



Regional Report  
Asia and Oceania

## Between Regression and Resilience

by Aurel Croissant and Christoph Trinn

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# Regional Report Asia and Oceania

## Between Regression and Resilience

by Aurel Croissant and Christoph Trinn\*

Overview of the transformation processes in Afghanistan, Bangladesh, Bhutan, Cambodia, China, India, Indonesia, Laos, Malaysia, Myanmar, Nepal, North Korea, Pakistan, Papua New Guinea, Philippines, Singapore, Sri Lanka, South Korea, Taiwan, Thailand, Timor-Leste and Vietnam



This regional report analyzes the results of the Bertelsmann Stiftung's Transformation Index BTI 2022 in the review period from February 1, 2019, to January 31, 2021. Further information can be found at [www.bti-project.org](http://www.bti-project.org).

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## Introduction

Asia and Oceania was the first region of the world to be affected by the coronavirus pandemic. The first COVID-19 cases were documented in December 2019 in Wuhan, China. On December 31, 2019, Beijing notified the World Health Organization (WHO) of an outbreak of viral pneumonia of unknown origin, and on January 13, 2020, Thailand reported the first case of infection outside of China. Within just a few weeks, the novel coronavirus SARS-CoV-2 (or, to give it its full name, severe acute respiratory syndrome coronavirus type 2) had spread to Singapore, South Korea, Vietnam and other countries in the region.

While many Asian governments were able to keep infection rates at a manageable level during the first year of the pandemic, the highly contagious delta variant of the virus spread rapidly in the spring of 2021, first in South Asia and later in Southeast Asia. At this point, even countries that had been quite successful in containing the virus, such as Cambodia, Taiwan, Thailand and Vietnam, were forced to grapple with a rapid increase in the number of infections, in part due to delayed and inadequate vaccination campaigns.

As in many other regions of the world, the pandemic exacerbated existing economic and political challenges. Even before the outbreak of COVID-19, transformation processes in the region were characterized by growing economic disparities, the erosion of hard-won democratic gains, and a strategic rivalry between the People's Republic of China and the United States. Overall, three trends shaped transformation in Asia and Oceania during the BTI 2022 reporting period. In the dimension of political transformation, a growing number of democracies suffers from a loss of democratic quality. Meanwhile, the region's autocracies failed to take steps toward political liberalization, or even backpedaled on previous reforms. The pandemic accelerated this trend in a variety of ways. Both within weakened democracies and the region's autocracies, it created new opportunities and justifications for potentially far-reaching constraints on civil liberties, political rights and mechanisms of popular accountability. Nonetheless, counterexamples of democratic resilience remain, for instance in Taiwan, South Korea, Bhutan and Timor-Leste.

In the area of economic transformation, the region suffered setbacks virtually across the board, in large part because the pandemic and the efforts to contain its spread led to significant restrictions on economic activity. Its social impact was particularly strong in South Asia. For example, estimates published by the International Labour Organization (ILO) prior to the 2021 waves of infection suggested that the effects of the coronavirus crisis could push as many as 400 million Indians back into poverty. The measures taken to contain the pandemic also caused severe disruptions within the education sector. The consequent interruptions in students' schooling are likely to reduce future productivity and income significantly. The economies hit hardest were those plagued by domestic political uncertainty, a strong dependence on tourism or international supply and value chains that proved particularly sensitive to disruption. The Asian Development Bank (ADB) estimates that economic growth rates in India, the Philippines and Thailand respectively fell by 9.6%, 8.0% and 6.1% in 2020. By contrast, South Korea experienced only a 1% decline in GDP in 2020, while China, Taiwan and Vietnam all achieved modest growth rates of between 2.3% and 3.1%. In seeking to counter the effects of the COVID-19 pandemic and mitigate its impact on businesses, workers and households, virtually all governments in the region offered fiscal support and applied accommodative monetary policies. In most economies, governments provided a level of fiscal stimulus in 2020 that significantly exceeded that offered during the 2008 – 2009 global financial crisis. In addition, central banks reacted swiftly by lowering interest rates, and have since either maintained or further eased monetary policies. The second half of 2020 saw a faster-than-expected recovery in growth in many of the region's economies, driven in part by exports and an upturn in

the manufacturing sector. This economic revival proved particularly strong in East Asia, while being somewhat weaker in other subregions.

