2015 Change Readiness Index

Assessing countries' ability to manage change and cultivate opportunity

kpmg.com/changereadiness

KPMG INTERNATIONAL

Quick reader **guide**

What is the Change Readiness Index (CRI)?

The index is designed to measure how effectively a country's government, private and public enterprises, people and wider civil society anticipate, prepare for, manage and respond to change and cultivate opportunity. Examples of change include:

- **shocks** such as financial and social instability and natural disasters
- **political and economic opportunities and risks** such as technology, competition and changes in government.

How can I use the index?

A wide range of public and private organizations can use the CRI, for example to:

- **improve government policy** by benchmarking national strengths and weaknesses and identifying areas in need of reform
- **inform public and private investment decisions** by highlighting the strengths and weaknesses of target countries
- **build best practice** by stimulating debate on change readiness and learning from higher-ranking countries.

Contents

Foreword

2015 is a milestone year for the world. In the fall, world leaders gather in the United Nations General Assembly to embrace a new set of goals – the Sustainable Development Goals (SDGs) – to guide development activity through 2030. This meeting is the culmination of unprecedented levels of interaction among millions of representatives of civil society, governments and business, with the aim of setting priorities for the world's future.

The SDGs will reflect key challenges and opportunities in a global landscape of accelerating change, including vulnerabilities to shocks, as well as longer-term trends such as growing populations demanding higher living standards, shifts in wealth distribution, climate change and new technologies.

Recent thinking and attention has focused on building resilience at the community, country, regional and global levels. To get this right, stakeholders need to understand the complex dynamics of change. The Change Readiness Index (CRI) is an important contribution to the development debate, reflecting KPMG's commitment to new approaches and insights.

The CRI is about creating and measuring capacity for change and resilience at all levels and in all spheres of society. In the third edition since its launch in 2012, the CRI offers refined methodology and greater country coverage, now comprising 127 countries and 97 percent of the world's population.

Today, business and public sectors alike seek to handle risks better. The indicators of change readiness can help analysts and policy makers understand, manage and mitigate risk across different country settings. The CRI empowers decision-makers to be both responsible and innovative. It informs efforts to build greater change readiness and seize new opportunities that benefit society. It provides a relevant framework for aspiring to the SDGs, including through new and ambitious partnerships involving civil society, government and business. This is what it will take to build a better world.

Jan Mattsson

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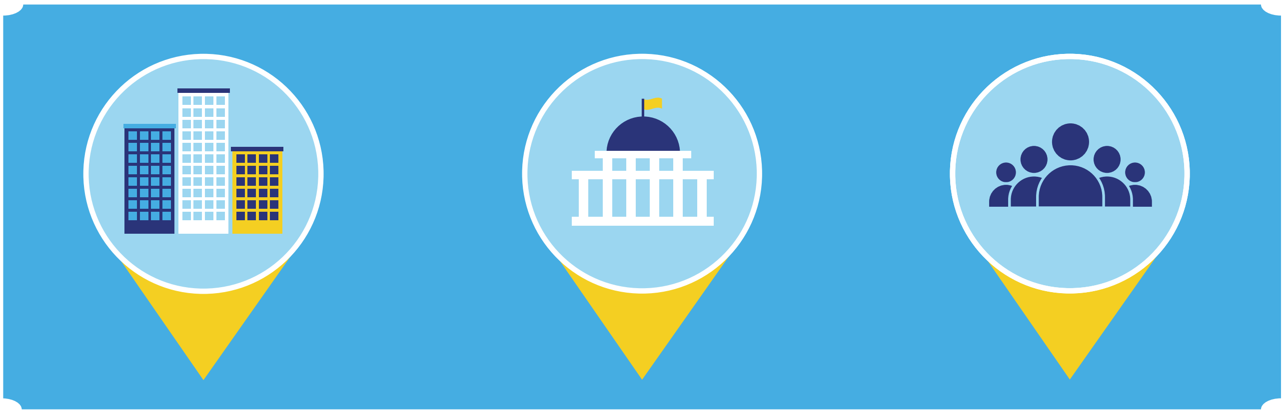
Executive **summary**

THREE PILLARS UNDERLIE CHANGE READINESS

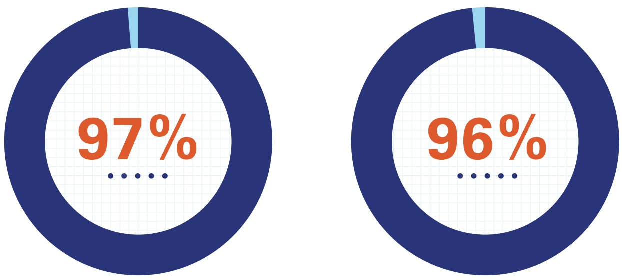


1 ENTERPRISE CAPABILITY

2 GOVERNMENT CAPABILITY

3 PEOPLE & CIVIL SOCIETY CAPABILITY

The CRI covers:



97% of world population

96% of world GDP

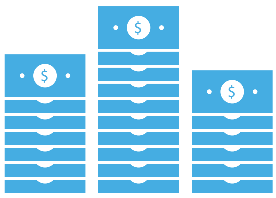
COMPOSITE DATA INCLUDES

***37 new countries* in 2015**

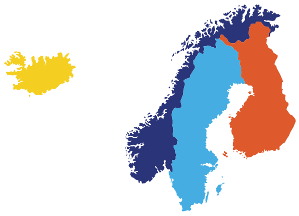
More than 120 secondary variables clustered into 73 indicators

Responses to 22 primary survey questions from 1,270 country experts

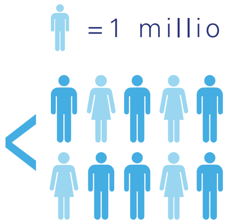
CHARACTERISTICS OF THE TOP 10 COUNTRIES



High income countries



Strong representation from Nordic region



Populations less than ***10 million***

BIGGEST MOVERS IN THE RANKINGS

Up:
- Algeria
- India
- Russia

Down:
- Syria
- Myannmar
- Somalia

PUNCHING ABOVE THEIR WEIGHT

Top countries with higher than expected change readiness scores based on gross national income

1. Mozambique
2. Rwanda
3. Uganda
4. Cambodia
5. Tanzania

CRI INSIGHTS

Natural resources are no guarantee of change readiness

Inclusive growth is strongly correlated with change readiness

High income inequality is associated with low change readiness

KEY AUDIENCES FOR THE CRI

- **Development agencies**
- **Policy makers**
- **Private sector**
- **Civil society institutions**

Source: KPMG International, 2015.

Index results

Overall rank	Country	Geographic region	Enterprise capability	Government capability	People & civil society capability
1	Singapore	East Asia and Pacific	1	1	11
2	Switzerland*	Northern, Southern and Western Europe	3	5	2
3	Hong Kong*	East Asia and Pacific	2	6	10
4	Norway*	Northern, Southern and Western Europe	17	3	1
5	United Arab Emirates*	Middle East and North Africa	4	2	19
6	New Zealand	East Asia and Pacific	7	8	7
7	Qatar	Middle East and North Africa	5	4	20
8	Denmark*	Northern, Southern and Western Europe	6	11	4
9	Sweden	Northern, Southern and Western Europe	13	9	3
10	Finland*	Northern, Southern and Western Europe	10	7	6
11	Netherlands*	Northern, Southern and Western Europe	14	13	5
12	Germany	Northern, Southern and Western Europe	11	10	13
13	United Kingdom	Northern, Southern and Western Europe	8	19	12
14	Canada*	North America	20	16	9
15	Japan	East Asia and Pacific	9	18	18
16	Australia	East Asia and Pacific	24	17	8
17	Austria*	Northern, Southern and Western Europe	21	14	16
18	Belgium*	Northern, Southern and Western Europe	19	20	14
19	Chile	Latin America and Caribbean	23	15	24
20	United States	North America	15	27	15
21	Israel	Middle East and North Africa	16	30	17
22	Saudi Arabia	Middle East and North Africa	18	12	36
23	Taiwan	East Asia and Pacific	22	22	26
24	Malaysia	East Asia and Pacific	12	25	34
25	South Korea	East Asia and Pacific	26	26	22
26	France	Northern, Southern and Western Europe	32	44	21
27	Portugal	Northern, Southern and Western Europe	28	40	25
28	Czech Republic*	Eastern Europe and Central Asia	27	31	33
29	Hungary*	Eastern Europe and Central Asia	29	35	30
30	Slovakia*	Eastern Europe and Central Asia	33	29	29
31	Kazakhstan	Eastern Europe and Central Asia	46	21	35
32	Poland	Eastern Europe and Central Asia	43	23	31

* Countries that are new to the 2015 CRI

High income | Upper-middle income | Lower-middle income | Low income

Overall rank	Country	Geographic region	Enterprise capability	Government capability	People & civil society capability
33	Philippines	East Asia and Pacific	30	24	39
34	Thailand	East Asia and Pacific	25	38	43
35	Spain	Northern, Southern and Western Europe	42	49	23
36	Lithuania	Northern, Southern and Western Europe	45	42	27
37	Jordan	Middle East and North Africa	35	32	40
38	Costa Rica	Latin America and Caribbean	58	28	28
39	Turkey	Eastern Europe and Central Asia	31	45	50
40	Uruguay	Latin America and Caribbean	67	39	32
41	Peru	Latin America and Caribbean	36	48	47
42	Mexico	Latin America and Caribbean	54	37	42
43	Indonesia	East Asia and Pacific	37	55	45
44	Panama	Latin America and Caribbean	38	62	41
45	China	East Asia and Pacific	40	46	58
46	Colombia	Latin America and Caribbean	48	52	46
47	Bulgaria*	Eastern Europe and Central Asia	39	60	53
48	Serbia*	Eastern Europe and Central Asia	55	53	44
49	Macedonia	Eastern Europe and Central Asia	52	50	52
50	Cambodia	East Asia and Pacific	34	51	69
51	Cape Verde*	Sub-Saharan Africa	63	41	56
52	Fiji*	East Asia and Pacific	41	66	60
53	Namibia	Sub-Saharan Africa	49	43	79
54	El Salvador*	Latin America and Caribbean	50	73	49
55	Greece	Northern, Southern and Western Europe	75	71	37
56	Morocco	Middle East and North Africa	44	56	78
57	Azerbaijan*	Eastern Europe and Central Asia	66	33	70
58	Botswana	Sub-Saharan Africa	59	36	77
59	Brazil	Latin America and Caribbean	61	57	63
60	Ecuador	Latin America and Caribbean	64	65	59
61	South Africa	Sub-Saharan Africa	62	54	74
62	Sri Lanka	South Asia	53	68	73
63	Russia	Eastern Europe and Central Asia	56	78	55
64	Tunisia	Middle East and North Africa	72	72	54

* Countries that are new to the 2015 CRI   High income   Upper-middle income   Lower-middle income   Low income

Overall rank	Country	Geographic region	Enterprise capability	Government capability	People & civil society capability
65	Kenya	Sub-Saharan Africa	47	84	65
66	Italy	Northern, Southern and Western Europe	76	87	38
67	India	South Asia	51	69	83
68	Ghana	Sub-Saharan Africa	71	61	67
69	Rwanda	Sub-Saharan Africa	82	34	89
70	Dominican Republic	Latin America and Caribbean	60	80	64
71	Tonga*	East Asia and Pacific	84	74	57
72	Kyrgyzstan*	Eastern Europe and Central Asia	65	82	61
73	Zambia	Sub-Saharan Africa	78	58	81
74	Uganda	Sub-Saharan Africa	68	75	80
75	Georgia*	Eastern Europe and Central Asia	86	64	76
76	Bhutan*	South Asia	93	47	88
77	Mongolia	East Asia and Pacific	108	59	48
78	Tanzania	Sub-Saharan Africa	90	63	75
79	Romania	Eastern Europe and Central Asia	79	86	62
80	Mozambique	Sub-Saharan Africa	77	67	97
81	Senegal	Sub-Saharan Africa	88	81	68
82	Jamaica	Latin America and Caribbean	70	101	66
83	Egypt	Middle East and North Africa	73	89	82
84	Paraguay	Latin America and Caribbean	92	79	86
85	Algeria	Middle East and North Africa	96	70	98
86	Bangladesh	South Asia	81	88	91
87	Côte d'Ivoire	Sub-Saharan Africa	74	83	103
88	Argentina	Latin America and Caribbean	101	103	51
89	Guatemala	Latin America and Caribbean	80	92	92
90	Nigeria	Sub-Saharan Africa	69	91	104
91	Honduras	Latin America and Caribbean	85	98	87
92	Cameroon	Sub-Saharan Africa	94	77	106
93	Benin*	Sub-Saharan Africa	87	85	101
94	Pakistan	South Asia	57	113	99
95	Ethiopia	Sub-Saharan Africa	100	76	107
96	Libya*	Middle East and North Africa	95	99	90

* Countries that are new to the 2015 CRI   High income   Upper-middle income   Lower-middle income   Low income

Overall rank	Country	Geographic region	Enterprise capability	Government capability	People & civil society capability
97	Myanmar	East Asia and Pacific	83	97	100
98	Vietnam	East Asia and Pacific	89	107	95
99	Bosnia & Herzegovina	Eastern Europe and Central Asia	98	105	85
100	Nicaragua	Latin America and Caribbean	99	96	94
101	Ukraine	Eastern Europe and Central Asia	97	115	71
102	Sierra Leone	Sub-Saharan Africa	91	95	109
103	Nepal	South Asia	116	109	84
104	South Sudan	Sub-Saharan Africa	109	100	105
105	Zimbabwe	Sub-Saharan Africa	112	93	108
106	Bolivia	Latin America and Caribbean	117	102	96
107	Mali	Sub-Saharan Africa	105	108	102
108	Haiti	Latin America and Caribbean	103	104	115
109	Angola*	Sub-Saharan Africa	114	90	117
110	Venezuela	Latin America and Caribbean	122	116	72
111	Gambia*	Sub-Saharan Africa	115	94	111
112	Yemen	Middle East and North Africa	106	106	116
113	Timor-Leste	East Asia and Pacific	120	114	93
114	Sudan*	Middle East and North Africa	102	118	113
115	Lao PDR*	East Asia and Pacific	110	112	112
116	Papua New Guinea*	East Asia and Pacific	104	120	110
117	Congo, Dem Rep	Sub-Saharan Africa	111	110	121
118	Syria	Middle East and North Africa	107	117	118
119	Madagascar*	Sub-Saharan Africa	113	119	114
120	Burkina Faso*	Sub-Saharan Africa	119	111	119
121	Malawi*	Sub-Saharan Africa	121	123	120
122	Somalia	Sub-Saharan Africa	118	122	124
123	Mauritania*	Sub-Saharan Africa	124	121	123
124	Afghanistan	South Asia	123	124	122
125	Burundi*	Sub-Saharan Africa	125	125	126
126	Guinea*	Sub-Saharan Africa	126	126	125
127	Chad*	Sub-Saharan Africa	127	127	127

* Countries that are new to the 2015 CRI   High income   Upper-middle income   Lower-middle income   Low income

About the **index**

Q What does it mean for a country to be 'change ready'?

