truly global trading system based on non-discrimination and equal trading access for all countries to each other’s domestic markets.



“

***With the era of multilateral trade rounds and system-wide rules behind us, the preferential trade agreements are the only game in town.***

**JAGDISH BHAGWATI**  
Trade Economist

However, this was not to be. Many trade experts now agree that the WTO's role and influence has been broadly diminished, due to the high-profile failure of several rounds, such as those in Seattle and Doha, and the WTO's inability to forge consensus between high-income and lower-income countries on sensitive issues such as agricultural subsidies. As early as 2012, distinguished trade economist Jagdish Bhagwati lamented that “with the era of multilateral trade rounds and system-wide rules behind us, the preferential trade agreements are the only game in town.” This trend has continued. The last 25 years have seen bilateral, regional, and plurilateral FTAs take precedence, with over 300 bilateral and regional deals outside the WTO.

Secondly, developments such as the rise of populist nationalism, growing tensions between the US and China, and the COVID-19 pandemic have led some governments to question the value of open borders and global integration. This has resulted in measures ranging from increased FDI screening and greater restraints on the movement of capital and people, to tit-for-tat trade sanctions and punitive tariffs. In the US, the Trump Administration argued that re-shoring of manufacturing would create jobs and put “America First”. The EU committed to a new approach of “strategic autonomy” which seeks to strengthen resilience even at the expense of the efficiencies of specialisation and trade.



China announced an economic strategy of “dual circulation” to create a more self-reliant domestic economy supplemented by external trade. The net effect of these developments has been what Dutch writer Adjiedj Bakas called “Slowbalisation”, characterised by greater resistance to, and slower progress towards, a globalised market for the movement of goods, services, capital, and talent.

**This situation presents a challenge for countries that continue to believe in open trade and the benefits of international integration. In the absence of a truly global consensus on harmonised trade rules brokered by the WTO, the next-best option appears to be participation in multilateral and regional FTAs that offer new avenues for economic growth.**

Regional FTAs are gaining new strategic significance. The 2018 Comprehensive and Progressive Agreement for Trans-Pacific



The World Trade Organization, headquartered in Geneva, Switzerland; in the foreground, the sculpture titled “Human effort” by James Vibert.

Partnership (CPTPP) brings together 11 Asia-Pacific nations, while the 2020 Regional Comprehensive Economic Partnership (RCEP) – made up of 14 Asia-Pacific nations, including China – spans a region of 2.2 billion people with a combined GDP totalling 29% of the world’s economy, making it the largest trade deal ever signed.

More recently, the African Continental Free Trade Area (AfCFTA) launched at the beginning of 2021 with all African countries except Eritrea as signatories. AfCFTA brings together 1.3 billion people in a USD 3.4 trillion economic bloc and aims to boost trade among African neighbours while allowing the continent to develop its own value chains. The World Bank estimates that it could lift tens of millions out of poverty by 2035.

Australia’s Department of Foreign Affairs and Trade emphasises the benefits of such FTAs, not just for reducing tariffs and trade barriers, but

also for creating jobs and promoting investment, encouraging reform of domestic laws and processes, and promoting economic integration and shared approaches to trade and investment between countries.

### Digital Economy Agreements

Global trade and commerce transactions are increasingly conducted digitally. Technology and digitisation have the potential to transform economies and create new opportunities for businesses and consumers. Several nations (New Zealand, Chile, Australia, and Singapore) have recently established Digital Economy Agreements (DEAs), which often build on existing FTAs. DEAs reduce digital trade barriers and open up the benefits of the digital economy to businesses and citizens. Such agreements can help align digital rules and standards, allowing interoperability between digital systems. Data can flow more freely across borders and even facilitate cooperation around data innovation, digital IDs, and protecting personal data.



## PRACTITIONER STORY



**CLAUDIA CORNEJO MOHME**  
Minister of Foreign Trade and  
Tourism of Peru

*Claudia Cornejo Mohme became the Minister of Foreign Trade and Tourism of Peru in November 2020. She has over 18 years of experience in the public sector. She became Vice-Minister of Tourism in 2011, and led the creation and implementation of the first National Tourism Plan. Prior to her current role, she was Chief Executive Officer of CONFIEP, the largest private organisation of Peruvian businesses. Peru ranks 28th for Nation Brand and 30th for International Trade in the CGGI.*

**Both trade and tourism play a vital role in enhancing Peru’s international influence and reputation. They are both valuable platforms in their own way.**

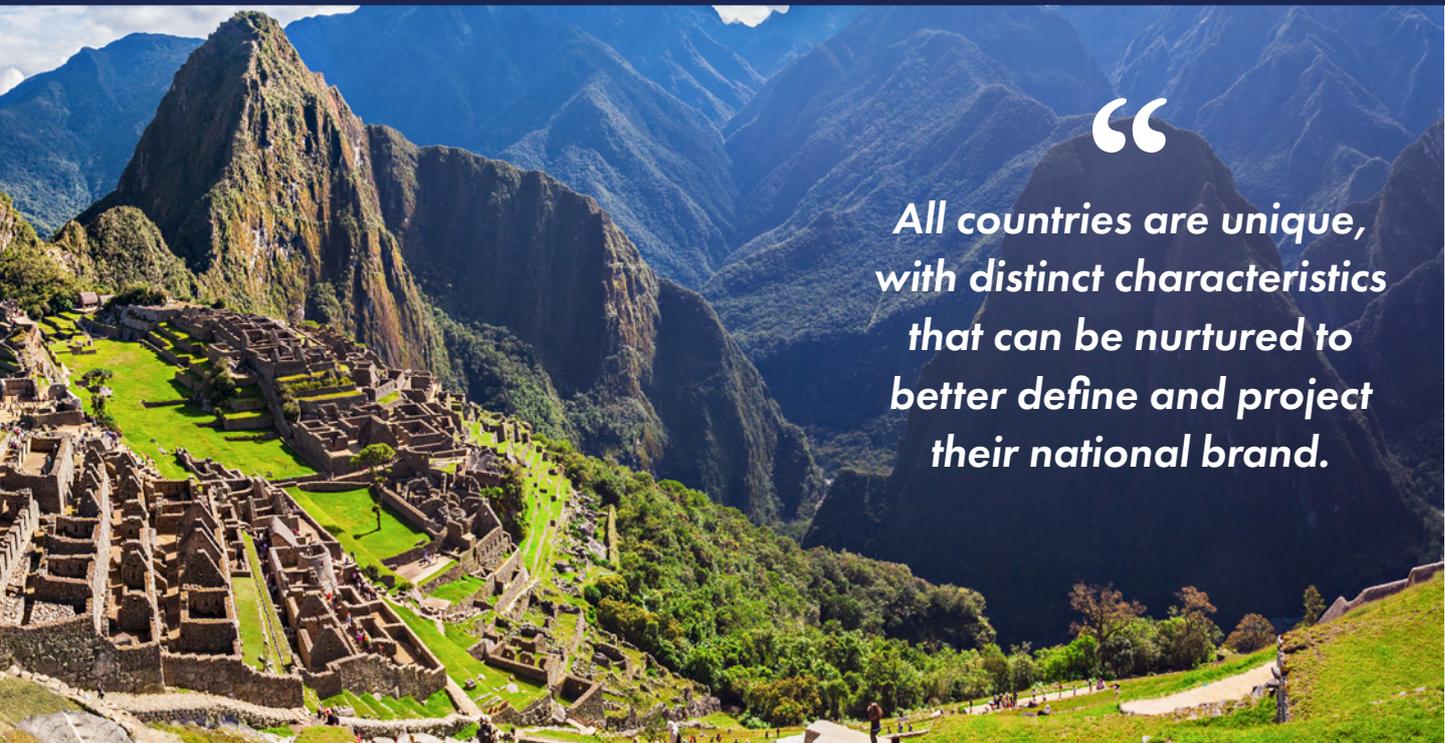
In 2009, PROMPERÚ (Commission for Promotion of Export and Tourism) devised a strategy to create a “Country Brand” called “Marca Perú”. It was designed to emphasise the role of both trade and tourism. In terms of trade, our exports are recognised for their quality. For example, the world admires our Pima cotton as well as our fine fibre of the alpaca and vicuña. We also have superfoods such as quinoa and maca that have high nutritional value, and a diverse selection of sea products, contributing to the

international recognition of Peruvian gastronomy. If we add the strength of our biodiversity to our economic stability and the safe and appropriate legal framework, we have the two conditions that investors are looking for: security and confidence.

On the other hand, in terms of tourism, tourists coming to Peru are different. They have a sense of what they want to see. They have read and heard stories about



A Quechua woman demonstrates alpaca wool weaving, Cusco, Peru.



“  
*All countries are unique,  
with distinct characteristics  
that can be nurtured to  
better define and project  
their national brand.*

Machu Picchu, one of the New Seven Wonders of the World, is an Inca site located in the Cusco Region in Peru.

Peru. And Peru invites them to embark on a personal journey of discovery – a unique experience awaits through interacting with our people, our country’s traditions and its flavours. Due to modern technology, experiences like these can be easily shared and spread across the world.

**Peru’s national identity has always been at the core of its tourism strategy.** “Marca Perú” is a vehicle to transmit our national identity and core values. It became a “love brand” very quickly. Our tourism strategy embodies Peru’s past, present, and future, conveying our unique identity. This differentiates us from other countries, and attracts both tourists and investors.

COVID-19 has hit global tourism and the economies of all countries hard. We have designed a recovery strategy, laid out in our National Tourism Recovery Plan, to promote economic recovery while observing robust health and safety measures. It has a timeframe of three years with three main objectives: to develop and establish an offer of sustainable destinations, to position Peru as a destination with safe tourism products, and to improve the competitiveness of the sector, strengthening its institutional framework and public-private collaboration.

Various countries are competing to attract foreign tourists, so we will strengthen the identity of the

“Marca Perú” brand, and update the vision and purpose of the brand itself. We will focus on our target audience and the platforms that it uses. To do this, PROMPERÚ will conduct a thorough diagnosis, focusing on the target audience and the various platforms that it uses. We will need to achieve two goals – to promote domestic tourism by implementing research, development and innovation methodologies, while emphasising safety and accessibility, and to promote inbound tourism by strengthening the image of Peru as a destination.

**Today, Peruvians feel very proud of their country, and are more aware of their identity.** Our efforts from “Marca Perú” are an important contributor. This initiative has won multiple international and regional awards. According to Ipsos, the Peru Brand was recognised by 77% of Peruvians, well above the average recognition of country brands by their own citizens.

**All countries are unique, with distinct characteristics that can be nurtured to better define and project their national brand.** One must first identify what is special about the country? What is that special competitive advantage that can be exploited? And then start building from there. After that, it is critical to keep a close eye on your target audience and how your strategies are impacting them.

# How to Create a Resilient National Brand



Dr **Natasha Grand** is an expert in place branding, having co-founded the Institute of Identity (INSTID) more than a decade ago.

Here, in conversation with CIG, she discusses the key building blocks of nation branding and how the global pandemic has impacted the brands of some countries.



During the COVID-19 April 2020 lockdown, an Italian couple celebrate Liberation Day, singing from their window along with many of their countrymen. Credit: Nicolò Campo/Alamy Live News

**T**he top-ranking countries in the Chandler Good Government Index Global Influence and Reputation pillar mostly have large populations. Is it worth smaller nations building their own brand? How can they compete when they have less presence in international institutions and smaller economic clout?

**Natasha Grand (NG):** It does not take billions of dollars or a seat at the UN Security Council to have an effective nation brand. In fact, the strongest nation brands today are arguably those of small countries. They have learned to leverage their way of life and their national “personality” to engage the global public and achieve their goals.

For example, Finland leads the CGGI and has a population of just over 5.5 million, but has accumulated the highest concentration of technology start-ups in the world. Even though this is a country that is sparsely populated and has very long winters, the travel and tourism industry earned EUR 16.1 billion in annual revenue in 2019 (pre-COVID-19). Denmark, which also has a small population, successfully competes for tech talent with Silicon Valley.

Also, branding is not just for nations. Regions, cities, and even small towns have made themselves well-known and well-recognised around the world.

## What do effective nation and “place” branding look like?

**NG:** The end goal is that the country name evokes a clear image, a personality, and this image is consistent in the minds of people around the world. The brand personality should reflect the way of life, the traditions, the wisdom of generations of people who have learned to live on that land and across that particular territory.

And all of a country’s communication – the actions and behaviours of its government, businesses, creatives, opinion leaders and everyday citizens – should, ideally, reinforce and contribute to this personality and do so naturally and organically. Having a clear, genuine, and consistent “brand personality” is the only way to ensure that the nation brand is truly sustainable. It delivers the depth, variety, and wholesomeness that makes the country or place relevant and appealing.



## How has the COVID-19 pandemic affected nation brands?

**NG:** The differences in country responses to a common problem has exposed, and mostly confirmed, the typical characters and reputations of nations as we know them. The British proved to be law-abiding, Italians resorted to music, while the Swedish relied on personal judgement. Many learned that the Taiwanese and Vietnamese are highly organised societies.

Yet, in places where the governmental response was at odds with the national character, politicians and governments have suffered. We have seen a wave of anti-government protests from South America to Asia. Most poignantly, in Belarus, when the president told the nation (who are largely health- and safety-conscious) to ignore the pandemic, this mishandling led to a massive popular backlash. So the pandemic has not so much affected country reputations but rather brought home the importance of national character and its effect on people's behaviour.

## What new best practices have emerged during the pandemic?

**NG:** We have seen a lot of innovation in communications, mostly with new digital platforms and tools. Environmental sustainability has emerged as an important variable that has to be addressed and accounted for in nation branding. More fundamentally, brand strategies are shifting towards a more holistic and long-term view. Around 20 years ago, nation-branding communication seemed merely a message board with assets and logos, now the consensus is turning to highlight a nation's values, character, and personality.

If previously tourism used to be the main outlet for a nation's brand – the primary interface for the global public to experience a country – today new channels are being activated to engage people in their homes, through cultural and material products. For example, "made in" products are proving very effective. Brand Tasmania have opened an online Amazon store, "Tasmanian", where they sell local produce that reflects and advances "Tasmanian" as a story and as a brand. New Zealand is making similar efforts by promoting products that fit and affirm their national philosophy and story. So, if pre-COVID-19, people used to come to places, now places are coming to people.



Tasman sea salt is one of many local products being promoted online with support from the state agency, Brand Tasmania.

## How do you define a nation's brand personality?

**NG:** The definition of national identity, personality, and character has to be finely balanced between abstract generalisations: "we are open, friendly and diverse" and material objects: "we make unique wooden sculptures". It can be more helpful to think not so much of national values, but of national character: what are we particularly good at? Are we results-oriented or process-oriented? Are we collectivist or individualist? What issues are important to us?

The most distinct and effective nation-branding work often emerges from within government ministries and departments – such as foreign affairs, culture, trade, and tourism. Better still, several countries have dedicated nation brand agencies, such as those in Australia, Costa Rica, and New Zealand. Their job is to separate national personality from political, and often populist, debate and rhetoric; and also to distil and analyse, rather than copy, results that surface through stakeholder workshops. An anthropological study of the nation in its current state, its past and its culture, is the most sustainable and resilient way of defining the nation's brand character and brand personality.

## Pillar Seven

# Helping People Rise

The Chandler Good Government Index focuses on government **capabilities**, because a government's capabilities are key to its ability to perform its functions well. With this in mind, it is also important to consider a government's ability to leverage its capabilities to achieve positive **outcomes**.

Outcomes refer to the observed effects of the work of governments in the country. For instance, a government might increase the standard of staff medical training in public hospitals, resulting in a larger number of qualified doctors and nurses, which has the effect of increasing the country's life expectancy after a decade has passed. In this case, the better training is an input, the increase in medical staff is an output, and the increased life expectancy is an outcome of government action.

Good outcomes in areas such as healthcare, education, environmental protection, the extent of public satisfaction with government services, and the inclusivity of society, are central to the quality of life that people experience on a day-to-day basis. Governments that have strong and effective capabilities in a range of areas are well-positioned to create positive foundations and conditions for people from all walks of life, as well as for communities and businesses, to flourish and achieve their fullest potential. In this way, good governments are Helping People Rise.

When people experience this positive momentum, they are more likely to trust their government. This creates a virtuous cycle where good governance outcomes lead to enhanced opportunities for people, and having better opportunities encourages people to trust their government. Countries that achieve this are well-placed to sustain a long-term culture of government effectiveness.

Of course, not all outcomes can be attributed solely to the work of government: many are the result of factors

like climate, geographic position, history, population size, and culture. The final pillar of the CGGI comprises nine outcome areas where governments have substantial control.



**Education:** The literacy rate and years of schooling of the population



**Health:** How long a newborn child can expect to live, given current health and mortality expectations



**Satisfaction with Public Services:** Satisfaction with public transport, infrastructure, and education



**Personal Safety:** The state's ability to protect its people from violent crime



**Environmental Performance:** The safety and sustainability of a nation's ecosystems and environment



**Income Equality:** The evenness of income distribution across the population



**Social Mobility:** The extent to which socio-economic circumstances at birth influence a person's future status and prosperity



**Gender Gap:** The ability of both women and men to participate in and benefit from economic opportunities



**Non-Discrimination:** Freedom from discrimination, regardless of a person's socio-economic status, ethnicity, gender, identity, or faith

## Table 7.1 Helping People Rise Top Ten Countries

Countries	Pillar Rank	Education	Health	Satisfaction with Public Services	Personal Safety	Environmental Performance	Income Equality	Social Mobility	Gender Gap	Non-Discrimination	CGGI Rank
Finland	1	2	19	21	12	8	4	5	10	1	1
Norway	2	16	10	19	6	12	2	3	4	6	6
Switzerland	3	19	2	2	8	3	14	1	24	12	2
Singapore	4	1	3	1	1	15	68	28	12	2	3
Denmark	5	12	23	10	13	3	3	2	30	9	5
Netherlands	6	12	13	7	35	1	10	6	45	4	4
Sweden	7	11	8	28	51	2	6	4	8	16	7
Slovenia	8	12	24	30	5	19	7	11	5	30	23
Germany	9	5	25	20	37	7	13	7	37	8	8
Austria	10	24	17	13	10	6	19	10	63	13	13

Similarly shaded cells indicate shared rankings in a given indicator.

### Insights

Good performance in this pillar is closely linked to good performance in the overall Index, with the top seven countries in each ranking being exactly identical. European countries take most of the top positions, with **Singapore** (fourth) as the sole exception. **Finland** ranks first, just as it does in the overall Index. **Slovenia** (eighth) also ranks highly in the overall Index for its Strong Institutions (15th), placing ninth for Coordination and seventh for the Implementation indicators. Here in Helping People Rise, Slovenia performs strongly in measures of personal safety, as well as gender and income equality.

### Income Equality: A Multi-Faceted Approach in the Czech Republic and Kazakhstan

Two notable top performers for the Income Equality indicator are the **Czech Republic** (fifth) and

**Kazakhstan** (12th). Recent policy developments in these two countries point to multi-faceted steps on the road towards more inclusive economic growth.

