ECONOMY-RELATED COUNTRY RATINGS

Special Editor: Heiko Pleines

■ Economy-Related Country Rankings
Economic systems and business environments in international comparison
Heiko Pleines, Bremen

■ DOCUMENTATION
Economy-Related Country Rankings: Data
Part 1: Economic System
Part 2: Business Environment
Part 3: Corruption and Transparency
Part 4: Socioeconomic Level of Development
Economy-Related Country Rankings
Economic systems and business environments in international comparison
Heiko Pleines, Bremen

The Idea of the Rankings
The number of economy-related country rankings has been steadily increasing. Most rankings take the model of free, market-based competition as a reference point and then measure how closely specific countries approach this ideal. In addition to general assessments of the quality and competitiveness of economic systems, the evaluation of business environments has gained special attention as it is seen as a major precondition for investment and economic growth. Some rankings have a developmental background and focus on socio-economic conditions. Others look at specific aspects linked to the economy, like corruption or environmental problems. Taken together, these rankings broadly examine economic systems and economic developments among the world’s countries.

In their methodological approach, most rankings combine statistical data and expert assessments in order to construct an index. The index then is divided into several subdivisions and, for each subdivision, suitable indicators are selected. For subdivisions, which cannot fully be measured using statistical data, expert assessments are added. In the extreme, the UNDP’s Human Development Index relies solely on statistical data, while the World Bank’s Worldwide Governance Indicators include only expert assessments. A special case is the World Bank’s “Ease of Doing Business” ranking, which assess the regulatory environment for the initiation and operation of a local firm (in terms of money, time and number of required administrative acts). In a similar way, the Open Budget Index offers a systematic quantitative assessment of the transparency of state budgets.

It is important to note that many rankings change their results and methods retrospectively. The World Bank, for example, has changed the method of the Doing Business ranking in 2009, 2012 and again in 2014. As a result, values for earlier years have been recalculated each time. Another important point is that the year indicated in the ranking usually refers to the year of publication, not to the year in which the data have been gathered. Accordingly, the 2014 Doing Business Ranking was published in autumn 2013 and is based on data for 2013 and partly even 2012.

Discussing Reliability
Those creating the rankings have considerable influence on the results. Without implying any intentions to manipulate, it is obvious that there are several ways to measure rather abstract concepts like competitiveness or socio-economic development and that different ways of measurement most likely lead to different results. In sum, there are five major points of criticism concerning the reliability of rankings:
1. subjectivity of experts’ assessments. Looking at the World Bank’s Worldwide Governance Indicators, which are based exclusively on experts’ assessments, Carmen Apaza has summarized the criticism focusing on the questions of how well the assessments of different experts can be compared, how independent the experts are from each other, and how representative the selection of experts is.
2. validity of national statistics. Although national statistics provide supposedly “hard” facts, many national statistics include unreliable data and figures which have been manipulated for political ends. A World Bank study authored by Lire Ersado on the low value of Azerbaijan’s Gini coefficient, for example, comes to the conclusion that the main explanation is that richer households declined to take part in the survey used to calculate the results. A study by Hendrik Wolff and colleagues has, in turn, shown that small corrections of underlying data can fundamentally change the ranking of countries in the Human Development Index.
3. comparability of data between countries. Although rankings take the same data for all countries, their calculation can differ between countries. A prominent example for this is unemployment figures, which can measure those formally registered as unemployed, those actively searching for a job, those claiming in public surveys that they are unemployed or those of working age who currently are not employed. For expert assessments, it is even more obvious that they do not take the world average as their benchmark, but commonly know only a limited number of countries.
4. index construction. Often subindices with a very broad title are built on the basis of only a rather small number of indicators. The selection, as well as the weighting of indicators, can change the index value considerably. Obviously, there is no objective way to establish the only possible indicators and their true weight. As a result the rank-
ings do not simply report facts, but they establish some aspects as important and other as irrelevant. The Index of Economic Freedom, for example, started only in 2005 to include the labour market.

5. Index value vs. rank. Most commentators focus on the rank of countries and not on the absolute index value. Doing so they often overlook that small differences in the underlying index value can lead to huge differences in the rank. Bjørn Høyland and colleagues have compared rank and index value in the World Bank’s Doing Business Ranking. They conclude: “While the rankings, after taking uncertainty into account, clearly distinguish the best economies from the worst, it does not distinguish particularly well between the economies that are somewhere in between.