For the purposes of this index, change readiness indicates the capability of a country – its government, private and public enterprises, people and wider civil society – to anticipate, prepare for, manage and respond to a wide range of change drivers, proactively cultivating the resulting opportunities, and mitigating potential negative impacts.

Q Why did we create the index?

No government, business or society is immune to change. The way they prepare for and respond to sudden shocks or longer-term trends has a huge impact on the prosperity and welfare of citizens and institutions. By gaining a better understanding of a country's capability to withstand and capitalize on change, governments, policy makers, NGOs, civil society institutions, development agencies, investors and private sector enterprises can identify and address capability gaps and make more informed investment decisions.

The idea of a Change Readiness Index (CRI) was first raised at the 2010 World Economic Forum in Davos, immediately following the Haiti earthquake. Amidst numerous discussions about the state of the country, we realized that there were no obvious ways to measure a country's ability to respond to events like this – or to many other types of change. Since that conversation, KPMG, along with partner Oxford Economics, has refined the CRI as a powerful tool offering important insights into the factors that influence change readiness and the comparative capabilities of countries.

Q What makes the CRI different from other indices?

The CRI is the only index to explicitly measure change readiness. It includes data that primarily measures 'inputs' – such as investment into infrastructure or supportive policy environments – rather than 'outputs' such as GDP or productivity. Governments and other stakeholders have more control over inputs and therefore more opportunity to improve on areas of weakness.

Because it focuses on a country's underlying capability to manage change, nations with seemingly 'unfavorable' positions (such as landlocked geography, limited fiscal resources, high instances of natural disasters) can potentially score highly if they have promising economic, governance and social foundations for future prosperity and resilience.

Q What is the methodology for the CRI?

The CRI combines data from 22 primary survey questions, gathered from 1,270 country experts around the world, with a rich secondary dataset made up of more than 120 secondary variables (which are clustered into 73 secondary data indicators within the index). The index is structured around three pillars: (1) enterprise capability, (2) government capability and (3) people & civil society capability, all of which signify a country's underlying ability to manage change. The combination of primary and secondary data paints a comprehensive picture of change readiness in the 127 participating countries. Secondary data sources include, for example, the World Economic Forum, World Bank, Legatum Institute, International Monetary Fund and United Nations.

For full details on weighting, and a complete listing of the pillar sub-indicators, survey questions, select secondary sources and data, go to: kpmg.com/changereadiness-methodology.

Q Who is involved in putting the index together?

KPMG works with Oxford Economics to gather and analyze the primary and secondary data. The experts surveyed for the primary data each have at least seven years of experience analyzing, studying or living in their reporting country. They have a good knowledge of economic policymaking, social structures and governance institutions, but are not employed directly by a government department that directly influences and/or enforces policymaking. They come from a range of industries and sectors, including the private sector, NGOs, academia and trade unions.

Q How can I use these findings?

Development agencies, governments and other funders can better understand country needs and prioritize their programs accordingly, so that interventions are driven by identified demands. Public policy should also benefit, as governments can gauge where they stand against peers, and create and implement appropriate reforms. Private investors may look at the relative attractiveness of a particular country and evaluate its appropriateness for investment, underlying opportunities and challenges. And, by stimulating an ongoing debate on the 'drivers' behind change readiness, every country can learn lessons from good practice in other nations, and help improve its own capabilities to create more prosperous, resilient economies for the benefit of all its citizens.

Q How do you select countries?

Our goal is to expand country coverage with each edition of the CRI. As we do this, careful consideration goes into ensuring representation and diversity across regions and income levels. We have generally prioritized countries with a larger population (in order to maximize population coverage) and with strong data availability.

Key **findings**

A diverse top 10 – with a strong Nordic presence

Singapore leads the rankings which are dominated by smaller open economies: Switzerland, Hong Kong, Norway, United Arab Emirates, New Zealand, Qatar, Denmark, Sweden and Finland. The economic, geographic, political and cultural diversity of these countries shows that no single factor determines change readiness. Some countries perform better on people & civil society, while others lead on government and/or economy, showing that, within the excellent performers, there can be a diversity of relative strengths. Overall the top 10 comprises:

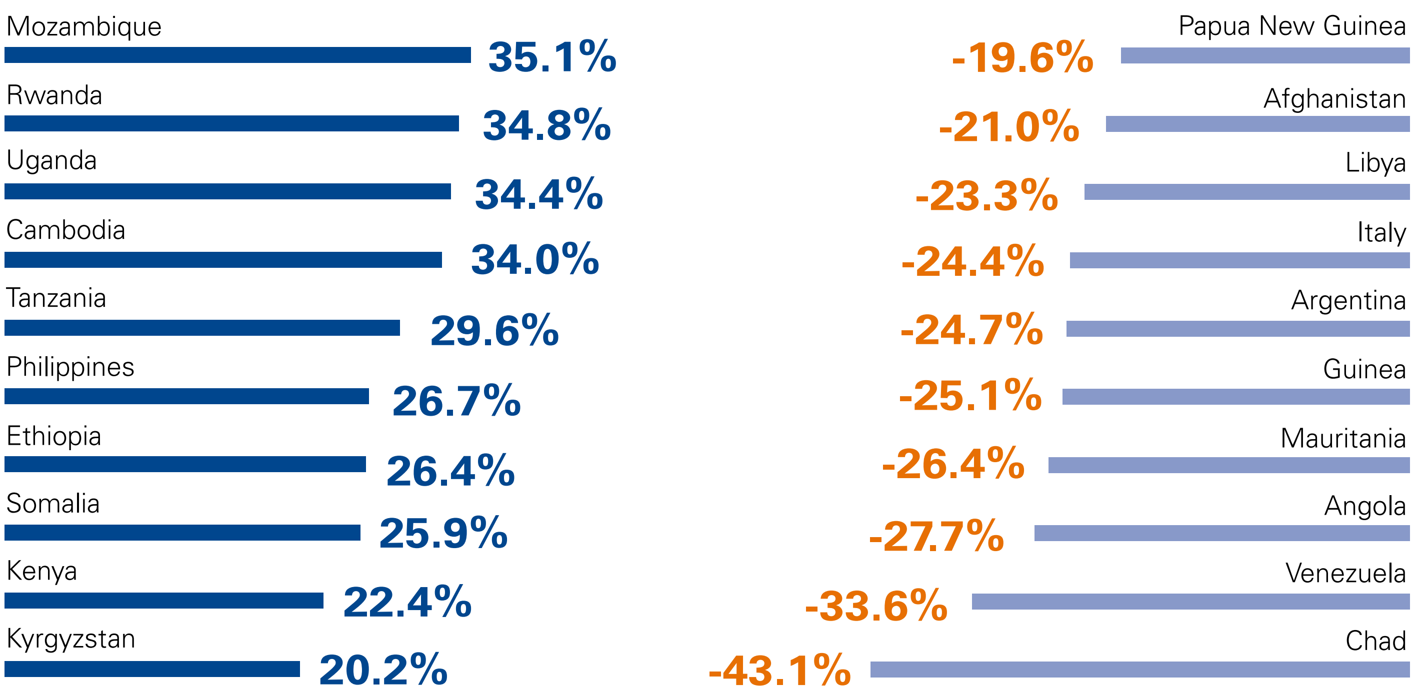
- **small, open societies in Asia Pacific:** Singapore, Hong Kong and New Zealand, with the first two ranking higher for enterprise and government than for people & civil society.
- **small, open, societies in Europe, especially the Nordic region:** Norway, Denmark, Finland and Sweden, which typically score highest for people (with high equality), followed by government and then enterprise. These are all relatively high-tax economies that fund large, effective government agencies and generous social and welfare systems – in contrast to their lower-tax top 10 peers.
- **resource-rich nations:** United Arab Emirates and Qatar both have top five rankings in enterprise and government capability, but place 19th and 20th respectively in people & civil society. In these countries, many businesses are state-owned, blurring the line between government and enterprise.

The importance of wealth

Income is a significant determinant for change readiness. The top 22 places are all occupied by high-income countries, while the highest ranked upper-middle income country is Taiwan in 23rd position. The Philippines – in 33rd position – leads the lower-middle income nations, and the highest ranked low income entry is Cambodia in 50th position.

However, the presence in the top 50 of a number of upper-middle and lower-middle income countries, as well as Cambodia, demonstrates that income alone will not make a country more ready for change.

Figure 1: Difference between change readiness score and that predicted by GNI per capita (% of predicted score)



Source: KPMG International, 2015.

Lower income countries can out-perform richer ones. The countries with higher than expected change readiness scores based on GNI per capita are Mozambique, Rwanda, Uganda and Cambodia. Conversely, Chad, Venezuela, Angola, Mauritania and Guinea have a change readiness score that is a quarter or more lower than predicted from their GNI per capita level (Figure 1).

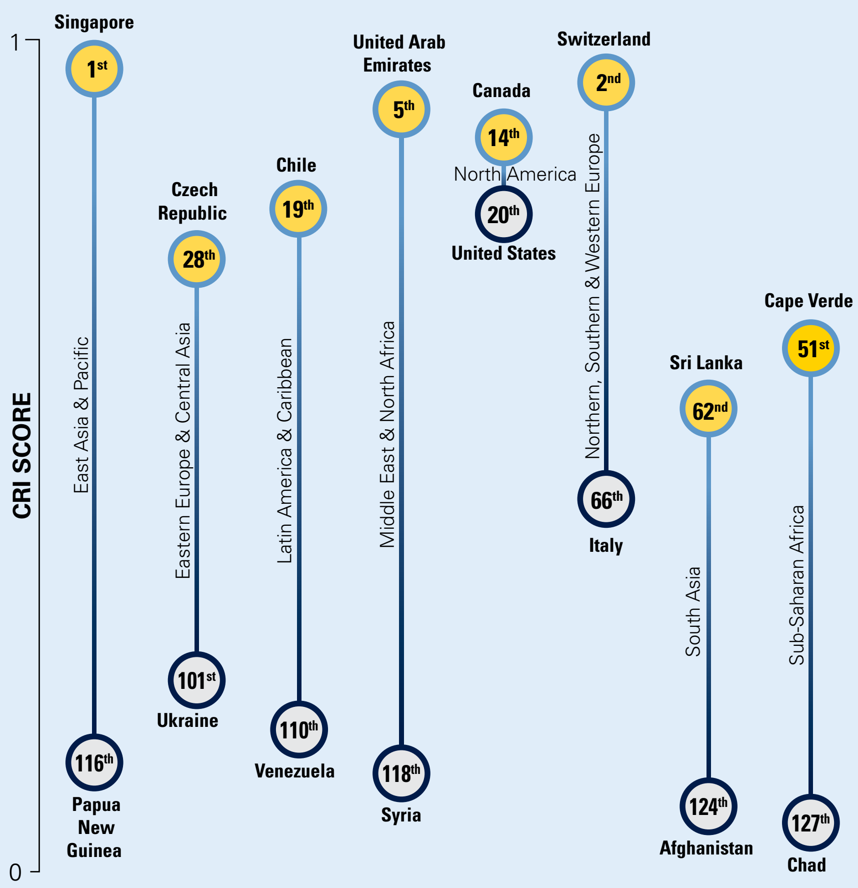
Punching above their weight: Chile, the Philippines and India

Chile tops the Latin America & Caribbean region, in 19th place overall, and ranks above more economically developed nations with higher GNI per capita, such as the US and France. Now classed as a high income country, Chile continues to perform strongly in all pillars, relative to its income level, placing 23rd, 15th and 24th respectively in enterprise, government and people & civil society. Its particularly high government capability score is driven by fiscal and budgeting strength. Robust government finances (linked to management of commodity revenue, notably from copper) and effective government spending have contributed to its high ranking. As the standout performer in its region, it tops each of the three pillars, and is 13 positions above the next strongest Latin American country in both the enterprise and government capability pillars.