Finally, the country reports for Asia and Oceania indicate that the quality of political actors' governance played a key role in determining the success of efforts to deal with transformation challenges both before and during the pandemic, at least over the short term. Strikingly, there was only a weak correlation between governance performance during the first year of the pandemic and a country's classification as a democracy or autocracy. For example, democratic governments in Bhutan, South Korea and Taiwan demonstrated quite good governance in a number of key areas, as did autocratic decision-makers in Singapore, Vietnam and China (after an initial problematic period). However, populist governments particularly in India, Indonesia, Pakistan, the Philippines and Sri Lanka delivered a considerably lower quality of governance. In this regard, the inadequacies, failures and outright mistakes made by such governments extended well beyond the realm of pandemic management. At least in the cases identified above, these failings point to progressively weakening or already weak transformation governance.

## Political transformation

Within the Asia and Oceania region, the number of democracies and autocracies in the BTI 2022 has remained unchanged since the last edition. Furthermore, nine of the region's 11 democracies again display (severe) defects. Hard-line autocracies continue to predominate in the group of non-democracies, including Afghanistan with its new classification as a failing state. Consequently, the overview of regime classifications (Table 1) might suggest little movement with regard to political transformation. This is in fact incorrect. However, the dynamics are preponderantly negative.

**Tab. 1: State of political transformation**

consolidating democracies Score 10 to 8	defective democracies Score < 8 to 6	highly defective democracies Score < 6	moderate autocracies Score > 4	hard-line autocracies Score < 4
Taiwan	Timor-Leste	Nepal	Singapore	Thailand
South Korea	Bhutan	Philippines	Bangladesh	Pakistan
	Indonesia	Malaysia		Vietnam
	India			China
	Sri Lanka			Laos
	Papua New Guinea			Myanmar
				Afghanistan ●
				Cambodia
				North Korea

The table follows the BTI 2022 index scores. Countries are ranked according to their system categorization and respective score in political transformation status assessment. Arrows mark a change of category compared with the BTI 2020, dots mark failing states.

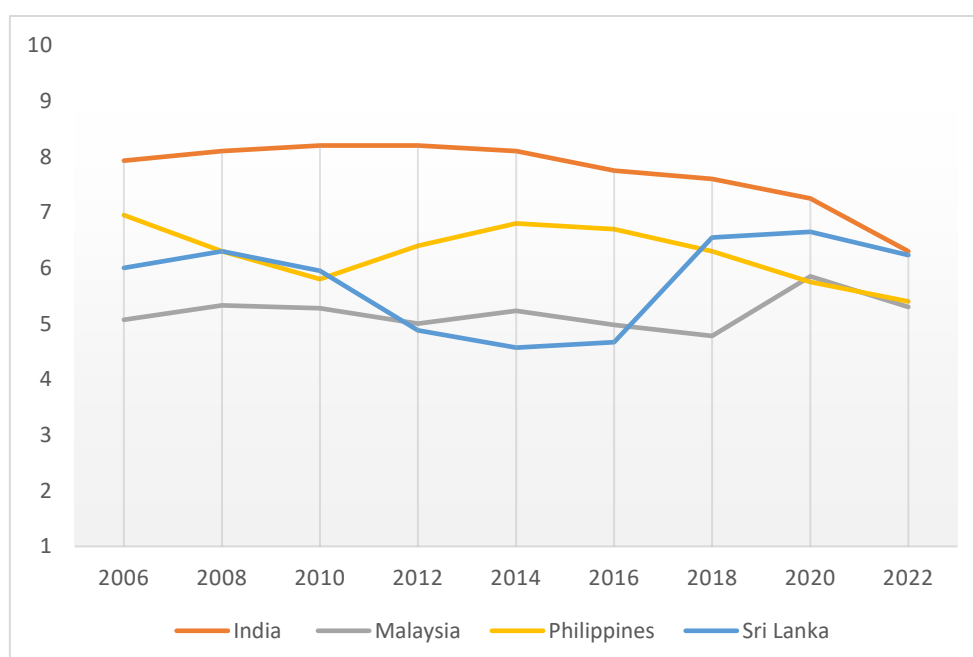
Significant shifts occurred in two countries, respectively at the beginning and end of the review period. Each affected the position of the national military, while holding significance extending far beyond these states. First, in March 2019, Thailand held parliamentary elections that ended direct military rule, returning the Kingdom to an authoritarian multiparty system similar to that in place in the 1980s. This is reflected in an improvement of 0.55 points in the country's political transformation score (from 3.30 to 3.85). While the monarchy and the military remain the country's dominant political forces, events including the wave of protests led by university and high school students in late 2020 demonstrated the new potential for diagonal accountability. Second, Myanmar's military overthrew the elected government led by State Counselor Aung San Suu Kyi on February 1, 2021, one day after the end of the BTI 2022 reporting period. This coup marked the collapse of an experiment launched in 2011, which had been