There is a large group of more than 100 countries, among which it is almost impossible to identify any differences.” An independent panel asked by the World Bank to assess the Doing Business Ranking also voiced a lot of criticism, stressing the risk of misinterpretations, the lack of data, a methodology measuring only what fits to the measurement process and a problematic use of aggregated data. The suggestions by the panel led to a revision of the methodology and to a substantial change in the values for many countries. (Independent Panel 2013).

Conclusion

Despite all the criticism the rankings play an important role in politics, business and media. They are also used in academic research. Although they have their limits, they give some orientation on the state of different national economies and they also have an impact on the image of the respective countries.

That is why we document the results of the most important economy-related country-rankings for the three states of the South Caucasus on the following pages. Each ranking is introduced with a short description based on the self-description of the ranking which is available online. To allow for a comparison, the values of some further countries have been included.

The position of the countries of the South Caucasus in political country rankings will be documented in the Caucasus Analytical Digest No. 63, to be published in June 2014.

About the author

Dr. Heiko Pleines is head of the Department of Politics and Economics, Research Centre for East European Studies at the University of Bremen.

Literature

Economy-Related Country Rankings: Data

Current editor: Anastasia Stoll
Coordination: Heiko Pleines

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- Global Competitiveness Index (GCI)
- BDO International Business Compass

Part 2: Business Environment
- Ease of Doing Business
- Worldwide Governance Indicators—Regulatory Quality
- Index of Economic Freedom—Business Freedom

Part 3: Corruption and Transparency
- Corruption Perception Index
- Worldwide Governance Indicators – Control of Corruption
- Open Budget Index

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- Environmental Performance Index (EPI)

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1. Index of Economic Freedom: Component Scores 2014
Part 1: Economic System

Index of Economic Freedom

Prepared by: The Heritage Foundation and Wall Street Journal (USA)
Established: 1995
Frequency: Annual
The data refer to the previous respective year.
Covered countries: at present 186
URL: <http://www.heritage.org/Index/Ranking.aspx>

Brief description:
The methodology was revised in 2007 to provide an even clearer picture of economic freedom. The index measures 10 specific factors, and averages them equally into a total score. Each one of the 10 freedoms is graded using a scale from 0 to 100, where 100 represents the maximum freedom. A score of 100 signifies an economic environment or set of policies that is most conducive to economic freedom. The ten component freedoms are: Business, Trade and Fiscal Freedom, Government Spending, Monetary, Investment and Financial Freedom, Property rights, Freedom from Corruption, Labor Freedom.

Figure 1: Index of Economic Freedom: Score and Ranking 2014
Table 1: Index of Economic Freedom: Component Scores 2014

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Armenia</th>
<th>Azerbaijan</th>
<th>Georgia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Freedom</td>
<td>83.1</td>
<td>73.5</td>
<td>87.8</td>
</tr>
<tr>
<td>Trade Freedom</td>
<td>85.5</td>
<td>77.2</td>
<td>88.6</td>
</tr>
<tr>
<td>Fiscal Freedom</td>
<td>86.5</td>
<td>88.1</td>
<td>87.3</td>
</tr>
<tr>
<td>Government Spending</td>
<td>81.3</td>
<td>64.8</td>
<td>69.7</td>
</tr>
<tr>
<td>Monetary Freedom</td>
<td>77.0</td>
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</tr>
<tr>
<td>Investment Freedom</td>
<td>70.0</td>
<td>60.0</td>
<td>80.0</td>
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<tr>
<td>Financial Freedom</td>
<td>70.0</td>
<td>50.0</td>
<td>60.0</td>
</tr>
<tr>
<td>Property Rights</td>
<td>30.0</td>
<td>20.0</td>
<td>40.0</td>
</tr>
<tr>
<td>Freedom from Corruption</td>
<td>26.7</td>
<td>22.7</td>
<td>42.8</td>
</tr>
<tr>
<td>Labor Freedom</td>
<td>78.5</td>
<td>77.9</td>
<td>91.2</td>
</tr>
<tr>
<td>Overall Score</td>
<td>68.9</td>
<td>61.3</td>
<td>72.6</td>
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</table>