The Philippines, as in 2013, is again the top ranked lower-middle income country in the CRI. It ranks 33rd in the overall index, above high income countries such as Spain and Italy. Strong performance in the government capability pillar has been driven by effective fiscal and budgeting processes, and government strategic planning and horizon scanning.

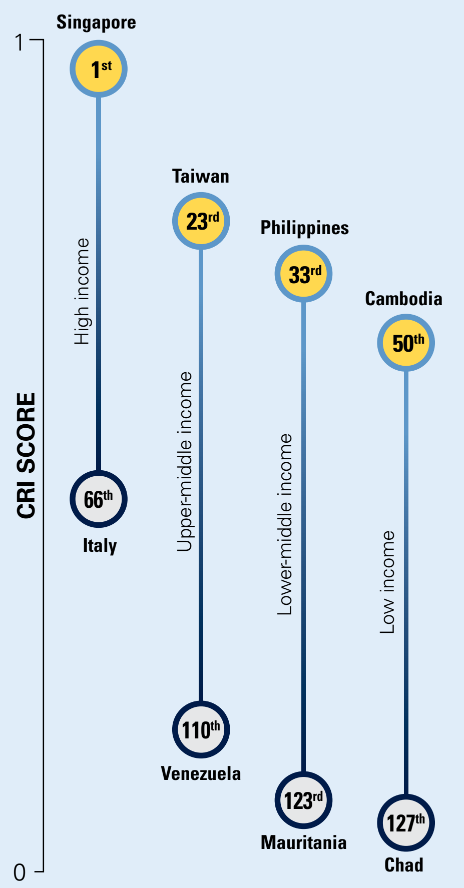
As a further sign of the economic transformation, the country's credit rating improved again in December 2014.[1]

Highest and lowest performers by geographic region



Source: KPMG International, 2015.

Highest and lowest performers by income group



Source: KPMG International, 2015.

[1] *Moody's upgrades Philippines's credit rating anew*, philstar.com, 11 December 2014.

At second place in the South Asia region, India has improved considerably from its 2013 position, rising from 65th to 48th of the 90 countries included in the 2013 CRI. This reflects optimism over the new government that took power in May 2014, and subsequent plans to crack down on corruption, reduce costly subsidies, and increase public investment in infrastructure and housing. The 2015 ranking is more consistent with India's relatively dynamic and fast-growing economy, which nevertheless faces many challenges to meet the increasing social and economic aspirations of its large population.

Cambodia leads the low income countries, ranking 15 positions higher than any of its peers in the overall table. This achievement is primarily due to its 34th placing in the enterprise pillar, with a notable fourth place in the economic diversification sub-index and a first place on the informal sector index. Cambodia is poised to join a new generation of Asian frontier economies, transitioning from low-income to emerging-market status.

Relative to other pillars, Cambodia has a low 69th place on people & civil society capability.

The Eurozone crisis is still evident in the CRI rankings

Greece and Italy place at the bottom among EU high income member states, although the CRI data was collected before the election of a new Greek government in 2015. Italy is the lowest-ranking country in both the high income group and within those European countries covered by the CRI, with its overall position of 66th placing it below the likes of Sri Lanka, Morocco, El Salvador and Cambodia. It has an especially low government capability ranking of 87th; a result of weak government finances and excessive regulation and bureaucracy. Although Italy has a new and more reformist government, its government capability ranking has not improved significantly since 2013. This may give an indication of the scale of the challenge facing the country (India, by contrast, has seen improvements in its primary data scores following a change of government).

Big movers up the rankings…[2]

Since the 2013 CRI, 37 new countries have been added, taking the total to 127. Of the 90 included in the previous index, the single largest mover is Algeria, achieving impressive improvements in its enterprise and government capability. Algeria also climbed more than 20 places in the World Economic Forum 2015 Global Competitiveness Index (WEF GCI).

Russia has had a similarly large improvement, thanks to a significant rise in its enterprise capability pillar ranking. According to the WEF GCI, regulations on hiring and firing and labor-employer relations have improved considerably. However, a fall in energy prices, along with sanctions related to the Ukraine crisis, have hit the Ruble hard in 2014 and 2015, threatening the sustainability of these improved rankings. Nevertheless, the 2013 ranking was considered surprisingly low for the level of development in Russia, and in 2015 the country is still the second lowest high income country on the CRI, only two places above Italy (Table 1).

Table 1: Biggest movers in the rankings: 2013 to 2015

Country	Geographic region	2015 rank out of 90	2013 rank out of 90	Direction of rank change
Algeria	Middle East and North Africa	62	81	↑
Russia	Eastern Europe and Central Asia	44	62	↑
India	South Asia	48	65	↑
Myanmar	East Asia and Pacific	72	52	↓
Somalia	Sub-Saharan Africa	89	68	↓
Syria	Middle East and North Africa	88	56	↓

High income | Upper-middle income | Lower-middle income | Low income

Source: KPMG International, 2015.

[2] When referring to countries ascending or descending the rankings since 2013, we evaluate any change in position only against the 90 countries in the 2013 index, excluding the 37 countries added to the 2015 index.

…and going in the opposite direction

Given the ongoing violent civil war, it is no surprise to see Syria falling to 88th of the 90 countries in the 2013 index, with lower scores across all three pillars. Almost 200,000 Syrians have lost their lives in the escalating conflict between forces loyal to President Bashar al-Assad and those opposed to his rule, devastating all aspects of society and forcing more than nine million people from their homes.

Somalia has experienced the biggest fall, dropping to 89th out of 90 led by a large decline in the enterprise pillar. The creation of a new government has not improved the country's change readiness, given the growing problems of terrorism and insecurity in the country. On top of this, the tough restrictions imposed by many US banks on remittances have cut off a vital source of income, further undermining economic stability.

Now in 72nd place of the 90 countries in the 2013 index, Myanmar experienced a significant decline, slipping from 52nd in 2013. All three pillar scores fell significantly, most notably enterprise capability, due to a significant deterioration in its business environment. Weaknesses include ineffective corporate boards, a lack of local competition and ineffective anti-monopoly policy. The pace of reform in Myanmar has slowed, and possibly even stalled, in the past two years.

CRI **insights**

Resource riches are no guarantee of change readiness – but neither is the 'resource curse' inevitable

Key takeaways

- Dependence on a single commodity is associated with poor governance, conflict and an undiversified industrial base.
- When combined with a low or middle income and a large population, high dependency on resources leads to low change readiness.
- Prudent governance is key to exploiting resources to the benefit of all, with effective people and civil society ensuring better government oversight.

The 'resource curse'[3] is a widely recognized phenomenon whereby resource-endowed countries not only fail to enjoy the benefits, but worse, suffer slower growth and greater conflict and instability than economies lacking such riches. Natural resources should bring the kind of prosperity and harmony enjoyed by countries like Norway, yet the reverse is often true, due, for example, to:

- **Instability from volatile commodity prices**, which, in poorly managed countries translates into weak governance and disruption to public service delivery.
- **Foreign exchange inflows** from natural resources inflating the currency, pricing other potential exports out of contention (the so called 'Dutch disease').
- **Lack of accountability** of governments not reliant on other non-resource taxes for revenue (similar arguments have been applied to an over-reliance on overseas aid).
- **Conflict** geared towards controlling natural resource rents, particularly non-renewable commodities like oil and minerals.

Of course, not all resource-rich countries struggle to develop, and there are plenty of examples where good management and governance help create wealth and share the benefits across the population and generations. Botswana, a major diamond producer, has long been a beacon of economic growth and democracy, outperforming most other countries in Africa, and achieving a higher GDP per capita. And Norway's abundant energy stocks have not prevented it from achieving high per capita incomes and scoring strongly on a wide range of social indicators, while at the same time saving a substantial proportion of its commodity revenue, to gain positive returns for future generations.

> "The **'Dutch disease'** relates to resource revenue damaging the economy through exchange rate and wage inflation, pricing other sectors out of export markets.[4]"

The resource curse surfaces in the CRI

The CRI largely confirms the challenge of possessing natural resources, despite the fact that many resource-rich countries have a relatively high per capita income, which is otherwise associated with high change readiness levels. The more dependent an economy is on revenue from its commodity resources, the more likely, on average, that nation is to have a lower CRI ranking.

Dependence on natural resource revenue leads to lower change readiness

There are eight countries in the 2015 index with a natural resource rent share[5] of national revenue above 30 percent: Mauritania, Saudi Arabia, Libya, Angola, Democratic Republic of Congo, Azerbaijan, Qatar and Papua New Guinea (Table 2, page 16).

[3] See for example "Are natural resources a blessing or a curse for international development", The Guardian, 25th October 2012.
[4] Back to Basics, Christine Ebrahim-zadeh, IMF Finance and Development, March 2003.
[5] Total natural resources rents are the sum of oil rents, natural gas rents, coal rents (hard and soft), mineral rents and forest rents.

Table 2: Correlation between resource-dependence, income and CRI ranking

Country	CRI rank	Government capability rank	Natural resource rents % of GDP 2013 (World Bank)
Qatar	7	4	34.6
Saudi Arabia	22	12	46.2
Azerbaijan	57	33	36.4
Libya	96	99	41.5
Angola	109	90	38.3
Papua New Guinea	116	120	31.6
Congo, Dem Rep	117	110	36.8
Mauritania	123	121	53.8

High income | Upper-middle income | Lower-middle income | Low income

Source: KPMG International, 2015.

In terms of income level and change readiness, they can be divided into three groups:

- **Low change readiness with low incomes** (Papua New Guinea, Democratic Republic of Congo, Mauritania). Although apparently suffering from the resource curse, these countries would in any case have been expected to have a lower CRI score due to their low income levels.
- **Below average change readiness despite upper-middle income levels** (Libya, Angola). Such countries have a strong likelihood of suffering from the resource curse.
- **High, above-average change readiness** (Qatar, Saudi Arabia and Azerbaijan). These nations may have successfully, at least to some extent, avoided the resource curse.

Countries such as Qatar, United Arab Emirates and Norway, which combine a high dependency on natural resource rents with strong government capability, manage to shake off the resource curse and establish robust change readiness, which in turn leads to higher income. Limited government capability, on the other hand, appears to leave resource-dependent states far more vulnerable to change and shocks, and less likely to achieve higher income levels. Although some upper-middle income countries also display poor change readiness, in the case of Libya this is probably partly related to the recent conflict (as well as other inherent weaknesses), while Angola has a long history of strife and corruption that has arguably hampered institutional change and good governance.

SHAKING OFF THE CURSE

Change readiness indicators and commodity-rich countries with high change readiness capability can provide useful lessons for getting the most from natural resources.

There is no reason why resource rich countries cannot improve their change readiness over time, which should ultimately strengthen social and economic development and diversify the industrial and commercial base. The biggest climber in the CRI rankings between 2013 and 2015 was Algeria, which, despite deriving almost one-quarter of its national revenue from natural resource rents, leapt from 81st to 62nd of the 90 countries in the 2013 index.

In low and middle income countries with new-found natural resources, governments and their development partners should focus on strengthening relevant governance and change readiness indicators. Uganda and Mozambique, for example, are developing countries on the cusp of exploiting their resources. Such changes can position resources as an exciting opportunity, and not a driver of conflict and poor governance.

Is a society with greater income equality better prepared for change?

Key takeaways

- Inclusive growth is strongly correlated with high change readiness.
- High inequality is associated with low change readiness – albeit with several notable exceptions.

In *Capital in the Twenty-First Century*,[6] Thomas Piketty argued that neither wealth redistribution nor progressive taxation have managed to halt the blight of rising inequality. Although the rapid growth of the likes of China and India[7] may have reduced the income gap with developed nations and significantly reduced absolute poverty, inequality continues to rise within many countries, and between the very richest states (which have become wealthier over time) and the poorest (which have not). Oxfam has reported that the world's 85 richest people have the same wealth as the poorest 50 percent (3.5 billion people). By 2016, the most prosperous one percent are expected to own as much as the remaining 99 percent.[8]

What is the link between equality and change readiness?

The CRI recognizes the importance of equality for change readiness through its "inclusiveness of growth" sub pillar, which includes several indicators that measure, or are influenced by inequality.[9] An inclusive society has lower risk of unrest, with more unified and empowered groups of people and institutions that can adapt to change. If low inequality promotes inclusive growth, and inclusive growth promotes change readiness, high levels of inequality will, by the definition and design of the index, hinder change readiness.

Using inclusive growth as a proxy for equality, those countries with excellent scores in this sub-pillar – gained by successfully addressing inequality – generally also perform well on the overall CRI. The nine highest ranking countries for inclusive growth all make the top 15 of the overall index (Table 3).