defined by a military-led process of liberalization, as well as the coexistence of democratically elected institutions and an all-powerful military. The humanitarian costs of this failure have been high.

Conditions have also changed for the worse in Afghanistan and Cambodia. Both countries suffered a decline of 0.20 points in their political transformation scores, and now have an identical score of 3.08. In Cambodia's case, this has meant a relapse into single-party dictatorship after 30 years of multiparty autocracy. At least the government of Hun Sen, who has held office since 1985, has a reasonably stable monopoly on the use of force; thus, there is currently little fear of a slide into civil war. Afghanistan's situation is fundamentally different. The Taliban's seizure of power after the end of the BTI 2022 review period demonstrates the failure of sustainable post-conflict peacebuilding in the country.

A number of (highly) defective democracies also experienced significant changes in their democracy status scores. Most prominent in this regard were India, Malaysia, the Philippines and Sri Lanka (see Fig. 1). Malaysia is the exception in this list; here, 2018 saw the first change of government since the state's founding, followed by a period of cautious democratization. In the others, however, the erosion of democratic standards had begun well before the pandemic and is linked inextricably to populist leaders' rise to power. Indian Prime Minister Narendra Modi (in office since 2014), Philippines President Rodrigo Duterte (in office since 2016), and Sri Lanka's pair of brothers Mahinda and Gotabaya Rajapaksa – respectively that country's prime minister and president (in this constellation since 2019) – are united by an autocratic governance style that has personalized government power, eliminated judicial independence and other checks on executive reach, and curtailed the ability of opposition parties and civil society to participate politically. In the Philippines, Duterte exemplifies the model of the “punitive populist.” Though his law-and-order policies at times deliberately target minorities, he is not a true ethnonationalist. By contrast, the heads of government in India and Sri Lanka have unmistakably ethnocentric ambitions. The reversal of the democratization gains made in Malaysia only a few years ago has been no less significant, but primarily reflects the still-incomplete reorganization of elite and party structures following the end of the monopoly on power held by the formerly governing United Muslim National Organization (UMNO) party. However, the relationship between the majority population (the so-called Bumiputera, or predominantly Muslim Malays) and minorities (primarily Chinese-speaking and Indian Malaysians) in ethnically and religiously diverse Malaysia holds considerable potential for conflict.