Figure 2: Index of Economic Freedom: 1995–2014

Table 2: Index of Economic Freedom: 1995–2014

<table>
<thead>
<tr>
<th></th>
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<td>USA</td>
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<td>78.4</td>
<td>78.2</td>
<td>78.7</td>
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<td>69.9</td>
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<td>68.8</td>
<td>69.4</td>
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<td>43.1</td>
<td>47.4</td>
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<td>53.3</td>
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<td>53.2</td>
<td>54.6</td>
<td>55.3</td>
<td>58.0</td>
<td>58.8</td>
<td>59.7</td>
<td>58.9</td>
<td>59.7</td>
<td>61.3</td>
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<td>54.5</td>
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<td>49.8</td>
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<td>50.5</td>
<td>50.5</td>
<td>51.1</td>
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</tr>
</tbody>
</table>
Global Competitiveness Index (GCI)

Prepared by: World Economic Forum  
Frequency: Annual  
The data refer to the first year given in the title.  
Covered countries: at present 148  

Brief description:

The GCI assesses the competitiveness of nations and provides a holistic overview of factors that are critical to driving productivity and competitiveness. These factors are grouped into twelve pillars with 90 indicators: institutions (property rights, ethics and corruption, undue influence, government inefficiency, security, accountability), infrastructure (infrastructure quality, transport, energy, telecommunications), macronomy, health and primary education, higher education and training, market efficiency (competition, distortions), flexibility and efficiency of labor market, sophistication and openness of financial markets, technological readiness, market size, business sophistication, innovation.

The rankings are drawn from a combination of publicly available hard data and the results of the Executive Opinion Survey, a comprehensive annual survey conducted by the World Economic Forum, together with its network of Partner Institutions. By now over 15,000 business leaders are polled in the 144 economies worldwide which are included in the index. The survey questionnaire is designed to capture a broad range of factors affecting an economy’s business climate that are critical determinants of sustained economic growth.

Figure 3: Global Competitiveness Index: Scores and Ranks 2013–2014

<table>
<thead>
<tr>
<th>Country</th>
<th>Score</th>
<th>Ranking</th>
</tr>
</thead>
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<td>Germany</td>
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</tr>
<tr>
<td>USA</td>
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<tr>
<td>China</td>
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<tr>
<td>Azerbaijan</td>
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<td>29</td>
</tr>
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<td>Poland</td>
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</tr>
<tr>
<td>Kazakhstan</td>
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</tr>
<tr>
<td>Russia</td>
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</tr>
<tr>
<td>Georgia</td>
<td>4.15</td>
<td>72</td>
</tr>
<tr>
<td>Armenia</td>
<td>4.1</td>
<td>79</td>
</tr>
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</table>
Table 3: Global Competitiveness Index: Component Scores 2013–2014

<table>
<thead>
<tr>
<th>Subindex</th>
<th>Armenia</th>
<th>Azerbaijan</th>
<th>Georgia</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Subindex: Basic Requirements</strong></td>
<td>4.53</td>
<td>4.90</td>
<td>4.74</td>
</tr>
<tr>
<td>Institutions</td>
<td>3.98</td>
<td>4.06</td>
<td>4.00</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>3.81</td>
<td>4.06</td>
<td>4.31</td>
</tr>
<tr>
<td>Macroeconomic environment</td>
<td>4.88</td>
<td>6.42</td>
<td>4.91</td>
</tr>
<tr>
<td>Health and primary education</td>
<td>5.46</td>
<td>5.07</td>
<td>5.75</td>
</tr>
<tr>
<td><strong>2. Subindex: Efficiency Enhancers</strong></td>
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<td>4.09</td>
<td>3.84</td>
</tr>
<tr>
<td>Higher education and training</td>
<td>4.18</td>
<td>3.91</td>
<td>3.82</td>
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<td>Goods market efficiency</td>
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<td>4.31</td>
<td>4.18</td>
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<td>Labor market efficiency</td>
<td>4.49</td>
<td>4.80</td>
<td>4.67</td>
</tr>
<tr>
<td>Financial market development</td>
<td>3.91</td>
<td>3.73</td>
<td>3.79</td>
</tr>
<tr>
<td>Technological readiness</td>
<td>3.74</td>
<td>4.04</td>
<td>3.71</td>
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<tr>
<td>Market size</td>
<td>2.73</td>
<td>3.51</td>
<td>2.87</td>
</tr>
<tr>
<td><strong>3. Subindex: Innovation</strong></td>
<td>3.40</td>
<td>3.71</td>
<td>3.08</td>
</tr>
<tr>
<td>Business sophistication</td>
<td>3.82</td>
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<td>3.47</td>
</tr>
<tr>
<td>Innovation</td>
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<td>3.45</td>
<td>2.68</td>
</tr>
<tr>
<td><strong>Scores</strong></td>
<td>4.10</td>
<td>4.51</td>
<td>4.15</td>
</tr>
</tbody>
</table>

