

# Methodological briefing

The analytical process informing the Next Generation Democracy (NGD) project begins by identifying current trends that both shape and are reflective of the quality of democratic governance. The spectrum of factors influencing these trends is broad and diverse. Focusing on one or two key factors alone such as the quality of elections or rule of law, will not provide a comprehensive understanding of what effective democratic governance looks like and how to bring about necessary change. In exploring these trends, the NGD project looks beyond aspects of political transformation and explores the dynamics of economic and social change, paying special attention to the acumen with which political and societal leaders steer this change. In order to analyze these trends and collate transformative practices for use in bringing about effective change, the CdM has developed, together with the Bertelsmann Stiftung, a template specifically for this purpose.

The design of the NGD template reflects the complexity of contemporary advanced democracy, which must be seen as a system of overlapping regimes, be they national, sub- or supra-national, semi-public or private, and which complement each other. The project will therefore take stock of internal democratic practices and of the contributions made to democratic governance by relevant non-state actors, such as political parties, civil society organizations and corporations.

## The NGD template considers three tracks:

1. **People and communities**
2. **Business and the economy**
3. **Resources and ecosystems**

### → *within each track, the template addresses three dimensions:*

- I. *Values and institutions*
- II. *Access and inclusiveness*
- III. *Management and policies*

A global, comprehensive and interdisciplinary analytical approach requires assessment tools able to cover most of the world's countries and evaluate several things simultaneously: the different dimensions of political transformation, democracy, economic development, social integration, a government's steering capabilities and the quality of governance. Two projects at the Bertelsmann Stiftung, the Bertelsmann Transformation Index (BTI) and the Sustainable Governance Indicators (SGI), which provide holistic and comprehensive analyses of reform policies and transformation efforts around the world, have analyzed their data and reports to deliver ongoing input for the Next Generation Democracy (NGD) project.

The **Bertelsmann Stiftung's Transformation Index (BTI)** analyses and evaluates the quality of democracy, a market economy and political management in 129 developing and transition countries. Based on in-depth country reports drafted by 300 experts around the world, the BTI is designed to identify comparative strengths and weaknesses and to highlight examples of successful steering in processes of change. The BTI is the first cross-national comparative index that uses self-collected data to measure the quality of governance and provide a comprehensive analysis of countries' policymaking success during processes of transition.

The **Sustainable Governance Indicators (SGI)** is a cross-national survey of all 41 OECD and EU countries. It analyses each country's future viability based on 140 quantitative and qualitative indicators. Annually, more than 100 renowned experts from around the globe contribute to the large-scale study. The 41 country reports shed light on each country's strengths and weaknesses. The cross-national comparison thus not only indicates the respective need for reform but also each country's capacity to address the most pressing challenges that OECD and EU countries are facing today: demographic change, growing social inequalities, dwindling resources and the need for long-term-oriented structural reforms of labor markets and social security systems.

## Country sample

Together, the BTI and SGI survey 155 countries. Whereas the SGI focuses on so-called “solidified” democracies, the BTI focuses on countries undergoing more exhaustive processes of transformative change. There is a sample overlap between the two projects, as some countries fall within the definitional scope of both projects.

Americas	Asia and Oceania	MENA	Post-Soviet Eurasia	Subsaharan Africa	Wider Europe
● Argentina	● Afghanistan	● Algeria	● Armenia	● Angola	● Albania
● Bolivia	● Australia	● Bahrain	● Azerbaijan	● Benin	● Austria
● Brazil	● Bangladesh	● Egypt	● Belarus	● Botswana	● Belgium
● Canada	● Bhutan	● Iran	● Georgia	● Burkina Faso	● Bosnia & Herzegovina
● Chile	● Cambodia	● Iraq	● Kazakhstan	● Burundi	● Bulgaria
● Colombia	● China	● Jordan	● Kyrgyzstan	● Cameroon	● Croatia
● Costa Rica	● India	● Kuwait	● Moldova	● Central African Republic	● Cyprus
● Cuba	● Indonesia	● Lebanon	● Mongolia	● Chad	● Czech Republic
● Dominican Republic	● Japan	● Libya	● Russia	● Côte d'Ivoire	● Denmark
● Ecuador	● Laos	● Morocco	● Tajikistan	● DR Congo	● Estonia
● El Salvador	● Malaysia	● Oman	● Turkmenistan	● Eritrea	● Finland
● Guatemala	● Myanmar	● Qatar	● Ukraine	● Ethiopia	● France
● Haiti	● Nepal	● Saudi Arabia	● Uzbekistan	● Ghana	● Germany
● Honduras	● New Zealand	● Sudan		● Guinea	● Greece
● Jamaica	● North Korea	● Syria		● Kenya	● Hungary
● Mexico	● Pakistan	● Tunisia		● Lesotho	● Iceland
● Nicaragua	● Papua New Guinea	● United Arab Emirates		● Liberia	● Ireland
● Panama	● Philippines	● Yemen		● Madagascar	● Israel
● Paraguay	● Singapore			● Malawi	● Italy
● Peru	● South Korea			● Mali	● Kosovo
● United States	● Sri Lanka			● Mauritania	● Latvia
● Uruguay	● Taiwan			● Mauritius	● Lithuania
● Venezuela	● Thailand			● Mozambique	● Luxembourg
	● Vietnam			● Namibia	● Macedonia
				● Niger	● Malta
				● Nigeria	● Montenegro
				● Republic of Congo	● Netherlands
				● Rwanda	● Norway
				● Senegal	● Poland
				● Sierra Leone	● Portugal
				● Somalia	● Romania
				● South Africa	● Serbia
				● South Sudan	● Slovakia
				● Tanzania	● Slovenia
				● Togo	● Spain
				● Uganda	● Sweden
				● Zambia	● Switzerland
				● Zimbabwe	● Turkey
					● United Kingdom

