Economic transformation

Thanks to the relatively rapid recovery of the global economy after the crisis year of 2009 and a more temporary loss of macroeconomic stability, changes in the classification of 128 countries in terms of economic transformation for the BTI 2012 are minor. However, there was some notable movement. In Qatar, the moderate liberalization of competition and investment law proved decisive in boosting the Gulf state into the top group of 15 developed market economies, whereas Latvia – especially hard-hit by the global economic crisis – dropped out of the group.

At the other end of the scale, the composition of the group of seven countries with only rudimentary market economies remained unchanged. It includes Afghanistan, the Democratic Republic of Congo, Eritrea, Myanmar, North Korea, Somalia and Zimbabwe – countries where social conditions are frequently catastrophic and the prospects for growth are poor. How- ever, socioeconomic conditions in Zimba- bwe have improved noticeably from their previous extremely low level. At the same time, the economic situation in Eritrea and North Korea has once again come to a dra- matic head.

Economic winners and losers

Along with Zimbabwe, Angola showed the greatest economic improvements over the past two years. Supported by the steep rise in oil prices and long-term supply and trade agreements with China, Angola combined strong economic growth with economic reforms and investments in education and infrastructure. Its utilization of raw mater- ials revenue remains intransparent, howev- er; benefiting primarily the country’s small elite. Social inequality is still extremely high.

Kenya, Mauritania and Moldova showed similarly clear advances. Although the East European country was hit hard by the eco- nomic crisis, its government responded with an orientation toward reform and a coopera- tive approach toward external creditors. To- gether with Benin, Mali and Morocco – all of which were formerly classified as poorly functioning market economies – Moldova moved up to the large group of countries for which only functional deficits were found.

From this group, two successful Latin American reform states – El Salvador and Peru – ascended to the next highest group. Peru’s rise can be attributed to social policy measures of the left-leaning FMLN government under President Funes. Peru showed impressive macroeconomic stability in its reaction to the global economic crisis under President García, and it achieved ad- vances in fighting poverty, protecting the en- vironment and improving education policy.

Kenya, Mauritania and Moldova showed similarly clear advances. Although the East European country was hit hard by the eco- nomic crisis, its government responded with an orientation toward reform and a coopera- tive approach toward external creditors. To- gether with Benin, Mali and Morocco – all of which were formerly classified as poorly functioning market economies – Moldova moved up to the large group of countries for which only functional deficits were found.

From this group, two successful Latin American reform states – El Salvador and Armenia, Cuba and Nigeria. The earth- quake in Haiti wreaked economic damages estimated at 120 percent of its gross domes- tic product (GDP). It thus represents the most devastating natural catastrophe that has ever befallen the country. The Préval government’s incompetence further exacer- bated the social consequences of the quake (e.g., long-term homelessness, spread of epidemics).

In Cuba, social inequality and poverty have increased. This is due firstly to the gov- ernment’s economic reforms geared toward reducing public spending; cuts in subsidies and layoffs of government employees have brought social hardship in their wake. Sec-
Economic performance in Eurasia falling as Asian countries gain traction

On global average, national economic performance did not, in the wake of the economic crisis, falter as badly as feared, falling only from 6.55 points (in the BTI 2010) to its current level of 6.58, just slightly under the 2006 level. However, different regions were affected to different degrees by recessionary macroeconomic trends.