Table 4: Global Competitiveness Index: Scores 2006–2013/14

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>5.61</td>
<td>5.67</td>
<td>5.74</td>
<td>5.59</td>
<td>5.43</td>
<td>5.43</td>
<td>5.47</td>
<td>5.48</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>4.06</td>
<td>4.07</td>
<td>4.10</td>
<td>4.30</td>
<td>4.29</td>
<td>4.31</td>
<td>4.41</td>
<td>4.51</td>
</tr>
<tr>
<td>Georgia</td>
<td>3.73</td>
<td>3.83</td>
<td>3.86</td>
<td>3.81</td>
<td>3.86</td>
<td>3.95</td>
<td>4.07</td>
<td>4.15</td>
</tr>
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<td>Russia</td>
<td>4.08</td>
<td>4.19</td>
<td>4.31</td>
<td>4.15</td>
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<td>4.21</td>
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<td>4.25</td>
</tr>
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<td>3.71</td>
<td>3.76</td>
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<td>4.02</td>
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</tr>
</tbody>
</table>
BDO International Business Compass

Prepared by: BDO AG Wirtschaftsprüfungsgesellschaft and HWWI (Hamburgisches WeltWirtschaftsInstitut)
Since: 2012
Frequency: Annual
Covered countries: at present 174
URL: <http://www.bdo-ibc.de/index/weltweiter-vergleich/gesamtindex.html>

Brief description:
The IBC evaluates countries regarding their economic, politico-legal, and socio-cultural level of development. Here the sub-indices range from 0 (very low) to 100 (very high). In addition three sub-indices indicate the attractiveness, production site potential, and market potential of a country. These sub-indices range in five categories from “far below average” (f b ø) to “far above average” (f a ø) with values between 0 and 20. All sub-indices were summed up to an overall index.

Figure 5: BDO International Business Compass: Ranking and Score 2013

<table>
<thead>
<tr>
<th>Country</th>
<th>Score 2013</th>
<th>Ranking 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>72.65</td>
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</tr>
<tr>
<td>Germany</td>
<td>69.91</td>
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</tr>
<tr>
<td>Poland</td>
<td>60.39</td>
<td>41</td>
</tr>
<tr>
<td>China</td>
<td>50.28</td>
<td>80</td>
</tr>
<tr>
<td>Russia</td>
<td>45.66</td>
<td>111</td>
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<tr>
<td>Georgia</td>
<td>56.3</td>
<td>25</td>
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<tr>
<td>Armenia</td>
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<td>67</td>
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<tr>
<td>Kazakhstan</td>
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<td>73</td>
</tr>
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<td>Azerbaijan</td>
<td>47.71</td>
<td>80</td>
</tr>
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<td>Armenia</td>
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<td>67</td>
</tr>
<tr>
<td>Kazakhstan</td>
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<td>73</td>
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<td>Azerbaijan</td>
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<td>China</td>
<td>50.28</td>
<td>80</td>
</tr>
<tr>
<td>Russia</td>
<td>45.66</td>
<td>111</td>
</tr>
</tbody>
</table>

Part 2: Business Environment

Ease of Doing Business

Prepared by: Worldbank
Established: 2003
Frequency: Annual
The data refer to the respective previous year.
Covered countries: at present 189
URL: <http://www.doingbusiness.org/economyrankings/>

Brief description:
The ease of doing business index ranks economies from 1 to 189. The index is calculated as the ranking on the simple average of country percentile rankings on each of the 10 topics covered. The survey uses a simple business case to ensure comparability across countries and over time—with assumptions about the legal form of the business, its size, its location and the nature of its operations. Surveys are administered through more than 10,200 local experts, including lawyers, business consultants, accountants, government officials and other professionals routinely administering or advising on legal and regulatory requirements. As new information is available, data points may be revisited. To ensure consistency of data the revision is also applied to the time series. The revised data points of 2013 have been marked.
Figure 6: Ease of Doing Business. Overall Ranking 2014

