

## Transformation management

# More conflict, less confidence

The last few years have been marked by increasing conflict intensity – particularly in Arab and East African countries. Many national governments are ill-prepared when it comes to addressing conflicts, while some knowingly foment violence. Confidence in political elites has fallen, with the credibility of many governments diminished on the world stage. It is particularly worrying that the quality of governance is declining in large, populous states and key anchor countries, sometimes dramatically.

Those working to bring about change often face exceedingly difficult conditions, and nowhere are the impediments to transformation as daunting as they are in Africa. The countries found within a 4,000 kilometer radius of Chad, one of the world's most underdeveloped countries, comprise three-quarters of the poorest, most conflict-ridden, unstable and structurally disadvantaged countries in the world. From West Africa's destitute post-conflict states, Liberia and Sierra Leone, the band of poverty and instability extends through Burkina Faso, Niger and Chad to divided Libya in the north, the failing states of the Democratic Republic of Congo and the Central African Republic in the south, and Eritrea, Somalia, South Sudan and Sudan in the devastated Horn of Africa to the east. Conditions are just as un-

stable in Mali and Nigeria, which have been shaken by religious extremism.

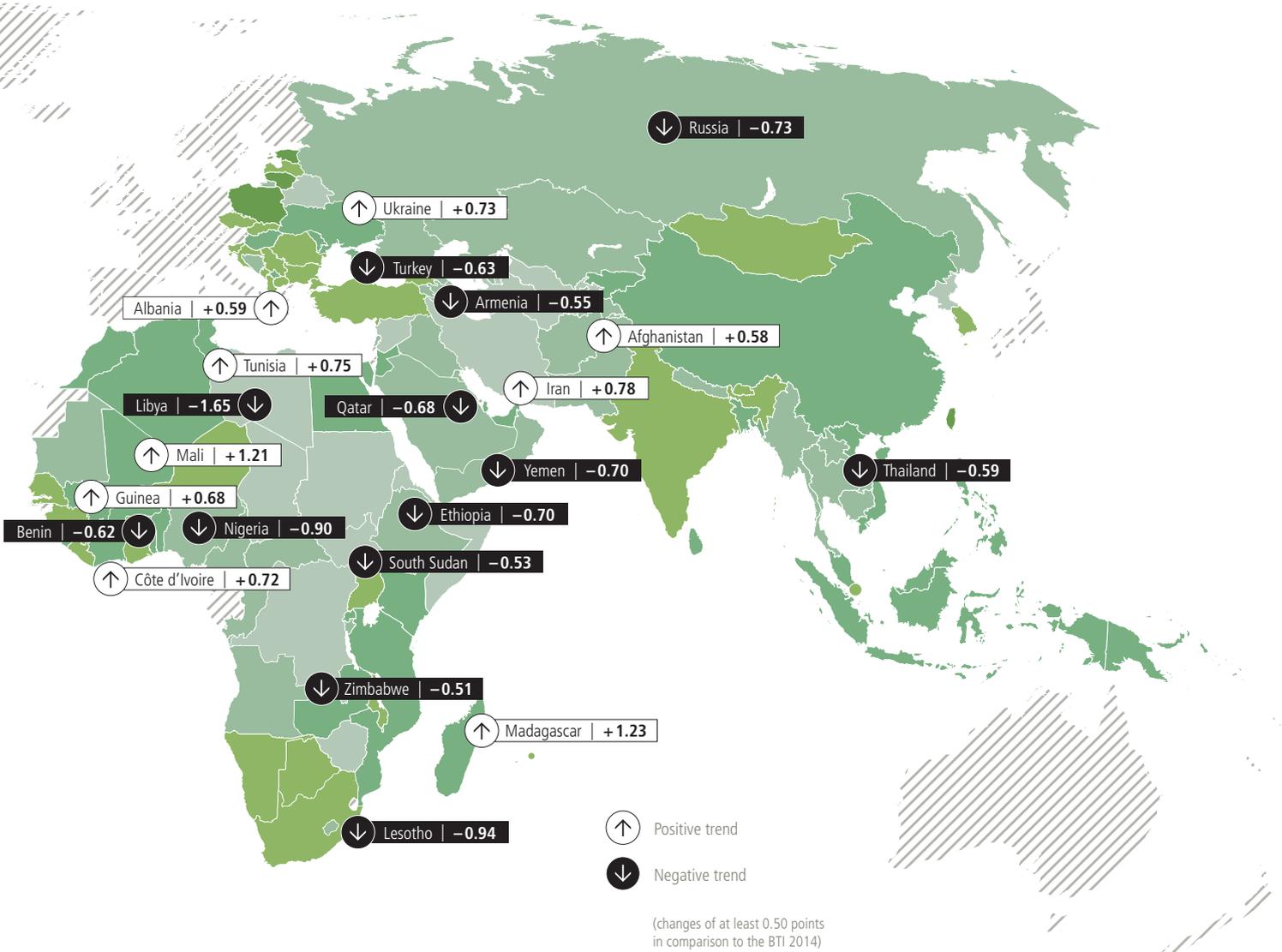
The adverse state of affairs in devastated Libya and imperiled Ukraine have made transformation all the more difficult. The challenges faced by these two countries are emblematic of those confronting governments around the world: an increasing potential for conflict, and religious extremism or violent separatism that increasingly undermines statehood. In the age of the Islamic State (IS) group and neo-hegemonic power politics, it seems that the old rules or traditional forms of conflict resolution can only achieve so much. The demands on structural transformation are rising.

European perceptions of an increasingly violent world may be based primarily on events in neighboring regions, but these

fears do correlate with BTI findings: The global average for conflict intensity among the 118 countries reviewed in 2006 has risen by 0.51 points over the last decade, which represents a significant jump on a scale of one to 10. This is one of the most extreme shifts in global average for any BTI indicator.