West and Central Africa remained stable, albeit at a low level. Mali, in particular, showed impressive growth figures thanks to good harvests and high gold prices, though strong population growth significantly curbed the rise in per capita income. South and East Africa demonstrated quite similar stability, although average scores fell slightly under the burden of sharp declines in scores for economically run-down Eritrea and inflation-ravaged Mozambique. The economic crisis only slightly impacted many African states for two reasons: First, the demand for mineral resources and oil (the backbone of African economic growth) continued to rise during the crisis, putting upward pressure on prices. Second, African states were not affected by the shock waves in the private financial markets. In East-Central and Southeast Europe, macroeconomic benchmark data were only slightly affected by the decline in economic performance in the Baltic states, which were hit especially hard by the economic crisis. In the Middle East and North Africa, national economic performance declined most steeply in the Gulf states, which are especially vulnerable to global economic fluctuations – such as Bahrain, Kuwait and Saudi Arabia – as well as in Tunisia, which was dragged down by lower European demand in the automotive and textile branch-es. In Latin America, macroeconomic figures declined primarily in the Caribbean states of Cuba, Haiti and Jamaica. The most obvious changes in macroeconomic benchmark data occurred in post-So- viet Eurasia (negative) and in Asia (positive). Many Eurasian national economies, in particular Armenia’s, proved to be vulnerable to declines in transfers from citizens working abroad and decreased Russian investments in the wake of the global financial crisis. In addition, uprisings in Kyrgyzstan after the fall of President Bakiyev had a destabilizing effect on the country’s economy. In total, performance fell in six of the 13 Eurasian economies, while none of the economies in the region showed a positive trend. In Asia, finally, the cleavage is widening between economically prosperous countries and those suffering further into poverty. States that are relatively advanced in eco- nomic transformation (more than 6.00 points) displayed impressive immunity against the impact of the global economic crises and — as in the case of China — definitely left their own mark on managing the crisis. The region’s less developed economies, however, stagnated at a low level or even — like Bangladesh, North Korea and the Philip- pines — saw declines in their economic performance. All in all, autocracies proved to be less flexible than democracies in dealing with the economic crisis – and the performance of their economies suffered: The average score for all autocracies fell from 6.04 in the BTI 2010 to 5.77 in the current survey, while the average for democracies stayed almost stable at 6.81 (versus 6.89 in 2010). This trend still holds if one excludes those countries that shifted between the democ- racy and autocracy categories since the BTI 2010 (cf., democracies went from 6.97 to 6.90 points, and autocracies from 6.01 to 5.86). Bearing much of the responsibility for the decline in scores are the autocracies Armenia, Eritrea and Cuba, which were starkly downgraded. Conversely, China was the sole autocracy that continued to show strong economic growth.

The most obvious changes in macroeco- nomic benchmark data occurred in post-Soviet Eurasia (negative) and in Asia (positive). Many Eurasian national economies, in par- ticular Armenia’s, proved to be vulnerable to declines in transfers from citizens working abroad and decreased Russian investments in the wake of the global financial crisis. In addition, uprisings in Kyrgyzstan after the fall of President Bakiyev had a destabilizing effect on the country’s economy. In total, performance fell in six of the 13 Eurasian economies, while none of the economies in the region showed a positive trend. In Asia, finally, the cleavage is widening between economically prosperous countries and those sinking further into poverty. States that are relatively advanced in eco- nomic transformation (more than 6.00 points) displayed impressive immunity against the impact of the global economic crises and — as in the case of China — definitely left their own mark on managing the crisis. The region’s less developed economies, however, stagnated at a low level or even — like Bangladesh, North Korea and the Philip- pines — saw declines in their economic performance. All in all, autocracies proved to be less flexible than democracies in dealing with the economic crisis – and the performance of their economies suffered: The average score for all autocracies fell from 6.04 in the BTI 2010 to 5.77 in the current survey, while the average for democracies stayed almost stable at 6.81 (versus 6.89 in 2010). This trend still holds if one excludes those countries that shifted between the democ- racy and autocracy categories since the BTI 2010 (cf., democracies went from 6.97 to 6.90 points, and autocracies from 6.01 to 5.86). Bearing much of the responsibility for the decline in scores are the autocracies Armenia, Eritrea and Cuba, which were starkly downgraded. Conversely, China was the sole autocracy that continued to show strong economic growth.

The impact of the economic and financial crisis. In the Middle East and East Africa along with Latin America — regions where an above-average number of countries are food producers and suppliers of energy and raw materials. In most of the regions, this negative trend was curbed or even slightly reversed as coun- tries coped with the crisis and global eco- nomic conditions thus improved, with Asia and South and East Africa still well below their 2006 levels. However, the decline in macrostability over the past four years is very pronounced in East-Central and Southwest Europe (–0.94 points) and post-Soviet Eurasia (–1.15 points). A comparison with the BTI 2010 con- firms this negative trend. Here, only the East-Central and Southeast European region (–0.41 points) and the Eurasian countries (–0.38 points) show a decline, on regional average, for fiscal and debt policy. How- ever, distinctions must be drawn within post-Soviet Eurasia, with smaller losses on macrostability in the Central Asian states than elsewhere, especially in the Caucasian countries of Armenia, Azerbaijan and Geor- gia. On top of this, Belarus and Ukraine have pronounced problems in fiscal policy. Ukraine has scored lower on macrostability in every new BTI since 2006, sinking suc- cessively from 8 to 5 points.