Table 3: Countries with highest inclusive growth scores

Country	Inclusiveness of growth score	Overall CRI rank
Norway	0.907	4
Denmark	0.893	8
Japan	0.874	15
Sweden	0.854	9
Switzerland	0.837	2
Finland	0.835	10
Netherlands	0.807	11
Hong Kong	0.802	3
Germany	0.792	12

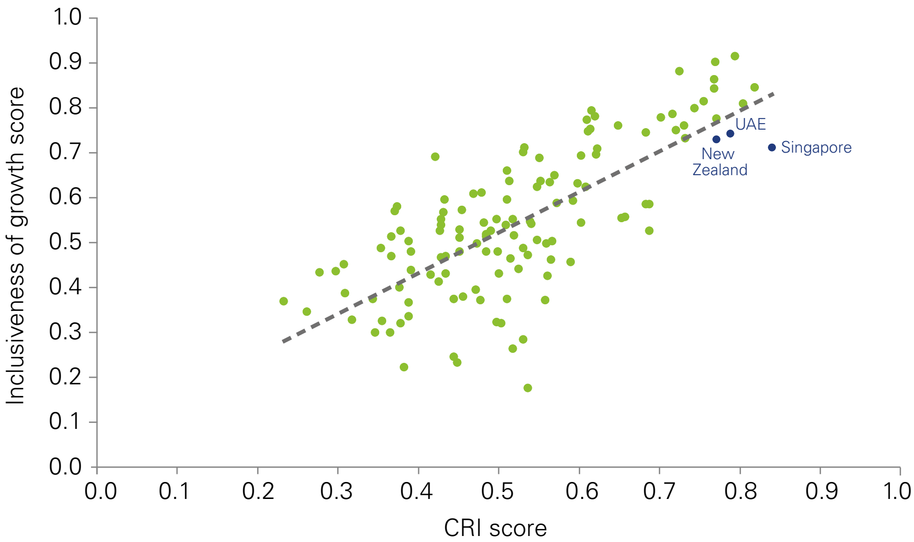
Source: KPMG International, 2015.

[6] *Capital in the Twenty First Century*, Thomas Piketty, 2013.
[7] *Inequality in Focus*, World Bank, April 2012.
[8] *Working for the Few*, Oxfam, 2014.
[9] The sub pillar is comprised of indicators for Gini coefficient, income share of the top 20 percent, poverty headcount ratio at national poverty line, the loss due to inequality of income, uneven economic development and a survey question about the extent to which economic growth is inclusive.

Inclusive growth is strongly correlated with change readiness

Only a few countries with strong change readiness indicators also record weaker inclusive growth and equality scores. For instance, Singapore, New Zealand and United Arab Emirates, all in the top 10 for CRI, rank below 20th on inclusiveness of growth (Figure 2).

Figure 2: Change readiness and inclusive growth are strongly correlated



Source: KPMG International, 2015.

Not surprisingly, there are several countries with both high inequality and low change readiness, such as Haiti, Madagascar, Papua New Guinea and Angola (Table 4). However, a number of nations higher up the overall rankings still score poorly on inclusiveness, including relatively well-governed states like Namibia, South Africa, Botswana and Rwanda (the last, which manages to achieve relatively robust change readiness despite being both low income and highly unequal).

Why does inequality matter?

Excessive inequality has negative consequences. In countries with higher inequality, a given rate of economic growth will not reduce poverty by the same margin as in nations with lower levels of inequality, but with similar economic growth rates.[10] Excessive inequality, particularly between different ethnic groups, can also lead to or exacerbate conflicts and reduce social cohesion, and is also associated with greater health problems.[11]

Table 4: Countries with the lowest inclusive growth scores

Country	Inclusiveness of growth score	Overall CRI rank
Namibia	0.175	53
Haiti	0.221	108
Guatemala	0.231	89
Honduras	0.243	91
South Africa	0.260	61
Botswana	0.283	58
Madagascar	0.296	119
Papua New Guinea	0.298	116
Rwanda	0.317	69
Angola	0.318	109

Source: KPMG International, 2015.

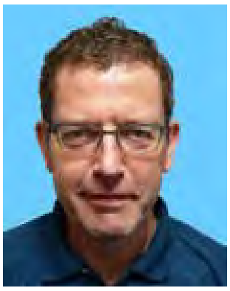
EQUALITY IS GOOD FOR CHANGE READINESS

It is difficult to distinguish cause from effect, but it seems that countries with low levels of inequality, which have high inclusive growth, will deliver higher levels of overall change readiness. Another interpretation is that highly change ready countries will work to promote equality and inclusive growth. Top CRI performers are high income countries, mostly with relatively sizeable programs to redistribute income to poorer groups, and effective health and education systems accessible by all or most citizens. Further down the scale, the relatively high CRI scores achieved by middle income and poor countries would have been even stronger if these nations had been more committed to addressing inequality. For those with extreme inequality and low change readiness, the promotion of inclusive growth can create assets and opportunities for the poor to redistribute income and wealth, all of which should raise change readiness for society as a whole.

[10] *Inequality and Poverty Re-examined,* Chapter 2, Ravallion, editors: Jenkins and Micklewright, Oxford, 2007.
[11] *Does income inequality cause health and social problems?* Karen Rowlingson, Joseph Rowntree Foundation, September 2011.

Guest **insight**

Are small states more change ready?



Max Everest-Phillips
Director of the United Nations Development Programme (UNDP), Global Centre for Public Service Excellence

Key takeaways

- Not one of the top 10 ranked countries has a population of more than 10 million.
- Small states are, on average, almost 40 percent richer than other countries.
- 'Smallness' can, however, be associated with disadvantages related to scale, patronage politics and capacity constraints.

Max Everest-Phillips shares his observations on the 2015 CRI. The Global Centre for Public Service Excellence co-hosted the Asian launch of the 2013 CRI, and Max noted then that most of the top 10 countries had small populations. In 2015, this is even more pronounced with every country in the top 10 having a small population. In the following article, Max explores the correlation, if any, between small countries and change readiness.

Despite being the world's second smallest state by population (and fourth smallest by geographical size), the Pacific island nation of Tuvalu has big ambitions. Its Constitution declares that: "the guiding principles of Tuvalu are agreement, courtesy and the search for consensus, in accordance with traditional Tuvaluan procedures, rather than alien ideas of confrontation and divisiveness."[12] Does such a country's very small population enable or constrain its change readiness capabilities?

The CRI rankings suggest that smallness (by population size) is a significant factor. Not one of the top 10 has a population of more than 10 million, despite the fact that the overall index is dominated by countries with larger populations. The median population of the world's 206 countries is seven million, yet just over one-quarter of countries currently listed in the CRI are below this median; i.e. have less than seven million citizens. Were the CRI to cover the full range of these smaller states, it seems highly probable that at least another eight small, high income countries[13] would be at least as change ready as those currently in the top 20 CRI rankings.

In addition, other small states are likely to have change readiness qualities well above that expected of their income level. For example, Antigua and Barbuda, Barbados and Samoa, despite relatively low per capita incomes, all rank significantly higher for political stability than the US, according to the World Bank's Worldwide Governance Indicators.[14]

Research supports the CRI findings on the benefits of smallness. Small states are, on average, almost 40 percent richer than other countries.[15] Moreover, the full benefits of smallness are underestimated in income data, according to a study: "The citizens of small states tend to enjoy above average levels of GNI per capita, as well as high levels of literacy, health and life expectancy. But they also enjoy what typically remains unmeasured: high stocks of social capital; family and community bonding; a disposition toward economies of scope and multi-functionality; vibrant democratic participation; a dynamic diaspora; political stability and relatively large public sectors which promote more egalitarian societies."[16]

[12] The Constitution of Tuvalu, 4. Interpretation of the Constitution, 25 July, 1978.
[13] Liechtenstein, Luxembourg, Monaco, San Marino, Brunei, Iceland, Kuwait and Andorra.
[14] *Worldwide Governance Indicators,* World Bank, 2014.
[15] *Small States, Small Problems? Income, Growth and Volatility in Small States,* World Development 28: 2013-2027, Easterly, W. and A. Kraay, 2000.
[16] *Remote Control: Geography, Governance, and Development: Challenges Facing the Small, Insular and Remote,* Baldacchino, G., R. Greenwood and L. Felt. 2009.

Data on smaller states are, however, limited and relatively poor, making it difficult to draw firm conclusions. The World Bank and International Monetary Fund (IMF) exclude some of the smallest states from data and analysis, and a number are not covered by the United Nations Human Development Index.[17] More research on the topic would certainly be helpful.

Size matters but …

Clearly, not all small states are well run and change ready. Bad governance abounds in some countries with small populations. For example, civil war occurred in the Solomon Islands in 1999, and in Sierra Leone between 1991 and 2002; coups d'état were mounted in Gambia in 1994, in Fiji in 2006, and there was a failed coup in Vanuatu in 1996. A quick look at the 10 smallest countries in the CRI by population shows a wide variance in rankings, from Qatar in seventh place to Timor-Leste in 113th (Table 5).

Indeed, smallness may in some cases restrict change readiness for various reasons, including:

1. **Scale:** the smallest countries have the biggest relative size of government (which is inefficient) and may struggle to afford some types of services because of a lack of scale.
2. **Patronage politics:** the 'village' nature of small states often exaggerates the 'personalization' of politics, and small economies dominated by government can foster monopolies, resulting in corrupt politics.
3. **Capacity constraints:** small states may lack governing capacity, with limited human capital and financial resources, causing significant administration problems.[18]

Table 5: Variable rankings of 10 smallest countries by size in the CRI

Country	Population	CRI rank
Tonga	105,323	71
Cape Verde	498,897	51
Bhutan	753,947	76
Fiji	881,065	52
Timor-Leste	1,178,252	113
Gambia	1,849,285	111
Botswana	2,021,144	58
Macedonia	2,107,158	49
Qatar	2,168,673	7
Namibia	2,303,315	53

Source: KPMG International in collaboration with UNDP, 2015.

"Not all small states are well run and change ready. Bad governance abounds in some countries with small populations."

[17] E.g. Antigua and Barbuda, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia, St Vincent and the Grenadines, Seychelles, Kiribati, Nauru, Samoa, Tuvalu and Vanuatu.
[18] Maldives Democratic Reform Watch, http://maldivesreformwatch.tripod.com/id41.html, accessed 10 April 2015.

Table 6: Governance dimension affecting change readiness
Potential positive and negative impacts of smallness

		Positive impacts	Negative impacts
Governance dimensions	**Sense of common national purpose**	Easier co-ordination (on unitary island)	Limited institutional capacity to overcome social/ethno-linguistic divides; little co-ordination across scattered islands
	State legitimacy	No 'irrational' colonial borders; too small to be contested	Stronger pressures for conformity to collective norms
	Citizen participation	Highly democratic, closest to citizen	Power inequalities more exaggerated
	Security and order	Easier territorial control, more voluntary compliance, less coercion	Informality facilitates more infringement of civil liberties and intimidation
	Leadership	Impact immediate and significant	Quickly distorting as not enough checks and balances
	Political commitment	Party system less significant; greater freedom of opinion	Highly personalized; constantly revolving governments undermine long-term planning
	Effective public authority	Small enough to personalize	Too small to have independent media or civil society, so weak accountability oversight
	Public administration	Highly motivated by proximity to problems; highly versatile and flexible	Low skills; low morale; recruitment and promotion by social connections
	Public services	Highly responsive	Inadequate: high fixed costs/small scale
	'Exaggerated personalism'	Public service responsive to ministers and senior public officials	Corruption, favoritism and patronage flourish

Source: KPMG International, 2015.

THE MOST CHANGE READY COUNTRIES APPEAR TO BE SMALL

(but equally, many small countries are not resilient to change)

Countries with small populations do appear, on average, to be better governed than larger countries.[19] It is a fine balance: smallness can create strong social cohesion, yet may cause unwillingness, or inability to take difficult, unpopular decisions. Small countries can also suffer deep political fragmentation, creating bitter ethno-linguistic divides and partisan politics, accompanied by widespread corruption.

[19] *Governance and Small States*, Bank of Valletta Review 40: pp. 53-9, Curmi, L. 2009.

Conclusion

As Jan Mattsson observes in the foreword, the global economy is at a pivotal point, with the UN's Sustainable Development Goals followed later in 2015 by climate change negotiations, all of which place a major focus on inequity, poverty and sustainable economic growth. The CRI is a vital tool in the quest to improve the condition of nations and their peoples, enabling key stakeholders to assess, in great depth, the comparative strengths and weaknesses of countries.

The index is about far more than overall rankings. By drilling down through the three pillars (enterprise capability, government capability and people & civil society capability) and sub-pillars, users can make highly insightful comparisons between groups of countries with similar levels of income, geographies, resources and other characteristics. These assessments can help explain why some nations perform better than others and how to close the gap.

The real power of the CRI lies not within these pages, but in the vast data banks on the 127 countries, which enable multiple cross-index observations across all the pillars and sub-pillars tailored to the unique needs of each nation. As governments and businesses compete for investment and resources on a global stage, and cope with population growth, climate change, urbanization and resource scarcity, such detailed understanding could help break down barriers to growth and development and ensure better preparedness for change.

Of course, the headline findings make interesting reading, such as common characteristics of high- or low-performing countries, the resource curse phenomenon, the importance of inclusiveness and the impact of 'smallness.' However, change readiness is very complex, and governments, private investors and NGOs can use the index to go far beyond generalized conclusions, to unravel this complexity and, ultimately, make more informed decisions.

Next **steps**

The CRI can be practically used in a variety of ways. KPMG can help you delve deeper into the index, leveraging its wealth of underlying data, to achieve your specific organizational objectives.