For all the impact of drug wars and ethnic tensions, the contributions of Latin America and Asia to this trend is negligible. In fact, without these regions, the conflict intensity indicator would have risen by 0.64 points. And, in post-Soviet countries, the rise in conflict in-





tensity is almost entirely driven by the Crimean crisis and the territorial conflict between Russia and Ukraine. This means that the rise in conflict over the last decade is primarily an African and Arab phenomenon, taking place specifically in North and East Africa.

It is hardly surprising that the Middle East and North Africa are associated with particularly negative development: Violence levels remain high in Iraq and Sudan, while Libya and Syria are now similarly beset by conflict. But also the countries caught in the crosswinds of the Arab Spring – in par-

ticular, Egypt, Tunisia and Yemen – are now subject to significantly higher conflict levels than they were under the deathly calm of their respective presidential dictatorships.

Major barriers to transformation in Africa

In terms of conflict intensity, West Africa is particularly volatile – the short, fierce and now contained conflict in Mali, for one, proves that. Over the last 10 years, successful peace initiatives in Côte d'Ivoire and Li-

beria have been offset by increasing levels of conflict in Burkina Faso, Guinea and Mali. In South and East Africa, on the other hand, there is a clear negative trend underway. Up and down the list of countries in this region, latent tensions have grown, even erupting into civil war in some cases. It's a list that begins with the further destabilization of the Horn of Africa and the fight for South Sudan, both of which are now taking their toll on Uganda, and continues through to southern Africa, and to Lesotho, in particular. But conditions have deteriorated elsewhere, as well,

in Burundi, Madagascar, Malawi, Mozambique, Tanzania, Zambia and Zimbabwe.

The drivers of conflict vary: While in the Horn of Africa and South Sudan, it is religiously motivated terrorism and the struggle for resources that bring increased conflict, the less severe conflicts in southern Africa are associated with ethnic, social or religious tensions arising in the context of elections, that, while largely free, are polarizing and seldom fair. These conflicts, primarily in defective democracies, together contribute greatly to the higher level of conflict intensity worldwide.

The barriers to transformation remain highest in West and Central Africa, where the level of conflict intensity is almost as high as that of the Middle East and North Africa. The type of good governance exercised consistently and thoroughly by the Liberian government since the January 2006 election of Ellen Johnson-Sirleaf is a rarity in this region. Of course, this is hardly a coincidence, as strategic transformation management is far more challenging in poor countries with low education levels, weak stateness, weak civil society traditions and histories marked by violent conflict than it is in stable and rich countries.

The BTI takes this fact into account by incorporating a level of difficulty in its calculation of the overall management score of each government. For example, the United Arab Emirates, one of the richest countries in the world, shares 42nd place in the unweighted Management Index with Niger, which comes in last in the Human Development Index (HDI). But once you factor in the markedly higher barriers that Niger's government faces in its policymaking (a 7.7 degree of difficulty compared to 3.5 in the UAE), their respective rankings in the Management Index change, with the Arabian state coming in 50th, and the West African one in 32nd.

It is often power elites who foment violence

How well are politicians equipped to deal with the challenges presented by an increased likelihood of violence and heightened societal conflicts? Not at all well is the worrying answer revealed by the BTI. In the last 10 years, no other factor of political leadership has experienced as great a drop in quality, on global average, as the ability to effectively manage conflict.

This is particularly true of Arab and African governments. In the Middle East and North Africa (minus Kuwait, Oman and Qatar, only later included in the BTI country sample) the average results for conflict management fell by 2.67 to just 3.50 points, the worst score in interregional comparison by some distance. The capacity and willingness to resolve conflicts has decreased in more than three-quarters of Arab countries since 2006. The most extreme example is Bahrain, where the Sunni ruling class uses the "divide and conquer" principle to discriminate against the Shi'ite majority in its overall efforts to weaken broad-based calls for democratic reforms. Searches carried out in the homes of Shi'ite clerics, destruction of houses of worship, dismissal of Shi'ite public officials and doctors, and the arrest of dissidents and opposition leaders – all of this has polarized Bahraini society. A gradual but marked drop of six points since the end of the liberal phase over 10 years ago has put the Bahraini elite at the bottom of the BTI rankings for conflict management. A rating of just one out of a maximum of 10 points means, in real terms, that not only has the government made no effort to resolve conflicts, but that it has in fact

### The persistent challenge of fragility and conflict

Turmoil and instability around the globe – from the civil wars and crises of stateness in countries such as Libya, Mali and Syria or war in eastern Ukraine, to hundreds of thousands of refugees seeking entry into Europe and ongoing instability in Afghanistan, Pakistan and Iraq – have fed an image in recent years of a "world out of joint," as German Foreign Minister Frank-Walter Steinmeier put it in a 2015 speech marking the 70th anniversary of the United Nations.

A world "out of joint" refers in part to the fact that there are many countries with weak or absent state capacity. This includes those countries long-classified by the BTI as failing states, such as the Central African Republic, the Democratic Republic of Congo, Haiti and Somalia, as

well as those besieged by civil war, such as Libya and Syria. Fragility can, however, assume a number of forms. Indeed, in a typology developed by the German Development Institute (DIE), there are three dimensions of this phenomenon: a state's insufficient monopoly on the use of force, the failure of basic state services, and deficient state legitimacy. Which forms of structural instability do we currently face? And will declining state authority, capacity and legitimacy be accompanied by increasing conflict intensity? Will this lead to a conflict-ridden power vacuum?