In East-Central and Southeast Europe, nearly half of the countries in both indi- vidual regions show increasing deficiencies in fiscal and debt policy. This includes de- veloped market economies with basically strong stability (e.g., Slovakia) as well as market economies with functional flaws that were already more labile (e.g., Montenegro). The severity of the impact of the eco- nomic and financial crisis on these coun- tries is not the only decisive indicator here. Economic development was especially hurt in the Baltic states and Hungary, yet Esto- nia and Lithuania have proven to be stable, while Latvia and Hungary have now been downgraded on macrostability for the sec- ond time in a row (judging with the BTI 2010). Post-Soviet Eurasia and Herzegovina, Romania and Serbia were hit the hardest by the economic and financial crisis, but only Romania – which had lived beyond its means during the boom years due to populism and patronage – declined on macroeconomic stability. This suggests that losses in macrostability cannot be ex- plained solely as the consequences of exter- nal shocks but, instead, indicate deficiencies in individual countries’ governance.

In the long-term trend, 17 of the 26 states whose macrostability increased in the past two years only managed to reduce or balance out previous devaluations. In nine countries – seven of which are of distinctive democracies – the latest advances dovetail with an overall positive trend in fiscal and debt policy. Continuous improvements in Bolivia, Indonesia and Peru should be em- phasized here. Indonesia has scored higher on fiscal and debt policy in every BTI since 2006 because its government has steadily and successfully worked to reduce its level of debt, which fell from 100 to 26 percent of its GDP thanks in part to a positive bal- ance of trade and improvements in tax collection.

Inflation policy – which has always been the highest scoring of the 14 economic indi- cators in the BTI – recovered somewhat, al- though scores for neither Asian nor sub-Sa- haran African countries managed to reach the levels attained in 2006, despite recent improvements. At that time, West and Cen- tral Africa (regional average score of 7.50) trailed only East-Central and Southeast Eu- rope and Latin America in terms of consist- ency in inflation policies pursued. Due to rising prices for agricultural products and raw materials on the global market, infla- tion rates also rose in this region, dragging the regional average score down to only 6.22 in the BTI 2010. While Ghana, Nigeria and the Democratic Republic of Congo still have two-digit inflation rates, inflationary pressure has been markedly reduced in the member states of the West African Economic and Monetary Union, raising the regional average score to 6.78 at present.
Poverty and inequality rose noticeably in 17 countries, while 10 countries (most of which have low levels of socioeconomic development) have recently somewhat improved socioeconomic conditions for their populations. Since the BTI 2008, poverty and inequality have increased appreciably only in East-Central and Southeast Europe and Asia, on regional average.

In the European countries, the economic crisis noticeably affected Latvia and Hungary by shrinking the middle class and exacerbating social stratification. In Hungary and Macedonia, the Roma are structurally disadvantaged and marginalized. In both of these countries and in Poland, regional differences—especially rural-urban social disparities—have exclusionary significance. However, the drop in the regional average score for East-Central and Southeast Europe from 7.81 (BTI 2008) to 7.41 today (or 7.56 in contrast to India). As in the BTI 2010, the level of socioeconomic development was again rated as ranging from inadequate to catastrophic (4 points or fewer) in 69 countries, or nearly 54 percent of all states surveyed. This significantly qualifies the basically heartening fact that poverty and inequality did not soar in the wake of the global crisis, as had been feared. Mass poverty and pronounced social inequality are widespread in all regions of the globe except for East-Central and Southeast Europe. In Latin America and the Arab world, less than half of all countries are impacted, while nearly all of the 37 countries in sub-Saharan Africa languish under the effects of low socioeconomic development, apart from three (Ghana, Mauritius and South Africa) that are remarkable for being consistent exceptions. Globally, 22 of the 30 poorest countries with marked social inequality are found in the sub-Saharan area. Widespread poverty among large portions of the population continues to pose Africa’s greatest obstacle to development.

A very low level of socioeconomic development (4 points or fewer) is present in 35 democracies and 34 autocracies. In other words, nearly half of the democracies and almost two-thirds of all autocracies exhibit a strikingly high rate of poverty and inequality. On the 10-point scale of the BTI, autocracies average just 3.75 points for their level of socioeconomic development, while democracies present a significantly better—albeit still low—average of 4.85. This trend is confirmed when one examines social security systems that guarantee health insurance and care of the elderly, and attempt to cushion social risks such as unemployment and poverty. Here, the democracies—averaging 5.31 points—again offer better protection than the autocracies, which average 4.38. Finally, equal rights for all social groups and protection against discrimination are significantly greater in democracies, with an average of 5.73 points, than in the autocracies, which average 4.42.