In recent years, the Czech Republic has had one of the lowest poverty rates in the OECD, with effective social spending supporting a more equitable income distribution. The country has implemented targeted redistributive policies that support low-income groups and those at risk of poverty. The 2007–2008 tax and welfare reforms removed means-testing and automatic indexing (except for pensions and housing) leading to more nimble policy approaches that resulted in a decrease in overall income inequality. A minimum wage, income tax credits for families with children and the safeguarding of pensions have helped raise living standards across the board and to mitigate potential intergenerational inequality.



Bustling square in Prague, the capital of the Czech Republic. The country ranks fifth in the Income Equality indicator.

Kazakhstan has seen consistent improvements in income equality since 2001, coupled with an overall rise in average income. Targeted policies tackling youth unemployment through education, including efforts to expand vocational and training programs, have contributed to lower income inequality. These policies have also improved workforce skills, increased female participation rates, and lowered unemployment. Kazakhstan maintains almost universal school enrolment and a nearly 100% literacy rate. Education initiatives serve as a driver of progress and more inclusive economic growth.

In addition to education policies, Kazakhstan has invested in inclusive growth policies. Among them was the comprehensive 2010-2014 Accelerated Industrialisation Development Program, that tackled employment creation, modernisation of enterprises and healthcare systems, and even included plans for a modern social security system. More recent policies include a poverty reduction programme, as delineated in Kazakhstan's Strategy 2030 policy roadmap, and the Business Road Map 2020 Program which targets employment and business development in emerging industries.

### Closing the Gender Gap: How National Leadership Paved the Way In Zambia and Philippines

The Gender Gap indicator captures how countries fare in closing the gap between male and female labour force participation, income, as well as representation in government and senior technical and professional fields. Two lower-income countries stand out for their ability to navigate and overcome the complex cultural and social norms needed to help women rise: **Zambia** and the **Philippines**.

In Zambia, which ranked second in this indicator, differences in status between women in rural and urban areas pose a great challenge for gender advancement. Women are also overrepresented in the informal sector. Zambia has a statutory and customary legal system existing in parallel. The Constitution recognises the dual system, where customary law is administered in local courts and statutory law applies to all the higher courts. Many cases related to marital and land rights of women are adjudicated in local courts. In customary law women can never be landowners, making it difficult to access loans.

As an important first step to dealing with such economic, social, legal, and cultural barriers for women, the government developed its National Gender Policy in 2000 aimed at central coordination and prioritisation of women’s advancement. Of note, was the establishment of focal points in all ministries for creating and implementing policies and programmes targeted at women. While helpful in mainstreaming gender issues, implementation proved challenging without a clear government champion. To resolve this, in 2015, the Ministry of Gender was established. With a clear mandate to monitor and implement the National Gender Policy (updated in 2014), its own budget, and a Cabinet Minister, a favourable policy environment was put in place to close the gender gap.

To further cement this political will, the reformed Constitution of 2016 prioritises gender. For example, it established the Gender Equity and Equality Commission, tasked with instituting legal norms protecting women and a provision for gender equity in the National Assembly. National leadership and prioritisation have gone a long way to helping Zambia close the gender gap, so crucial to the country’s overall development.

Ranked seventh is the Philippines, one of the first Asian countries to grant women the right to vote. Women’s advancement has strong historical and advocacy roots, as old as the nation’s independence movement.



Minor Basilica of Saint Lorenzo Ruiz in Manila, Philippines.



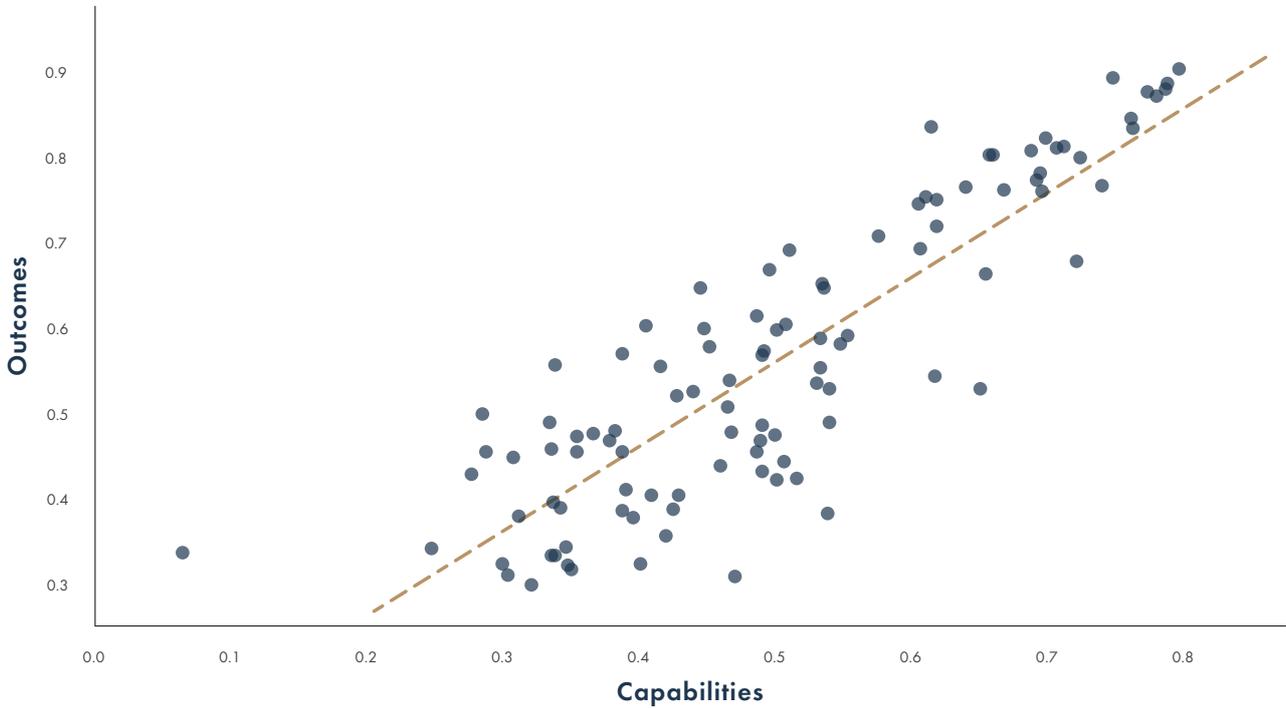
***The good performance of Zambia and the Philippines in this indicator demonstrates the importance of legal norms and government leadership in enhancing protection and opportunities for women. It remains a challenge globally to shift mindsets and culture, and overcome deeply engrained discriminatory attitudes towards women.***

Successive Philippines governments have focused on comprehensive legislation that seeks to end discrimination against women, offer better protection for women and girls, and improve support for single parents and women in the workplace. From 1995 the government introduced gender budgeting, allocating five percent of the national budget to women’s development. Additionally, the 2009 Magna Carta of Women, a comprehensive women’s human rights charter, promotes workplace anti-discrimination and economic equality. To help with implementation, the government set up the Philippine Commission on Women, under the Office of the President. It oversees over all aspects of gender mainstreaming across all levels of the country and the government, and works closely with legislative bodies.

The good performance of Zambia and the Philippines in this indicator demonstrates the importance of legal norms and government leadership in enhancing protection and opportunities for women. It remains a challenge globally to shift mindsets and culture, and overcome deeply engrained discriminatory attitudes towards women. Progress, while difficult to measure precisely, is possible. It will require close partnerships between governments, businesses, and social and community groups to overcome.

# How Capabilities Relate to Outcomes

Pearson Correlation Coefficient: 0.87



**Figure 7.1** The strong correlation between government capabilities (pillars 1-6) and outcomes (pillar 7)

## Exploring the Relationship Between Capabilities and Outcomes

Much of this report has investigated the capabilities of governments and how these affect the outcomes experienced by citizens, businesses, and countries as a whole. But just how much are effective government capabilities related to good outcomes and Helping People Rise? Based on CGGI data, there is a clear and strong correlation.

Another way to explore this relationship using the Index data is to see how a country’s numerical score in the Index changes with and without the outcome indicators in the Helping People Rise pillar. The following table (Table 7.2) lists the scores of countries based only on government capabilities, next to their scores once the outcomes indicators are included.

Countries whose scores increase or decrease more than 5% are highlighted in bold.

There are many reasons why countries may perform differently, with or without outcomes included, and comparisons should not be made between countries at different stages of their economic development journeys. Countries that have recently invested in building their capabilities may need to stay the course for several years until their initiatives bear fruit. Nonetheless, the results below raise interesting questions around the extent to which a government’s capabilities affect the outcomes experienced by its citizens, and how governments with seemingly similar capabilities produce different outcomes. What might certain countries be doing, and what could others learn from them? We believe this is a fruitful area for further examination.

## Change in Country Scores when Outcomes are Included

Country	Without Outcomes	With Outcomes	Percentage Change	Country	Without Outcomes	With Outcomes	Percentage Change
Finland	0.826	0.848	2.6% ↑	Rwanda	0.530	0.508	-4.1% ↓
Switzerland	0.820	0.839	2.3% ↑	Panama	0.513	0.507	-1.2% ↓
Singapore	0.817	0.835	2.2% ↑	<b>Albania</b>	<b>0.470</b>	<b>0.505</b>	<b>7.4% ↑</b>
Netherlands	0.811	0.828	2.1% ↑	Armenia	0.489	0.503	2.9% ↑
Denmark	0.805	0.825	2.5% ↑	<b>Vietnam</b>	<b>0.474</b>	<b>0.502</b>	<b>6.0% ↑</b>
Norway	0.779	0.810	4.0% ↑	<b>Botswana</b>	<b>0.529</b>	<b>0.502</b>	<b>-5.2% ↓</b>
Sweden	0.794	0.809	1.9% ↑	Philippines	0.511	0.500	-2.0% ↓
Germany	0.794	0.806	1.4% ↑	Peru	0.508	0.495	-2.6% ↓
New Zealand	0.771	0.771	0.0% =	Morocco	0.513	0.493	-4.0% ↓
Canada	0.755	0.768	1.7% ↑	Jamaica	0.488	0.490	0.4% ↑
Ireland	0.741	0.761	2.7% ↑	Turkey	0.486	0.485	-0.3% ↓
United Kingdom	0.734	0.756	2.9% ↑	Jordan	0.462	0.480	3.7% ↑
Austria	0.728	0.754	3.6% ↑	<b>Ukraine</b>	<b>0.426</b>	<b>0.474</b>	<b>11.2% ↑</b>
Japan	0.716	0.742	3.6% ↑	<b>North Macedonia</b>	<b>0.441</b>	<b>0.472</b>	<b>7.0% ↑</b>
Estonia	0.724	0.741	2.2% ↑	Brazil	0.481	0.470	-2.2% ↓
France	0.726	0.736	1.4% ↑	Argentina	0.448	0.468	4.5% ↑
Australia	0.721	0.736	2.0% ↑	<b>Moldova</b>	<b>0.408</b>	<b>0.453</b>	<b>11.2% ↑</b>
United States	0.750	0.732	-2.4% ↓	<b>South Africa</b>	<b>0.492</b>	<b>0.444</b>	<b>-9.7% ↓</b>
Iceland	0.691	0.722	4.5% ↑	Senegal	0.451	0.440	-2.6% ↓
Belgium	0.685	0.717	4.7% ↑	Ghana	0.446	0.431	-3.3% ↓
South Korea	0.695	0.714	2.7% ↑	Egypt, Arab Rep.	0.430	0.424	-1.4% ↓
Czech Republic	0.672	0.698	3.9% ↑	<b>Sri Lanka</b>	<b>0.401</b>	<b>0.422</b>	<b>5.4% ↑</b>
<b>Slovenia</b>	<b>0.645</b>	<b>0.697</b>	<b>8.0% ↑</b>	Tunisia	0.407	0.420	3.4% ↑
United Arab Emirates	0.684	0.680	-0.7% ↓	<b>Namibia</b>	<b>0.442</b>	<b>0.419</b>	<b>-5.2% ↓</b>
Portugal	0.646	0.674	4.4% ↑	Kyrgyz Republic	0.397	0.416	4.9% ↑
<b>Spain</b>	<b>0.637</b>	<b>0.669</b>	<b>5.0% ↑</b>	Honduras	0.410	0.411	0.2% ↑
Israel	0.649	0.669	3.0% ↑	<b>El Salvador</b>	<b>0.385</b>	<b>0.410</b>	<b>6.5% ↑</b>
<b>Poland</b>	<b>0.631</b>	<b>0.663</b>	<b>5.0% ↑</b>	<b>Bosnia &amp; Herzegovina</b>	<b>0.355</b>	<b>0.410</b>	<b>15.3% ↑</b>
Lithuania	0.634	0.650	2.6% ↑	Kenya	0.417	0.407	-2.3% ↓
<b>Chile</b>	<b>0.678</b>	<b>0.640</b>	<b>-5.7% ↓</b>	<b>Mongolia</b>	<b>0.374</b>	<b>0.401</b>	<b>7.2% ↑</b>
Latvia	0.601	0.630	4.8% ↑	Tanzania	0.403	0.400	-0.9% ↓
Malaysia	0.644	0.618	-4.0% ↓	<b>Uganda</b>	<b>0.423</b>	<b>0.397</b>	<b>-6.1% ↓</b>
Hungary	0.558	0.584	4.6% ↑	<b>Tajikistan</b>	<b>0.372</b>	<b>0.394</b>	<b>6.1% ↑</b>
Italy	0.560	0.583	4.3% ↑	<b>Cambodia</b>	<b>0.350</b>	<b>0.388</b>	<b>10.8% ↑</b>
Bulgaria	0.579	0.583	0.8% ↑	<b>Ecuador</b>	<b>0.354</b>	<b>0.383</b>	<b>8.1% ↑</b>
<b>Croatia</b>	<b>0.535</b>	<b>0.577</b>	<b>7.9% ↑</b>	Guatemala	0.359	0.368	2.5% ↑
Uruguay	0.572	0.575	0.6% ↑	Nicaragua	0.354	0.366	3.3% ↑
Mauritius	0.558	0.567	1.6% ↑	Malawi	0.364	0.359	-1.3% ↓
<b>Romania</b>	<b>0.518</b>	<b>0.559</b>	<b>7.9% ↑</b>	Pakistan	0.372	0.359	-3.7% ↓
Costa Rica	0.557	0.557	0.0% =	<b>Nepal</b>	<b>0.324</b>	<b>0.358</b>	<b>10.4% ↑</b>
China	0.565	0.556	-1.6% ↓	Ethiopia	0.366	0.355	-2.9% ↓
Georgia	0.555	0.551	-0.8% ↓	<b>Algeria</b>	<b>0.301</b>	<b>0.354</b>	<b>17.7% ↑</b>
Thailand	0.531	0.550	3.7% ↑	Zambia	0.354	0.349	-1.3% ↓
Kazakhstan	0.526	0.546	3.8% ↑	Burkina Faso	0.351	0.347	-1.2% ↓
Indonesia	0.564	0.545	-3.4% ↓	<b>Lebanon</b>	<b>0.305</b>	<b>0.346</b>	<b>13.2% ↑</b>
<b>Serbia</b>	<b>0.509</b>	<b>0.538</b>	<b>5.7% ↑</b>	Madagascar	0.331	0.344	4.1% ↑
Montenegro	0.515	0.531	3.2% ↑	<b>Iran, Islamic Rep.</b>	<b>0.291</b>	<b>0.329</b>	<b>12.8% ↑</b>
Russian Federation	0.512	0.527	3.1% ↑	Mali	0.338	0.328	-2.8% ↓
<b>India</b>	<b>0.563</b>	<b>0.516</b>	<b>-8.3% ↓</b>	Mozambique	0.321	0.321	0.2% ↑
<b>Greece</b>	<b>0.467</b>	<b>0.515</b>	<b>10.4% ↑</b>	Nigeria	0.316	0.319	0.9% ↑
Colombia	0.522	0.510	-2.3% ↓	<b>Zimbabwe</b>	<b>0.261</b>	<b>0.283</b>	<b>8.5% ↑</b>
<b>Mexico</b>	<b>0.538</b>	<b>0.509</b>	<b>-5.5% ↓</b>	<b>Venezuela</b>	<b>0.089</b>	<b>0.155</b>	<b>75.3% ↑</b>

**Table 7.2** Percentage change in country scores for capabilities (pillars 1-6) and capabilities + outcomes (pillars 1-7)

# Helping People to Rise

## Correlation Scores

Helping People Rise vs Robust Laws & Policies: 0.85  
 Helping People Rise vs Strong Institutions: 0.85

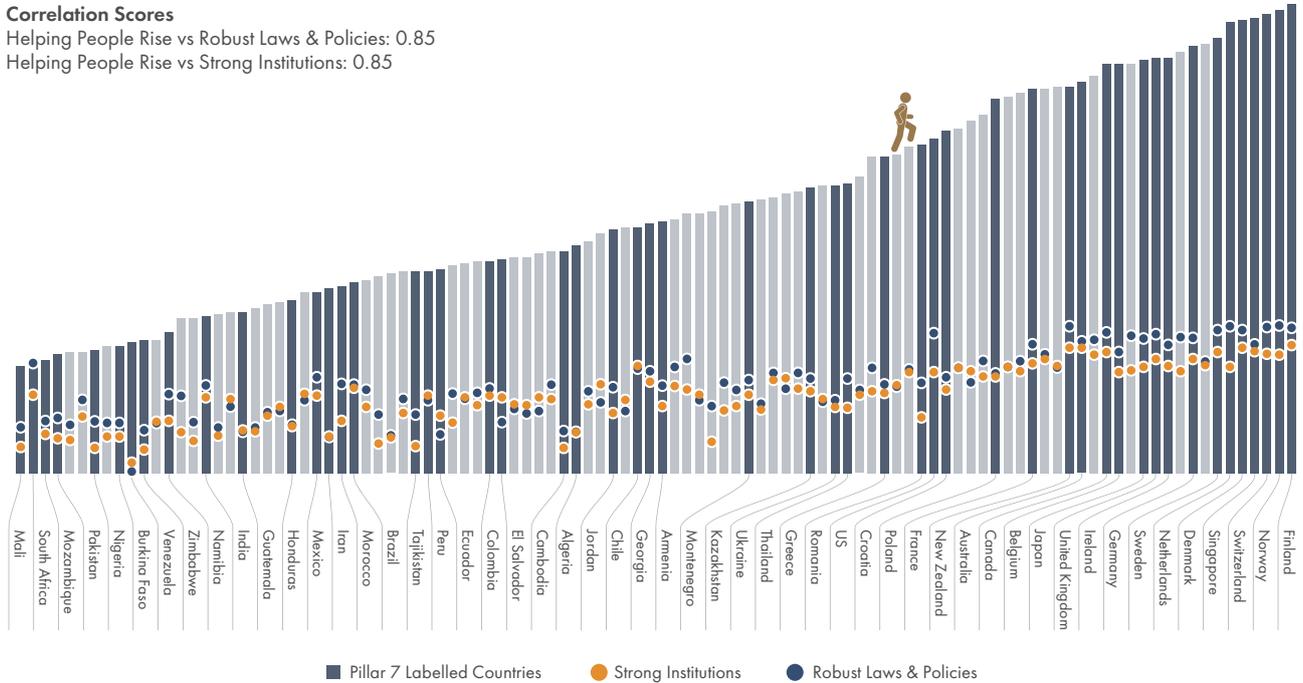


Figure 7.2 The relationship between Strong Institutions, Robust Laws and Policies, and outcomes (pillar 7).