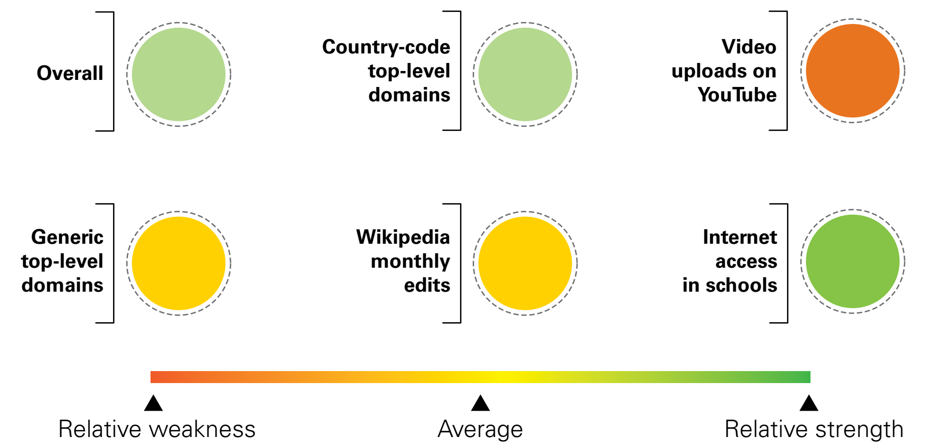
If you're a government agency

- Examine areas of high and low scoring for your country, and identify the characteristics of high-scoring nations to get tips for best practice
- Study in more detail how your peers coped with shocks such as environmental disasters, and consider your own level of preparation
- Understand and emphasize your relative strengths/weaknesses when attempting to attract investors and development organizations, e.g.
  - Chile could promote its strong government and enterprise capability
  - Cambodia could highlight its open business environment
  - India could showcase its diverse economy

If you're a private investor

- Carry out more detailed risk assessments on target countries, using the CRI scores as a starting point, e.g.:
  - Perform an in-depth review of the Philippines (which currently scores highly on government capability), to determine whether, for example, its talent pool and infrastructure is sufficient to support a growing business
  - Assess Kenya's people & civil society capability in more detail to clarify how issues such as technology adoption could affect your business prospects (Figure 3)
- Review countries in which you already invest, where the CRI score gives cause for concern, or where you may already face challenges

Figure 3: In-depth analysis – Kenya
Technology use sub-index

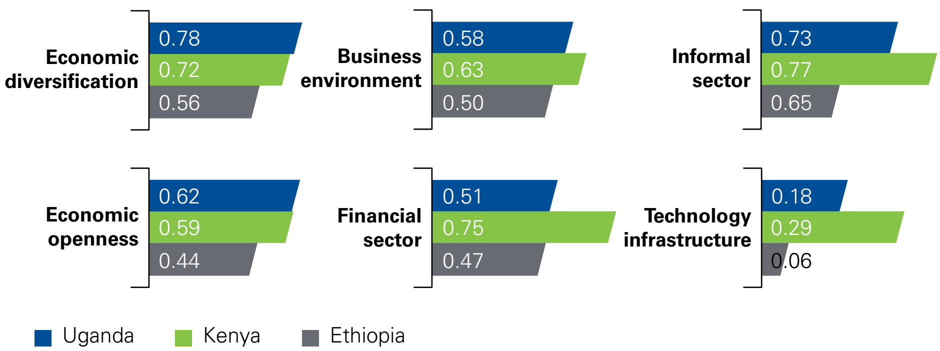


Source: KPMG International, 2015.

If you're a development agency or NGO

- Carry out more detailed risk assessments on target countries, using the CRI scores as a starting point, e.g.:
  - Screen candidates with low rankings in key pillars
  - Use the CRI online tool to analyze development assistance and official aid coming into your shortlisted countries
  - Evaluate the feasibility of working in countries, in terms of infrastructure, technology, culture, government support and security
  - Develop plans to address CRI weaknesses and build on CRI strengths by performing regional comparisons (Figure 4).

Figure 4: Regional comparisons
CRI percentages: Enterprise pillar – Select sub-indicators

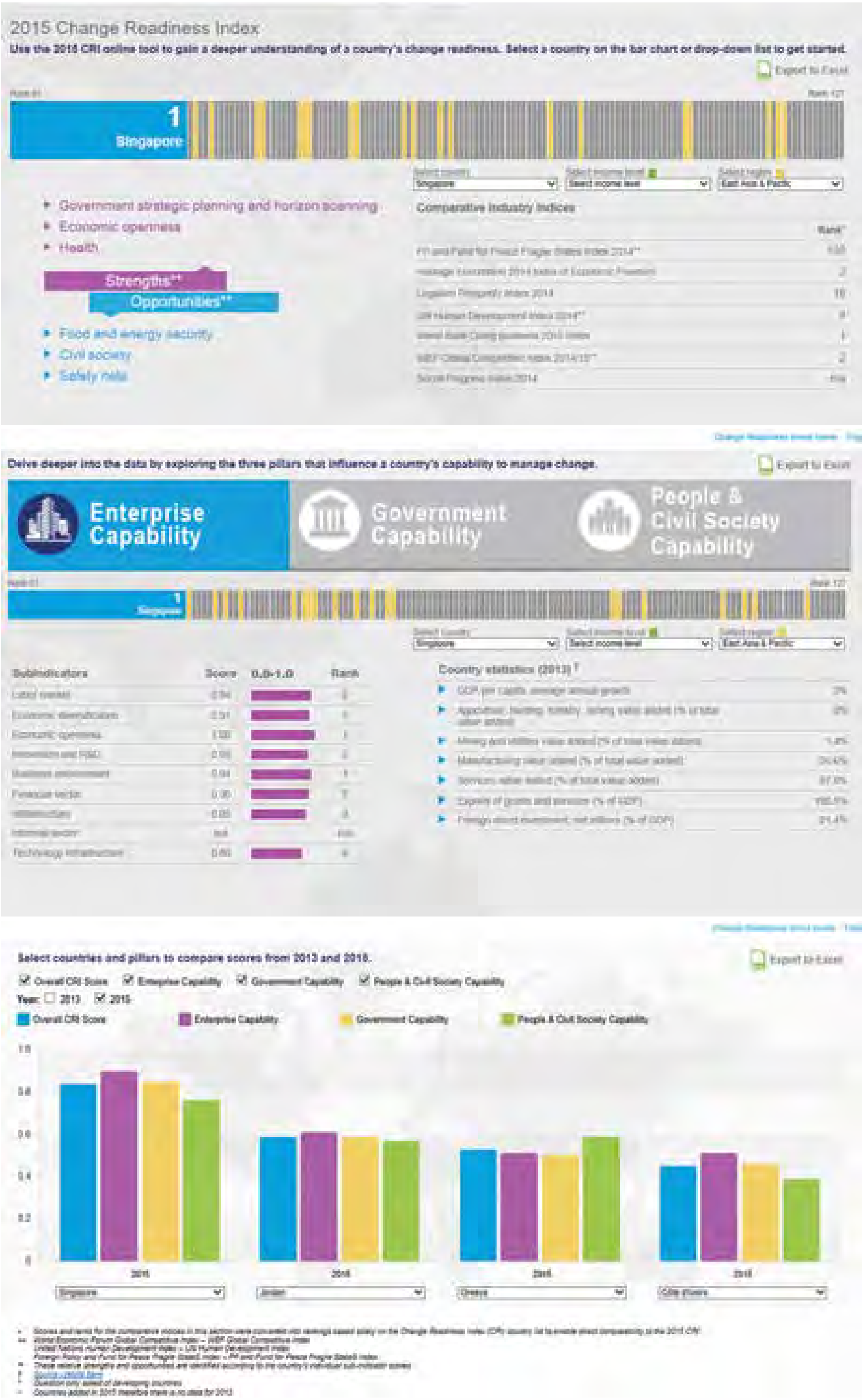


Source: KPMG International, 2015.

About **the online tool**

Find out more: go to kpmg.com/changereadiness to

- use our interactive comparison tool to contrast different countries, regions and income groups
- look at in-depth profiles for each of the 127 countries in the CRI
- find out more about how the scores are compiled
- create tailored CRI reports that you can export in a variety of formats.



Appendix 1

Measuring change readiness

The CRI measures a country's change readiness against three main categories ('pillars'):

1. **Enterprise capability:** the ability of private and state-owned organizations to manage change and grow within a dynamic economic environment

2. **Government capability:** the ability of governmental and public regulatory institutions to manage and influence change

3. **People & civil society capability:** the ability of individual citizens and wider society to cope with change and respond to opportunities.

Each pillar contains sub-indices based upon secondary data and primary survey responses.

For further details of the measures, the primary survey questions and secondary data and sources, go to kpmg.com/changereadiness-methodology

Pillar 1 Enterprise capability

The total score is a combination of the scores for the following sub-indices:

1.1 Labor markets: a flexible labor market enables enterprises to respond to new opportunities and increases productivity. Flexibility is impacted by hiring and firing practices, labor-employer relations, organized labor power and performance-related rewards.

1.2 Economic diversification: economically diverse countries have broader sources of income, respond faster to changing global demand and cope better with sector-specific shocks or structural changes. Diversification also brings new industries and technologies.

1.3 Economic openness: an open economy has higher imports and exports, limited trade barriers, lower export costs and significant foreign ownership of enterprises. Increased competition stimulates the domestic market, leading to innovation and new industries.

1.4 Innovation, research and development (R&D): innovation helps economies better utilize resources, develop new products and services and build strong industries. Indicators include researchers per capita, R&D spend share of GDP and university-industry R&D collaboration.

1.5 Business environment: a strong business environment encourages investment in new ventures and enhances enterprises' ability to respond to changing market conditions. Indicators include ease of starting a business, degree of government regulation, property and contract laws, taxation, investor protection and anti-monopoly policy.

1.6 Financial sector: a sound financial infrastructure ensures stable, efficient funding to enterprises and entrepreneurs, helping them exploit opportunities and manage cash flow shortfalls. Measures include availability of financial services and venture capital and domestic bank credit share of GDP.

1.7 Transport & utilities infrastructure: good infrastructure enhances internal and external trade, lowers production costs, and speeds up response to natural disasters. Key elements are roads, air, rail, ports, power and broadband coverage.

1.8 Informal sector: this applies only to developing countries, and measures how quickly and effectively the informal sector is integrated into the formal economy. Formal enterprises have greater change readiness due to better access to finance, technology and global markets.

1.9 Technology infrastructure: a strong technology infrastructure enhances national competitiveness by giving businesses the tools to innovate, increase productivity and improve efficiency.

Pillar 2 Government capability

The total score is a combination of the scores for the following sub-indices:

2.1 Macroeconomic framework: strong macroeconomic management provides a stable and predictable environment and minimizes risks of currency fluctuations and inflation. Countries with sound macroeconomic records have better credit ratings and access to international private and development finance and assistance.

2.2 Public administration and state business relations: an effective government bureaucracy manages change better and supports business with enterprise-friendly policies, with minimal political interference and corruption.

2.3 Regulation: a positive regulatory policy ensures regulations are in the public interest and supports economic development by positively shaping the relationship between government, enterprise and citizens, with good governance.

2.4 Fiscal and budgeting: good fiscal and budget management stimulates effective government spending and macroeconomic stability, enabling countries to stabilize after a global economic downturn, commodity price fall or a natural disaster. Indicators include government average budget balance and debt stock share of GDP.

2.5 Rule of law: countries with stronger legal systems and rules of law are more attractive to investors, with greater protection for enterprises and citizens and more accountable governments. One key measure is the business cost of crime and terrorism.

2.6 Government strategic planning and horizon scanning: this factor reflects how government identifies and reacts to change readiness opportunities and threats, including exercises such as horizon scanning.

2.7 Environment and sustainability: the way in which government monitors, manages and responds to environmental risks and opportunities will impact enterprises and citizens.

2.8 Food and energy security: without clear policies in place, countries will be unable to respond to shocks or manage change.

2.9 Land rights: access and rights to land impact the ability of entrepreneurs and enterprises to conduct their businesses, provide gender and generational-transfer stability and can influence foreign investors' choice of location.

2.10 Security: by protecting infrastructure, enterprises and citizens from crime and terrorism, countries can create an environment conducive for economic development and talent retention and better attract domestic and foreign investment.

Pillar 3 People & civil society capability

The total score is a combination of the scores for the following sub-indices:

3.1 Human capital: an educated, skilled workforce helps countries adapt to change and compete globally. Measures include adult literacy, university enrollment rates, quality of institutions and workforce training.

3.2 Entrepreneurship: entrepreneurial attitudes, capabilities and support mechanisms (such as policy incentives) have a big influence on countries' ability to respond to opportunities and shocks.

3.3 Civil society: domestic institutions that build social cohesion and fill gaps in public services help countries manage shocks and change. NGOs and professional associations promote sustained growth. Indicators include political stability and freedom of expression.

3.4 Safety nets: government social safety nets, official development assistance and foreign worker remittances aid cohesion and economic growth and help countries respond to shocks.

3.5 Technology use: the ability to adopt innovative, new technologies, including social media, can bring competitive advantage. Measures include internet access in schools and website domain numbers.

3.6 Gender: countries grow more slowly when women are under-educated and do not participate fully in the paid labor force. Laws and customs determine gender equality.

3.7 Inclusiveness of growth: inequality slows growth and impairs countries' ability to change. Indicators include the Gini coefficient, which represents the income distribution of a nation's residents, and the Fragile States Index for uneven economic development.

3.8 Demographics: countries with large, educated, fast-growing working age populations have the workforces to adapt to new industries and generate wealth to support the young, old and infirm.