● countries surveyed by the BTI

● countries surveyed by the SGI

● countries surveyed by both indices

## Trend arrows

Each regional report starts with a summary of indicator trends per region. To facilitate a quick overview, trend arrows indicate whether the situation improved or worsened during the last 15 years. The indicator boxes contain five types of trend arrows (significant improvement; improvement; continuity; decline; significant decline).

**Trend calculations:** Mean values of all country-level indicator ratings determine the regional score values. Trend calculations for each region are based on deviations between the most recent and the earliest available editions of the BTI / SGI. Trend calculations refer to comparisons between BTI 2006 and BTI 2014, and between SGI 2011 and SGI 2014, respectively.

Year	2006	2008	2010	2011	2012	2014
<b>BTI published</b>	● BTI 2006	BTI 2008	BTI 2010		BTI 2012	● BTI 2014
<b>SGI published</b>				● SGI 2011		● SGI 2014

Trends were calculated on the basis of the following assumptions:

1. Any changes of regional indicator averages above a certain threshold represent a positive or negative trend. Changes of more than double that threshold represent a significant trend.
2. The threshold differs depending on the size of the country sample. As a general rule, the more countries are involved, the lower the threshold. The country sample only includes countries that have been consistently rated since the BTI 2006 or SGI 2011 editions.

Drawing on an empirical analysis, we determined the threshold should be calculated on the basis of the following formula:

$$8 \times \text{number of countries}^{3/4}$$

This means that sub-Saharan Africa (34 countries rated since BTI 2006) has the lowest threshold (0.21) and Post-Soviet Eurasia (13 countries rated since BTI 2006) has the highest threshold (0.54). Three regions that include a certain number of countries covered by the SGI only have two different thresholds for (a) those 12 indicators with an SGI equivalent and (b) those 6 indicators without an SGI equivalent: Wider Europe, the Americas and Asia and Oceania.

## Indicator coloration

Indicator trends alone say little about the conditions in which change is taking place. Are positive developments for an indicator emerging from an otherwise difficult context, thereby signifying long-overdue modest change? Or are positive developments taking place in an otherwise stable and "advanced" context, signifying improvements being made to an already sound system? Indicator boxes are therefore shaded green (high), yellow (medium) or red (low) in order to signify different "starting points" in terms of quality as of 2014 and according to BTI/SGI data.

The coloration of indicator boxes for score levels in the country reports was calculated as follows:

1. Mean values of all country-level 2014 indicator ratings determine the regional indicator averages.
2. **◆ High**, **◆ medium** and **◆ low** levels are determined by relative comparison of regional averages for 18 indicators in 6 regions (total of 108 items).
3. Two thirds of the calculation are determined by the relative levels of indicator averages by region (e.g., in the "Americas" region, the **State Identity** indicator has the highest and the **Anti-Corruption Policy** indicator the lowest average value).

4. One third of the calculation is determined by the relative levels of regional averages by indicator (e.g., in the Separation of Powers indicator, **Europe** scores best and the **Middle East and North Africa** worst).

By taking into account the relative contexts in which trends occur when comparing these both inter- and intra-regionally, we can highlight the relative strengths and weaknesses of a region.

## Regional overviews

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To facilitate quick orientation, the regional overviews summarize current political and social trends in each of the six NGD regions by relying on the latest edition of the BTI (as of January 31, 2013) and SGI (as of May 2013). Indicator scores reflect the assessments of an international academic community of more than 350 country experts and regional advisers from leading academic institutions around the world. While the BTI and SGI are similar in their comprehensive, expert-based and governance-centered approach, their indicator scores are not comparable.

The regional overviews on the Americas and on Asia-Oceania, however, each include states for which no BTI scores are available (Australia, Canada, Japan, New Zealand and the United States). But as these countries rank considerably higher in the SGI than do well-performing Chile and South Korea, respectively, we consider it safe to assume that they hold top positions in intraregional comparison. Likewise, the Southeast European states of Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro and Serbia are not measured by the SGI, whose indicator scores are the basis for the Wider Europe regional overview. But as these countries rank lower in the BTI 2014 (or at the same level) than low-performing Hungary, Romania or Turkey, we also consider it safe to assume that they hold bottom positions in intraregional comparison.

### More on BTI:

[www.bti-project.org](http://www.bti-project.org)

### More on SGI:

[www.sgi-network.org](http://www.sgi-network.org)