### Which Government Capabilities Are Linked with Helping People Rise?

Using the CGGI 2021 data, there are two pillars that display the strongest correlation with the scores found in the Helping People Rise pillar. These are the pillars for **Robust Laws and Policies** (Pearson correlation coefficient 0.85) and **Strong Institutions** (Pearson correlation coefficient 0.85). Sound laws and institutions have long been recognised as fundamental for a well-governed economy and society.

Recognition and respect for the rule of law is the basis for all orderly societies. Next, a country needs effective and principled institutions capable of enforcing laws and implementing government

policies. As James Madison wrote in 1788 in *The Federalist Papers*: “you must first enable the government to control the governed; and in the next place, oblige it to control itself”.

There is a large body of evidence from the fields of political science, economics, and history that affirms the importance of strong legal and institutional frameworks. Countries that have developed robust laws and strong institutions have performed better in terms of sustained economic growth and human flourishing. It is a compelling argument that is supported by the CGGI 2021 results, and demonstrated in this final pillar on Helping People Rise.

## PRACTITIONER STORY



**Good government is about making people’s lives better, but the big question is how. The most important starting point is to honestly and openly understand what the problems are on the ground.**



**LI HONGYI**  
Director,  
Open Government Products,  
Singapore



**CHAN CHI LING**  
Deputy Director,  
Open Government Products,  
Singapore

**Hongyi (HY):** What if we took how a modern technology company was run, and applied that to public sector problems? Before joining the government, I worked in Google for about two years. About two years ago, I set up what is now Open Government Products (OGP) because I saw the really powerful ways that technology can deliver services and run organisations better.

Companies like Google apply really sophisticated and intricate systems and technologies to what are frankly quite small

questions. There were dozens of PhDs spending months to determine the optimal shade of blue for web links. Meanwhile, governments have good people who work very hard, but their tools are nowhere near as sophisticated – and they’re making important decisions on things like healthcare, transport, housing and care for the elderly. That became my mission – to take some of the technology that companies like Amazon and Facebook use to do things like target ads, and adapt that to improve the way governments can target social assistance or run our operations.

Traditional government IT systems are defined by domain rather than capability. Take, for example, a hospital administration system or a transport coordination system. Each is huge and trying to track and do a hundred different things. Our products each focus on doing one thing only and doing it well. FormSG builds forms – a government agency can put together an online form and start collecting information in 20 minutes. Isomer enables government departments to build and launch a website very quickly.

If you have tools that are simple to understand and can be combined in different ways, you can respond more quickly when needs change. When the pandemic hit, we needed to recruit healthcare volunteers. In less than a week, we used Isomer to build a website, FormSG to design the recruitment forms, and Go.gov.sg to generate QR codes and links. You string these various pieces together and you have a recruitment system. There’s no need to build a big specialised platform.

“

***Good governments must build trust with citizens, to be able to explain why some demands cannot be met, or why a policy didn't work. This reservoir of trust enables governments to communicate hard truths to citizens, to be heard and understood. It also creates a two-way street that empowers people to speak up and tell the government hard truths it needs to hear.***

Our HR systems are also critical. In traditional government structures, political office holders are the brains and set the direction while the civil servants execute what they request. This can be useful for traditional problem solving, but my role as Director of OGP is not to tell people what to do – it is to support the team by creating the environment, culture and processes to help them perform at their fullest potential.

**Chi Ling (CL):** Prior to joining the experimental outfit that is OGP, I spent some time in a strategy unit and a line ministry in the Singapore public service. In my experience implementing policies and operational plans within government, success in execution depends on the right people – with the right values and skill sets – as well as the right environment and structures. The former often depends on its leadership and the way they recruit and develop people, whereas the latter refers to promotion structures, feedback and appraisal mechanisms, and culture.

The best organisations create a culture of responsibility and accountability, and encourage learning and development. In the case of OGP, we have experimented with using peer appraisals not just for the purpose of providing development feedback, but also for assessment and promotion. We also set aside time for continuous learning, by designating the month of December as 'Open Learning Month', and every Friday as a team learning day.

**HY:** We are responsible “end to end” for getting things done. Our people are not cogs in a machine, each in charge of a narrow function. When we launched Parking.SG, the Product Manager helped debug technical issues and the Engineers responded to support tickets. Teams are small – two to five people. Each has

their individual specialisation, but everything is everybody's job. When you build this culture, everybody gets down to brass tacks.

**CL:** We are disciplined at reducing complexity by keeping team sizes small and focusing on a clear product vision. A tempting instinct of many organisations is to throw more people at a problem. There is value in having larger teams under certain circumstances, but this cannot substitute clear focus on the right vision. A product vision is not necessarily what senior leadership wants, nor what users or citizens say they need. It is born out of insight and observation from examining a problem space thoroughly. Often this involves trial-and-error, gathering data and feedback, and being close to the ground.

This was the case for how OGP built systems to support vaccination operations – the end-to-end vaccination operations system was built within weeks by a small team of product managers, designers, and software engineers working closely with policymakers, clinicians, and ground operators. Having a clear product vision helped us to prioritise across requirements and features, guided us to say no to certain stakeholder requests, and ultimately helped us achieve better outcomes.

**HY:** I intentionally under-resource our teams, because when people are constrained in this way, they become more driven and creative. Look at small business owners in Singapore – each of them handles logistics, procurement, payments, hiring, pricing, safety, taxes, and customers. It is easier for large organisations to languish in inefficiency because responsibility is diffused. But when you have a five-person team and the product is not working, everybody gets down to solve the problem.

Everybody at OGP will tell you that there are a dozen other things we could be doing, but we are not. And that is good, because we are very clear about prioritising and doing the most important things, and shelving less important things. That forces us to be very deliberate.

Good government is about making people's lives better, but the big question is how. The most important starting point is to honestly and openly understand what the problems are on the ground. Collecting and using basic data goes a long way. There are a whole bunch of contentious value statements we can debate, but there are also universal things we can all agree on – countries should have fewer babies dying, fewer people homeless, more children in school, lower workplace stress levels.

There are debates over questions like whether public or private healthcare systems are better. In most cases, the philosophical differences are less important to whether a system succeeds or fails, compared to the quality of the implementation. It turns out you can make a lot of things work. We don't carry a torch for any particular doctrine, except doing what is right for people. Good government is ultimately very pragmatic, iterative and convergent. It is about trying things out, figuring out what works, being honest with yourself, and helping people understand what you are trying to do.

**CL:** Catering to people's needs is often touted as the hallmark of good government. Beyond this, good governments must build trust with citizens, to be able to explain why some demands cannot be met, or why a policy didn't work. This reservoir of trust enables governments to communicate hard truths to citizens, to be heard and understood. It also creates a two-way street that empowers people to speak up and tell the government hard truths it needs to hear.

# The Tradecraft of Capability Development



By **Wu Wei Neng**, Executive Director, Chandler Institute of Governance

If capabilities matter, and countries differ widely in their government capabilities, then how can governments take active steps to improve their capabilities over time? Given the diversity of national circumstances and needs, there is no fixed formula or pathway to do this. However, there are principles and frameworks that we can learn and adapt from the experiences of successful governments around the world.

## Understanding Capabilities

Years ago, I called on a government Minister during an overseas trip. I hoped to learn more about his priorities and the challenges he faced. He welcomed us warmly, and asked me about my impressions of his country. As I spoke, he started to write some notes, but realised that his pen did not work. Slightly embarrassed, he called for his assistant, who brought in another pen. Amazingly, that one didn't work either. He then realised that his staff had given him the wrong file, which was intended for a different meeting.

While such stories are not uncommon, I have also experienced government effectiveness at its best. In fact, some of the most capable people I've ever worked with have been civil servants, who combine dynamism, commitment and intelligence with a strong sense of public duty.

Government capabilities are the range of competencies, skills, platforms, and levers that governments need to perform their roles, such as policymaking, regulation, financial management, and the provision of public services. There is nothing mysterious or abstract about the need for strong capabilities in any organisation, whether public or private. Strategic planning and data analytics skills are examples of capabilities, but so is competent operational and staff support for government leaders, so that they are well briefed, and have the equipment to do their job – even down to a humble pen.

The Chandler Institute of Governance is dedicated to supporting and working with governments around the world to strengthen public leadership, policymaking, and institutional effectiveness. In the course of our work, we have identified key aspects of capability development that are relevant to all countries, regardless of their income level, political system or cultural context.

## Story and Culture

Beyond the daily administration of government, public sector leaders have a responsibility to shape the story and culture of public service. Too often,



Even a humble pen can make a difference for a successful meeting.



Governments need to be able to manage and monitor complex systems effectively.

leaders focus mainly on process improvements or “input” based measures such as increasing staff strength. This ignores the powerful role of narratives and perceptions in enabling good government performance. In some countries, government service and careers in government are seen as inferior options to more exciting and highly paid corporate jobs. This results in a “negative culture spiral”, where talented government officers aspire to leave for the private sector, while people who apply for government jobs seek routine and a stable paycheck. Over time, this culture becomes self-reinforcing.

This is a lost opportunity, because public service speaks to the intrinsic motivations of many. Sharath Jeevan, founder of Intrinsic Labs, notes that government leaders have a fantastic opportunity to appeal to the values and thirst for meaningful work that many younger, talented jobseekers have. Culture

cannot be created overnight, but it can be nurtured through the celebration of organisational role models, workplace stories and traditions, identity markers such as uniforms and logos, and opportunities for genuine, frank conversations at all levels.

If government leaders embody positive values and culture in their own conduct and lives, they will be powerful role models for their staff and colleagues, and leave positive legacies long after their tenures in office have ended.

### **Leadership and Talent**

An organisation’s talent system is its lifeblood, particularly in government where a diverse range of skills and competencies are needed across a broad spectrum of job functions and disciplines. Many successful governments have leadership schemes that focus on developing and nurturing future senior public sector leaders from an early stage in their careers. These schemes focus on rigorous meritocratic selection, the exposure to a broad range of government work across Ministries and agencies, and opportunities for mentorship. Subject matter specific schemes such as a legal specialists scheme or a procurement experts scheme also allow governments to offer competitive pay and promotion for specific types of skilled talent they require.

Another feature of successful governments is a commitment to the training and development of staff. National academies of public administration and civil service training institutes are essential for the documenting and sharing of both explicit knowledge and tacit wisdom. Such training institutes must be as practical and pragmatic as possible, focusing largely on the actual skills and techniques required for successful public administration.

Talent systems are built from several key components – attraction and recruitment, development and training, on the job learning, promotion and demotion, performance evaluation and review, workplace incentives (either monetary or non-monetary in nature), disciplinary action and probation, and



Government call centre operators in Tashkent, Uzbekistan, December 2016. Credit: Valery Sharifulin/TASS/Alamy Live News

inter-agency transfers or secondments. Sound talent management systems recognise that these components form an integrated whole that is more than the sum of its parts. This, coupled with a culture of respect for ability and skills, and a commitment to talent development, will help governments attract their fair share of the nation's talent pool.

### **Institutions and Processes**

Strong institutions and processes ensure that civil service organisations are robust, and can withstand the ever-shifting circumstances of political change. There is a delicate balance to be struck here. Civil servants are tasked to serve the government of the day, its leaders and institutions must therefore be non-ideological, focused on achieving the goals expressed by the political leadership with a public mandate. However, the civil service also needs to defend its role, and protect itself from becoming marginalised or bypassed by political leaders who may at times attempt to undermine state institutions and legal processes. It can best do so by being focused, capable and professional, and earning the respect of politicians and citizens alike.

Strong institutions need to have robust processes and provide continuity as leaders change. To do this, they need clear terms of reference and mandates, as well as established, strategic, command and

implementation structures. Professional processes, such as dedicated departments for human resource management, finance and procurement, audit, knowledge management, building management and communications, are needed to effectively support the policy and planning departments.

Even the best designed institutions and processes will need periodic review and adjustment, as new developments in culture, technology, citizen expectations and international norms occur. Annual leadership review platforms are useful for signposting the importance of adaptation and ensuring long-term relevance, amidst the hectic bustle of daily work.

### **Strategies and Plans**

Many government organisations craft strategies and plans that appear very sensible and comprehensive, but are not translated into useful actions and outcomes on the ground. There are at least three reasons for this. First, the government agency may lack the capabilities, manpower and budget to implement the strategies and plans. Second, the strategies may look good on paper, but may not be appropriate for the current needs of the country and its citizens. Third, there has not been sufficient alignment or commitment from important stakeholders to drive the strategies and plans forward.

When done well, strategies and plans are an excellent platform for developing and aligning an organisation's purpose, priorities, and resources, and then communicating these. However, the strategic planning process in many governments may be inadequate for several reasons. Strategies are often aspirational, but not grounded in a firm and unvarnished understanding of an organisation's strengths and limitations. This often results in unrealistic medium or longer-term visions and commitments that the organisation has no capabilities to eventually deliver. Strategies are also often expressed in the form of goals and timelines, but without a clear pathway to implementation, nor a clear sense of who is accountable for each step. Governments often engage external experts or consultants to draft their strategies for them, which often results in a mismatch of hopes and reality, since it is difficult for even well-meaning external parties to understand the deep context and realities of a government.

### **Implementation and Delivery**

While governments do not generally operate in the commercial marketplace, they are nonetheless responsible for providing, or ensuring the provision of, a wide range of goods and services. These range from amenities like sports facilities and libraries, to infrastructure like ports and railways, to services like public healthcare, education, and security. They need the capabilities to implement and deliver these public goods and services to a very diverse range of citizens, businesses, and other stakeholders.



Medical students sit for an examination at a government medical training institute and hospital in Kolkata, India, October 2019.

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***Good government is an important foundation of national development and prosperity, and capability development is an ongoing journey for all governments, regardless of their current effectiveness and performance.***

In our experience working with governments around the world, we realise that government leaders and officers often have an abundance of good ideas and plans. What is lacking, by their own admission, is the capacity to take a strategy or plan, break it down into practical workstreams, targets and timelines, assign the necessary people and resources, and perform the micro-actions such as organising public briefings, conducting regulatory inspections, or managing procurements and logistics. These steps convert a good idea into concrete outcomes that people value. Establishing a culture focused on implementation requires that leaders be recognised for solid execution of plans, and not just the writing of strategy memos, and that officers be well trained in areas such as project management, operations and staff work.

Sound implementation also relies on effective monitoring and evaluation of past initiatives and ongoing programmes, so that insights and lessons from these can be used by governments to further improve. Monitoring systems do not have to be costly, and can leverage on readily available, existing administrative data such as student test scores, participation rates and crime data, that is collected during the daily business of government.

Good government is an important foundation of national development and prosperity, and capability development is an ongoing journey for all governments, regardless of their current effectiveness and performance. Undertaking this journey in a pragmatic, thoughtful and intentional manner will greatly improve a country's chances of success.

# Analysing the Index Results

**T**he CGGI is designed as a tool for governments to understand and benchmark their capabilities and performance. In this inaugural release, we have uncovered a rich snapshot of scores and ranks, and interesting stories and ideas have surfaced from the data. We look forward in future editions of the Index to further opportunities to analyse and learn from movements and trends.

## Are Large Countries Harder to Govern Well?

Many believe that the size of a country – both in terms of its population size and physical size – affects its optimal governance structure, as well as the ease of public administration and governance within that country. In particular, large countries require more levels of government, which increases the complexity of coordinating and distributing authority and resources. It is also thought that large countries face challenges in scaling-up government systems to meet the needs and demands of a more geographically dispersed, larger, or more diverse population.

On the other hand, size has its advantages, conferring economies of scale in production and consumption, providing ample land and natural resources, and magnifying a country's influence over international affairs and negotiations.

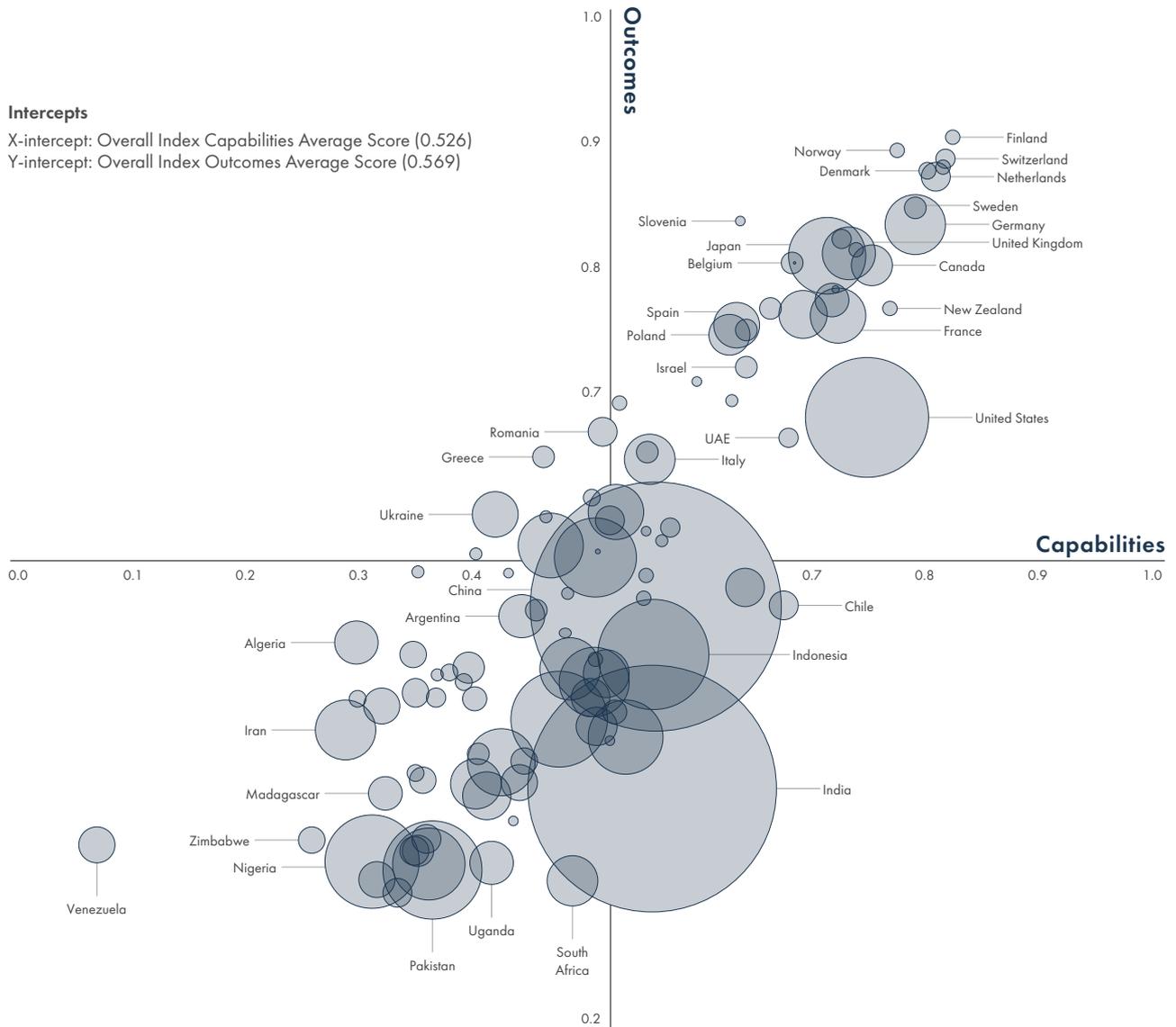
Figure 8.1 displays the relationship between government capabilities, outcomes, and the size of each country's population. The x- and y-intercepts

represent the average country scores for capabilities and outcomes, respectively. This means that countries to the right of the vertical axis are doing better than the CGGI average in terms of capabilities. Countries in the upper-right quadrant are doing better than the CGGI average in both government capabilities and outcomes, while countries in the upper-left quadrant are scoring below the CGGI average in terms of government capabilities, but above average in terms of outcomes.