3.9 Access to information: information and communications increase accountability, raise awareness of issues, and enable speedy responses to natural disasters and economic shocks. Indicators of access include press freedom and high internet and phone usage.

3.10 Health: better health incentivizes governments to invest in education, encourages individuals to save and produces a more productive workforce. Key measures include life expectancy at birth and infant mortality rate.

Appendix 2
Methodology

Country selection

The CRI now covers 127 countries divided into four income levels. Countries included in this index were selected based on our ability to obtain sufficient or comparable primary and secondary data; a factor that has enabled additional low income countries to feature in this CRI.[20]

Scoring methodology

The 2015 CRI is structured around three pillars (enterprise capability, government capability and people & civil society capability), with sub-indices for each pillar, and primary survey question responses and secondary data variables feeding each sub-index score. The composite/overall change readiness score is calculated by weighting standardized pillar scores, which are derived from weighted standardized sub-index scores. Sub-index scores are derived from standardized primary survey question responses and secondary data, with equal weighting given per variable, whether it is a primary survey question or secondary data indicator.

In addition to the secondary data, between October 2014 and January 2015 the researchers at Oxford Economics conducted a survey of 1,270 country experts, with 22 survey questions, with 10 experts per country.

Secondary data sources

More than 120 secondary data variables were used to calculate the 2015 CRI. A list of selected secondary data sources is below (Table 7).

Table 7: Selected secondary data sources

Economist Intelligence Unit
Legatum Institute
International Labour Organization
International Monetary Fund
Oxford Economics
United Nations Conference on Trade and Development
United Nations Development Programme
World Bank
World Economic Forum

A detailed listing of the CRI survey questions, secondary sources and data used to develop these indices can be found online at kpmg.com/changereadiness-methodology

[20] Some secondary data has been estimated where gaps existed

Appendix 3

Additional rankings tables

2015 Change Readiness Index scores and 2013 Change Readiness Index scores

Overall 2015 CRI rank	Country	Overall CRI score 2015	Overall CRI score 2013	Enterprise capability score 2015	Enterprise capability score 2013	Government capability score 2015	Government capability score 2013	People & civil society capability score 2015	People & civil society capability score 2013
1	Singapore	0.838 ↑	0.823	0.904 ↑	0.894	0.854 ↑	0.842	0.757 ↑	0.735
2	Switzerland*	0.818 –	–	0.843 –	–	0.805 –	–	0.806 –	–
3	Hong Kong*	0.804 –	–	0.860 –	–	0.792 –	–	0.760 –	–
4	Norway*	0.794 –	–	0.723 –	–	0.834 –	–	0.825 –	–
5	United Arab Emirates*	0.787 –	–	0.818 –	–	0.837 –	–	0.706 –	–
6	New Zealand	0.771 ↑	0.736	0.765 ↑	0.691	0.778 ↑	0.753	0.769 ↑	0.764
7	Qatar	0.771 ↑	0.742	0.794 ↑	0.753	0.834 ↑	0.795	0.685 ↑	0.679
8	Denmark*	0.769 –	–	0.767 –	–	0.748 –	–	0.793 –	–
9	Sweden	0.768 ↓	0.783	0.740 ↑	0.713	0.769 ↓	0.838	0.795 ↓	0.798
10	Finland*	0.768 –	–	0.755 –	–	0.779 –	–	0.769 –	–
11	Netherlands*	0.755 –	–	0.740 –	–	0.739 –	–	0.788 –	–
12	Germany	0.744 ↑	0.728	0.747 ↑	0.691	0.749 ↓	0.768	0.736 ↑	0.724
13	United Kingdom	0.732 ↑	0.690	0.762 ↑	0.685	0.687 ↑	0.650	0.748 ↑	0.736
14	Canada*	0.730 –	–	0.703 –	–	0.722 –	–	0.765 –	–
15	Japan	0.725 ↑	0.704	0.759 ↑	0.724	0.710 ↑	0.703	0.706 ↑	0.687
16	Australia	0.720 ↑	0.702	0.673 ↑	0.651	0.720 ↑	0.703	0.768 ↑	0.750
17	Austria*	0.716 –	–	0.702 –	–	0.725 –	–	0.720 –	–
18	Belgium*	0.702 –	–	0.704 –	–	0.671 –	–	0.731 –	–
19	Chile	0.688 ↑	0.682	0.689 ↑	0.651	0.723 ↓	0.757	0.651 ↑	0.637
20	United States	0.687 ↑	0.674	0.729 ↑	0.681	0.610 ↓	0.619	0.723 ↑	0.723
21	Israel	0.682 ↓	0.705	0.728 ↓	0.733	0.602 ↓	0.665	0.717 ↑	0.716
22	Saudi Arabia	0.682 ↓	0.702	0.707 ↓	0.710	0.741 ↓	0.783	0.599 ↓	0.614
23	Taiwan	0.657 ↓	0.668	0.694 ↑	0.664	0.642 ↓	0.651	0.635 ↓	0.691
24	Malaysia	0.653 ↑	0.587	0.743 ↑	0.653	0.612 ↑	0.545	0.605 ↑	0.562
25	South Korea	0.649 ↓	0.658	0.661 ↑	0.636	0.610 ↓	0.658	0.676 ↓	0.681
26	France	0.623 ↑	0.619	0.623 ↑	0.576	0.565 ↓	0.620	0.680 ↑	0.659
27	Portugal	0.621 ↑	0.579	0.640 ↑	0.567	0.573 ↑	0.534	0.650 ↑	0.635
28	Czech Republic*	0.620 –	–	0.649 –	–	0.599 –	–	0.612 –	–
29	Hungary*	0.615 –	–	0.639 –	–	0.585 –	–	0.621 –	–
30	Slovakia*	0.614 –	–	0.616 –	–	0.603 –	–	0.624 –	–
31	Kazakhstan	0.611 ↑	0.589	0.592 ↑	0.557	0.642 ↑	0.630	0.600 ↑	0.580
32	Poland	0.609 ↑	0.585	0.594 ↑	0.549	0.613 ↑	0.573	0.621 ↓	0.633
33	Philippines	0.609 ↑	0.597	0.627 ↑	0.577	0.613 ↓	0.638	0.585 ↑	0.575
34	Thailand	0.603 ↓	0.607	0.672 ↑	0.661	0.578 ↓	0.606	0.560 ↑	0.554
35	Spain	0.603 ↑	0.588	0.597 ↑	0.559	0.550 ↑	0.547	0.662 ↑	0.659
36	Lithuania	0.598 ↓	0.605	0.592 ↑	0.579	0.567 ↓	0.597	0.635 ↓	0.639

* Countries that are new to the 2015 CRI

Overall 2015 CRI rank	Country	Overall CRI score 2015	Overall CRI score 2013	Enterprise capability score 2015	Enterprise capability score 2013	Government capability score 2015	Government capability score 2013	People & civil society capability score 2015	People & civil society capability score 2013
37	Jordan	0.593 ↑	0.565	0.612 ↑	0.563	0.594 ↑	0.570	0.572 ↑	0.561
38	Costa Rica	0.590 ↑	0.532	0.540 ↑	0.453	0.605 ↑	0.541	0.627 ↑	0.603
39	Turkey	0.573 ↑	0.544	0.624 ↑	0.609	0.562 ↑	0.534	0.533 ↑	0.487
40	Uruguay	0.570 ↓	0.588	0.521 ↑	0.497	0.574 ↓	0.630	0.615 ↓	0.636
41	Peru	0.567 ↑	0.557	0.605 ↑	0.569	0.553 ↓	0.574	0.542 ↑	0.527
42	Mexico	0.565 ↓	0.567	0.554 ↑	0.536	0.580 ↓	0.609	0.560 ↑	0.556
43	Indonesia	0.564 ↑	0.523	0.602 ↑	0.568	0.538 ↑	0.491	0.550 ↑	0.510
44	Panama	0.561 ↓	0.589	0.602 ↓	0.604	0.516 ↓	0.588	0.567 ↓	0.575
45	China	0.560 ↓	0.569	0.600 ↓	0.624	0.561 ↓	0.574	0.519 ↑	0.509
46	Colombia	0.559 ↓	0.573	0.586 ↑	0.535	0.546 ↓	0.637	0.544 ↓	0.548
47	Bulgaria*	0.552 –	–	0.601 –	–	0.526 –	–	0.530 –	–
48	Serbia*	0.551 –	–	0.550 –	–	0.543 –	–	0.559 –	–
49	Macedonia	0.549 ↑	0.513	0.567 ↑	0.507	0.548 ↑	0.497	0.530 ↓	0.536
50	Cambodia	0.548 ↓	0.580	0.612 ↓	0.625	0.548 ↓	0.619	0.485 ↓	0.495
51	Cape Verde*	0.541 –	–	0.531 –	–	0.569 –	–	0.523 –	–
52	Fiji*	0.540 –	–	0.599 –	–	0.510 –	–	0.511 –	–
53	Namibia	0.536 ↓	0.542	0.576 ↑	0.528	0.567 ↓	0.605	0.467 ↓	0.494
54	El Salvador*	0.536 –	–	0.574 –	–	0.500 –	–	0.535 –	–
55	Greece	0.533 ↑	0.495	0.510 ↑	0.418	0.502 ↑	0.477	0.587 ↓	0.590
56	Morocco	0.532 ↑	0.518	0.593 ↑	0.574	0.535 ↑	0.534	0.467 ↑	0.447
57	Azerbaijan*	0.531 –	–	0.522 –	–	0.590 –	–	0.481 –	–
58	Botswana	0.531 ↓	0.538	0.539 ↑	0.501	0.584 ↓	0.612	0.470 ↓	0.500
59	Brazil	0.525 ↑	0.511	0.536 ↑	0.480	0.532 ↓	0.537	0.506 ↓	0.516
60	Ecuador	0.519 ↑	0.498	0.528 ↑	0.486	0.511 ↓	0.512	0.517 ↑	0.496
61	South Africa	0.518 ↑	0.487	0.536 ↑	0.516	0.539 ↑	0.491	0.478 ↑	0.454
62	Sri Lanka	0.517 ↑	0.487	0.565 ↑	0.512	0.509 ↑	0.501	0.479 ↑	0.447
63	Russia	0.516 ↑	0.445	0.548 ↑	0.427	0.475 ↑	0.420	0.523 ↑	0.489
64	Tunisia	0.514 ↓	0.519	0.511 ↑	0.510	0.502 ↓	0.528	0.528 ↑	0.518
65	Kenya	0.511 ↓	0.529	0.589 ↓	0.609	0.444 ↓	0.485	0.500 ↑	0.493
66	Italy	0.511 ↑	0.479	0.507 ↑	0.413	0.440 ↑	0.436	0.586 ↑	0.587
67	India	0.510 ↑	0.442	0.568 ↑	0.500	0.508 ↑	0.441	0.455 ↑	0.384
68	Ghana	0.509 ↓	0.531	0.513 ↓	0.522	0.522 ↓	0.566	0.493 ↓	0.504
69	Rwanda	0.504 ↑	0.467	0.487 ↑	0.467	0.586 ↑	0.538	0.440 ↑	0.396
70	Dominican Republic	0.501 ↑	0.482	0.536 ↑	0.503	0.462 ↑	0.444	0.503 ↑	0.500
71	Tonga*	0.500 –	–	0.480 –	–	0.498 –	–	0.522 –	–
72	Kyrgyzstan*	0.499 –	–	0.526 –	–	0.459 –	–	0.511 –	–
73	Zambia	0.498 ↑	0.483	0.498 ↓	0.504	0.532 ↑	0.514	0.463 ↑	0.430
74	Uganda	0.491 ↑	0.473	0.516 ↓	0.525	0.492 ↑	0.455	0.466 ↑	0.438
75	Georgia*	0.486 –	–	0.475 –	–	0.512 –	–	0.470 –	–
76	Bhutan*	0.485 –	–	0.454 –	–	0.553 –	–	0.447 –	–
77	Mongolia	0.485 ↑	0.458	0.386 ↑	0.361	0.527 ↑	0.498	0.541 ↑	0.513
78	Tanzania	0.482 ↓	0.510	0.461 ↓	0.490	0.515 ↓	0.545	0.471 ↓	0.494
79	Romania	0.480 ↑	0.447	0.491 ↑	0.420	0.443 ↑	0.408	0.506 ↓	0.512
80	Mozambique	0.478 ↑	0.463	0.505 ↑	0.487	0.509 ↑	0.504	0.420 ↑	0.398
81	Senegal	0.473 ↑	0.443	0.467 ↑	0.440	0.461 ↑	0.418	0.492 ↑	0.472
82	Jamaica	0.472 ↑	0.423	0.513 ↑	0.399	0.403 ↑	0.351	0.499 ↓	0.519