The causes of fragility also vary. In Latin America, where social inequality is most severe, the drug mafia's criminal networks are hollowing out its states' monopoly on the use of force by creating a legal vacuum. In Arab and African countries, religious extremists offer the marginalized poor ideological and social structures that

represent a direct challenge to existing regimes. In Asia, we see several clashes along ethnic lines that often feature separatist tendencies. Given these various contexts, how might conflict management of political decision-makers adapt to a variety of challenges in order to effectively de-escalate and mitigate tensions?



These questions are addressed in the working paper "**The persistent challenge of fragility and conflict**" by Jörn Grävingsholt (German Development Institute) and Sebastian Ziaja (Heidelberg University), available at [www.bti-project.org/workingpapers](http://www.bti-project.org/workingpapers)

knowingly fomented confrontation – just like the regimes in Libya and Syria.

These examples show that while protests and demonstrations by pro-democracy forces may well help increase conflict, they do not bear the causal responsibility for polarization and political violence. Here, as in other Arab countries with comparable increases in conflict, such as Egypt and Saudi Arabia, it is in fact the power-hungry elites who have no interest in moderating opposing viewpoints or balancing out existing inequities and, instead, knowingly stoke polarization in their respective societies in order to justify repression and maintain their power.

The situation in sub-Saharan Africa is hardly better. In 23 of the 38 countries reviewed in the region, the willingness and ability to defuse societal conflicts has declined over the last decade, with significant drops in Eritrea and Mali. West African countries are faced with specific challenges arising from a significant increase in religious extremism which has become more militant and aggressive due to the unstable conditions in North Africa, environmental degradation caused by climate change and an increase in smuggling activity in the Sahel region. Apart from those West African countries with the highest levels of democracy – Benin, Ghana, Liberia, Niger and Senegal – where governments are relatively accomplished at defusing conflicts, the mere presence of a political elite disinclined to actively stoke conflict can be counted as a success. Here, Côte d’Ivoire has shown particular improvement, while government incapacity in Nigeria has seen this important anchor country increasingly drawn into the vortex of political violence.

Of the sub-Saharan African countries, the quality of conflict management has dropped considerably in Ethiopia, Lesotho and Uganda. In Ethiopia, the government’s sustained ethnic and political discrimination against over a third of the population has reinforced the Oromo people’s ethnic separatist ambitions. In Lesotho, the military putsch marked an abrupt end to the cautious rapprochement of politically opposed camps. Meanwhile, in Uganda, the government knowingly infuses political conflicts with eth-

nic issues. After the end of the review period, power-political considerations drove Burundi’s government to deliberately light the fuse of ethnic conflict between Hutus and Tutsis, consciously risking another civil war. These four cases exemplify the declining interest in and ability to put aside conflicts in sub-Saharan Africa in general and the southern and eastern regions of Africa in particular, where the regional average for conflict management (absent the later inclusion of Lesotho and South Sudan in the country sample) now stands at 5.27 points, having fallen 0.67 points over the last 10 years.

Little consensus on goals

This inability or unwillingness to mitigate conflict is often directly related to increasing uncertainty about the best route to take. The stakeholder consensus on the goals of transformation has become more fragile. Once again, this was most apparent in South and East Africa, where the regional average for shared objectives fell from 6.39 to 5.83. Ten years ago, in seven of the 19 countries, one could at least assume that the most politi-

cally relevant actors all agreed that democracy and a market economy represented desirable sociopolitical models. Today, that is far less apparent, particularly in Madagascar, Mozambique and Tanzania.

These three countries were previously regarded as role models when it came to development policies: Madagascar for its liberal economic reforms; Mozambique for its democratization and healthy economic growth; Tanzania for its successful debt reduction and good governance. Today, however, the situation is dominated by disillusionment among donor nations and dissent on the ground. This provides a discursive platform to those who propagate authoritarian modernization models, such as those observed in Ethiopia and Rwanda, and wish to draw a connection between their countries and Asian developmental success stories. Moreover, Chinese involvement in Africa reduces the continent’s dependence on Western stipulations regarding economic reforms and the fight against corruption.

There has been a marked reduction in consensus around the major cornerstones of transformation in the post-Soviet region, as well, where Russian hegemonic ambitions have forced elites in numerous neighboring

Escalation of conflicts in the majority of countries



Number of countries per scoring range in the conflict management indicator. Depicted are only those 117 countries continuously assessed since the BTI 2006.

countries to position themselves ideologically, thus exacerbating polarization in their countries. While the Eurasian Economic Union (EEU) refers to “shared values of freedom, democracy and market rules,” in light of Russia’s “guided democracy,” it is doubtful whether there really is a shared understanding of these guiding principles throughout the region. Recently, the stakeholder consensus fell significantly in Azerbaijan, Russia and Moldova, as well, where surveys reveal that Putin, the president of Russia, is the most highly regarded political figure and where numerous citizens and politicians, disappointed by the inefficiency of the present government, look admiringly to authoritarian alternatives, such as the Belarusian model.

In East-Central and Southeast Europe, on the other hand, there is still widespread consensus on the goals of transformation and – retrograde tendencies notwithstanding – none of the countries reviewed received a score below 7, which presupposes general agreement (even if conflict over appropriate strategies remains). However, the democratic ideal is counteracted in some countries by illiberal and majoritarian tendencies. The respective governments of Hungary and Macedonia, in particular, increasingly tend to regard the opposition as an enemy and their political mandate as *carte blanche* to govern heedlessly and unilaterally, while Serbia and Slovakia, with markedly better governance, have also taken a step backward.

In some countries faced by specific sets of problems, the ability to contain the influence of anti-democratic veto actors has also diminished over the last decade. This applies particularly to Thailand (–5 points), where the military continually intervenes in the political process and deposes undesired governments, but also to Mexico, torn apart by the drug war (–4), Hungary, for its “illiberal” democracy (–3), and Egypt, for President al-Sisi’s authoritarian restoration that began in 2013 (–3).