This analysis indicates that countries across a broad spectrum of population sizes fare well in terms of both capabilities and outcomes. Large countries with established federal systems of government, such as the US, perform well, as do much smaller countries with unitary systems of government such as Singapore and the UAE. The most populous countries in the world – China and India – exceed the CGGI average score for government capabilities, but not for outcomes.

These results do not prove that population size is meaningless. Now, as in the past, size matters. However, the CGGI shows that a country's destiny is not determined by its size alone. Each country faces complex and distinctive circumstances, and a unique set of assets and challenges. Governments that study and understand their country's identity, story, and niche, and that develop capable and effective institutions, policies, and people, will be well placed to overcome the constraints of their size.

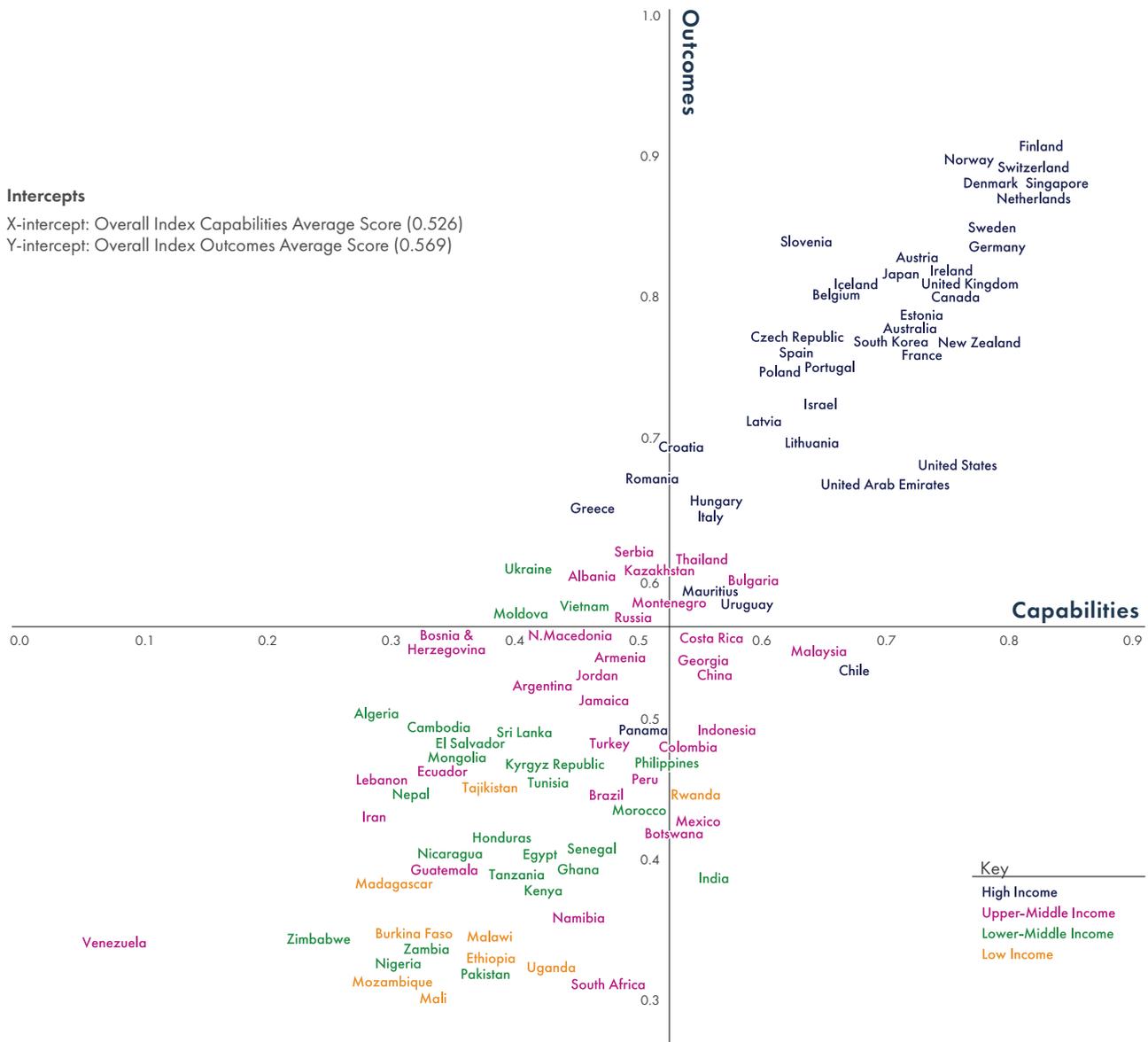
# Population Size and Government Effectiveness



**Figure 8.1** The relationship between government capabilities, outcomes, and size of population.

Source: Chandler Good Government Index 2021 and The World Bank 2019

# Countries with Better Government Capabilities and Outcomes Tend to Have Higher Income Levels



**Figure 8.2** The relationship between government capabilities, outcomes and income status.

Source: Chandler Good Government Index 2021 and The World Bank 2019.

## Does Good Governance Support Socioeconomic Progress?

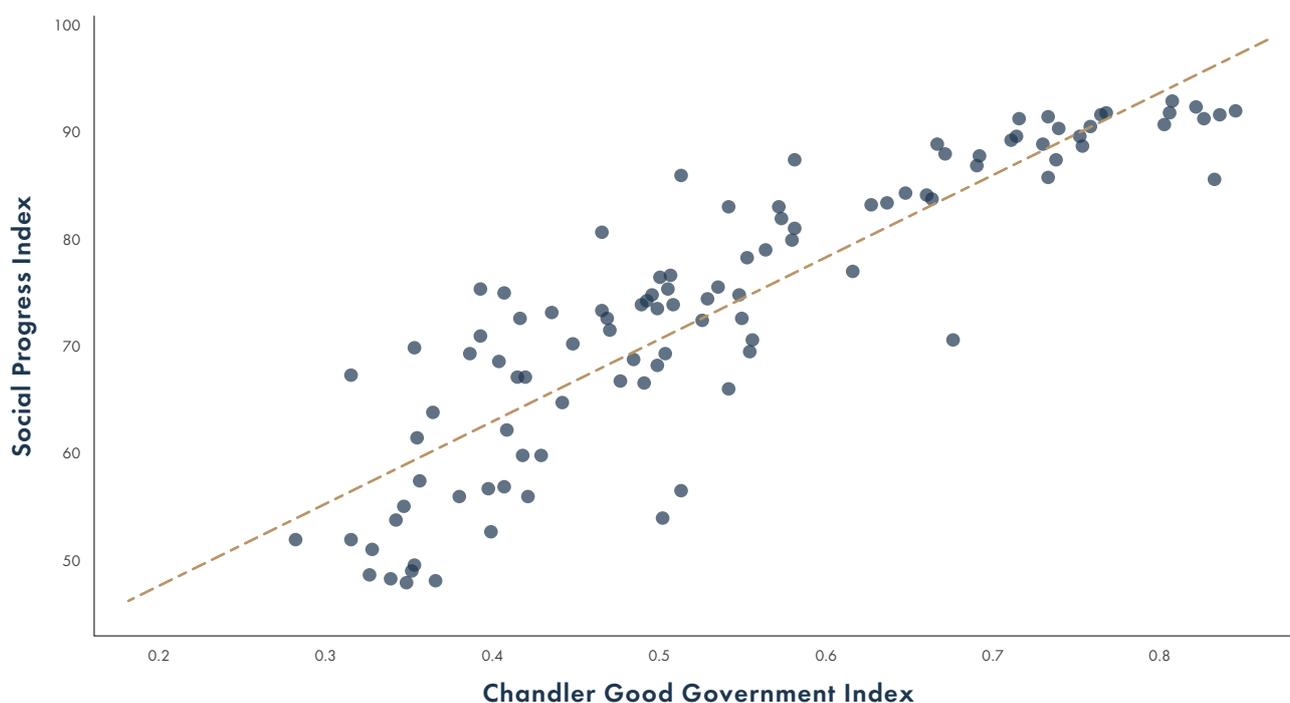
At a glance, Figure 8.2 above shows that many well-performing countries in the CGGI are high-income advanced economies, whose citizens generally enjoy a high standard of living and good socioeconomic outcomes. But does good governance form the foundations of socioeconomic progress? Or do good socioeconomic foundations provide the financial and cultural resources and social cohesion necessary

to establish and maintain stable political systems, effective institutions, and good public services?

It can be easy to dismiss effective government as a luxury that only wealthy nations can afford. This is understandable, since financial resources indeed provide governments with the means to build strong systems, remunerate civil servants fairly, and provide public services effectively.

## Good Government Improves Quality of Life

Pearson Correlation Coefficient: 0.88



**Figure 8.3** The correlation between government performance and social outcomes.

Source: Chandler Good Government Index 2021 and the Social Progress Imperative 2020.  
Venezuela was not included as it is not measured in the Social Progress Index.

Correlations do not prove causation, but careful study of top Index scorers such as Finland, Switzerland, and Singapore shows the important role of sound government institutions, laws, and policies – ranging from strong property rights, free trade agreements, and political neutrality in Finland, to the federal and political structure of Switzerland where frequent elections and referenda promote inclusive participation and mutual compromise, and the anti-corruption efforts, land reform and industrial policies of Singapore.

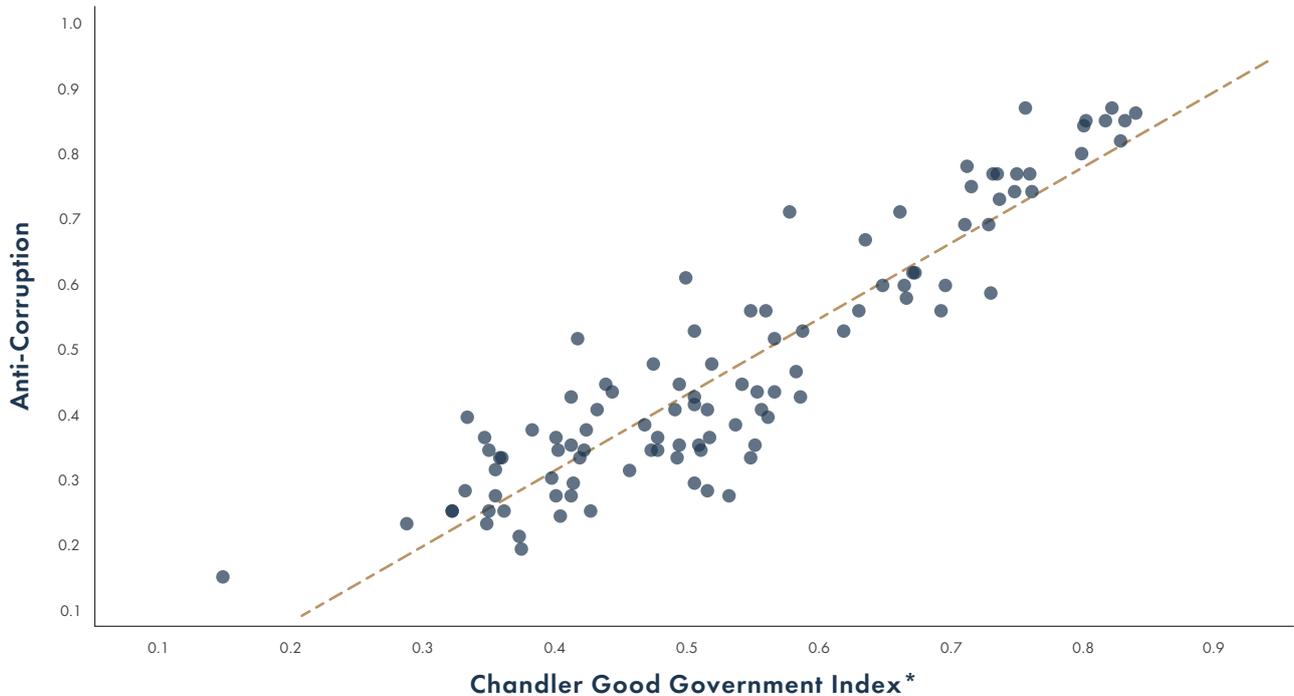
Good governance in these cases served as the foundation for national development and prosperity, but greater wealth and education also promoted a desire for clean and competent government. Each led to the other, in a mutually reinforcing relationship.

Sound laws, enforceable rights, and stable policies facilitated the activities of private companies, investors, entrepreneurs, and traders, which are the primary sources of the direct creation of jobs, output, incomes, and growth in any country.

Beyond GDP and income levels, good governance is also closely associated with good social outcomes for individuals, communities and societies. Figure 8.3 shows the correlation between overall performance in the CGGI and the Social Progress Index (SPI). The SPI measures 50 social and environmental indicators, focusing on actual life outcomes in areas from shelter and nutrition to rights and education. Good governments improve the quality of people's lives.

## Good Government is Strongly Linked to Anti-Corruption

Pearson Correlation Coefficient: 0.91



**Figure 8.4** The relationship between government performance and anti-corruption.

\*The Anti-Corruption indicator score was not included in the overall CGGI score for this correlation chart.

Source: Chandler Good Government Index 2021 and Transparency International Corruption Perceptions Index 2019.

### Good Governance, Anti-Corruption and Trust

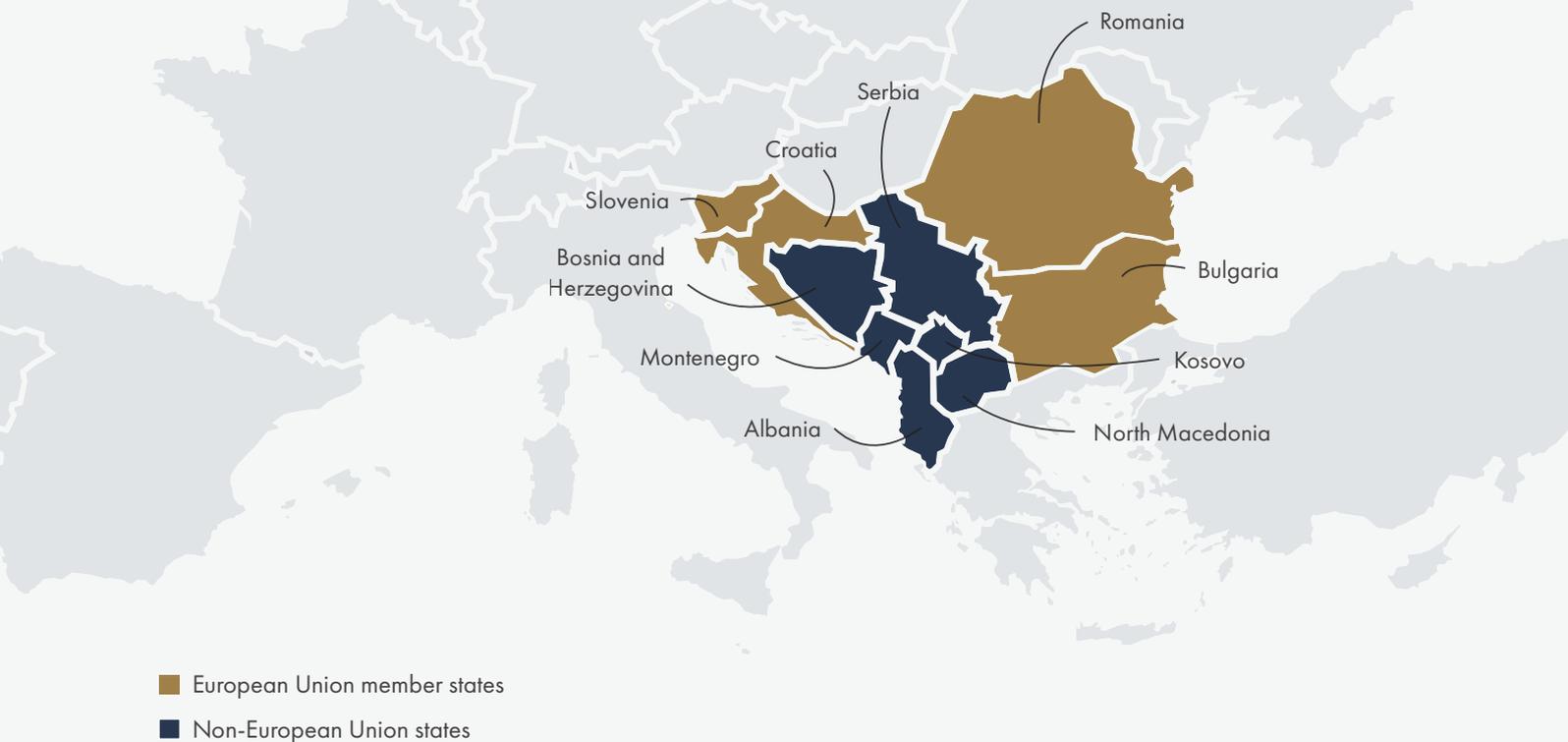
There are 34 indicators in the CGGI framework. The one single indicator that has the strongest correlation with the overall CGGI rankings is **Anti-Corruption**.

Lower levels of corruption are essential for promoting public trust in businesses and government. Public corruption is an egregious abuse of power, and a violation of the electoral mandate and implicit trust conferred by that mandate. With high levels of systemic corruption, the government is effectively “for sale” to the highest bidder. In such an environment, there can be no widespread trust in the willingness of government leaders and officials to make the right choices, and to act in the best interests of the nation.