It is notable that 22 autocracies are among the 28 worst-scoring countries (1 to 3 points), where equal rights are neither achieved nor in most cases sought, and where no effective protection against discrimination exists. This is not intended as a blanket assertion that democracies will always choose a more socially equitable and inclusive path by virtue of a political system that permits social protest and recognizes the corrective potential of free elections. In fact, there is ample evidence indicating otherwise, as seen in the pronounced social exclusion due to poverty or inequality in 35 democracies that vary so much in their progress toward political transformation as Botswana and India, on the one hand, and Angola and Iraq, on the other. Conversely, there are a few resource-poor autocracies, such as Cuba, that attempt to maintain higher social standards despite adverse conditions. Finally, no definitive pronouncement can be made on the direction of causality in the relationship between the quality of democracy and social development. After all, a higher level of socioeconomic development can substantially favor the establishment of a democratic system. However, the significantly better performance of democracies (on global average) in the BTI 2012 with regard to the level of socioeconomic development, social safety nets and equal rights sheds at the very least some perspective on the popular notion of China’s “authoritarian model” representing an exemplary path of development. It suggests that the Chinese case may be more a matter of positive social consequences following upon strong economic growth rather than a matter of systemic success.

In order to better compare the track records of democracies and autocracies for social inclusion—aggregated from the level of socioeconomic development, social safety nets and equal rights—the analysis that follows will only consider those countries that exhibited strong economic performance (8 to 10 points) over the past two years. Of these 35 countries, 24 are democracies and 11 are autocracies. Among the democratically governed countries, the East-Central and Southeast European and Latin American countries once again dominate with eight apiece; among the autocracies, five Gulf states and four Asian authoritarian modernizers (China, Malaysia, Singapore and Vietnam) are represented. Only seven of these 35 countries have proven capable of converting their positive economic development into an excellent level of social inclusion. Two observations stand out. For one, the top achievers in terms of social equity are exclusively democracies: for another, high scores for social inclusion are strongly correlated with high overall scores for the state of economic transformation. One positive point that must be noted is that nearly two-thirds of the 35 countries with solid growth data achieved a very good (more than 8.5 points) or a good (more than 6 points) level of social inclusion. While seven democracies were found to have a very high degree of inclusion and eight democracies a high degree, the overwhelming majority of the 11 autocracies with strong economic growth likewise achieved a high degree of social inclusion. Along with Singapore and Malaysia, they include four of the five resource-rich Gulf states and Libya.

Bahrain, by contrast, slipped on account of structurally solidifying discrimination against its Shi’ite majority and increasing social pressure due to housing shortages; it belongs to the group of nine countries showing strong growth that attain only an average level of social inclusion. The authoritarian modernizers China and Vietnam are also classified in this group. Of the two, Vietnam comes off better with a higher coverage rate for its social insurance systems and economic success and social failings.
less discrimination against minorities and women (wage levels, educational access). In the Chinese case, it remains to be seen if a long-term positive impact will result from its large investments in the health system as part of the government’s stimulus program during the global economic crisis. At present, 90 percent of China’s rural population still has no health insurance.

The level of social inclusion in Bolivia, the Dominican Republic, India and Turkmenistan can only be assessed as weak. Whereas inequality in India continues to rise despite increases in welfare spending, and discrimination is intensifying in both the Dominican Republic and Turkmenistan, the long-term trend in Bolivia is slightly positive. To be sure, in Bolivia, the structural exclusion of indigenous groups, the rural population and women accounts for a level of socioeconomic development that remains very low. However, since 2006, the Morales government has consistently made major efforts to improve the social security systems.

Overall, in the 35 countries with the most robust growth, strong economic performance has not been used to improve the level of socioeconomic development and overcome discriminatory structures. On the contrary, the average for these countries fell slightly (from 7.03 in 2010 to 6.96 in 2012).

Given their considerably leaner macroeconomic means, the economically weaker 93 remaining countries were also unable to substantially reduce the scope of social exclusion. Here, the average for social inclusion languishes at a very low 4.06 points. Twelve countries showed slippage—that was dramatic at times, in particular Eritrea (−1.33 points), Ethiopia, Cuba, North Korea, Saudi Arabia and Uzbekistan (−0.67 points). However, 20 countries improved their social conditions, especially Angola (+1.13 points) and El Salvador (+1.00 points) but also Benin, Bhutan and Burundi (+0.67 points).