With the ability to manage conflicts in decline and some regions featuring a weaker stakeholder consensus regarding the pursuit of democracy and a market economy, together with the increasing influence of anti-democratic

veto actors, the global average for the BTI criterion of consensus-building is slightly lower than it was two years ago. Improvements in civil society participation of the type seen in Tunisia and Ukraine failed to reverse this trend, as did attempts at reconciliation witnessed in countries such as the Central African Republic, which took the first steps toward investigating past human rights abuses. This is a worrying result in a time when transformation management should be serving to moderate and level the effects of increasing instability and conflicts of interest.

#### Uruguay, the role model

However, consensus-building is just one of the quality criteria required in governance. As such, it remains to be seen whether the aforementioned findings are exceptional or, rather, representative of a comprehensive failure of policy. Global averages don’t tell the whole story here; the average score for all of the countries reviewed in the Management Index stands at 4.86 points – exactly where it was a decade ago.

With the exception of Taiwan, the group of countries credited with very good governance is made up exclusively of Latin American and European countries, as was the case two years ago. At the head of the pack is Uruguay, which has once again recorded improvements in coordination capacities, with the Finance Ministry and Presidential Office putting aside their dispute over economic policies. Over the last 10 years, the country has continuously boasted the highest quality of democracy of all the countries reviewed in the BTI, and this is confirmed by the Management Index, where it consistently scores top marks in every assessment related to dialogue, mediation, consensus-building and cooperation. Particularly exemplary are its innovative forms of civil society participation as well as the transparent and cooperative work of its development authorities.

However, the group of very well-governed countries has shrunk to just six countries. Slovakia, where the government tends to feed polarization in its dealings with the opposition, has experienced a slight

loss in the area of consensus-building. A worsening overall economic situation saw Brazil drop out of the group of front-runners, to 14th place, with deficits in steering capability ascribed to Dilma Rousseff’s government.

#### Big mouth, no teeth

Brazil’s exit from the top ten means that there are no more large, populous countries among the Management Index’s top performers. It is now all the more striking that excellence in political steering is generally found in countries that are smaller in both population and area. Among the 20 best-governed countries in the BTI, only three – Chile (2nd place), Botswana (9th) and Brazil (14th) – are larger than Germany in area, and only two (Brazil and South Korea) have a population exceeding 50 million.

The 15 largest countries in the BTI by area all followed a negative trend in governance – with the exception of Iran, which improved upon a very low level of performance. The governments of some large countries exhibited a marked drop in performance in just two years, including Libya (–1.65 points), Russia (–0.73), Brazil (–0.57), Mongolia (–0.43) and Kazakhstan (–0.42). Others didn’t fall quite so sharply, but their function as anchors for their respective regions sends a warning signal; such was the case for Argentina (–0.21) and Mexico (–0.30) in Latin America, China (–0.23), India (–0.21) and Indonesia (–0.26) in Asia, as well as Algeria (–0.15) and Saudi Arabia (–0.11) in the Middle East and North Africa.

This trend was confirmed in the 15 most populous countries. Besides Iran, only Pakistan improved, and then only slightly and from an equally low level. Every other populous country experienced a drop in governance quality, sometimes pronounced as with Egypt (–0.14), Vietnam (–0.20) and the Philippines (–0.29) – and sometimes significant – as with Nigeria (–0.90), Ethiopia (–0.70), Turkey (–0.63) and Thailand (–0.59).

A worrying aspect of this overall negative trend in governance is the fact that 12 of the 15 most populous countries display less

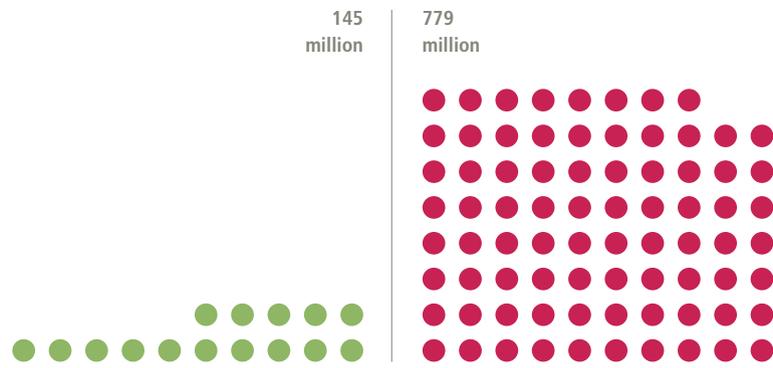
willingness and capacity for international cooperation than they did two years ago, with the results for Nigeria, Russia and Turkey being particularly pronounced. There was trouble throughout the BRICS countries: Brazil, China, India and, as mentioned, Russia all experienced major drops, while South Africa's declining diplomatic engagement in the area of regional integration completed the picture of reduced cooperative capacities among these five countries. Here, it is striking that one factor of international cooperation suffered in particular: credibility. In a time when increased interconnectedness and complex global problems call for even greater international cooperation, the ability of governments in major anchor countries to present themselves as peaceable and trustworthy is, in fact, on the decline.

Almost half of all governments are losing credibility

However, it's important to take a differentiated view here: The democratic giants, such as Brazil, India and Indonesia, ceded little, if anything, of their already high levels of credibility. The soccer World Cup, for instance, defied the PR strategists who had hoped to turn it into a giant advertisement for the Brazilian government, instead focusing the world's attention on poverty, police violence and the Petrobras corruption scandal. Indonesia may have scared off some investors with its nationalistic tone and protectionist tendencies, but it remains stable and, as the largest Muslim democracy, it still manages an impressive performance on the world stage.