Anti-corruption laws, systems, and agencies are important factors in curbing corruption, but cannot solve the problem by themselves. Strong political will and leadership from the top are crucial in building a culture of integrity and honesty. Without the right organisational culture, even the best-worded laws will not prevent graft and abuse of power. It is also important to reduce the incentives in favour of corruption by ensuring that civil service pay is not too low, and by increasing the chances that corrupt officials will be detected. Finally, a climate of zero tolerance for corruption arises only when citizens are united and consistent in holding corrupt governments to account. Education and awareness initiatives and programmes have important roles to play.

## REGION FOCUS

# Outperforming Expectations: The Balkans



**E**ach country in the CGGI is ranked on its individual merits, but one group of countries stands out for a strong performance, relative to income level: the Balkans – and in particular Serbia, Bulgaria, Montenegro and Albania (see Figure 8.2 on page 94).

This region is achieving productive outcomes that are helping reduce income and gender inequalities, and improving the overall quality of life and security for citizens. Here we look at some of the recent structural reforms, policies and incentives that help explain this region’s impressive performance.

Debate continues about what constitutes “the Balkans”, but there is general consensus that the countries include those entirely within the Balkan Peninsula

(Albania, Bosnia and Herzegovina, Bulgaria, Kosovo, Montenegro, and North Macedonia) and those partially within (Croatia, Romania, Serbia, and Slovenia). Some descriptions are based on historical and cultural factors while others focus on the violent conflicts and divisions of the 20th century. Those unfamiliar with the region might harbour outdated perceptions of these countries as being poor and recovering from either communism or violent conflict. However, strong progress has been made over the past decade. Countries such as Romania and Bulgaria became part of the EU in 2007, and Croatia joined in 2013. These countries have all raised GDP and overall standards of living. Slovenia was the first of these states to join the EU in 2004 and is a high-income country, ranking eighth in the CGGI’s Helping People Rise pillar.



Stari Most is a rebuilt 16th-century Ottoman bridge in the city of Mostar in Bosnia and Herzegovina.

Table 8.1

# The Balkans Rankings



Overall Rank

Overall Rank	Country	Leadership & Foresight	Robust Laws & Policies	Strong Institutions	Financial Stewardship	Attractive Marketplace	Global Influence & Reputation	Helping People Rise
23	Slovenia	37	24	14	28	31	30	8
34	Bulgaria	52	35	39	34	55	25	41
36	Croatia	80	39	40	41	77	22	29
39	Romania	79	44	78	52	53	10	31
46	Serbia	57	57	46	49	42	69	36
47	Montenegro	30	42	46	76	37	81	46
55	Albania	48	71	57	62	60	76	39
66	North Macedonia	68	68	48	63	90	78	49
79	Bosnia and Herzegovina	100	75	97	56	95	70	48

Kosovo is not included in the CGGI due to data limitations.

Less well-known is the progress of the Western Balkans. This includes Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia. Despite facing structural challenges common to post-war societies, these countries have reduced unemployment, improved healthcare and education access, and taken steps to close the gender gap. Such promising indicators of development are linked

to post-war reforms. In addition, the prerequisites for joining the EU are considerable. They include having stable institutions that guarantee democracy, the rule of law, human rights and respect for and protection of minorities, as well as a functioning market economy and the capacity to cope with competition and market forces in the EU. The Western Balkans have made the most strides in implementing market reforms.



According to the World Bank, unemployment in the Western Balkans fell to historic lows in 2019. GDP growth over the past decade brought more people into the workforce, especially women and young people. Between 2016–2018 over 261,000 jobs were created in the region. While unemployment is still in the double digits, these advancements are impressive. Overall employment stood just at 39.5% in 2010 and is now moving closer to 50%. When the COVID-19 pandemic hit, these countries enacted policies to support enterprises and retain jobs.

In the healthcare sector, reforms across the region have focused on sustainable financing models and promoting more equitable access. Life expectancy in the region improved from 70 in 2000 to 76 in 2017. North Macedonia's coverage of essential health services is now only slightly lower than the EU average. All countries across the region have also encouraged the private sector to invest in healthcare, leading to higher-quality facilities and equipment.

Basic and higher education reforms have been a major driver of more equitable life outcomes. For example, Montenegro adopted a comprehensive strategy for early and preschool education from 2016–2020, resulting in greater access for the youngest of children. Albania aligned its education policies to meet European benchmarks. The region's universities are also part of the European exchange programme, Erasmus, which promotes international higher education standards. Despite challenges with equitable school infrastructure across socio-economic levels and increasing spending on schools,

the region has focused on improving teacher training and curriculum development for basic education.

Ease of doing business is another hallmark of progress for the region. In North Macedonia starting a business takes just 14 days and the cost is limited to 1% of yearly average income. In Serbia it takes five days to start a business and R&D spending accounts for a healthy 1% of GDP. In science, the South East European International Institute for Sustainable Technologies (SEEIIST) has been established in Montenegro and is evolving into a regional institute to promote cooperation in cutting-edge scientific research, for example in precision radiotherapy.

The region has also made headway with closing the gender gap. For example, in Bosnia and Herzegovina more women complete secondary school and university than men. All countries have quotas for the political representation of women. Albania is addressing the endemic disparities faced by women, with recent reforms to support women in property registrations, non-discrimination in public procurement, and programmes to support female job-seekers and workers.

All these stories point to great headway being made by the region, to overcome its turbulent recent past and look to a more prosperous future.

**More can be found about these individual countries and their performance in the CGGI by accessing the interactive data on the Chandler Good Government Index website.**

[www.chandlergovernmentindex.com](http://www.chandlergovernmentindex.com)

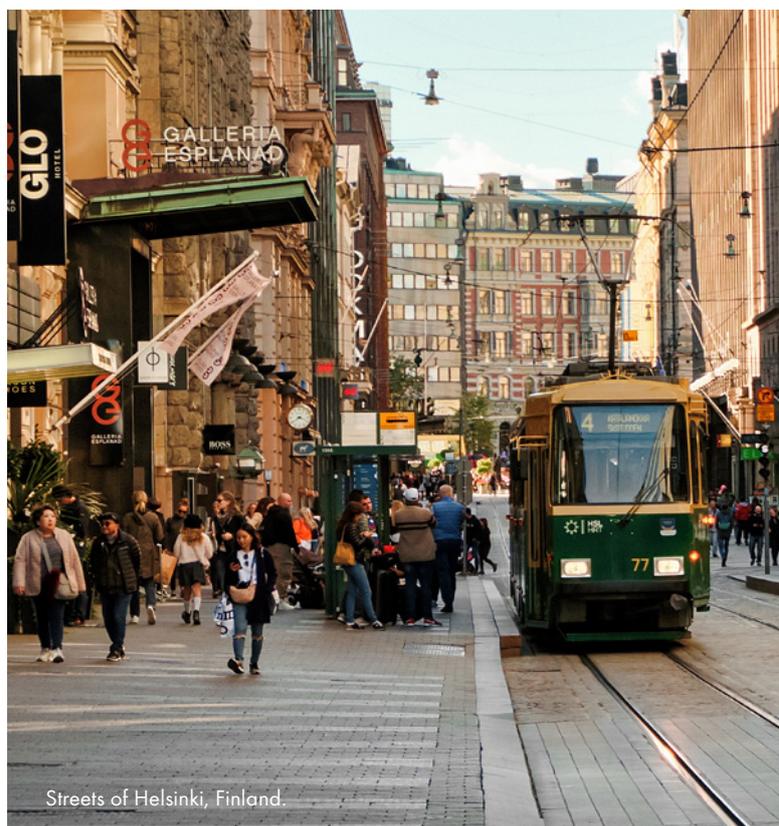
# Finland at the Forefront

Finland ranks first in the CGGI and performs well across all seven Index pillars. What makes it so successful? What principles and practices could other governments learn from the Finns?

- 1 Leadership & Foresight
- 5 Robust Laws & Policies
- 1 Strong Institutions
- 13 Financial Stewardship
- 4 Attractive Marketplace
- 18 Global Influence & Reputation
- 1 Helping People Rise

## Innovation Governance

Finland's government has a long history of adapting to change. Investment in research and high quality education has allowed the country to shift from a resource-based to a knowledge-based and technology-driven economy. Finland's flexible innovation policies are largely shaped by two ministries: the Ministry of Education and Culture and the Ministry of Economic Affairs and Employment. They promote collaboration between research institutes, academia, private sector funding agencies, and other ministries, who often have their own innovation labs. The Prime Minister's Office is also directly involved. Finland's **Research and Innovation Council** monitors the entire system, focused on involving a wide range of stakeholders to address emerging scientific and social challenges. Together, these policy actors adapt to the needs of Finnish industries, both small and large, and ensure the economy is well placed to embrace new opportunities.



Recent targeted policies include:

- **Health Sector Growth Strategy for Research and Innovation Activities** – improving healthcare research to better compete globally
- **Bio-Economy Strategy** – targeting economic growth through renewable resources
- **Six City Strategy** – developing more efficient city services through partnerships across six major cities
- **Open Science and Research Initiative** – digital solutions for access to research data to spur further innovation, while at the same time preserving intellectual property rights (an area where Finland excels).

## Open Markets and Efficient Institutions

Finland is a trade dependent nation and an active proponent of free trade. In 2019, trade accounted for 80% of the country's GDP - key export industries include forestry, machinery and chemicals. Finland imposes low tariffs on agricultural products and maintains low agricultural subsidies.

The strength of Finland's public services is rooted in the country's consistent progress towards a more competitive economy. Over the last four decades, the country undertook structural reforms to its public



administration, decreasing its size and embracing more market-oriented approaches to how it is run. Several government agencies have been transformed into competitive enterprises, and the restructuring of government budgetary systems has led to more efficient central and local government, focused on making it easier for the public to access services. These systems have emerged in a political landscape that is stable and reliable, without sudden changes in policy or interruption to services.

### **Rising Through Education**

Over 98% of Finland's education system is state-funded, and investments focus on developing the localised capacity of schools and teachers to respond to the diverse needs of the students. Teachers are highly trained and are empowered to design their local curriculum around national standards. Students rank among the best in the world for literacy and science, but remarkably, Finland does not use national standardised tests. Students are trained to think creatively, manage their own learning, and learn through inquiry.

### **Promoting Non-Discrimination**

When a nation allows discrimination against specific groups in society, its whole economy can suffer. Seven per cent of Finland's population was born outside

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*Without competent and motivated public officials, even the finest strategies, programmes, buildings, and information systems are meaningless.*

**MATTI ANTONEN**

Permanent State Secretary

the country, and there are several national minorities. A new Non-Discrimination Act entered into force in 2015, and is applicable to all aspects of Finnish life. It places obligations on public and private institutions and employers to prepare plans that promote equality and prevent discrimination. By enacting such laws and policies, Finland is not only protecting these groups, but looking ahead to build social cohesion and greater human capital.



# BEHIND THE NUMBERS

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# The Challenge of Measuring Governance at the Subnational Level



By **Reuben Abraham, Vaidehi Tandel, Kadambari Shah, and Vibhav Mariwala.**

They are, respectively, CEO, Junior Fellow, Senior Associate, and Senior Analyst at IDFC Institute, a “think/do tank” in Mumbai, India.

Indices can provide a simple way to measure and assess a country’s progress on important governance goals. But there are potential downsides to judging a country’s performance based on just one number, especially if that country is large and diverse. In India, for example, the performance of individual states across governance metrics will often deviate from the national average. Moreover, there are also likely to be significant subnational variations that could drive India’s performance in one direction or another.

Given these concerns, governments from larger nations should consider effective ways to track governance at both the national and subnational level.

## Tracking India’s Progress at the Subnational Level

Since coming to power in 2014, Prime Minister Narendra Modi has strengthened tools and initiatives to measure the performance of states across several key areas, including economic development, health and wellbeing, and business reform. The Government of India’s (GoI) aim is to incentivise states to improve the livelihoods of their citizens by providing clear and regular data on shortcomings, successes, and progress.

The National Institution for Transforming India, also known as NITI Aayog, was established by the GoI to assist in the design of long-term policies and programmes for India, while also providing technical advice at the state and national levels. One important NITI Aayog initiative is the “Aspirational Districts” Dashboard, which tracks and measures changes in

the socio-economic status of 117 districts across 28 states. The live dashboard provides states with regular updates on progress and the information is then used by leadership to drive and implement reform.

Another example is the “Swachh Survekshan” Cleanliness Survey, which Modi launched in 2016 to monitor states’ progress in meeting goals set out in the “Swachh Bharat” (Clean India) Mission. It was hoped that the annual survey – commissioned by the Ministry of Urban Development – would encourage healthy competition as cities vie to be crowned India’s “cleanest”. In 2020, Indore in the state of Madhya Pradesh was named India’s cleanest city for the fourth year running.

Other initiatives include the Ease of Living Index and Municipal Performance Index launched by the Ministry of Housing and Urban Affairs<sup>1</sup> in 2018 and 2019 respectively, and the Healthy States Progressive Index launched by NITI Aayog, the Ministry of Health and Family Welfare, and the World Bank<sup>2</sup> in 2018.

## Bihar and Karnataka

The sheer size and diversity of India present challenges when comparing states. Consider Bihar and Karnataka. In India’s north lies Bihar, a state with a population of 83 million according to the 2011 census. To the south, Karnataka is home to 53 million people. If Bihar and Karnataka were countries, they would be the 20th and 28th most populous in the world<sup>3</sup>; but there is an enormous economic disparity

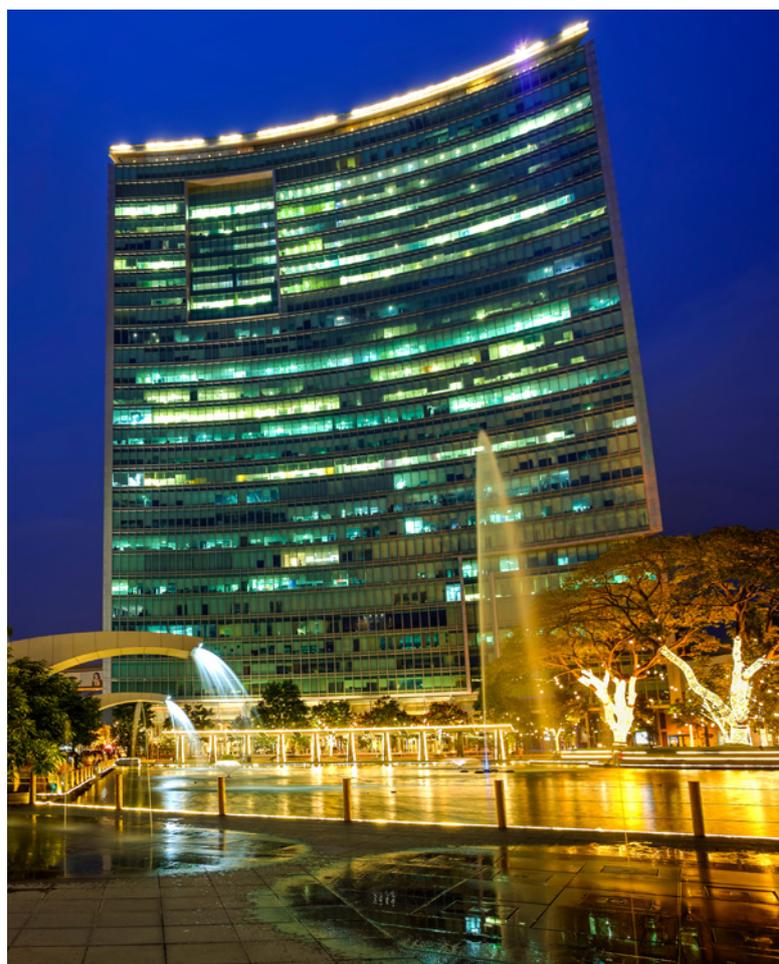


The temporary pontoon bridge over the river Ganges, seen from the Mahatma Gandhi Setu bridge in Patna district, Bihar, India.

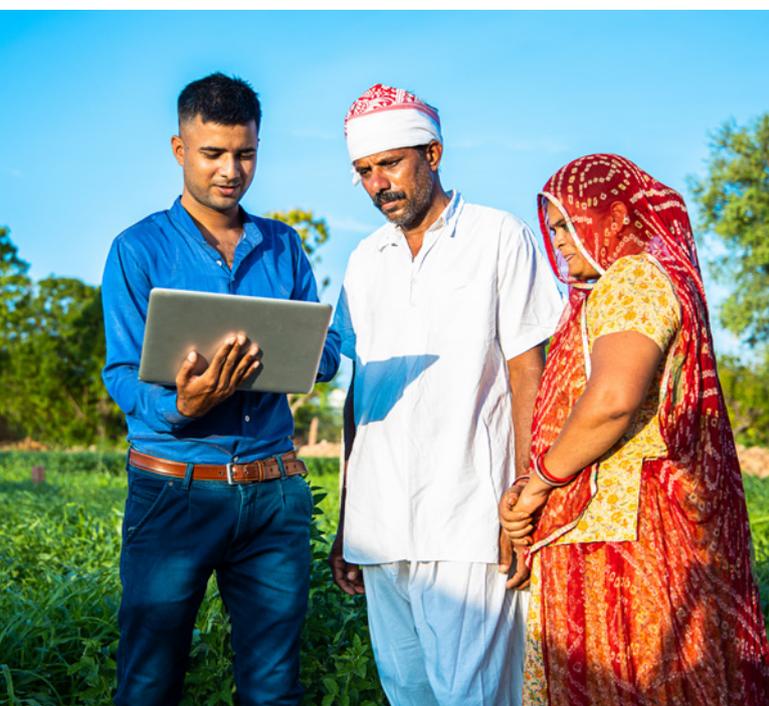
between them, with Karnataka nearly five times richer than Bihar<sup>4</sup>. Karnataka has a per capita GDP of approximately INR 231,000 (USD 3,100) in current terms, or 1.6 times India's per capita GDP. At the other end, Bihar has a per capita GDP of INR 48,000 (USD 650), which is equivalent to one-third of India's per capita GDP.

Such differences between regions are also evident when measuring outcomes. For instance, literacy rates can vary significantly. While India's literacy rate was 74% in 2018<sup>5</sup>, rates in Karnataka and Bihar were 75.3% and 61.8% respectively<sup>6</sup>. This is a difference of 13 percentage points, with Bihar performing well below the national average.

There are also subnational variations in India's business environment, as measured by the World Bank's popular Ease of Doing Business rankings. India ranked 142 in 2014 and by 2019 had climbed to 63<sup>7</sup>. However, India's performance is based on perception-based interviews conducted by the World Bank with experts and public officials in the capital Delhi and financial hub Mumbai. The country's business environment can hardly be captured by looking solely at these two major cities, given the significant variations at the state level in terms of business environment.



World Trade Centre, Bangalore, Karnataka, India.



Digital India Land Record Modernization Programme was launched in 2008 to digitise land records, transaction registrations, and maps, and conduct land surveys.