* Countries that are new to the 2015 CRI

Overall 2015 CRI rank	Country	Overall CRI score 2015	Overall CRI score 2013	Enterprise capability score 2015	Enterprise capability score 2013	Government capability score 2015	Government capability score 2013	People & civil society capability score 2015	People & civil society capability score 2013
83	Egypt	0.469 ↑	0.445	0.510 ↑	0.498	0.434 ↑	0.420	0.463 ↑	0.415
84	Paraguay	0.457 ↑	0.419	0.458 ↑	0.409	0.462 ↑	0.405	0.449 ↑	0.442
85	Algeria	0.455 ↑	0.386	0.444 ↑	0.337	0.506 ↑	0.427	0.415 ↑	0.392
86	Bangladesh	0.453 ↓	0.464	0.487 →	0.487	0.438 ↓	0.477	0.434 ↑	0.428
87	Côte d'Ivoire	0.452 ↑	0.451	0.510 ↓	0.514	0.456 ↓	0.482	0.391 ↑	0.357
88	Argentina	0.452 ↑	0.418	0.424 ↑	0.360	0.399 ↑	0.353	0.531 ↓	0.542
89	Guatemala	0.449 ↓	0.458	0.487 ↓	0.493	0.427 ↓	0.428	0.432 ↓	0.451
90	Nigeria	0.446 ↑	0.439	0.514 ↑	0.477	0.432 ↓	0.464	0.391 ↑	0.375
91	Honduras	0.444 ↑	0.422	0.477 ↑	0.426	0.408 ↑	0.398	0.449 ↑	0.441
92	Cameroon	0.435 ↑	0.419	0.448 ↓	0.452	0.476 ↑	0.461	0.383 ↑	0.343
93	Benin*	0.435 –	–	0.468 –	–	0.444 –	–	0.394 –	–
94	Pakistan	0.433 ↑	0.427	0.543 ↑	0.536	0.357 ↓	0.362	0.401 ↑	0.383
95	Ethiopia	0.432 ↑	0.398	0.427 ↑	0.414	0.490 ↑	0.460	0.381 ↑	0.319
96	Libya	0.430 –	–	0.444 –	–	0.406 –	–	0.440 –	–
97	Myanmar	0.429 ↓	0.468	0.482 ↓	0.523	0.408 ↓	0.459	0.398 ↓	0.423
98	Vietnam	0.429 ↑	0.411	0.465 ↑	0.421	0.394 ↑	0.376	0.427 ↓	0.437
99	Bosnia & Herzegovina	0.427 ↓	0.458	0.434 ↓	0.445	0.397 ↓	0.426	0.451 ↓	0.504
100	Nicaragua	0.426 ↑	0.422	0.434 ↑	0.424	0.415 ↓	0.417	0.431 ↑	0.426
101	Ukraine	0.422 ↓	0.433	0.442 ↓	0.454	0.345 ↓	0.346	0.480 ↓	0.497
102	Sierra Leone	0.416 ↑	0.410	0.458 ↓	0.473	0.419 ↑	0.405	0.371 ↑	0.353
103	Nepal	0.393 ↑	0.373	0.353 ↑	0.281	0.374 ↓	0.399	0.451 ↑	0.441
104	South Sudan	0.393 ↑	0.352	0.386 ↓	0.415	0.404 ↑	0.286	0.388 ↑	0.356
105	Zimbabwe	0.389 ↑	0.358	0.372 ↑	0.365	0.421 ↑	0.360	0.376 ↑	0.349
106	Bolivia	0.389 ↑	0.366	0.347 ↑	0.320	0.400 ↑	0.362	0.421 ↑	0.416
107	Mali	0.389 ↑	0.370	0.397 ↑	0.375	0.378 ↓	0.386	0.392 ↑	0.348
108	Haiti	0.383 ↑	0.359	0.407 ↑	0.388	0.398 ↑	0.349	0.344 ↑	0.340
109	Angola*	0.379 –	–	0.365 –	–	0.434 –	–	0.338 –	–
110	Venezuela	0.379 ↑	0.340	0.315 ↑	0.237	0.342 ↑	0.303	0.479 ↓	0.481
111	Gambia*	0.377 –	–	0.354 –	–	0.419 –	–	0.358 –	–
112	Yemen	0.375 ↓	0.407	0.392 ↓	0.395	0.394 ↓	0.500	0.339 ↑	0.327
113	Timor–Leste	0.372 ↓	0.414	0.331 ↓	0.374	0.354 ↓	0.448	0.431 ↑	0.420
114	Sudan*	0.368 –	–	0.418 –	–	0.335 –	–	0.352 –	–
115	Lao PDR*	0.368 –	–	0.380 –	–	0.367 –	–	0.355 –	–
116	Papua New Guinea*	0.366 –	–	0.403 –	–	0.330 –	–	0.365 –	–
117	Congo, Dem Rep	0.356 ↑	0.325	0.376 ↑	0.347	0.371 ↑	0.323	0.321 ↑	0.306
118	Syria	0.355 ↓	0.462	0.390 ↓	0.509	0.341 ↓	0.477	0.334 ↓	0.401
119	Madagascar*	0.347 –	–	0.366 –	–	0.332 –	–	0.345 –	–
120	Burkina Faso*	0.345 –	–	0.332 –	–	0.370 –	–	0.332 –	–
121	Malawi*	0.319 –	–	0.328 –	–	0.306 –	–	0.323 –	–
122	Somalia	0.311 ↓	0.430	0.335 ↓	0.510	0.308 ↓	0.445	0.290 ↓	0.334
123	Mauritania*	0.309 –	–	0.301 –	–	0.326 –	–	0.301 –	–
124	Afghanistan	0.298 ↑	0.280	0.312 ↓	0.341	0.275 ↑	0.231	0.308 ↑	0.269
125	Burundi*	0.279 –	–	0.282 –	–	0.273 –	–	0.282 –	–
126	Guinea*	0.263 –	–	0.241 –	–	0.264 –	–	0.285 –	–
127	Chad*	0.235 –	–	0.202 –	–	0.255 –	–	0.247 –	–

* Countries that are new to the 2015 CRI

2015 Change Readiness Index rankings: Excluding high income countries

Overall CRI	Country	Geographic region	Enterprise capability	Government capability	People & civil society capability
23	Taiwan	East Asia and Pacific	22	22	26
24	Malaysia	East Asia and Pacific	12	25	34
29	Hungary*	Eastern Europe and Central Asia	29	35	30
31	Kazakhstan	Eastern Europe and Central Asia	46	21	35
33	Philippines	East Asia and Pacific	30	24	39
34	Thailand	East Asia and Pacific	25	38	43
37	Jordan	Middle East and North Africa	35	32	40
38	Costa Rica	Latin America and Caribbean	58	28	28
39	Turkey	Eastern Europe and Central Asia	31	45	50
41	Peru	Latin America and Caribbean	36	48	47
42	Mexico	Latin America and Caribbean	54	37	42
43	Indonesia	East Asia and Pacific	37	55	45
44	Panama	Latin America and Caribbean	38	62	41
45	China	East Asia and Pacific	40	46	58
46	Colombia	Latin America and Caribbean	48	52	46
47	Bulgaria*	Eastern Europe and Central Asia	39	60	53
48	Serbia*	Eastern Europe and Central Asia	55	53	44
49	Macedonia	Eastern Europe and Central Asia	52	50	52
50	Cambodia	East Asia and Pacific	34	51	69
51	Cape Verde*	Sub-Saharan Africa	63	41	56
52	Fiji*	East Asia and Pacific	41	66	60
53	Namibia	Sub-Saharan Africa	49	43	79
54	El Salvador*	Latin America and Caribbean	50	73	49
56	Morocco	Middle East and North Africa	44	56	78
57	Azerbaijan*	Eastern Europe and Central Asia	66	33	70
58	Botswana	Sub-Saharan Africa	59	36	77
59	Brazil	Latin America and Caribbean	61	57	63
60	Ecuador	Latin America and Caribbean	64	65	59
61	South Africa	Sub-Saharan Africa	62	54	74
62	Sri Lanka	South Asia	53	68	73
64	Tunisia	Middle East and North Africa	72	72	54
65	Kenya	Sub-Saharan Africa	47	84	65
67	India	South Asia	51	69	83
68	Ghana	Sub-Saharan Africa	71	61	67
69	Rwanda	Sub-Saharan Africa	82	34	89
70	Dominican Republic	Latin America and Caribbean	60	80	64
71	Tonga*	East Asia and Pacific	84	74	57
72	Kyrgyzstan*	Eastern Europe and Central Asia	65	82	61
73	Zambia	Sub-Saharan Africa	78	58	81
74	Uganda	Sub-Saharan Africa	68	75	80
75	Georgia*	Eastern Europe and Central Asia	86	64	76
76	Bhutan*	South Asia	93	47	88
77	Mongolia	East Asia and Pacific	108	59	48
78	Tanzania	Sub-Saharan Africa	90	63	75
79	Romania	Eastern Europe and Central Asia	79	86	62
80	Mozambique	Sub-Saharan Africa	77	67	97
81	Senegal	Sub-Saharan Africa	88	81	68

* Countries that are new to the 2015 CRI

Upper-middle income | Lower-middle income | Low income

Overall CRI	Country	Geographic region	Enterprise capability	Government capability	People & civil society capability
82	Jamaica	Latin America and Caribbean	70	101	66
83	Egypt	Middle East and North Africa	73	89	82
84	Paraguay	Latin America and Caribbean	92	79	86
85	Algeria	Middle East and North Africa	96	70	98
86	Bangladesh	South Asia	81	88	91
87	Côte d'Ivoire	Sub-Saharan Africa	74	83	103
88	Argentina	Latin America and Caribbean	101	103	51
89	Guatemala	Latin America and Caribbean	80	92	92
90	Nigeria	Sub-Saharan Africa	69	91	104
91	Honduras	Latin America and Caribbean	85	98	87
92	Cameroon	Sub-Saharan Africa	94	77	106
93	Benin*	Sub-Saharan Africa	87	85	101
94	Pakistan	South Asia	57	113	99
95	Ethiopia	Sub-Saharan Africa	100	76	107
96	Libya*	Middle East and North Africa	95	99	90
97	Myanmar	East Asia and Pacific	83	97	100
98	Vietnam	East Asia and Pacific	89	107	95
99	Bosnia & Herzegovina	Eastern Europe and Central Asia	98	105	85
100	Nicaragua	Latin America and Caribbean	99	96	94
101	Ukraine	Eastern Europe and Central Asia	97	115	71
102	Sierra Leone	Sub-Saharan Africa	91	95	109
103	Nepal	South Asia	116	109	84
104	South Sudan	Sub-Saharan Africa	109	100	105
105	Zimbabwe	Sub-Saharan Africa	112	93	108
106	Bolivia	Latin America and Caribbean	117	102	96
107	Mali	Sub-Saharan Africa	105	108	102
108	Haiti	Latin America and Caribbean	103	104	115
109	Angola*	Sub-Saharan Africa	114	90	117
110	Venezuela	Latin America and Caribbean	122	116	72
111	Gambia*	Sub-Saharan Africa	115	94	111
112	Yemen	Middle East and North Africa	106	106	116
113	Timor-Leste	East Asia and Pacific	120	114	93
114	Sudan*	Middle East and North Africa	102	118	113
115	Lao PDR*	East Asia and Pacific	110	112	112
116	Papua New Guinea*	East Asia and Pacific	104	120	110
117	Congo, Dem Rep	Sub-Saharan Africa	111	110	121
118	Syria	Middle East and North Africa	107	117	118
119	Madagascar*	Sub-Saharan Africa	113	119	114
120	Burkina Faso*	Sub-Saharan Africa	119	111	119
121	Malawi*	Sub-Saharan Africa	121	123	120
122	Somalia	Sub-Saharan Africa	118	122	124
123	Mauritania*	Sub-Saharan Africa	124	121	123
124	Afghanistan	South Asia	123	124	122
125	Burundi*	Sub-Saharan Africa	125	125	126
126	Guinea*	Sub-Saharan Africa	126	126	125
127	Chad*	Sub-Saharan Africa	127	127	127

* Countries that are new to the 2015 CRI

Upper-middle income   Lower-middle income   Low income

2015 Change Readiness Index rankings: East Asia and Pacific

Overall CRI	Country	Enterprise capability	Government capability	People & civil society capability
1	Singapore	1	1	11
3	Hong Kong*	2	6	10
6	New Zealand	7	8	7
15	Japan	9	18	18
16	Australia	24	17	8
23	Taiwan	22	22	26
24	Malaysia	12	25	34
25	South Korea	26	26	22
33	Philippines	30	24	39
34	Thailand	25	38	43
43	Indonesia	37	55	45
45	China	40	46	58
50	Cambodia	34	51	69
52	Fiji*	41	66	60
71	Tonga*	84	74	57
77	Mongolia	108	59	48
97	Myanmar	83	97	100
98	Vietnam	89	107	95
113	Timor-Leste	120	114	93
115	Lao PDR*	110	112	112
116	Papua New Guinea*	104	120	110

* Countries that are new to the 2015 CRI

High income | Upper-middle income | Lower-middle income | Low income

2015 Change Readiness Index rankings: Eastern Europe and Central Asia

Overall CRI	Country	Enterprise capability	Government capability	People & civil society capability
28	Czech Republic*	27	31	33
29	Hungary*	29	35	30
30	Slovakia*	33	29	29
31	Kazakhstan	46	21	35
32	Poland	43	23	31
39	Turkey	31	45	50
47	Bulgaria*	39	60	53
48	Serbia*	55	53	44
49	Macedonia	52	50	52
57	Azerbaijan*	66	33	70
63	Russia	56	78	55
72	Kyrgyzstan*	65	82	61
75	Georgia*	86	64	76
79	Romania	79	86	62
99	Bosnia & Herzegovina	98	105	85
101	Ukraine	97	115	71