More severe is the drop in approval ratings for the "Mexican JFK," President Enrique Peña Nieto, which he experienced in the course of the drug war and student murders, particularly as Mexico's credibility has dropped for the third time in the last 10 years (-1 point). The Turkish government and President Erdoğan have fallen even further since the BTI 2014 (-2 points). This is driven, on the one hand, by suspicion related to the country's trend of increasing Islamization and, on the other, by an opaque foreign policy course that appears more decisive in

Steady winners, stalled losers



Size of population affected by significantly better or worse governance in both short- and medium-term

	BTI 2006 - 2016	BTI 2014 - 2016		BTI 2014 - 2016	BTI 2006 - 2016
	+0.42	+0.59	Albania	-0.55	-0.64
	+0.38	+0.30	Cameroon	-0.36	-0.56
	+3.30	+0.72	Côte d'Ivoire	-0.70	-0.63
	+1.45	+0.41	Cuba	-1.65	-0.71
	+1.97	+0.68	Guinea	-0.30	-0.73
	+1.19	+0.42	Paraguay	-0.43	-0.49
	+0.53	+0.38	Somalia	-0.36	-1.04
	+0.87	+0.75	Tunisia	-0.90	-1.26
	+0.30	+0.73	Ukraine	-0.73	-0.67
			Armenia	-0.55	-0.64
			Bulgaria	-0.36	-0.56
			Ethiopia	-0.70	-0.63
			Libya	-1.65	-0.71
			Mexico	-0.30	-0.73
			Mongolia	-0.43	-0.49
			Mozambique	-0.36	-1.04
			Nigeria	-0.90	-1.26
			Russia	-0.73	-0.67
			Thailand	-0.59	-1.36
			Turkey	-0.63	-0.49
			Venezuela	-0.66	-1.17
			Zambia	-0.36	-0.32

Changes in the Management Index score by 0.30 points or more.

its dealings with the Kurds than the regional aggressors, the IS.

Major power China has also lost a degree of credibility once again (-1). Here, Western fears of industrial espionage and cyberattacks combine with China's rearmament policy and increasingly hegemonic, confrontational behavior in the East Asian region. The credibility of Nigeria, the most important anchor country in West Africa, is similarly limited (-2); it failed to rise to its regional responsibility in the Mali crisis and resorted to torture and groundless suspicion of innocent civilians in its fight against the terror group Boko Haram.

But the greatest decline in international credibility – aside from those of Libya and Qatar – was that of the Russian government (-3). President Putin insisted on "moral autonomy," refusing to bow to any demands not set by Russia itself. This includes, in particular, the definition of territorial spheres of influence and aggressive foreign policy behavior. Only Bashar al-Assad's regime in Syria, the ruling clique in Eritrea and Kim Jong-un's regime in North Korea fared worse than the Russian government in credibility rankings.

Almost half of all countries reviewed for the BTI experienced a decline in credibility.

In total, 58 governments are seen as less reliable in their democratic and market-economic reform efforts, while just 31 governments managed to increase their international standing. This negative trend was particularly apparent in post-Soviet Eurasia as well as in the Middle East and North Africa. Both regions started from a low level of 5.85 in BTI 2006 and then fell even further, with a regional average decline in standing of around 0.75 points.

In West and Central Africa, post-conflict countries that are now consolidating their reform course, particularly Côte d'Ivoire and Liberia, contributed to a slight regional plus. Developments in South and East Africa moved in the opposite direction, with the willingness for reform once again subject to unpredictable, populist fluctuations, particularly in the defective democracies of southeastern Africa. In Latin America, only Cuba and Paraguay managed to raise their international standing over the last decade through international cooperation and willingness for reform. While the consolidating democracies of Chile, Costa Rica and Uruguay managed to retain their high standing, the level of credibility dropped in 11 countries across the region (falling by 0.71 points, to 6.91). Mexico and Nicaragua were the most affected, and while they are seen as reliable economic partners, they are perceived as less politically credible in international cooperation due to escalating violence and rampant corruption (Mexico) or a lack of democratic credibility (Nicaragua).

#### Less dialogue, but more action

With a number of countries making less effective use of international support for domestic reform plans and displaying less willingness for regional cooperation (Hungary, Nigeria and South Africa fell repeatedly here), the overall score for the BTI criterion of international cooperation deteriorated. This means that both of the BTI criteria related to compromise, dialogue and cooperation – domestic consensus-building and international cooperation – were caught in a downward trend, one which was particu-

larly pronounced in Arab and African countries as well as post-Soviet Eurasia.

The ability to engage in dialogue and find consensus may have diminished across the globe and even sharply so in some regions, but the same cannot be said for the more internal government criteria of the Management Index, such as steering capability and resource efficiency.

The first thing to note is that a lack of stakeholder consensus does not necessarily mean that governments are no longer capable of setting priorities and sticking to them. This is particularly evident in South and East Africa, where 13 of the 18 countries reviewed in the BTI 2006 (thus excluding Lesotho and South Sudan) have actually improved their capacity for long-term, strategic planning, while a further two managed to sustain their original levels. This confirms the findings of the BTI 2014, which found a greater capability and stronger political will for setting priorities in African countries overall than 10 years previously. Of the 34 sub-Saharan countries reviewed, 25 managed significant (14) or slight (11) improvements, particularly the West African countries undergoing reform – Côte d'Ivoire, Guinea and Liberia – as well as Kenya. Whether this is attributable to donor encouragement, low starting level or the type of planning performance seen in Mauritius and Namibia, which is competitive even by international standards, the average score for sub-Saharan Africa has increased by a full 1.50 points over the last decade. However, the journey from planning to implementation is often long, and almost none of the African countries managed comparable improvements in the implementation of political plans. Progress of the kind witnessed in Côte d'Ivoire and Guinea is offset by ground lost in countries such as Angola and Ethiopia.