This variation has been identified by the NITI Aayog-IDFC Institute Enterprise Survey, which revealed stark differences in the number of days needed to set up a business across individual states<sup>8</sup>. Similarly, the Department for Promotion of Industry and Internal Trade's (DPIIT) annual ranking of business regulatory environment also revealed disparities. The ranking assesses state performances based on their implementation of a checklist of reforms<sup>9</sup>. In 2015<sup>10</sup>, Karnataka ranked 13 (out of 28 states and eight Union Territories) with a score of 88.4% while Bihar ranked 16 with a score of 75.8%. By 2019<sup>11</sup>, Karnataka had implemented 100% of DPIIT's reforms compared to 82% implemented in Bihar<sup>12</sup>.

CGGI also measures Protection of Property Rights within the Attractive Marketplace pillar. Poor land record management and a weak system of land titling has led to a rise in property disputes in India. In response, the Gol recognised a need to modernise the process of land transactions. In 2008, it launched the National Land Record Modernization

Programme, later renamed the Digital India Land Record Modernization Programme, to digitise land records, transaction registrations, and maps, and to conduct land surveys. The GoI monitors progress through a central portal where states can enter and update their own data. The portal has shown wide variation in levels of state reporting, as well as progress made. For example, Karnataka has computerised 99.6% of its land records while Bihar has computerised 76.6%<sup>13</sup>.

Disparities are not unique to Karnataka and Bihar, nor are they unique to India. But in drawing on CGGI indicators to compare the two, we can demonstrate how a single state could improve or hinder a country's overall governance performance.

### Collecting and Interpreting Data

There are also challenges in collecting data at the subnational level in India.

First, the quality of data and levels of reporting vary significantly across states, especially in measuring socio-economic levels, and health and crime statistics. Indian states do not rely on the same metrics and processes for data collection. Some states such as Maharashtra produce annual economic surveys that include district-level economic data. However, nearly half of all districts in India don't report district-level economic data at all.

The problem here is largely a divergence in state capacity. Drawing on work by Daron Acemoglu, Camilo García-Jimeno and James Robinson<sup>14</sup>, state capacity broadly refers to the ability of the state to provide services and effective governance to its citizens. Milan Vaishnav, director of the South Asia Program at the Carnegie Endowment for International Peace, sums up weak institutional capacity in India as 3Ps: too much paperwork, too many processes, and too few personnel<sup>15</sup>. Capacity varies across states, which leads to inconsistencies in their ability to collect and report data that is critical to measuring subnational performance.

Second, even if it is possible to measure performance using consistent and high-quality data, the indicator itself may not accurately represent the *de facto* situation on the ground. For example, some states in India have made great progress in reforming their

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***As seen in the case of India, subnational variations may be driving certain data and by extension, rankings, in a particular direction. Given these considerations, countries with large populations would benefit hugely from instituting subnational ranking frameworks.***

business environment but effective implementation has stalled. This could be attributed to a range of reasons, including governmental failure to effectively communicate policy changes to end-users, or technological shortcomings where online portals set up by departments don't always work.

### The Importance of Context When Measuring Governance

India scores 0.516 with an overall rank of 49 out of 104 countries in the Chandler Good Government Index. But there are important considerations when discussing the performance of a nation as large and diverse as this. Surveys can oversample metropolitan areas at the expense of rural areas and collecting and contextualising fully representative subnational data can be a challenge. As seen in the case of India, subnational variations may be driving certain data and, by extension, rankings, in a particular direction. It is important to keep these differences in mind when interpreting a nation's performance, both with respect to the CGGI and governance indicators more broadly. Given these considerations, countries with large populations would benefit hugely from instituting subnational ranking frameworks.

# The CGGI Advisory Panel



**Dr Reuben Abraham**

Reuben Abraham is CEO of IDFC Foundation and IDFC Institute, a Mumbai-based “think/do tank”. Dr Abraham’s expertise lies in understanding the underlying processes of economic development, with a specific focus on state and institutional capacity, the political economy of implementation, and on well-managed urbanisation as a key driver. He is a Senior Fellow at the Marron Institute at New York University, Asia Fellow at the Milken Institute, Senior Advisor to Swiss Re, an Honorary Adviser to the New Zealand Asia Foundation, a trustee of the New Cities Foundation, and member of the Investment Committee of Endiya, a deep-tech fund. He was chosen as a Young Global Leader for 2009 by the World Economic Forum.



**Ms Elizabeth Anderson**

Elizabeth “Betsy” Andersen is Executive Director of the World Justice Project. Ms Andersen is an expert in international human rights law and rule of law development, and she served previously as Director of the American Bar Association Rule of Law Initiative and as Executive Director of the American Society of International Law. She is a member of the Council on Foreign Relations and serves as a member of the Board of Trustees of Williams College, as well as on the governing and advisory boards of several international non-profit organisations. She is the recipient of a number of awards for her work in the international rule of law field.



**Dr Christian Bason**

Christian Bason is CEO of the Danish Design Centre, a foundation working to advance the value of design for business and society. A political scientist and design thinker, he is a former Director of MindLab, the Danish government’s innovation team, and the author of seven books on leadership, innovation, and design.



**Mr Adrian Brown**

Adrian Brown is the Executive Director of the Centre for Public Impact, a Boston Consulting Group foundation dedicated to improving the positive impact of governments around the world. He has worked with government clients around the world on a range of topics including commissioning strategies, organisational design, cost reduction, and digital transformation. He is a global expert on impact investing and is the author of several influential reports on the topic including “The First Billion”, a forecast of social investment demand in the UK. He previously served as a Fellow at the Institute for Government, where he led a wide range of high-profile projects.



### **Ms Nathalie Delapalme**

Nathalie Delapalme is Executive Director of the Mo Ibrahim Foundation. Ms Delapalme was previously Inspecteur General des Finances at the French Ministry of Economy and Finance, and an adviser for Africa and Development in the offices of various Foreign Affairs Ministers. She served the French Senate as an adviser to the Finance and Budgetary Commission, where she assessed fiscal and public expenditure and policies. She sits on the Board of IFRI (Institut Français des Relations Internationales). Ms Delapalme is the recipient of a number of awards and honours, including Chevalier de la Legion d'Honneur.



### **Dr Ed Olowo-Okere**

Ed Olowo-Okere, a Nigerian national with three decades of experience working on governance issues around the world, leads the World Bank's Public Sector and Financial Management team in the Governance Global Practice. Dr Olowo-Okere joined the World Bank in 1998 and has held various positions in operations, including Director of Governance overseeing Africa, MENA and ECA regions, Senior Adviser in the Equitable Growth, Finance and Institutions practice group, and Director of the Core Operational Services Department in the Africa region. Before joining the Bank, Dr Olowo-Okere held public- and private-sector positions in Nigeria, the UK, and New Zealand.



### **Dr Manuel Gerardo Flores Romero**

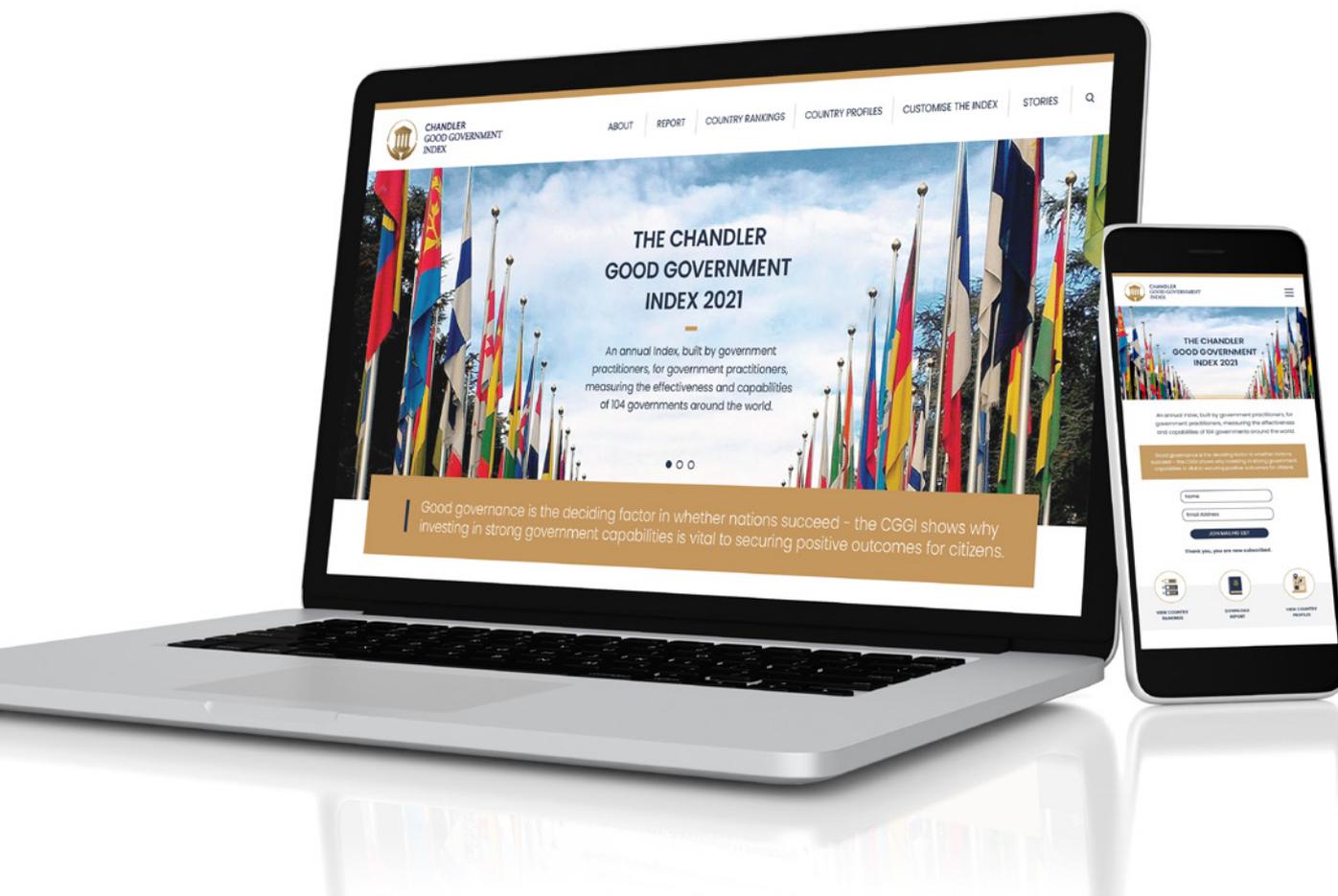
Manuel Gerardo Flores Romero is Coordinator of the Regulatory Policy Programme in Latin America of the OECD. His main function is to advise governments to promote the adoption of public policies, institutions, and tools to improve the quality of regulations, using international good practices as a basis. He has supervised and helped implement regulatory policy programmes across Latin America.



### **Prof Kent Weaver**

R. Kent Weaver is Professor of Public Policy and Government at Georgetown University and senior fellow in the Governance Studies Program at the Brookings Institution. Weaver's research interests are comparative social policy and policy implementation. His recent research focuses on understanding how political institutions, feedback from past policy choices, and the strategic behaviour of politicians interact to shape public policy choices. He is also interested in understanding the determinants of compliance and non-compliance with public policy across a variety of policy sectors.

# The CGGI Website

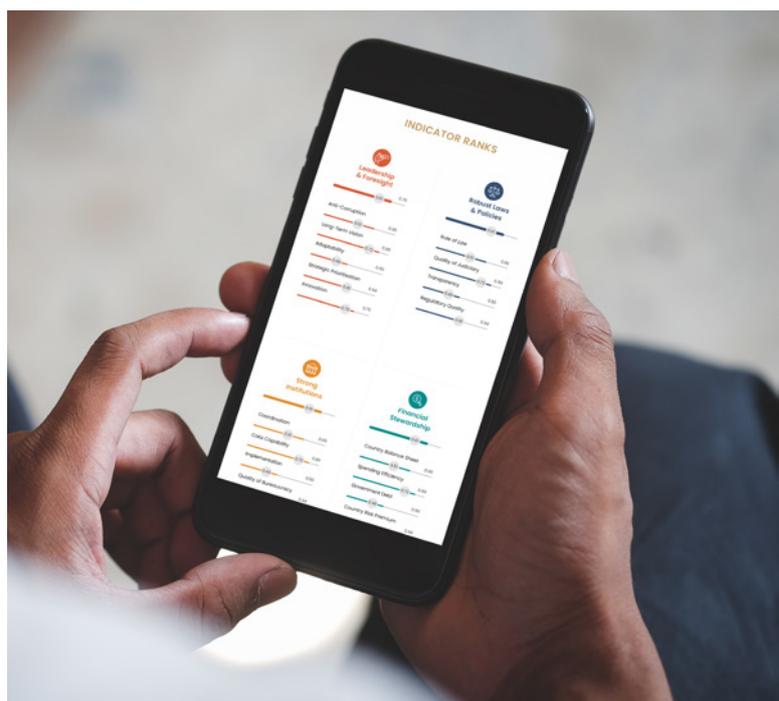


**The CGGI** is designed to turn analysis into action.

The online version of the Index is a dynamic and engaging tool which allows users to dive deeper into the data.

All 104 countries featured in the Index can be individually explored on the website, with breakdowns for all 34 indicators. Users can use the interactive features to compare countries, or to customise the Index by increasing or decreasing the weightage of selected indicators. The website also features country profiles and stories about governance, including contributions by government practitioners, insights pieces, and further resources.

[www.chandlergovernmentindex.com](http://www.chandlergovernmentindex.com)



# CGGI Website Features



CHANDLER GOOD GOVERNMENT INDEX

ABOUT | REPORT | COUNTRY RANKINGS | COUNTRY PROFILES | CUSTOMISE THE INDEX | STORES

### CUSTOMISE THE INDEX

SELECT INDICATORS

10 categories of indicators are available for selection:

- Leadership & Foresight
- Robust Laws & Policies
- Strong Institutions
- Financial Stewardship
- Attractive Marketplace
- Global Influence & Reputation
- Helping People Rise

GENERATE RESULTS

CHANDLER GOOD GOVERNMENT INDEX

ABOUT | REPORT | COUNTRY RANKINGS | COUNTRY PROFILES | CUSTOMISE THE INDEX | STORES

### FINLAND

Country Rank: #1

Country Score: 448

Population: 5,541,200

GDP per Capita: \$48,782

Time Level: 10

Income Level: High

### Indicator Ranks

Mean Score

Indicator	Score
Leadership & Foresight	0.763
Robust Laws & Policies	0.87
Strong Institutions	0.85
Financial Stewardship	0.754

Additional indicators shown include: Anti-Corruption, Rule of Law, Coordination, Country Budget Surplus, Property Rights, International Trade, Education, Health, Satisfaction with Public Services, Personal Safety, Environmental Performance, Income Equality, Social Mobility, Gender Gap, Non-Discrimination, etc.

CHANDLER GOOD GOVERNMENT INDEX

### Customised Ranking Results

Rank	Country	Score	Rank	Country	Score	Rank	Country	Score
1	Finland	0.848	18	United States	0.732	34	Bulgaria	0.583
2	Switzerland	0.839	19	Iceland	0.722	35	Croatia	0.577
3	Singapore	0.835	20	Belgium	0.717	37	Uruguay	0.576
4	Netherlands	0.828	21	South Korea	0.714	38	Mauritius	0.567
5	Denmark	0.825	22	Czech Republic	0.698	39	Romania	0.559
6	Norway	0.820	23	Slovenia	0.694	40	Costa Rica	0.557
7	Sweden	0.809	24	United Arab Emirates	0.680	41	China	0.556
8	Germany	0.806	25	Portugal	0.684	42	Thailand	0.558
9	New Zealand	0.771	26	Spain	0.669	43	Georgia	0.550
10	Canada	0.768	26	Israel	0.669	44	Kazakhstan	0.548
11	Ireland	0.761	28	Poland	0.663	45	Indonesia	0.545
12	United Kingdom	0.756	29	Lithuania	0.650	46	Serbia	0.538
13	Austria	0.754	30	Chile	0.640	47	Montenegro	0.538
14	Japan	0.742	31	Latvia	0.630	48	Russian Federation	0.527
15	Estonia	0.741	32	Malaysia	0.628	49	India	0.516
16	France	0.736	33	Hungary	0.584	50	Greece	0.515
17	Australia	0.736	34	Italy	0.583	51	Colombia	0.510
						52	Mexico	0.509
						53	Rwanda	0.508
						54	Panama	0.507
						55	Albania	0.506
						56	Armenia	0.503
						57	Vietnam	0.502
						58	Philippines	0.500
						59	Peru	0.495
						60	Kenya	0.493
						61	Morocco	0.489
						62	Jamaica	0.489
						63	Turkey	0.485
						64	Jordan	0.480
						65	Ukraine	0.474
						66	North Macedonia	0.472
						67	Brazil	0.470
						68	Argentina	0.468
						69	Moldova	0.463
						70	South Africa	0.444
						71	Senegal	0.440
						72	Chana	0.438
						73	Egypt, Arab Rep.	0.424
						74	Sri Lanka	0.422
						75	Tanzania	0.420
						76	Namibia	0.419
						77	Kyrgyzstan	0.418
						78	Handuras	0.411
						79	Indonesia	0.410
						80	Madagascar	0.407
						81	Kenya	0.407
						82	Mongolia	0.403
						83	Tanzania	0.400
						84	Uganda	0.397
						85	Tajikistan	0.394
						86	Cambodia	0.388
						87	Ecuador	0.383
						88	Guatemala	0.368
						89	Nicaragua	0.362
						90	Malawi	0.361
						91	Pakistan	0.351
						92	Niger	0.342
						93	Ethiopia	0.337
						94	Yemen	0.332
						95	Zambia	0.321
						96	Burkina Faso	0.317
						97	Lebanon	0.315
						98	Madagascar	0.314
						99	Madagascar	0.314
						100	Madagascar	0.314

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Learn more, by exploring the CGGI Website  
Scan the QR code to view website.

CHANDLER GOOD GOVERNMENT INDEX

ABOUT | REPORT | COUNTRY RANKINGS | COUNTRY PROFILES | CUSTOMISE THE INDEX | STORES

### COUNTRY COMPARISON

Country Profiles  
Compare Countries

Select up to 3 countries to compare their scores.

Croatia | Costa Rica | Select Country

COMPARE

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# About the Chandler Institute of Governance



**T**he **Chandler Institute of Governance (CIG)** is an international non-profit organisation, headquartered in Singapore. We believe in a world where citizens have a deep sense of trust in their governments and public institutions, and where nations are governed by principled, wise leaders supported by an effective civil service. Trust and effective governance serve as a strong foundation for national development and prosperity.

CIG supports governments in building government talent, leadership and public service capabilities through **training programmes, advisory work, and knowledge creation**. We are not affiliated with any national government or political party, and we do not represent any partisan or commercial interests.

## Training

Our training and capability development programmes are customised and developed specifically to meet the needs of public service leaders and officers. We work closely with former and current government leaders, subject matter experts, and specialists from leading global institutions to design and deliver these programmes. Our programmes are not overly academic or theoretical, but are targeted at the actual needs of public service practitioners. They cover areas such as public management and governance, planning, economic development, and competencies like human resource management, procurement and financial budgeting.