The 35 economically strongest countries and their social record

Stability of market economic systems, despite crisis

A key aspect in assessing the state of economic transformation in the BTI is whether an unambiguous and adequate framework exists for free competition on an equal footing among all market participants, including a functional private sector. While the criterion for organization of the market and competition addresses the fundamentals of market-based competition, safeguards against the formation of monopolies, the liberalization of foreign trade and the quality of the banking sector, the criterion for private property inquiries into the rights and regulations affecting private ownership as well as the role of the private sector.

On global average, it should first be noted that the institutional makeup of economic systems has not been harmed by the economic and financial crisis. Compared to the BTI 2010, the average score for all six questions has not budged in nearly 100 of the 128 countries. A longer-term comparison to the BTI 2006 reveals, however, that countries in the Middle East and North Africa region in particular have made clear improvements to the rules for competition and ownership. It must be borne in mind that, with Kuwait and Oman (first appearing in the BTI 2008) and Qatar (BTI 2010), relatively advanced market economies were incorporated into the Transformation Index, further boosting the average scores for the region. But even without these countries, the regional average score has risen perceptibly, though more moderately: from 4.89 (BTI 2006) to currently 5.55 for organization of the market and competition, and from 5.41 (BTI 2006) to currently 5.91 for anti-monopoly policy.

Finally, Asia and South and East Africa declined significantly over the past six years in the protection of private property and regard for the private sector. In Asia, less-developed autocracies – Afghanistan, Cambodia, Myanmar and Nepal – bore chief
Improving banking sectors, BTI 2010–2012

To assess the changes in the banking sector in 19 countries with regard to the criteria in the banking sector, we use a five-point scale ranging from Very weak (1 point) to Very good (5 points), where 5 indicates that the criterion is satisfied, while 1 means it is not (see definition of criteria in the BTI methodology). This approach allows for a more precise comparison of individual countries and the level of progress achieved. The BTI 2012 data was released in March 2013. Since the last evaluation in 2010, many countries have undergone significant changes in their banking sectors.

The role of the private sector diminished in nine countries and rose in six. Notable here are the divergent trends in Latin America. Whereas Bolivia, Ecuador, Guatemala, Haiti and Peru lost ground, Honduras and Panama improved, as did the advanced market economies of Costa Rica and Uruguay.

Improvements in the banking sector

Among the questions addressed within the criterion of the organization of the market and competition, the banking sector showed the strongest – and, for the most part, positive – changes over the past two years. While banking systems in 12 countries deteriorated during the period under review – led by Venezuela with its unstable banks and tight restrictions on capital movements – 33 countries posted quality improvements. These include 13 countries from sub-Saharan Africa, some of which expanded a rudimentary banking system to reach out beyond urban regions and the formal sector, and significantly enlarged access to financial services. Other countries in the region further optimized fully banking systems. In sub-Saharan Africa, some of which expanded a rudimentary banking system to reach out beyond urban regions and the formal sector, and significantly enlarged access to financial services. Other countries in the region further optimized fully banking systems. In sub-Saharan Africa, some of which expanded a rudimentary banking system to reach out beyond urban regions and the forma

Little regression due to the crisis; little progress in fighting poverty.

Despite fears that the global economic and financial crisis would rattle economic development, changes in the state of economic transformation turn out to be moderate in the current BTI. Many regions, especially in sub-Saharan Africa, were hit much harder by the rise in food and raw-material prices in 2007 and 2008 than by the temporary slump in demand from OECD countries in the crisis year of 2009. By contrast, other regions – such as the Caucasus and Central Asia – had to absorb comparatively small states, which includes Bahrain, Latvia and Turkey. This illustrates how heavily small states depend on their neighboring economic and Asian countries. Tied for top performance are the Czech Republic, Singapore, Slovenia, South Korea and Taiwan (each with 9 points each), followed by six other Eastern European states. While the Czech Republic and Slovenia are the most successful countries in terms of environmental policy (9 points), the three Asian countries achieve optimal scores for education and research (10 points). If we compare by region the results for the two individual questions, a fairly long-term trend stands out: The countries of South and East Africa alone show continuous deterioration in the area of environmental protection, while all other regions exceed their initial scores from the BTI 2006 – in some cases significantly. In Madagascar, illegal logging and animal trading have increased rapidly, threatening its unique flora and fauna. And in Mozambique, deforestation and overfishing continue unchecked as a result of corrupt practices. In Zambia, the government unilaterally subordinates ecological concerns regarding water and air pollution to an imperative of economic growth, especially in mining areas. All three countries have been drastically downgraded – by 3 points – since 2006; they are substantially responsible for the deterioration in the regional average. Compared to the BTI 2010, environmental policy has moderately improved in 19 countries. Apart from Uruguay and Brazil, however, not one of these countries sets now score 4 points, which corresponds to weak and barely implemented environmental standards in the coding of this BTI question.