#### Polarization and poor steering: two sides of the same coin

Across every aspect of steering capability – prioritization, implementation and policy learning – there was a sharp decline registered for many of the countries whose governments are increasingly driving polarization of soci-

etal forces. At the bottom end of the scale, this applies to Sudan, Syria and Venezuela, where the respective ruling elites are focused solely on retaining their power, eschewing long-term planning in favor of ad hoc policies and favoritism. The strategies of dynastic dominance that prevail in the Kingdom of Bahrain and the Sultanate of Oman fare little better, as do the failure of implementation in corruption-ravaged Nigeria and Pakistan or the extremely confrontational policies introduced by Bangladesh, as well. But even at the upper end of the scale, the will and capacity for policymaking fell, particularly in East-Central Europe, with Hungary being the worst offender. The government led by Prime Minister Orbán further undermined the division of powers, increasingly reserved decision-making processes and implementation procedures for the innermost government circles, and proved both sensitive and aggressive when confronted with criticisms of its planning and implementation. In evaluating the ruling party, Fidesz, the BTI country assessment highlights a marked discrepancy between the political skill it demonstrates in retaining power and its lack of conceptual abilities. The OECD agrees, finding Hungary's political management to be characterized by "a short-term focus, heterogeneity and fragmentation in terms of content, a lack of guidelines and/or standards for developing and articulating strategic plans, lack of associated financing, and difficulty in monitoring implementation." No other country has experienced as great a loss in steering capability during the last decade as Hungary, which lost three whole points in the BTI evaluation (prioritization: -3 points; implementation: -2; policy learning: -4). With 5.33 points, Orbán's government now stands level with the governments of Peru and Tunisia, which, while facing similarly daunting planning and implementation difficulties in starkly polarized societies, act in a far more consensus-oriented fashion.

The greatest recent decline in steering capability came in Bulgaria, which has been shaken by political crises and changed government no fewer than five times during the review period. With widespread corruption increasingly interfering with steering capability, the capacity for long-term planning fell

sharply, as did the standing of the government. A July 2014 survey by the Open Society Institute found that it commands the trust of just 10% of the population. Hungary and Bulgaria are both particularly vivid current examples of a phenomenon witnessed across East-Central and Southeastern Europe: declining democratic quality – with the regional average falling continually since 2006 – accompanied by reduced political steering capability. Over the last decade, Bosnia-Herzegovina, Croatia, Romania, Slovakia and Slovenia have all declined markedly in terms of the ability and will they need to advance their transformation.

Steering capability improves in Africa and Latin America

Conversely, the last decade has seen numerous countries, particularly in Africa, pushing ahead in every area of steering capability, most starting from low levels of political management. Exemplifying these countries are the West African states of Côte d'Ivoire and Guinea, both of which emerged from successful democratization processes with

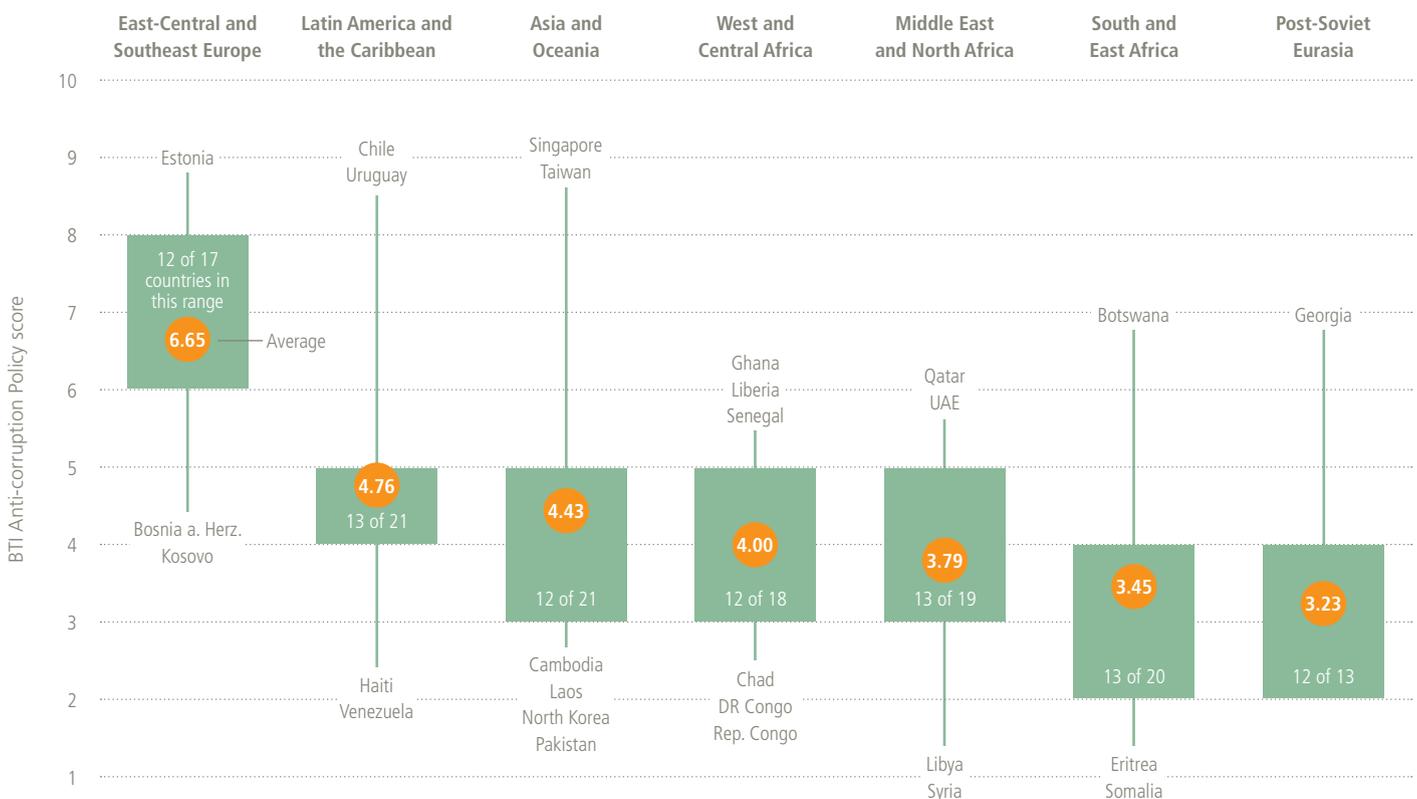
a determination to implement economic reforms and restructure their security sectors with the support of the international community. Guinea's government displayed political courage over the last two years in striving for long-term reform goals that promised no short-term political wins while maintaining an already fragile elite consensus, battling an Ebola epidemic and having the influential military be a potential veto actor. Côte d'Ivoire's government, on the other hand, won widespread respect from donor countries for its policies, which balanced investment promotion and economic restructuring with education and health policy measures. While Côte d'Ivoire's reform of its justice system and security sector is faltering, and Guinea made numerous failures in the initial struggle against Ebola, overall, both governments demonstrated determination and an ability to follow through.