CIG, Vietnam's National Academy of Public Administration (NAPA), and invited experts exchange insights and good practices in a session on 'Working Effectively in an International Environment'.



We are partnering with the Punjab Bureau of Investment Promotion (Invest Punjab) in India to enhance the strategies and processes for engaging investors and encouraging investments in the state.

### Advisory Work

We provide support in addressing policy and governance challenges in deeper and more substantive ways. Our insights and solutions are grounded in rigorous data and research, and a deep understanding of the issues in the context of public administration.

Our advisory support is provided on a needs basis, when approached or invited to do so by government leaders, public sector agencies, and partner organizations. We do not advocate for or align ourselves with specific ideologies or absolute positions. We believe that different circumstances and contexts require different approaches. Hence, our approach is to facilitate strategic planning exercises, clarify organisational priorities, identify stakeholder needs, evaluate policy options, and identify policy measures, to support decision-making by governments.

### Knowledge Creation

We believe that sound and non-partisan information supports good decision-making. Hence, our knowledge and research products are designed for government practitioners – they are practical, relevant, and focus on the tradecraft of good government. Government practitioners can use them

to support their work in policymaking, implementation and capability building across various domains of governance.

Our *Practice Guides* address specific issues of concern to many governments; *Insights* pieces examine current trends in governance; *Case Studies* are used during our training programmes; and our *Greats in Governance* series looks to the past, and the important governance lessons to be learned from studying accomplished leaders.

For more news and information, visit [www.chandlerinstitute.org](http://www.chandlerinstitute.org)



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# Indicator List

## Overview of Methodology

The Chandler Good Government Index is a composite Index that measures the capability and effectiveness of governments. Our framework and dimensions (pillars) of good governance are derived from interviews and research on what capabilities and characteristics are most important for a government to perform its duties and succeed.

The Index is designed as a practical tool that government institutions, leaders, and officers can use to support organisational learning and capability development. The Index also contributes to the rich global conversation on the meaning of good government and the importance of governance.

The graphic below depicts the Index's framework, which is made up of seven pillars and 34 indicators.

The 34 indicators are made up of more than 50 metrics – of which 30 metrics are qualitative data sources (i.e. perception surveys, expert assessments etc.).

The Index uses the most relevant metrics for each indicator, as determined by government and data experts, research on the pillars, and a set of selection criteria:

1. The metric must be distributed in a free-to-access form in the public domain and online. That is, an independent person must be able to access the data from a publicly accessible and free-to-use website. This supports replicability and widespread use.
2. The metric must be actionable and must measure some quality or capability of governance that government leaders and officers can act on to improve performance.
3. The metric must be quantifiable and, if not directly collected and published as numerical data, there must be a way to convert the data into a clear and relevant numerical format.
4. The metric must provide data points/values for a large enough range of countries.

## Pillars of the Chandler Good Government Index

The CGGI uses metrics that determine the capabilities of government, that affect the performance of government, and are within the control of government to influence and improve. In addition, the CGGI also includes several outcome indicators that act as a check, to see the extent to which government capabilities, policies, and inputs generate valuable outcomes for citizens and society in general.

The Index is made up of 34 indicators, which are organised into a framework of seven pillars. The full list of the indicators can be found in **Table 1**. Those indicators listed in italics refer to metrics that were not included in the 2021 edition of the CGGI.

## Transformation and Normalisation

Each metric is normalised to a 0-1 scale to create a standardised scale for comparison and aggregation. Indicators that comprise more than one metric are weighted equally, aggregated, and rescaled again.

## Data Aggregation and Weighting

The final score of the Index is aggregated using a simple average of all 34 indicators. This means that each indicator in the Index has an equal weighting.

## Index Country Coverage

The Index is globally representative and measures a total of 104 countries. The total population of the countries included in the CGGI represent 87.2% of the overall global population (2019). We will continue to expand our country coverage as more data becomes available.

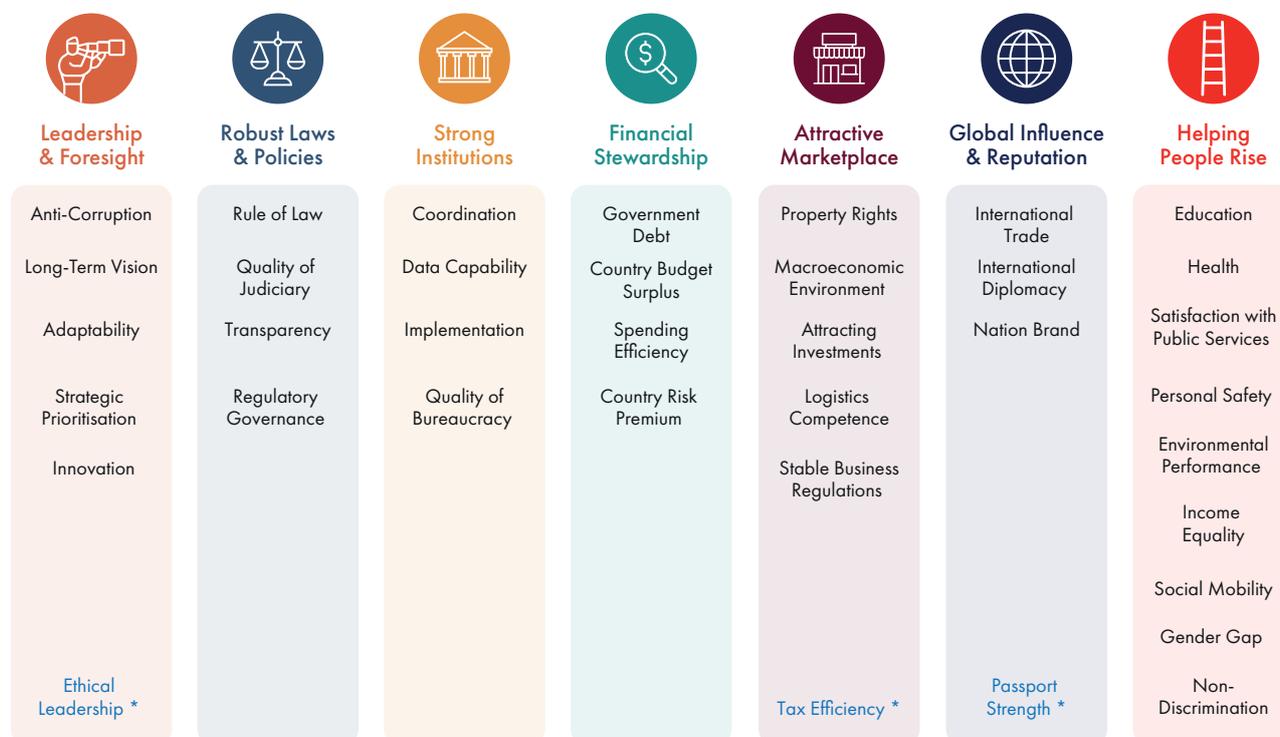
## Limitations and Challenges

The Index is comprised of third-party open source data. As such, the Index is subject to the robustness and methodologies of those data sources. We believe every indicator that is measured in the Index represents an important aspect of good governance, but we have chosen not to include some indicators in this edition of the Index due to data discrepancies or methodological challenges.



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INDEX

PILLARS



\* Indicators in blue are not included in this edition of the Index due to data issues, and will be considered for future editions.

In some cases, a metric used does not provide data points for every country in our Index. Missing data points for countries that are not covered are imputed using standard statistical practices.

The CGGI measures several subjective qualities of government, such as how effective the leadership is in implementing policies, or how stable business regulations are in the country. These qualities of government tend to be assessed through expert assessments or surveys. We acknowledge the subjectivity in the data. We have made every effort to identify and use metrics where the methodology of expert assessments is robust and evidence-driven. The CGGI ranks countries (overall, by pillar and by indicator) based on their scores to the third decimal place. We recognise the inherent limits and

challenges of false precision. When the scores are displayed as rankings, these are ordinal in nature and may not reflect the actual scores of countries.

### Opportunities for Further Work by the Research Community

The CGGI calls upon the wider research community to work alongside us around several aspects of governance that we are considering for future iterations of the Index. These research areas include ways to measure:

- Ethical leadership
- Quality of government human resources processes
- Central Bank independence
- Effective government communications (especially digital communications)

## Table 1: Indicator Definitions And Sources

### Pillar One: Leadership and Foresight

Indicator	Definition	Year	Type	Source
Anti-Corruption	Score on the Corruption Perceptions Index, which measures perceptions of corruption in the public sector. This is a composite indicator, and the scale ranges from 0 (highly corrupt) to 100 (very clean).	2019	Survey	Transparency International – Corruption Perceptions Index 2019  <a href="https://www.transparency.org/cpi">https://www.transparency.org/cpi</a>
Long-Term Vision	Response to the survey question: “In your country, to what extent does the government have a long-term vision in place?” [1 = not at all; 7 = to a great extent]	2019	Survey	World Economic Forum – Executive Opinion Survey for the Global Competitiveness Index (Government Long-term Vision)  <a href="https://www.weforum.org/reports">https://www.weforum.org/reports</a>
Adaptability	Response to the survey question: “In your country, to what extent does the government respond effectively to change (e.g. technological changes, societal and demographic trends, security and economic challenges)?” [1 = not at all; 7 = to a great extent]	2019	Survey	World Economic Forum – Executive Opinion Survey for the Global Competitiveness Index (Government’s Responsiveness to Change)  <a href="https://www.weforum.org/reports">https://www.weforum.org/reports</a>
Strategic Prioritisation	Response to the survey question: “To what extent does the government set and maintain strategic priorities?” [1 = worst; 10 = best]  Response to the survey question: “How much influence do strategic planning units and bodies have on government decision-making?” [1 = worst; 10 = best]  *The Bertelsmann Stiftung Transformation Index ranks countries based on the extent to which they are transitioning towards democracy and a market economy. Country scores in the BTI and SGI are obtained through an expert assessment of two experts per country and four levels of review. Further info can be found on their website: <a href="https://www.bti-project.org/en/methodology.html">https://www.bti-project.org/en/methodology.html</a>	2020	Survey	Bertelsmann Stiftung Transformation Index* (Prioritisation)  <a href="https://www.bti-project.org/en/home.html">https://www.bti-project.org/en/home.html</a>  Bertelsmann Stiftung Sustainable Governance Indicators (Strategic Planning (Proxy))  <a href="https://www.sgi-network.org/2020/">https://www.sgi-network.org/2020/</a>
Innovation	Response to the survey question: “How innovative and flexible is the government?” [1 = worst; 10 = best]  Response to the survey question: “To what extent does the government respond to international and supranational developments by adapting domestic government structures?” [1 = worst; 10 = best]  *The Bertelsmann Stiftung Transformation Index ranks countries based on the extent to which they are transitioning towards democracy and a market economy. Country scores in the BTI and SGI are obtained through an expert assessment of two experts per country and four levels of review. Further info can be found on their website: <a href="https://www.bti-project.org/en/methodology.html">https://www.bti-project.org/en/methodology.html</a>	2020	Survey	Bertelsmann Stiftung Transformation Index (Policy Learning)  <a href="https://www.bti-project.org/en/home.html">https://www.bti-project.org/en/home.html</a>  Bertelsmann Stiftung Sustainable Governance Indicators (Adaptability (Proxy))  <a href="https://www.sgi-network.org/2020/">https://www.sgi-network.org/2020/</a>
Ethical Leadership	Response to the survey question: “In your country, how do you rate the ethical standards of politicians?” [1 = extremely low; 7 = extremely high]  As this metric is discontinued, we will not be using it in this edition of the Index. It is included in the framework as ethics in leadership are an important factor for good government.	2018	Survey	World Economic Forum – Executive Opinion Survey for the Global Competitiveness Index (Public Trust in Politicians)  <a href="https://www.weforum.org/reports">https://www.weforum.org/reports</a>

## Pillar Two: Robust Laws and Policies

Indicator	Definition	Year	Type	Source
Rule of Law	This measures the perceptions of the extent to which agents have confidence in and abide by the rules of society, in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.	2020	Survey	Worldwide Governance Indicators – Rule of Law, The World Bank  <a href="http://www.govindicators.org">www.govindicators.org</a>
	This measures the rule of law based on the experiences and perceptions of the general public and in-country legal practitioners and experts worldwide. It provides scores and rankings based on eight factors: Constraints on Government Powers, Absence of Corruption, Open Government, Fundamental Rights, Order and Security, Regulatory Enforcement, Civil Justice, and Criminal Justice.	2020	Survey	World Justice Project – Rule of Law  <a href="https://worldjusticeproject.org/our-work/research-and-data/wjp-rule-law-index-2020">https://worldjusticeproject.org/our-work/research-and-data/wjp-rule-law-index-2020</a>
Quality of Judiciary	Response to the survey question: “In your country, how independent is the judicial system from influences of the government, individuals, or companies?” [1 = not independent at all; 7 = entirely independent]	2019	Survey	World Economic Forum – Executive Opinion Survey for the Global Competitiveness Index (Judicial Independence)
	Response to the survey question: “In your country, how efficient are the legal and judicial systems for companies in settling disputes?” [1 = extremely inefficient; 7 = extremely efficient]	2020	Survey	World Economic Forum – Executive Opinion Survey for the Global Competitiveness Index (Efficiency of Legal Framework in Challenging Regulations)  <a href="https://www.weforum.org/reports">https://www.weforum.org/reports</a>
Transparency	This indicator is the processes subdomain in Government and Civil Service Transparency for the TRACE Bribery Risk Matrix. It measures aspects of how transparent government regulatory functions are such as transparency in public procurement, transparency in government policymaking, publicised laws, and government data.	2019	Composite Index	TRACE Bribery Risk Matrix – Transparency Sub-indicator  <a href="https://www.traceinternational.org/trace-matrix">https://www.traceinternational.org/trace-matrix</a>
	The Index assigns countries covered by the Open Budget Survey a transparency score on a 100-point scale using a subset of questions that assess the amount and timeliness of budget information that governments make publicly available in eight key budget documents in accordance with international good practice standards. The eight key documents are: Pre-Budget Statement; Executive’s Budget Proposal and Supporting Documents for the Executive’s Budget Proposal; Enacted Budget; Citizens Budget; In-Year Reports; Mid-Year Review; Year-End Report; and Audit Report.	2019	Survey	Open Budget Survey  <a href="https://www.internationalbudget.org/open-budget-survey/methodology/">https://www.internationalbudget.org/open-budget-survey/methodology/</a>
Regulatory Governance	The Global Indicators of Regulatory Governance indicator explores how governments interact with the public when shaping regulations that affect their business community. The project charts how interested groups learn about new regulations being considered, and the extent to which they are able to engage with officials on the content. It also measures whether or not governments assess the possible impact of new regulations in their countries (including economic, social, and environmental considerations) and whether those calculations form part of the public consultation. It also captures two additional components of a predictable regulatory environment: the ability of stakeholders to challenge regulations, and the ability of people to access all the laws and regulations currently in force in one, consolidated place.  Main respondents are regulatory agencies – Ministries of Commerce, Ministries of Corporate Affairs, Ministries of Finance, Ministries of Trade and Ministries of Economy.	2018	Survey	World Bank – Global Indicators of Regulatory Governance  <a href="https://rulemaking.worldbank.org/">https://rulemaking.worldbank.org/</a>

## Pillar Three: Strong Institutions

Indicator	Definition	Year	Type	Source
Coordination	<p>Response to the survey question: "To what extent can the government coordinate conflicting objectives into a coherent policy?" [1 = worst; 10 = best]</p> <p>Composite score of coordination factors from Bertelsmann SGI: Cabinet Committees, Ministerial Bureaucracy, Informal Coordination, Line Ministries [1 = worst; 10 = best]</p> <p>*The Bertelsmann Stiftung Transformation Index ranks countries based on the extent to which they are transitioning towards democracy and a market economy. Country scores in the BTI and SGI are obtained through an expert assessment of two experts per country and four levels of review. Further info can be found on their website: <a href="https://www.bti-project.org/en/methodology.html">https://www.bti-project.org/en/methodology.html</a></p>	2020	Survey	<p>Bertelsmann Stiftung Transformation Index (Policy Coordination)</p> <p><a href="https://www.bti-project.org/en/home.html">https://www.bti-project.org/en/home.html</a></p> <p>Bertelsmann Stiftung Sustainable Governance Indicators (Inter-ministerial Coordination (Proxy))</p> <p><a href="https://www.sgi-network.org/2020/">https://www.sgi-network.org/2020/</a></p>
Data Capability	<p>This is an unweighted average score based on a diagnostic framework assessing the capacity of a country's statistical system. It is based on a diagnostic framework assessing the following areas: methodology; data sources; and periodicity and timeliness.</p>	2019	Index	<p>World Bank – Statistical Capacity Indicator</p> <p><a href="https://datatopics.worldbank.org/statisticalcapacity/SCIdashboard.aspx">https://datatopics.worldbank.org/statisticalcapacity/SCIdashboard.aspx</a></p>
	<p>E-Government Development Index (EGDI) incorporates the access characteristics, such as the infrastructure and educational levels, to reflect how a country is using information technologies to promote access and inclusion of its people. The EGDI is a composite measure of three important dimensions of e-government, namely: provision of online services, telecommunication connectivity, and human capacity.</p>	2020	Index	<p>UN E-government development index</p> <p><a href="https://publicadministration.un.org/egovkb/en-us/About/Overview/-E-Government-Development-Index">https://publicadministration.un.org/egovkb/en-us/About/Overview/-E-Government-Development-Index</a></p>
Implementation	<p>In response to the question: "How effective is the government in implementing its own policies?" [1 = worst; 10 = best]</p> <p>In response to the question: "To what extent can the government achieve its own policy objectives?" [1 = worst; 10 = best]</p> <p>*The Bertelsmann Stiftung Transformation Index ranks countries based on the extent to which they are transitioning towards democracy and a market economy. Country scores in the BTI and SGI are obtained through an expert assessment of two experts per country and four levels of review. Further info can be found on their website: <a href="https://www.bti-project.org/en/methodology.html">https://www.bti-project.org/en/methodology.html</a></p>	2020	Survey	<p>Bertelsmann Stiftung Transformation Index (Implementation)</p> <p><a href="https://www.bti-project.org/en/home.html">https://www.bti-project.org/en/home.html</a></p> <p>Bertelsmann Stiftung Sustainable Governance Indicators (Implementation (Proxy))</p> <p><a href="https://www.sgi-network.org/2020/">https://www.sgi-network.org/2020/</a></p>
Quality of Bureaucracy	<p>In response to the question: "Assess the quality of the bureaucracy and its ability to carry out government policy." [0 = worst; 1 = best]</p>	2020	Survey	<p>Economist Intelligence Unit (Quality of Bureaucracy/Institutional Effectiveness)</p> <p><a href="https://info.worldbank.org/governance/wgi/Home/downloadFile?fileName=EIU.xlsx">https://info.worldbank.org/governance/wgi/Home/downloadFile?fileName=EIU.xlsx</a></p>
	<p>In response to the question: "Does the bureaucracy have the strength and expertise to govern without drastic changes in policy or interruptions in government services?" [0 = worst; 1 = best]</p>	2020	Survey	<p>Political Risk Services International Country Risk Guide (Bureaucratic Quality)</p> <p><a href="https://info.worldbank.org/governance/wgi/Home/downloadFile?fileName=PRS.xlsx">https://info.worldbank.org/governance/wgi/Home/downloadFile?fileName=PRS.xlsx</a></p>