In the area of education and research, Asia surprisingly shows a slightly regressive trend (which is also long-term) despite the sound performances of the previously mentioned top three and strongly improved scores for China and Vietnam (each +2 points) compared to 2006. At the same time, however, education policy deteriorated in six countries ranging from India and Malaysia to North Korea.

In the most recent evaluation period, 16 countries exhibit positive trends in education policy. Here, special emphasis should be given to those states whose scores rose twice in recent years. Beginning from an extremely low educational level, African countries such as Angola, Ethiopia and Niger have improved their education policy, as has Peru. These governments have invested in which also includes Bahrain, Latvia and Turkey, which were already upgraded in 2008.

Education and environment: raising the bar on progress

The BTI scores for sustainability still rank at the lower end of the scale. Among the criteria for economic transformation, only the level of socioeconomic development scores even worse on global average. Indeed, inadequate efforts in the areas of education and environmental policy constitute the greatest threats – after poverty and inequality – to economic transformation in countries undergoing transition.

Nonetheless, at the same time, sustainability is the economic criteria that has improved most sharply over the past six years, from 4.53 in the BTI 2006 to 4.86 points at present. This gain derives from moderately increasing scores for both environmental and education policy. The group of countries with the most sustainable economies is small and composed entirely of European schools and universities (sometimes heavily and at times in cooperation with external sponsors) in order to counter structurally entrenched educational deficiencies – so far with only moderate success. Finally, the Chinese government has made targeted investments in education in neglected rural areas. Research spending, with considerable support from foreign corporate investors, now amounts to two percent of its GDP. With this, China has caught up to the top group of just 16 countries scoring 8 points or more.
Economic transformation, BTI 2012

Overview

Developed market economies
Score < 6
- Canada
- Denmark
- Japan
- Luxembourg
- Netherlands
- Norway
- Sweden
- Switzerland

Functioning market economies
Score < 6 to 7
- Australia
- Austria
- Belgium
- Finland
- France
- Germany
- Greece
- Iceland
- Ireland
- Italy
- New Zealand
- Portugal
- Spain
- Sweden
- United Kingdom

Market economies with functional flaw
Score < 6 to 7
- Argentina
- Chile
- Colombia
- Costa Rica
- Croatia
- El Salvador
- Hungary
- Lithuania
- Malaysia
- Panama
- Peru
- Poland
- Portugal
- Singapore
- Spain
- Turkey
- Ukraine
- United Kingdom

Poorly functioning market economies
Score < 4 to 5
- Afghanistan
- Angola
- Bangladesh
- Benin
- Botswana
- Burkina Faso
- Cameroon
- Chad
- Congo
- Côte d’Ivoire
- Djibouti
- Egypt
- Eritrea
- Ethiopia
- Gabon
- Ghana
- Guinea
- Guyana
- Honduras
- Iraq
- Jordan
- Kazakhstan
- Kenya
- Kiribati
- Lebanon
- Lesotho
- Libya
- Malawi
- Mali
- Mauritania
- Mozambique
- Morocco
- Myanmar
- Namibia
- Nepal
- Niger
- Nigeria
- Pakistan
- Panama
- Paraguay
- Peru
- Philippines
- Puerto Rico
- Qatar
- Russia
- Rwanda
- São Tomé & Príncipe
- Senegal
- Sierra Leone
- South Africa
- Sudan
- Syria
- Tajikistan
- Tanzania
- Togo
- Tunisia
- Turkey
- Turkmenistan
- Uganda
- United Kingdom
- Uzbekistan
- Vanuatu
- Vietnam
- Western Sahara
- Yemen
- Zambia
- Zimbabwe

Functioning market economies
Score < 7 to 8
- Australia
- Austria
- Belgium
- Denmark
- Finland
- France
- Germany
- Greece
- Iceland
- Ireland
- Italy
- New Zealand
- Portugal
- Spain
- Sweden
- United Kingdom