Figure 7: Ease of Doing Business. Starting a Business 2014

Figure 8: Ease of Doing Business. Dealing with Construction Permits 2014
Figure 9: Ease of Doing Business. Getting Electricity 2014

![Bar chart showing ease of doing business for getting electricity in various countries.](chart9)

Figure 10: Ease of Doing Business. Registering Property 2014

![Bar chart showing ease of doing business for registering property in various countries.](chart10)

Figure 11: Ease of Doing Business. Getting Credit 2014

![Bar chart showing ease of doing business for getting credit in various countries.](chart11)
Figure 12: Ease of Doing Business. Protecting Investors 2014

USA 6
Georgia 16
Armenia 22
Azerbaijan 22
Poland 52
China 98
Germany 98
Russia 115

Figure 13: Ease of Doing Business. Paying Taxes 2014

Georgia 29
USA 64
Azerbaijan 77
Germany 89
Armenia 103
Poland 113
China 120
Russia 156

Figure 14: Ease of Doing Business. Trading Across Borders 2014

Germany 14
USA 22
Georgia 43
Poland 49
China 103
Armenia 117
Russia 157
Azerbaijan 168
Figure 15: Ease of Doing Business. Enforcing Contracts 2014

Figure 16: Ease of Doing Business. Resolving Insolvency 2014

Worldwide Governance Indicators—Regulatory Quality

Prepared by: Worldbank
Established: 1996
Frequency: Annual, between 1996 and 2002 every two years.
The data refer to the corresponding year of evaluation and are published one year later.
Covered countries: 215

Brief description:
This index covers 215 countries and territories and measures six dimensions of governance since 1996 until end-2012: voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, and control of corruption. The indicators are based on several hundred individual variables measuring perceptions of governance, drawn from 31 separate data sources constructed by 25 different organizations. Regulatory quality describes the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development. The relevant index value shows the average of all relevant sources according to their reliability. Virtually all scores lie between -2.5 and 2.5, with higher scores corresponding to better outcomes.

A number of revisions to the underlying source data have been made since 2011. The deletions from and revisions to the data from previous years on average have only minimal effects on the 1996–2009 data. For 2000–2009 the correlation between the original and the revised aggregate indicators is 0.997 (averaging across the six aggregate indicators and nine time periods). The effects of the data revisions are slightly larger in 1996 and 1998 as we have fewer data sources in this time period—so that changes to the underlying sources are more likely to result in changes in the aggregate indicators. Furthermore, the revision of data had led to a change in the aggregate “rule of law” and “control of corruption” indicators.
Figure 17: Worldwide Governance Indicators—Regulatory Quality: Scores 2012

Figure 18: Worldwide Governance Indicators—Regulatory Quality: 1996–2012

Table 5: Worldwide Governance Indicators—Regulatory Quality: 1996–2012
Index of Economic Freedom—Business Freedom

Prepared by: The Heritage Foundation and Wall Street Journal (USA)
Established: 1995
Frequency: Annual
The data refer to the respective previous year.
Covered countries: at present 186
URL: <http://www.heritage.org/Index/Ranking.aspx>

Brief description:
Business freedom is the ability to create, operate, and close an enterprise quickly and easily. Burdensome, redundant regulatory rules are the most harmful barriers to business freedom. Business freedom is graded using a scale from 0 to 100, where 100 represents the maximum freedom.

Figure 19: Index of Economic Freedom: Business Freedom 2014

Part 3: Corruption and Transparency

Corruption Perception Index

Prepared by: Transparency International  
Established: 1995  
Frequency: Annual  
Covered countries: at present 177  
URL: <http://www.transparency.org/policy_research/surveys_indices/cpi>

Brief description:
The Corruption Perceptions Index is a composite index that draws on multiple expert opinion surveys that poll perceptions of public sector corruption in 183 (since 2013 177) countries around the world. It scores countries on a scale from zero to ten, with zero indicating high levels of perceived corruption and ten indicating low levels of perceived corruption. Since December 2012 the score ranges between 0 (highly corrupted) to 100 (very clear). To allow for comparison with older values, they have been divided by the factor 10 in the time series.