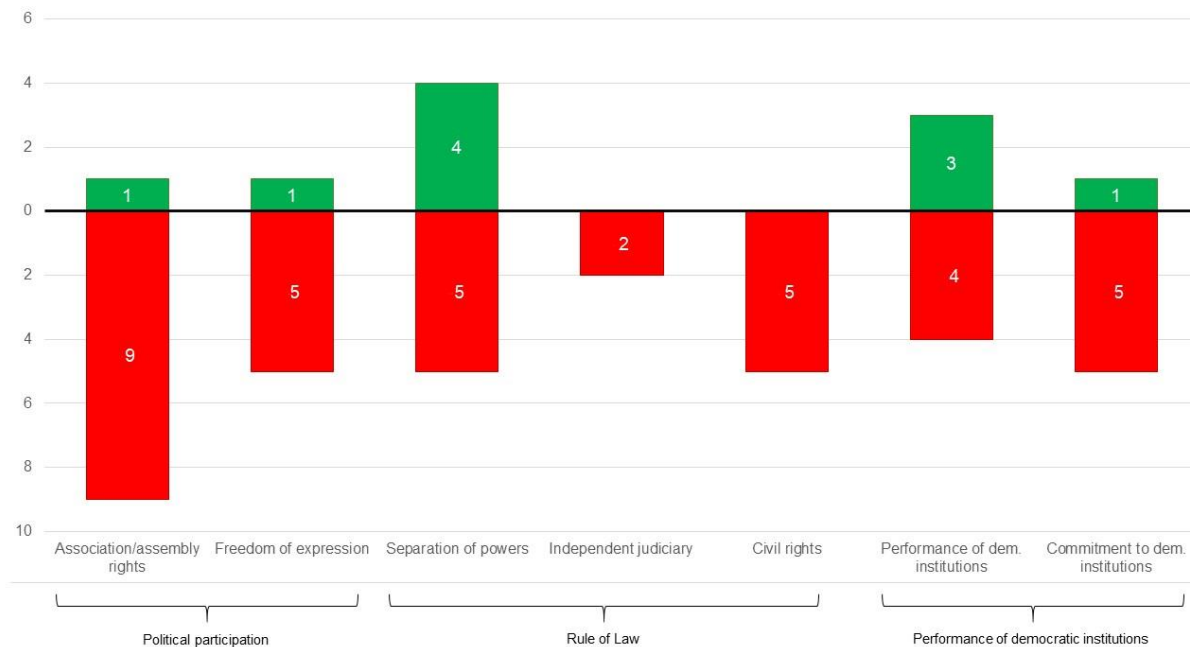
**Fig. 1: Change in democracy status scores, BTI 2006 to BTI 2022**



The country reports also indicate that in many places, the pandemic reinforced domestic political processes that had already contributed in various ways to democratic backsliding and autocratic hardening. In particular, political regimes that had previously suffered from increasing polarization and declining respect for democratic and liberal norms proved susceptible to additional breaches of democratic standards during the pandemic. Within such countries, problems of political transformation had typically been building up for years. However, under political regimes marked by such “pre-existing conditions” – that is, where democratic “immune systems” had already been weakened before the coronavirus crisis by polarization, populism and increasing autocratization – the pandemic offered illiberal and anti-democratic forces new opportunities to chip away at democratic structures.

Analysis of the five criteria and 18 indicators that make up the index determining a country’s democracy status shows that between 2019 and 2021, three criteria with a total of seven political transformation indicators were subject to considerable downward pressure. In the area of political participation, these include association and assembly rights and the freedom of expression. Within the rule of law criterion, declines are evident in indicators relating to civil rights, the separation of powers and its associated checks and balances, and the independence of the judiciary. This corresponds to deteriorations in the performance of and in the commitment to democratic institutions. In some cases, for instance with regard to judicial independence and the performance of democratic institutions, these negative tendencies have not reached their full potential. However, if the pandemic continues and democratic structures remain weak, a further downward slide is certainly possible.

**Fig. 2: Political participation, rule of law and performance of democratic institutions: Positive and negative changes, BTI 2020 – BTI 2022 (number of countries)**



Behind these figures are a variety of contributory factors whose combination and effect differ from country to country. One important such ingredient can be found in the measures taken by most governments to contain the pandemic, which at times infringed upon political and civil liberties. In addition, emergency measures implemented in countries such as India, Myanmar and Sri Lanka discriminated against ethnic and religious minorities, particularly those of the Muslim faith. In Thailand, the rise in the number of new COVID-19 cases provided the government with a pretext to suppress political demonstrations.

Encroachments on the freedom of information and the freedom of expression also increased in frequency. For example, police and government agencies in Thailand jointly cracked down on social media content considered to be “disinformation” in the context of COVID-19. Cambodia’s government used the emergency law passed in April 2020 to increase pressure on civil society actors and prosecute journalists and opposition politicians. Closed autocracies with a long tradition of harsh censorship and the suppression of civil liberties, such as China and Vietnam, also expanded their surveillance capacities, improving their abilities to monitor and control their populations’ activities. For example, the Hanoi government issued a decree banning public gatherings and introducing fines for spreading “COVID-19 misinformation” or other “fake news” online.