Market economies with functional flaw
Score < 7 to 8
- Argentina
- Chile
- Colombia
- Costa Rica
- Croatia
- El Salvador
- Hungary
- Lithuania
- Malaysia
- Panama
- Peru
- Poland
- Portugal
- Singapore
- Spain
- Turkey
- Ukraine
- United Kingdom

Poorly functioning market economies
Score < 4 to 5
- Afghanistan
- Angola
- Bangladesh
- Benin
- Botswana
- Burkina Faso
- Cameroon
- Chad
- Congo
- Côte d’Ivoire
- Djibouti
- Egypt
- Eritrea
- Ethiopia
- Gabon
- Ghana
- Guinea
- Guyana
- Honduras
- Iraq
- Jordan
- Kazakhstan
- Kenya
- Kiribati
- Lebanon
- Lesotho
- Libya
- Malawi
- Mali
- Mauritania
- Mozambique
- Morocco
- Myanmar
- Namibia
- Nepal
- Niger
- Nigeria
- Pakistan
- Panama
- Paraguay
- Peru
- Philippines
- Puerto Rico
- Qatar
- Russia
- Rwanda
- São Tomé & Príncipe
- Senegal
- Sierra Leone
- South Africa
- Sudan
- Syria
- Tajikistan
- Tanzania
- Togo
- Tunisia
- Turkey
- Turkmenistan
- Uganda
- United Kingdom
- Uzbekistan
- Vanuatu
- Vietnam
- Western Sahara
- Yemen
- Zambia
- Zimbabwe

Functioning market economies
Score < 8 to 9
- Australia
- Austria
- Belgium
- Denmark
- Finland
- France
- Germany
- Greece
- Iceland
- Ireland
- Italy
- New Zealand
- Portugal
- Spain
- Sweden
- United Kingdom

Market economies with functional flaw
Score < 8 to 9
- Argentina
- Chile
- Colombia
- Costa Rica
- Croatia
- El Salvador
- Hungary
- Lithuania
- Malaysia
- Panama
- Peru
- Poland
- Portugal
- Singapore
- Spain
- Turkey
- Ukraine
- United Kingdom

Poorly functioning market economies
Score < 4 to 5
- Afghanistan
- Angola
- Bangladesh
- Benin
- Botswana
- Burkina Faso
- Cameroon
- Chad
- Congo
- Côte d’Ivoire
- Djibouti
- Egypt
- Eritrea
- Ethiopia
- Gabon
- Ghana
- Guinea
- Guyana
- Honduras
- Iraq
- Jordan
- Kazakhstan
- Kenya
- Kiribati
- Lebanon
- Lesotho
- Libya
- Malawi
- Mali
- Mauritania
- Mozambique
- Morocco
- Myanmar
- Namibia
- Nepal
- Niger
- Nigeria
- Pakistan
- Panama
- Paraguay
- Peru
- Philippines
- Puerto Rico
- Qatar
- Russia
- Rwanda
- São Tomé & Príncipe
- Senegal
- Sierra Leone
- South Africa
- Sudan
- Syria
- Tajikistan
- Tanzania
- Togo
- Tunisia
- Turkey
- Turkmenistan
- Uganda
- United Kingdom
- Uzbekistan
- Vanuatu
- Vietnam
- Western Sahara
- Yemen
- Zambia
- Zimbabwe

Functioning market economies
Score < 9 to 10
- Australia
- Austria
- Belgium
- Denmark
- Finland
- France
- Germany
- Greece
- Iceland
- Ireland
- Italy
- New Zealand
- Portugal
- Spain
- Sweden
- United Kingdom

Market economies with functional flaw
Score < 9 to 10
- Argentina
- Chile
- Colombia
- Costa Rica
- Croatia
- El Salvador
- Hungary
- Lithuania
- Malaysia
- Panama
- Peru
- Poland
- Portugal
- Singapore
- Spain
- Turkey
- Ukraine
- United Kingdom