Figure 20: Corruption Perception Index 2013: Scores and Ranking

Figure 21: Corruption Perception Index 1998–2013
Table 7: Corruption Perception Index 1998–2013

<table>
<thead>
<tr>
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<td>2.0</td>
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<td>4.1</td>
<td>3.8</td>
<td>4.1</td>
<td>5.2</td>
<td>4.9</td>
<td></td>
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<td>2.5</td>
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<td>2.9</td>
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<td>3.4</td>
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<td>Russia</td>
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<td>2.1</td>
<td>2.3</td>
<td>2.7</td>
<td>2.8</td>
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<td>2.3</td>
<td>2.4</td>
<td>2.4</td>
<td>2.7</td>
<td>2.8</td>
</tr>
</tbody>
</table>

Worldwide Governance Indicators – Control of Corruption

Prepared by: Worldbank
Since: 1996
Frequency: Annual, between 1996 and 2002 every two years.
The data refer to the corresponding year of evaluation and are published one year later.
Covered countries: 215

Brief description:
This index measures six dimensions of governance from 1996 until end-2012, among them Control of Corruption. The indicators are based on several hundred individual variables measuring perceptions of governance, drawn from 31 separate data sources constructed by 25 different organizations. The relevant index value shows the average of all relevant sources according to their reliability. Virtually all scores lie between -2.5 and 2.5, with higher scores corresponding to better outcomes.

A number of revisions to the underlying source data have been made since 2011. The deletions from and revisions to the data from previous years on average have only minimal effects on the 1996–2009 data. For 2000–2009 the correlation between the original and the revised aggregate indicators is 0.997 (averaging across the six aggregate indicators and nine time periods). The effects of the data revisions are slightly larger in 1996 and 1998 as we have fewer data sources in this time period -- so that changes to the underlying sources are more likely to result in changes in the aggregate indicators. Furthermore the revision of data had led to a change in the aggregate “rule of law” and “control of corruption” indicators.

Figure 22: Worldwide Governance Indicators—Control of Corruption: Scores 2012
Figure 23: Worldwide Governance Indicators—Control of Corruption: 1996–2012

Table 8: Worldwide Governance Indicators—Control of Corruption: 1996–2012

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
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<td>+1.55</td>
<td>+1.64</td>
<td>+2.05</td>
<td>+1.73</td>
<td>+1.79</td>
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<td>-0.62</td>
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<td>Russia</td>
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<td>-0.95</td>
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<td>-1.17</td>
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<td>-1.07</td>
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</tbody>
</table>

Open Budget Index

Prepared by: Center on Budget and Policy Priorities
Since: 2006
Frequency: every two years (planned)
The data refer to the respective previous year.
Covered countries: 100
URL: <http://www.openbudgetindex.org/>

Brief description:
The Open Budget Index assigns each country a score based on the average of the responses to 95 questions related to public availability of information on the Open Budget Questionnaire. This score reflects the quantity of publicly available budget information in the eight key budget documents. The scores ranging from 100 to 0 were calculated for the transparency standards. The index is a simple average of these percentages.
Figure 24: Open Budget Index 2012

![Graph showing open budget index 2012 for various countries including USA, Russia, Poland, Georgia, Kazakhstan, Azerbaijan, and China. The index ranges from 0 to 100, with USA having the highest score of 79, followed by Russia with 74, Poland with 59, Georgia with 55, and others with lower scores. China has the lowest score of 11.

Note: There are no values for Armenia.

Figure 25: Open Budget Index 2006–2012

![Graph showing open budget index 2006–2012 for USA, Russia, Georgia, and Azerbaijan. The index ranges from 0 to 100, with USA having the highest score in all years, followed by Russia, Georgia, and Azerbaijan.]

Note: There are no values for Armenia.

Table 9: Open Budget Index 2006–2012

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
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<tr>
<td>Azerbaijan</td>
<td>30</td>
<td>37</td>
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<td>42</td>
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</tbody>
</table>

Note: There are no values for Armenia.
Part 4: Socioeconomic Level of Development

**Human Development Index**

Prepared by: United Nations Development Program (UNDP)

Since: 1990 (back calculation of data for 1975 to 1990 for non-socialist countries)

Frequency: Annual

The data refer to the corresponding year of evaluation and are published two years later.

Covered countries: at present 187


**Brief description:**

The Human Development Index (HDI) measures the average achievements in a country in three basic dimensions of human development: a long and healthy life (life expectancy), knowledge (adult literacy (2/3) and school enrolment (1/3) rate) and a decent standard of living (GDP per capita in purchasing power parity). Performance in each dimension is expressed as a value between 0 and 1. The HDI is then calculated as a simple average of the dimension indices.