In Latin America, too, the trend over the last 10 years is positive, with two-thirds of all countries under review showing improvement in strategic planning, implementation and policy learning. And, once again, we can single out a pair of success stories here, in the form of Bolivia and Colombia. While they

may not yet have joined the regional front-runners in the Management Index (Chile, Costa Rica and Uruguay), when it comes to political steering capability, they have already caught up with Brazil, for example. In Bolivia, the government led by Evo Morales managed not only to break the reform blockade of the old elite through constitutional reform, but also widened political participation, increased the state's role and societal participation in the exploitation of raw materials, and successfully intervened in sociopolitical affairs. This resulted in, among other things, a significant drop in poverty. Considering how great a need there is for reform and just how entrenched the old elite was, this long-term perspective in strategic planning and consistency in political implementation are all the more impressive.

No less ambitious, Colombia's government under Juan Manuel Santos advanced its plans for peace and social policies. The learning capacity of the Santos administration, which dissolved the deadlocked policy of confrontation with the guerrillas through peace negotiations, was combined with the realization that lasting peace could only come by reintegrating of combat-

Eastern Europe: a league of its own in anti-corruption policy



ants into society and pursuing social inclusion in economic and social policies. By the fall of 2015, even though there was nothing to show for the peace agreement than an announcement, and even though the government faced continued resistance from its own camp as well as extensive corruption, a lack of implementation capacity and other structural difficulties in regions controlled by guerrillas, drug traffickers or paramilitaries, preparations for the peace agreement and gains made in social policies have nonetheless been thoroughly commendable.

Numerous anchor countries fall

Driven by positive trends in Africa and Latin America, the average score for steering capability among all countries continuously reviewed by the BTI climbed by 0.19 points over the last decade, while strategic planning and prioritization rose by 0.48 points. However, this development has faltered in the last two years; implementation and policy learning have even retreated slightly, primarily driven by major falls in South and East Africa. Moreover, there are few political heavyweights among the 35 countries registering gains in steering capability, with one of the lone exceptions being Indonesia, where the Widodo government is now pursuing clearer priorities. Among the 46 delegations, on the other hand, there are numerous anchor countries that experienced either slight (India, Mexico, Russia), more noticeable (Argentina, Nigeria, Thailand, Turkey) or major (Brazil, Ghana) falls in steering capability, primarily in the implementation of their own political agendas. The Brazilian government may have been successful from a sociopolitical perspective, but it failed to reach its goals relating to economic growth and containment of inflation, while the Ghanaian government continued to suffer from a lack of the qualified personnel needed to effectively plan and implement its policies.

Steering capability is the strongest of the four BTI governance criteria in just six of the 129 countries: Bolivia, Iran, Macedonia, Russia, Turkey and Uganda. One thing these countries have in common is an ex-

ecutive that assumes a highly dominant role, whether through charismatic leadership, a polarized domestic political climate or erosion of the division of powers. Aside from Bolivia, rule of law and vertical accountability have fallen in all of these countries over recent years, such that heads of state can rule heedlessly and unilaterally if they choose, particularly in the authoritarian contexts of Iran and Russia. The overall negative effect of this is particularly acute for the criterion of consensus-building, but also in international cooperation.

Resource efficiency remains a work in progress

Resource efficiency is the best-rated criterion of the Management Index in just four countries, and only one of those managed a good score. Once again, the resource efficiency champion is Singapore, the only country for years now that has managed to clear the nine-point hurdle for this BTI criterion. The city-state shares first place for efficient use of financial and organizational resources with Estonia, Lithuania and Taiwan, with the firmly established, functionally impressive meritocratic system in the public sector being a significant factor. Singapore joins Chile, Estonia, Taiwan and Uruguay as one of the five countries with the best anti-corruption policies worldwide (9 points), although it attracted some criticism for a lack of transparency, insufficient access to state information and awarding bloated, potentially corrupting salaries to leading public servants. In particular, however, Singapore stands out from all other countries reviewed by the BTI in the fact that its government – with effective inter-ministerial coordination through the office of the prime minister – is the global leader in bringing together differing political objectives and forming them into coherent policies (10 points).