## Pillar Four: Financial Stewardship

Indicator	Definition	Year	Type	Source
Government Debt	Index measuring the change in public debt, weighted by a country's credit rating and debt level in relation to its GDP.	2019	Assessment	World Economic Forum – Global Competitiveness Index (Debt Dynamics)  <a href="https://www.weforum.org/reports">https://www.weforum.org/reports</a>
Country Budget Surplus	Net lending (+) / net borrowing (-) equals government revenue minus expense, minus net investment in nonfinancial assets. It is also equal to the net result of transactions in financial assets and liabilities. Net lending/net borrowing is a summary measure indicating the extent to which government is either putting financial resources at the disposal of other sectors in the economy or abroad, or utilising the financial resources generated by other sectors in the economy or from abroad.  Countries are scored based on predetermined bands.	2019	Quantitative	IMF – Government Net Lending/Borrowing (5-year average)  <a href="https://www.imf.org/external/datamapper/GGXCNL_NGDP@WEO/OEMDC/AD">https://www.imf.org/external/datamapper/GGXCNL_NGDP@WEO/OEMDC/AD</a>
Spending Efficiency	Response to the survey question: "In your country, how efficiently does the government spend public revenue?" [1 = extremely inefficient; 7 = extremely efficient in providing goods and services]	2018	Survey	World Economic Forum – Executive Opinion Survey for the Global Competitiveness Index (Efficiency of Government Spending)  <a href="https://www.weforum.org/reports">https://www.weforum.org/reports</a>
Country Risk Premium	This measures government debt characteristics and repayment ability. Countries with high sovereign default risk need to issue bonds with higher coupon rates (i.e. premiums) to attract investors and buyers.  This is a composite indicator constructed with country credit ratings and credit default swaps. Data is taken from Moody's and S&P. Each metric is scaled to a 0-1 scale and then averaged to get the composite Country Risk Premium indicator.  Country credit ratings scores are based on predetermined bands.	2021	Quantitative	NYU Stern – Country Default Spreads and Risk Premiums  <a href="http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html">http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html</a>

## Pillar Five: Attractive Marketplace

Indicator	Definition	Year	Type	Source
Property Rights	Physical Property Rights Response to the survey question: "In your country, to what extent is property protected?" [1 = not at all; 7 = to a great extent]	2019	Survey	World Economic Forum – Executive Opinion Survey for the Global Competitiveness Index (Physical Property Rights)  <a href="https://www.weforum.org/reports">https://www.weforum.org/reports</a>
	Intellectual Property Rights Response to the survey question: "In your country, to what extent is intellectual property protected?" [1 = not at all; 7 = to a great extent]	2019	Survey	World Economic Forum – Executive Opinion Survey for the Global Competitiveness Index (Intellectual Property Rights)  <a href="https://www.weforum.org/reports">https://www.weforum.org/reports</a>
Macroeconomic Environment	Standard Deviation of Inflation* The component measures the standard deviation of the inflation rate over the last five years. GDP deflator was used as the measure of inflation for this component. When these data were unavailable, the Consumer Price Index was used.  Static Inflation* Inflation is normalised in a U-shaped function to capture the detrimental effects of high inflation and deflation. Countries with inflation rates between 0.5% and 4% receive the highest possible score of 100. Outside this range, scores decrease linearly as the distance between the optimal value and the actual value increases.  *These two metrics are aggregated using simple average.	2019	Quantitative & Assessment	Fraser Institute's – Standard Deviation of Inflation <a href="https://www.fraserinstitute.org/economic-freedom/approach">https://www.fraserinstitute.org/economic-freedom/approach</a>  World Economic Forum Global Competitiveness Index – Inflation <a href="https://www.weforum.org/reports">https://www.weforum.org/reports</a>
	Employment rate refers to the share of the labour force that is without work but available for and seeking employment subtracted from 1.	2019	Quantitative & Assessment	International Labour Organisation, ILOSTAT database  <a href="https://ilostat.ilo.org/">https://ilostat.ilo.org/</a>
Attracting Investments	Foreign direct investments are the net inflows of investment to acquire a lasting management interest (10% or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This metric shows net inflows (new investment inflows less disinvestment) in the reporting economy from foreign investors, and is divided by GDP.  Countries are scored based on predetermined bands.	2015-2019, 5-year average	Quantitative	IMF – Net Inflow of Foreign Direct Investment as % of GDP  <a href="https://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS">https://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS</a>
	The Index evaluates a variety of regulatory restrictions that typically are imposed on investment. Countries are scored poorly for inefficient and poorly implemented investment laws and practices.  The restrictions include: <ul style="list-style-type: none"> <li>• National treatment of foreign investment</li> <li>• Foreign investment code</li> <li>• Restrictions on land ownership</li> <li>• Sectoral investment restrictions</li> <li>• Expropriation of investments without fair compensation</li> <li>• Foreign exchange controls</li> <li>• Capital controls</li> </ul>	2020	Quantitative	The Heritage Foundation Index of Economic Freedom – Investment Freedom  <a href="https://www.heritage.org/index/about?version=207">https://www.heritage.org/index/about?version=207</a>

Logistics Competence	<p>This indicator is based on a worldwide survey of operators on the ground (global freight forwarders and express carriers), providing feedback on the logistics “friendliness” of the countries in which they operate and those with which they trade. The components measured are:</p> <ul style="list-style-type: none"> <li>• The efficiency of customs and border management clearance</li> <li>• The quality of trade and transport infrastructure</li> <li>• The ease of arranging competitively priced shipments</li> <li>• The competence and quality of logistics services – trucking, forwarding, and customs brokerages</li> <li>• The ability to track and trace consignments</li> <li>• The frequency with which shipments reach consignees within scheduled or expected delivery times</li> </ul>	2019	Survey	<p>World Bank – Logistics Performance Index</p> <p><a href="https://lpi.worldbank.org/international/global">https://lpi.worldbank.org/international/global</a></p>
Stable Business Regulations	<p>Response to the survey question: “In your country, to what extent does the government ensure a stable policy environment for doing business?” [1 = not at all; 7 = to a great extent]</p>	2019	Survey	<p>World Economic Forum – Executive Opinion Survey for the Global Competitiveness Index (Government Ensuring Policy Stability)</p> <p><a href="https://www.weforum.org/reports">https://www.weforum.org/reports</a></p>
Tax Efficiency	<p><i>This indicator records the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as the administrative burden of paying taxes and contributions.</i></p> <p><i>The CGGI will not use this year’s data due to methodological issues highlighted by the data provider. We hope to use this metric in subsequent editions of the Index.</i></p>			<p>World Bank Doing Business – Paying Taxes</p> <p><a href="https://www.doingbusiness.org/en/reports/global-reports/doing-business-2020">https://www.doingbusiness.org/en/reports/global-reports/doing-business-2020</a></p>

## Pillar Six: Global Influence and Reputation

Indicator	Definition	Year	Type	Source
International Trade	Number of regional trade agreements (RTAs). RTAs are reciprocal preferential trade agreements between two or more parties and the database is a repository of the legal texts and annexes of all RTAs notified to the WTO, preferential tariff and trade data provided by RTA parties, and other related documents. The number of FTAs counted for each EU member state includes its bilateral trade agreements with other EU states. This approach recognises the value that each bilateral agreement has, as a platform and capability for encouraging trade between EU member states. These agreements collectively also enhance the EU's global influence as a single trading and economic actor. They hence represent a distinctive government capability of each EU member state that cannot be discounted.	2020	Quantitative Data	World Trade Organisation – Regional Trade Agreements  <a href="https://www.wto.org/english/tratop_e/region_e/region_e.htm">https://www.wto.org/english/tratop_e/region_e/region_e.htm</a>
	Trade freedom is a composite measure of the extent of tariff and nontariff barriers that affect imports and exports of goods and services. <ul style="list-style-type: none"> <li>Trade-weighted average tariff rates</li> <li>Qualitative evaluation of nontariff barriers including quantity restrictions, regulatory restrictions, customs restrictions, direct government intervention</li> </ul>	2020	Quantitative & Qualitative	The Heritage Foundation – Trade Freedom <a href="https://www.heritage.org/index">https://www.heritage.org/index</a>
International Diplomacy	Number of Diplomatic Missions Abroad. Data is derived from Lowy's Global Diplomacy Index and desktop research on official foreign ministry websites and secondary sources.  Diplomatic missions include: <ul style="list-style-type: none"> <li>Embassies and High Commissions</li> <li>Consulate-General and Consulates, provided they are headed by a dedicated home-based head/chief of missions with accreditation in the host country</li> <li>Permanent missions and representations or delegations to multilateral organisations such as UN, EU, NATO, and OECD</li> <li>Representative offices or delegations to countries where there is no formal diplomatic relationship, provided they are headed by a dedicated home-based head/ chief of missions</li> </ul> Dataset is available upon request.	2020	Quantitative	Number of Diplomatic Missions Abroad  <a href="https://globaldiplomacyindex.lowyinstitute.org/">https://globaldiplomacyindex.lowyinstitute.org/</a>
Nation Brand	This measures the accuracy of the strategic positioning of the national tourism organisations (NTOs) of all 198 countries and territories included in the ranking. The country brand receives a higher rating if that country's NTO focuses its strategic and promotion positioning on the tourism-related brandtags with the highest demand as measured by total online searches from international tourists.	2019	Quantitative	Bloom Consulting – Country Brand Strategy Rating taken from World Economic Forum Travel & Tourism Competitiveness Report 2019  <a href="https://www.bloom-consulting.com/">https://www.bloom-consulting.com/</a>
	This indicator measures the average number of international associations meetings held annually in each country between 2017 and 2019. These figures are based on the ICCA Association database, which includes meetings organized by international associations, matching the following criteria: a) take place on a regular basis, b) rotate between a minimum of three countries and, c) have at least 50 participants.	2017-2019	Quantitative	Number of International Association Meetings – The International Congress and Convention Association (ICCA)  <a href="https://www.iccaworld.org/">https://www.iccaworld.org/</a>
Passport Strength	Number of destinations passport-holders can access without a prior visa.  <i>Due to exceptional global travel visa restrictions placed on countries due to the COVID-19 pandemic, this measure will not be included in the calculation of country scores in the Global Influence and Reputation pillar until further notice.</i>			Henley's Passport Index  <a href="https://www.henleyglobal.com/passport-index">https://www.henleyglobal.com/passport-index</a>

## Pillar Seven: Helping People Rise

Indicator	Definition	Year	Type	Source
Education	This metric measures the mean of years of schooling for adults aged 25 years and more and expected years of schooling for children of school-entering age.	2019	Quantitative	United National Development Programme – Education Index  <a href="http://hdr.undp.org/en/2020-report">http://hdr.undp.org/en/2020-report</a>
	Harmonised learning outcomes are produced using a conversion factor to compare international and regional standardised achievement tests. These tests include PISA, TIMSS, PIRLS, SACMEQ, LLECE, and PASEC. The harmonised learning outcomes score highlights levels of student learning in reading, mathematics, and science in over 100 countries based on data from four international learning assessments and three regional learning assessments. All mean scores were calculated on a scale with a centre point of 500 except 2004–2010 PASEC (0 to 100 scale), 1997 LLECE (250 centre point), and PIAAC (0 to 500 scale).	2018	Quantitative	World Bank – Harmonized Learning Outcomes  <a href="https://datatopics.worldbank.org/education/wDashboard/dqlearning">https://datatopics.worldbank.org/education/wDashboard/dqlearning</a>
Health	Life expectancy at birth indicates the number of years a newborn infant would live if prevailing patterns of mortality at the time of its birth were to stay the same throughout its life.	2018	Quantitative	United Nations Population Division World Population Prospects – Life Expectancy at Birth  <a href="https://population.un.org/wpp/">https://population.un.org/wpp/</a>
	Adult survival rate is calculated by subtracting the mortality rate for 15- to 60-year-olds from 1.	2019	Quantitative	United Nations Population Division World Population Prospects – Adult Survival Rates  <a href="https://population.un.org/wpp/">https://population.un.org/wpp/</a>
Satisfaction with Public Services	This measures the satisfaction with public transportation system, roads and highways, and education system.	2019	Survey	Gallup World Poll – Satisfaction with Public Services taken from Worldwide Governance Indicators  <a href="https://info.worldbank.org/governance/wgi/Home/downloadFile?fileName=GWP.xlsx">https://info.worldbank.org/governance/wgi/Home/downloadFile?fileName=GWP.xlsx</a>
Personal Safety	This indicator is an aggregate of Global Peace Index – Level of Violent Crime, Gallup’s Law and Order Report, and UNODC’s homicide rates and robbery rates.  Metrics are scaled and averaged.	2020	Survey & Quantitative	Economist Intelligence Unit (Level of Violent Crime) taken from Global Peace Index 2020  <a href="https://www.visionofhumanity.org/maps/#/">https://www.visionofhumanity.org/maps/#/</a>  Gallup Law and Order Report  <a href="https://www.gallup.com/analytics/322247/gallup-global-law-and-order-report-2020.aspx">https://www.gallup.com/analytics/322247/gallup-global-law-and-order-report-2020.aspx</a>  United Nations Office on Drugs and Crime (UNODC) <a href="https://dataunodc.un.org/">https://dataunodc.un.org/</a>

Environmental Performance	<p>These indicators provide a gauge at a national scale of how close countries are to established environmental policy targets. Environmental performance is measured using the following metrics from the main index:</p> <ul style="list-style-type: none"> <li>• Sanitation &amp; Drinking Water – Unsafe drinking water</li> <li>• Waste Management – Controlled solid waste</li> <li>• Pollutions Emissions – SO<sub>2</sub> growth rate, NO<sub>x</sub> growth rate</li> <li>• Water Resources – Wastewater treatment</li> </ul>	2020	Quantitative	<p>Yale – Environmental Performance Index</p> <p><a href="https://epi.yale.edu/">https://epi.yale.edu/</a></p>
Income Equality	<p>This indicator measures the extent to which the net distribution of income (that is, post-tax, post-transfers), among individuals or households within an economy deviates from a perfectly equal distribution. A Gini Index score of 0 represents perfect equality, while a score of 100 implies perfect inequality.</p>	2019	Quantitative	<p>Standardized World Income Inequality Database, Solt, Frederick.</p> <p><a href="https://fsolt.org/swiid/">https://fsolt.org/swiid/</a></p>
Social Mobility	<p>This indicator is adapted from the WEF’s Global Social Mobility Report, which focuses on policies, practices, and institutions that collectively determine the extent to which everyone in society has a fair chance to fulfil their potential, regardless of their socio-economic background, the origin of their parents, or the place where they were born.</p>	2020	Qualitative & Quantitative	<p>Social Mobility Composite Indicator</p>
Gender Gap	<p>This indicator contains three concepts: the participation gap, the remuneration gap, and the advancement gap. The participation gap is captured using the difference between women and men in labour force participation rates. The remuneration gap is captured through a hard data indicator (ratio of estimated female-to-male earned income) and a qualitative indicator gathered through the World Economic Forum’s annual Executive Opinion Survey (wage equality for similar work). Finally, the gap between the advancement of women and men is captured through two hard data statistics (the ratio of women to men among legislators, senior officials and managers, and the ratio of women to men among technical and professional workers).</p>	2020	Qualitative & Quantitative	<p>Global Gender Gap Index – Economic Participation and Opportunity</p> <p><a href="https://www.weforum.org/reports/gender-gap-2020-report-100-years-pay-equality">https://www.weforum.org/reports/gender-gap-2020-report-100-years-pay-equality</a></p>
Non-Discrimination	<p>This indicator is taken from the World Justice Project – Rule of Law Index, Fundamental Rights pillar. It measures whether individuals are free from discrimination – based on socio-economic status, gender, ethnicity, religion, national origin, sexual orientation, or gender identity – with respect to public services, employment, court proceedings, and the justice system.</p> <p>We recognise there is an overlap in this measure as it is also measured as part of the much broader Rule of Law indicator.</p>	2020	Survey	<p>World Justice Project – Rule of Law Index</p> <p><a href="https://worldjusticeproject.org/our-work/research-and-data/wjp-rule-law-index-2020">https://worldjusticeproject.org/our-work/research-and-data/wjp-rule-law-index-2020</a></p>

# Endnotes

## **The Rule of Law: A Foundational Element of Good Government – by Alejandro Ponce**

<sup>1</sup> See a detailed explanation of ‘What is The Rule of Law’: <https://worldjusticeproject.org/about-us/overview/what-rule-law>

<sup>2</sup> See a detailed explanation of the methodology in a paper published on the WJP website:

<https://worldjusticeproject.org/our-work/publications/working-papers/measuring-rule-law>

## **The Challenge of Measuring Governance at the Subnational Level – by IDFC Institute**

<sup>1</sup> <https://smartnet.niua.org/eol19/pdf/EOL-2019-Completed-Version.pdf>

<sup>2</sup> [http://social.niti.gov.in/uploads/sample/health\\_index\\_report.pdf](http://social.niti.gov.in/uploads/sample/health_index_report.pdf)

<sup>3</sup> <https://www.worldometers.info/world-population/population-by-country/>

<sup>4</sup> <http://statisticstimes.com/economy/gdp-capita-of-indian-states.php> | The national per capita GDP is Rs. 143,000.

<sup>5</sup> <https://data.worldbank.org/indicator/SE.ADT.LITR.ZS>

<sup>6</sup> <https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/6TABLE4134B659E3B243EE9CB292D36ABC281B.PDF>

<sup>7</sup> <https://www.doingbusiness.org/en/rankings>

<sup>8</sup> [https://www.idfcinstitute.org/site/assets/files/12781/easeofdoingbusiness\\_report.pdf](https://www.idfcinstitute.org/site/assets/files/12781/easeofdoingbusiness_report.pdf)

<sup>9</sup> Complete list of doing business areas: <https://eodb.dipp.gov.in/>

<sup>10</sup> <https://eodb.dipp.gov.in/Home?year=2016>

<sup>11</sup> <https://eodb.dipp.gov.in/Home?year=2019>

<sup>12</sup> <https://eodb.dipp.gov.in/ReformReport/Index?year=2019&state=5&status=no#>

<sup>13</sup> <https://dilrmp.gov.in/faces/rptstatewisephysical/rptComputerizationOfLandRecord.xhtml>

<sup>14</sup> <https://economics.mit.edu/files/10667>.

<sup>15</sup> <https://carnegieendowment.org/2019/07/02/transforming-state-capacity-in-india-pub-79411>



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