Since 2012 the dimension knowledge is measured by mean of years of schooling for adults aged 25 years and expected years of schooling for children of school entering age (capped at 18 years).

**Figure 26: Human Development Index: Scores and Rankings 2012**

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<th>Country</th>
<th>Score</th>
<th>Ranking</th>
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<td>Poland</td>
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<td>Kazakhstan</td>
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<td>69</td>
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<tr>
<td>Georgia</td>
<td>0.745</td>
<td>94</td>
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<tr>
<td>Azerbaijan</td>
<td>0.734</td>
<td>82</td>
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<tr>
<td>Armenia</td>
<td>0.729</td>
<td>87</td>
</tr>
<tr>
<td>China</td>
<td>0.699</td>
<td>101</td>
</tr>
</tbody>
</table>

0.92 (figure in column) = score  
25 (figure in box) = ranking

**Figure 27: Human Development Index: 1990–2012**
Table 10: Human Development Index: 1990–2012

<table>
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<td>0.739</td>
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<td>0.798</td>
<td>0.695</td>
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Environmental Performance Index (EPI)

Prepared by: Yale Center for Environmental Law and Policy (YCELP) and Center for International Earth Science Information Network (CIESIN), Columbia University Earth Institute

Established: 2014
Frequency: annual
Covered countries: at present 178
URL: <http://epi.yale.edu/>

Brief description:
The Environmental Performance Index (EPI) ranks how well the 178 countries perform in two overarching objectives: protection of human health from environmental harm and protection of ecosystems. These two objectives—environmental health and ecosystem vitality—are divided into nine issue categories measured through the calculation and aggregation of 20 indicators. The indicators are calculated from country-level data and statistics from the WHO, OECD, UN, etc. Using a “proximity-to-target” methodology, the performance indicators, as well as the issue categories, assess a country’s closeness to a policy target on a scale of 0—being the farthest from the target—to 100—being closest to the target. These policy targets are defined primarily by international or national policy goals or established scientific thresholds. To achieve a single score each indicator—as well as the policy issues and overall objectives—is weighted within each policy issue according to the quality of the underlying dataset, as well as the relevance or fit of the indicator to assess the policy issue. Reporting countries get penalized with the lowest score in the entire issue category when experts or statistical analysis deem nationally reported data inadequate. These penalties were only given in two issues: fisheries and agriculture.

Figure 28: Environmental Performance Index (EPI): Rank and Score 2014
ABOUT THE CAUCASUS ANALYTICAL DIGEST

Editors: Denis Dafflon, Lili Di Puppo, Iris Kempe, Natia Mestvirishvili, Matthias Neumann, Robert Orttung, Jeronim Perović, Heiko Pleines

The Caucasus Analytical Digest (CAD) is a monthly internet publication jointly produced by the Caucasus Research Resource Centers (http://www.crrccenters.org/), the Research Centre for East European Studies at the University of Bremen (www.forschungsstelle.uni-bremen.de), the Institute for European, Russian and Eurasian Studies of the George Washington University (www.gwu.edu/~ieresgwu), the Resource Security Institute in Washington, DC (resourcesecurityinstitute.org) and the Center for Security Studies (CSS) at ETH Zurich (www.css.ethz.ch) with support from the German Association for East European Studies (DGEO). The Caucasus Analytical Digest analyzes the political, economic, and social situation in the three South Caucasus states of Armenia, Azerbaijan and Georgia within the context of international and security dimensions of this region's development. CAD is supported by a grant from ASCN (www.ascn.ch).

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The Institute for European, Russian and Eurasian Studies, The Elliott School of International Affairs, The George Washington University

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Resource Security Institute

The Resource Security Institute (RSI) is a non-profit organization devoted to improving understanding about global energy security, particularly as it relates to Eurasia. We do this through collaborating on the publication of electronic newsletters, articles, books and public presentations.

Caucasus Research Resource Centers

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Editors: Denis Dafflon, Lili Di Puppo, Iris Kempe, Natia Mestvirishvili, Matthias Neumann, Robert Orttung, Jeronim Perović, Heiko Pleines

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Research Centre for East European Studies • Publications Department • Klagenfurter Str. 3 • 28359 Bremen • Germany

Phone: +49 421-218-69600 • Telefax: +49 421-218-69687 • e-mail: fsopr@uni-bremen.de • Internet: www.laender-analysen.de/cad/