But Singapore is the great exception here, as elsewhere the picture remains the same in every BTI: In the overwhelming majority of countries, which in this edition means 113 cases, the criterion of interna-

tional cooperation offers the best score; and in two-thirds of cases, this time 88, resource efficiency is the worst-scoring criterion. The global average reflects this: At 4.80 points, it corresponds with the resource efficiency of Algeria or Ukraine, and it's not just that this criterion receives the worst scores, but also that two of its three indicators – use of resources (4.71) and anti-corruption policies (4.35) – are the worst performance aspects of all government policies.

Overall, democracies score better than autocracies in the criterion of resource efficiency (average 5.60 vs. 3.72 points), and this gap has actually expanded slightly since the last review. This can largely be attributed to losses by the moderate autocracies, such as Angola, Armenia, Burundi, Russia, Togo, Venezuela and Zimbabwe. In Zimbabwe, resource efficiency has deteriorated in all areas, while in Armenia it is the quality of anti-corruption policies that has experienced the greatest drop (–2 points).

Although resource efficiency is consistently the worst-scoring BTI criterion, the global average has risen slightly over the years, with an increase of around a third of a point over the last decade, driven particularly by improvements in policy coordination and anti-corruption policies. However, this moderate progress alone was not enough to close the significant gap between the aspects of moderating and coordinating governance. The average score for all indicators relating to political steering mechanisms – in the areas of prioritization, implementation, policy learning, efficiency, coordination and anti-corruption policies – remains under the five-point mark (4.98 points), while indicators for consensus-building and international cooperation lie almost a full point ahead (5.86 points).

The positive lesson to draw here is that coordinating and steering capabilities have improved somewhat, but the declining quality of mediation and consensus-building is cause for concern. At a time of increasing protests and growing instability, it is worrying that these aspects of governance, in particular, are in retreat. These qualities are needed now more than ever if we are to keep conflicts from escalating further.

## Transformation management, BTI 2016

### Very good

Score 10 to 7

6

Uruguay	7.56
Chile	7.51
Taiwan	7.48
Estonia	7.40
Poland	7.22
Lithuania	7.19

### Good

Score < 7 to 5.6

38

Latvia	6.97
Slovakia ▼	6.96
Botswana	6.95
South Korea	6.89
Costa Rica	6.87
Czech Republic	6.85
El Salvador	6.76
Brazil ▼	6.73
Mauritius	6.68
Senegal	6.65
Bhutan	6.55
Slovenia	6.47
Ghana	6.41
Croatia	6.39
Montenegro	6.37
Serbia	6.30
Liberia	6.16
India	6.14
Paraguay	6.14
Namibia	6.12
South Africa	6.09
Colombia	6.08
Turkey	6.03
Jamaica	5.99
Singapore	5.96
Bulgaria	5.94
Niger	5.94
Panama ▲	5.86
Guinea ▲	5.81
Mongolia	5.81
Romania	5.79
Albania ▲	5.74
Georgia	5.72
Uganda	5.70
Macedonia	5.67
Malawi	5.63
Dominican Rep. ▲	5.62
Bolivia ▲	5.60

### Moderate

Score < 5.6 to 4.3

39

Honduras	5.56
Indonesia ▼	5.54
Malaysia ▼	5.44
Benin ▼	5.42
Mali ▲	5.40
United Arab Emirates	5.36
Peru ▼	5.35
Sierra Leone	5.35
Qatar ▼	5.33
Moldova	5.31
Mexico	5.29
Tunisia	5.29
Philippines	5.20
Zambia	5.19
Kosovo	5.15
Tanzania	5.14
Côte d'Ivoire	5.13
Rwanda	5.10
Kenya	5.00
Mozambique	5.00
Ukraine ▲	4.98
Burkina Faso	4.92
Nicaragua	4.90
Madagascar ▲	4.84
Vietnam	4.83
Togo	4.82
Argentina	4.78
Kyrgyzstan	4.78
Papua New Guinea	4.77
China	4.70
Jordan	4.68
Hungary	4.67
Guatemala	4.60
Sri Lanka ▲	4.51
Ecuador	4.44
Algeria	4.43
Morocco	4.37
Bangladesh	4.36
Egypt	4.36

### Weak

Score < 4.3 to 3

31

Armenia ▼	4.29
Kuwait	4.29
Centr. African Rep.	4.28
Kazakhstan ▼	4.25
Iraq	4.21
Mauritania	4.20
Myanmar	4.18
Bosnia a. Herzegovina	4.09
Burundi	4.07
Cuba	4.06
Nigeria ▼	4.06
Nepal	4.05
Lesotho ▼	4.04
Lebanon	3.90
Afghanistan	3.88
Thailand ▼	3.87
Bahrain	3.86
Saudi Arabia	3.82
Yemen ▼	3.82
Azerbaijan	3.72
Laos	3.67
Oman	3.67
Angola	3.63
Cameroon	3.63
Ethiopia	3.48
Haiti	3.44
Rep. Congo	3.43
Cambodia	3.40
Pakistan	3.31
Tajikistan	3.28
Russia	3.17

### Failed or nonexistent

Score < 3

15

South Sudan ▼	2.99
Belarus	2.98
Chad	2.79
DR Congo	2.76
Zimbabwe ▼	2.71
Iran	2.69
Libya ▼	2.43
Turkmenistan	2.39
Somalia	2.08
Sudan	2.02
Uzbekistan	1.94
Venezuela	1.86
North Korea	1.22
Syria	1.20
Eritrea	1.13

- ▲ Movement to a higher category  
(each arrow denotes a single category)
- ▼ Movement to a lower category  
(each arrow denotes a single category)