Poorly functioning market economies
Score < 4 to 5
- Afghanistan
- Angola
- Bangladesh
- Benin
- Botswana
- Burkina Faso
- Cameroon
- Chad
- Congo
- Côte d’Ivoire
- Djibouti
- Egypt
- Eritrea
- Ethiopia
- Gabon
- Ghana
- Guinea
- Guyana
- Honduras
- Iraq
- Jordan
- Kazakhstan
- Kenya
- Kiribati
- Lebanon
- Lesotho
- Libya
- Malawi
- Mali
- Mauritania
- Mozambique
- Morocco
- Myanmar
- Namibia
- Nepal
- Niger
- Nigeria
- Pakistan
- Panama
- Paraguay
- Peru
- Philippines
- Puerto Rico
- Qatar
- Russia
- Rwanda
- São Tomé & Príncipe
- Senegal
- Sierra Leone
- South Africa
- Sudan
- Syria
- Tajikistan
- Tanzania
- Togo
- Tunisia
- Turkey
- Turkmenistan
- Uganda
- United Kingdom
- Uzbekistan
- Vanuatu
- Vietnam
- Western Sahara
- Yemen
- Zambia
- Zimbabwe

Functioning market economies
Score < 10 to 11
- Australia
- Austria
- Belgium
- Denmark
- Finland
- France
- Germany
- Greece
- Iceland
- Ireland
- Italy
- New Zealand
- Portugal
- Spain
- Sweden
- United Kingdom

Market economies with functional flaw
Score < 10 to 11
- Argentina
- Chile
- Colombia
- Costa Rica
- Croatia
- El Salvador
- Hungary
- Lithuania
- Malaysia
- Panama
- Peru
- Poland
- Portugal
- Singapore
- Spain
- Turkey
- Ukraine
- United Kingdom

Poorly functioning market economies
Score < 4 to 5
- Afghanistan
- Angola
- Bangladesh
- Benin
- Botswana
- Burkina Faso
- Cameroon
- Chad
- Congo
- Côte d’Ivoire
- Djibouti
- Egypt
- Eritrea
- Ethiopia
- Gabon
- Ghana
- Guinea
- Guyana
- Honduras
- Iraq
- Jordan
- Kazakhstan
- Kenya
- Kiribati
- Lebanon
- Lesotho
- Libya
- Malawi
- Mali
- Mauritania
- Mozambique
- Morocco
- Myanmar
- Namibia
- Nepal
- Niger
- Nigeria
- Pakistan
- Panama
- Paraguay
- Peru
- Philippines
- Puerto Rico
- Qatar
- Russia
- Rwanda
- São Tomé & Príncipe
- Senegal
- Sierra Leone
- South Africa
- Sudan
- Syria
- Tajikistan
- Tanzania
- Togo
- Tunisia
- Turkey
- Turkmenistan
- Uganda
- United Kingdom
- Uzbekistan
- Vanuatu
- Vietnam
- Western Sahara
- Yemen
- Zambia
- Zimbabwe

Functioning market economies
Score < 11 to 12
- Australia
- Austria
- Belgium
- Denmark
- Finland
- France
- Germany
- Greece
- Iceland
- Ireland
- Italy
- New Zealand
- Portugal
- Spain
- Sweden
- United Kingdom

Market economies with functional flaw
Score < 11 to 12
- Argentina
- Chile
- Colombia
- Costa Rica
- Croatia
- El Salvador
- Hungary
- Lithuania
- Malaysia
- Panama
- Peru
- Poland
- Portugal
- Singapore
- Spain
- Turkey
- Ukraine
- United Kingdom

Poorly functioning market economies
Score < 4 to 5
- Afghanistan
- Angola
- Bangladesh
- Benin
- Botswana
- Burkina Faso
- Cameroon
- Chad
- Congo
- Côte d’Ivoire
- Djibouti
- Egypt
- Eritrea
- Ethiopia
- Gabon
- Ghana
- Guinea
- Guyana
- Honduras
- Iraq
- Jordan
- Kazakhstan
- Kenya
- Kiribati
- Lebanon
- Lesotho
- Libya
- Malawi
- Mali
- Mauritania
- Mozambique
- Morocco
- Myanmar
- Namibia
- Nepal
- Niger
- Nigeria
- Pakistan
- Panama
- Paraguay
- Peru
- Philippines
- Puerto Rico
- Qatar
- Russia
- Rwanda
- São Tomé & Príncipe
- Senegal
- Sierra Leone
- South Africa
- Sudan
- Syria
- Tajikistan
- Tanzania
- Togo
- Tunisia
- Turkey
- Turkmenistan
- Uganda
- United Kingdom
- Uzbekistan
- Vanuatu
- Vietnam
- Western Sahara
- Yemen
- Zambia
- Zimbabwe

Average score for resource efficiency criterion: 4.44 points
| Singapore receives highest score for resource efficiency criterion: 9.53 points |