* Countries that are new to the 2015 CRI

High income | Upper-middle income | Lower-middle income | Low income

2015 Change Readiness Index rankings: Latin America and Caribbean

Overall CRI	Country	Enterprise capability	Government capability	People & civil society capability
19	Chile	23	15	24
38	Costa Rica	58	28	28
40	Uruguay	67	39	32
41	Peru	36	48	47
42	Mexico	54	37	42
44	Panama	38	62	41
46	Colombia	48	52	46
54	El Salvador*	50	73	49
59	Brazil	61	57	63
60	Ecuador	64	65	59
70	Dominican Republic	60	80	64
82	Jamaica	70	101	66
84	Paraguay	92	79	86
88	Argentina	101	103	51
89	Guatemala	80	92	92
91	Honduras	85	98	87
100	Nicaragua	99	96	94
106	Bolivia	117	102	96
108	Haiti	103	104	115
110	Venezuela	122	116	72

* Countries that are new to the 2015 CRI   High income   Upper-middle income   Lower-middle income   Low income

2015 Change Readiness Index rankings: Middle East and North Africa

Overall CRI	Country	Enterprise capability	Government capability	People & civil society capability
5	United Arab Emirates*	4	2	19
7	Qatar	5	4	20
21	Israel	16	30	17
22	Saudi Arabia	18	12	36
37	Jordan	35	32	40
56	Morocco	44	56	78
64	Tunisia	72	72	54
83	Egypt	73	89	82
85	Algeria	96	70	98
96	Libya*	95	99	90
112	Yemen	106	106	116
114	Sudan*	102	118	113
118	Syria	107	117	118

* Countries that are new to the 2015 CRI   High income   Upper-middle income   Lower-middle income

2015 Change Readiness Index rankings: North America

Overall CRI	Country	Enterprise capability	Government capability	People & civil society capability
14	Canada*	20	16	9
20	United States	15	27	15

* Countries that are new to the 2015 CRI

High income

2015 Change Readiness Index rankings: Northern, Southern and Western Europe

Overall CRI	Country	Enterprise capability	Government capability	People & civil society capability
2	Switzerland*	3	5	2
4	Norway*	17	3	1
8	Denmark*	6	11	4
9	Sweden	13	9	3
10	Finland*	10	7	6
11	Netherlands*	14	13	5
12	Germany	11	10	13
13	United Kingdom	8	19	12
17	Austria*	21	14	16
18	Belgium*	19	20	14
26	France	32	44	21
27	Portugal	28	40	25
35	Spain	42	49	23
36	Lithuania	45	42	27
55	Greece	75	71	37
66	Italy	76	87	38

* Countries that are new to the 2015 CRI

High income

2015 Change Readiness Index rankings: South Asia

Overall CRI	Country	Enterprise capability	Government capability	People & civil society capability
62	Sri Lanka	53	68	73
67	India	51	69	83
76	Bhutan*	93	47	88
86	Bangladesh	81	88	91
94	Pakistan	57	113	99
103	Nepal	116	109	84
124	Afghanistan	123	124	122

* Countries that are new to the 2015 CRI

Lower-middle income

Low income

2015 Change Readiness Index rankings: Sub-Saharan Africa

Overall CRI	Country	Enterprise capability	Government capability	People & civil society capability
51	Cape Verde*	63	41	56
53	Namibia	49	43	79
58	Botswana	59	36	77
61	South Africa	62	54	74
65	Kenya	47	84	65
68	Ghana	71	61	67
69	Rwanda	82	34	89
73	Zambia	78	58	81
74	Uganda	68	75	80
78	Tanzania	90	63	75
80	Mozambique	77	67	97
81	Senegal	88	81	68
87	Côte d'Ivoire	74	83	103
90	Nigeria	69	91	104
92	Cameroon	94	77	106
93	Benin*	87	85	101
95	Ethiopia	100	76	107
102	Sierra Leone	91	95	109
104	South Sudan	109	100	105
105	Zimbabwe	112	93	108
107	Mali	105	108	102
109	Angola*	114	90	117
111	Gambia*	115	94	111
117	Congo, Dem Rep	111	110	121
119	Madagascar*	113	119	114
120	Burkina Faso*	119	111	119
121	Malawi*	121	123	120
122	Somalia	118	122	124
123	Mauritania*	124	121	123
125	Burundi*	125	125	126
126	Guinea*	126	126	125
127	Chad*	127	127	127

* Countries that are new to the 2015 CRI

Upper-middle income | Lower-middle income | Low income

2015 Change Readiness Index rankings: High income countries

Overall CRI	Country	Geographic region	Enterprise capability	Government capability	People & civil society capability
1	Singapore	East Asia and Pacific	1	1	11
2	Switzerland*	Northern, Southern and Western Europe	3	5	2
3	Hong Kong*	East Asia and Pacific	2	6	10
4	Norway*	Northern, Southern and Western Europe	17	3	1
5	United Arab Emirates*	Middle East and North Africa	4	2	19
6	New Zealand	East Asia and Pacific	7	8	7
7	Qatar	Middle East and North Africa	5	4	20
8	Denmark*	Northern, Southern and Western Europe	6	11	4
9	Sweden	Northern, Southern and Western Europe	13	9	3
10	Finland*	Northern, Southern and Western Europe	10	7	6
11	Netherlands*	Northern, Southern and Western Europe	14	13	5
12	Germany	Northern, Southern and Western Europe	11	10	13
13	United Kingdom	Northern, Southern and Western Europe	8	19	12
14	Canada*	North America	20	16	9
15	Japan	East Asia and Pacific	9	18	18
16	Australia	East Asia and Pacific	24	17	8
17	Austria*	Northern, Southern and Western Europe	21	14	16
18	Belgium*	Northern, Southern and Western Europe	19	20	14
19	Chile	Latin America and Caribbean	23	15	24
20	United States	North America	15	27	15
21	Israel	Middle East and North Africa	16	30	17
22	Saudi Arabia	Middle East and North Africa	18	12	36
25	South Korea	East Asia and Pacific	26	26	22
26	France	Northern, Southern and Western Europe	32	44	21
27	Portugal	Northern, Southern and Western Europe	28	40	25
28	Czech Republic*	Eastern Europe and Central Asia	27	31	33
30	Slovakia*	Eastern Europe and Central Asia	33	29	29
32	Poland	Eastern Europe and Central Asia	43	23	31
35	Spain	Northern, Southern and Western Europe	42	49	23
36	Lithuania	Northern, Southern and Western Europe	45	42	27
40	Uruguay	Latin America and Caribbean	67	39	32
55	Greece	Northern, Southern and Western Europe	75	71	37
63	Russia	Eastern Europe and Central Asia	56	78	55
66	Italy	Northern, Southern and Western Europe	76	87	38

* Countries that are new to the 2015 CRI

High income

2015 Change Readiness Index rankings: Upper-middle income countries

Overall CRI	Country	Geographic region	Enterprise capability	Government capability	People & civil society capability
23	Taiwan	East Asia and Pacific	22	22	26
24	Malaysia	East Asia and Pacific	12	25	34
29	Hungary*	Eastern Europe and Central Asia	29	35	30
31	Kazakhstan	Eastern Europe and Central Asia	46	21	35
34	Thailand	East Asia and Pacific	25	38	43
37	Jordan	Middle East and North Africa	35	32	40
38	Costa Rica	Latin America and Caribbean	58	28	28
39	Turkey	Eastern Europe and Central Asia	31	45	50
41	Peru	Latin America and Caribbean	36	48	47
42	Mexico	Latin America and Caribbean	54	37	42
44	Panama	Latin America and Caribbean	38	62	41
45	China	East Asia and Pacific	40	46	58
46	Colombia	Latin America and Caribbean	48	52	46
47	Bulgaria*	Eastern Europe and Central Asia	39	60	53
48	Serbia*	Eastern Europe and Central Asia	55	53	44
49	Macedonia	Eastern Europe and Central Asia	52	50	52
52	Fiji*	East Asia and Pacific	41	66	60
53	Namibia	Sub-Saharan Africa	49	43	79
57	Azerbaijan*	Eastern Europe and Central Asia	66	33	70
58	Botswana	Sub-Saharan Africa	59	36	77
59	Brazil	Latin America and Caribbean	61	57	63
60	Ecuador	Latin America and Caribbean	64	65	59
61	South Africa	Sub-Saharan Africa	62	54	74
64	Tunisia	Middle East and North Africa	72	72	54
70	Dominican Republic	Latin America and Caribbean	60	80	64
71	Tonga*	East Asia and Pacific	84	74	57
79	Romania	Eastern Europe and Central Asia	79	86	62
82	Jamaica	Latin America and Caribbean	70	101	66
85	Algeria	Middle East and North Africa	96	70	98
88	Argentina	Latin America and Caribbean	101	103	51
96	Libya*	Middle East and North Africa	95	99	90
99	Bosnia & Herzegovina	Eastern Europe and Central Asia	98	105	85
109	Angola*	Sub-Saharan Africa	114	90	117
110	Venezuela	Latin America and Caribbean	122	116	72

* Countries that are new to the 2015 CRI

Upper-middle income

2015 Change Readiness Index rankings: Lower-middle income countries

Overall CRI	Country	Geographic region	Enterprise capability	Government capability	People & society capability
33	Philippines	East Asia and Pacific	30	24	39
43	Indonesia	East Asia and Pacific	37	55	45
51	Cape Verde*	Sub-Saharan Africa	63	41	56
54	El Salvador*	Latin America and Caribbean	50	73	49
56	Morocco	Middle East and North Africa	44	56	78
62	Sri Lanka	South Asia	53	68	73
67	India	South Asia	51	69	83
68	Ghana	Sub-Saharan Africa	71	61	67
72	Kyrgyzstan*	Eastern Europe and Central Asia	65	82	61
73	Zambia	Sub-Saharan Africa	78	58	81
75	Georgia*	Eastern Europe and Central Asia	86	64	76
76	Bhutan*	South Asia	93	47	88
77	Mongolia	East Asia and Pacific	108	59	48
81	Senegal	Sub-Saharan Africa	88	81	68
83	Egypt	Middle East and North Africa	73	89	82
84	Paraguay	Latin America and Caribbean	92	79	86
87	Côte d'Ivoire	Sub-Saharan Africa	74	83	103
89	Guatemala	Latin America and Caribbean	80	92	92
90	Nigeria	Sub-Saharan Africa	69	91	104
91	Honduras	Latin America and Caribbean	85	98	87
92	Cameroon	Sub-Saharan Africa	94	77	106
94	Pakistan	South Asia	57	113	99
98	Vietnam	East Asia and Pacific	89	107	95
100	Nicaragua	Latin America and Caribbean	99	96	94
101	Ukraine	Eastern Europe and Central Asia	97	115	71
104	South Sudan	Sub-Saharan Africa	109	100	105
106	Bolivia	Latin America and Caribbean	117	102	96
112	Yemen	Middle East and North Africa	106	106	116
113	Timor-Leste	East Asia and Pacific	120	114	93
114	Sudan*	Middle East and North Africa	102	118	113
115	Lao PDR*	East Asia and Pacific	110	112	112
116	Papua New Guinea*	East Asia and Pacific	104	120	110
118	Syria	Middle East and North Africa	107	117	118
123	Mauritania*	Sub-Saharan Africa	124	121	123

* Countries that are new to the 2015 CRI

Lower-middle income

2015 Change Readiness Index rankings: Low income countries

Rank	Country	Geographic region	Enterprise capability	Government capability	People & civil society capability
50	Cambodia	East Asia and Pacific	34	51	69
65	Kenya	Sub-Saharan Africa	47	84	65
69	Rwanda	Sub-Saharan Africa	82	34	89
74	Uganda	Sub-Saharan Africa	68	75	80
78	Tanzania	Sub-Saharan Africa	90	63	75
80	Mozambique	Sub-Saharan Africa	77	67	97
86	Bangladesh	South Asia	81	88	91
93	Benin*	Sub-Saharan Africa	87	85	101
95	Ethiopia	Sub-Saharan Africa	100	76	107
97	Myanmar	East Asia and Pacific	83	97	100
102	Sierra Leone	Sub-Saharan Africa	91	95	109
103	Nepal	South Asia	116	109	84
105	Zimbabwe	Sub-Saharan Africa	112	93	108
107	Mali	Sub-Saharan Africa	105	108	102
108	Haiti	Latin America and Caribbean	103	104	115
111	Gambia*	Sub-Saharan Africa	115	94	111
117	Congo, Dem Rep	Sub-Saharan Africa	111	110	121
119	Madagascar*	Sub-Saharan Africa	113	119	114
120	Burkina Faso*	Sub-Saharan Africa	119	111	119
121	Malawi*	Sub-Saharan Africa	121	123	120
122	Somalia	Sub-Saharan Africa	118	122	124
124	Afghanistan	South Asia	123	124	122
125	Burundi*	Sub-Saharan Africa	125	125	126
126	Guinea*	Sub-Saharan Africa	126	126	125
127	Chad*	Sub-Saharan Africa	127	127	127

* Countries that are new to the 2015 CRI

Low income

How KPMG can help you

KPMG International operates as a network of member firms offering audit, tax and advisory services. We work closely with our clients, helping them to mitigate risks and grasp opportunities.

KPMG's International Development Assistance Services (IDAS) professionals are on the front lines of the developing world. We work closely with emerging market stakeholders – government, civil society and private sector – to create sustainable change for the benefit of citizens.

Our people have experience with government, NGOs and private enterprise, across multiple sectors. We can work with you to better understand the opportunities and risks presented by different regions and countries, and formulate entry and exit strategies, or, in the case of government agencies, to improve change readiness.

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