Nor did democracies prove immune to such temptations. In Sri Lanka, the authorities arrested journalists and civil society activists for allegedly spreading fake news related to COVID-19, although the country’s Human Rights Commission declared this to be unconstitutional (Ahmad 2020: 57). In the Philippines, the “Heal as One Act” criminalized the spread of “fake news.” In addition, in July 2020, the country’s Congress passed a vaguely worded Anti-Terrorism Act that provided for the creation of a government-appointed Anti-Terrorism Council, among other provisions. Even in the absence of a warrant or criminal charge, this body has the power to order the detention of people suspected of terrorism, or who are accused of being members of a group classified as terrorist, for a period of up to 24 days (Yusingco 2020). In India, the central government enacted new regulations giving national and local authorities additional powers to ban political and other public gatherings, as well as to restrict citizens’ rights to publish information relating to COVID-19.

Electronic monitoring systems that allow authorities to more easily track all quarantined individuals were introduced or refined even in comparatively liberal democracies such as South Korea and Taiwan. However, in such countries, existing norms and institutions, as well as public opinion, have worked against the emergence of a surveillance state. For example, when the National Human Rights Commission of Korea raised concerns that local government agencies were releasing excessive data on individual citizens’ movement profiles and quarantine violations, the ministry overseeing this area promptly responded by updating information disclosure guidelines to provide enhanced privacy protections (Chung and Lee 2021). In Taiwan, the Special COVID-19 Act requires the government to delete personal data at the end of the pandemic in accordance with the country’s Personal Data Protection Act. In addition, rules obliging the government and the prime minister to report to the legislature were tightened (Chang and Lin 2021).

As in other regions, the range of measures taken by governments in response to the pandemic typically included mobilization of the military. Military missions and roles were relatively diverse in this regard, ranging from contingency planning, logistical support and the implementation of public health measures to the maintenance of public order and enforcement of restrictions on mobility. This trend has triggered warnings about the militarization of COVID-19 responses and pandemic governance in Asia.

However, some positive developments have also been evident. In spite of the pandemic, the indicator relating to free and fair elections in particular has proved stable over the short term. In most democracies and moderate autocracies, nationwide or local elections took place despite the pandemic and were carried out under regular conditions. In most cases, the crisis produced a boost in public support for the serving governments (the exception here being Singapore), with incumbents emerging stronger from the elections. In this context, the region’s average social capital score also increased, from 4.77 (2020) to 4.86 today. To be sure, it remains too early to judge whether the activation of community solidarity and self-organized cooperation that took place during the coronavirus crisis will have been a short-term effect destined to evaporate quickly, or whether this activation of social capital will also strengthen social cohesion over the medium and long term.



Moreover, not all countries were affected to the same extent by the general erosion in the quality of political transformation. Thailand, for example, saw an overall improvement in its political transformation score of 0.55 points. Nepal, Papua New Guinea, Singapore, Timor-Leste, Bhutan and Laos also registered slight increases, ranging from 0.10 to 0.22 points. Four democracies in the region – two in industrialized countries and two in developing countries – have to date demonstrated a robust capacity to deal with external and internal stresses successfully, adapting their policies and political processes during periods of crisis without compromising their democratic quality. This group of evidently resilient democracies includes Taiwan, South Korea, Bhutan and Timor-Leste, all four of which are relatively small both with regard to population and area, and comparatively homogeneous in cultural terms. The pandemic was also a source of stress for autocratic systems in the region. As yet, however, there is little evidence that it has undermined these governments' hold on power. Some observers had originally argued that the pandemic might pose a threat to autocratic rulers, for example if their policies proved ineffective in dealing with the crisis. According to this conjecture, this could undermine the regimes' claims to performance-based legitimacy, and ultimately lead to protests against those in power. However, very few countries have seen circumstances of this nature unfold. In fact, autocracies seem to have adapted to the pandemic in a way that, at least in the short term, has supported or even augmented their legitimacy, while enhancing the efficacy of the mechanisms through which they exert their power. For example, autocrats in the region have readily and often invoked a comparison between the "successful" crisis management pursued by China's government and the "failure" of Western democracies. This, they contend, offers evidence of the supposed efficiency of dictatorships, and of the corresponding disadvantages associated with more permissive societies and forms of government.

## Economic transformation

The pandemic-driven closure of large parts of public life, the shutdown of economic activities and the disruption of trade routes due to closed borders collectively had far-reaching economic consequences for the region. These factors interrupted the positive economic transformation trends seen over the previous decade: While the average regional economic transformation score (excluding Timor-Leste) was 5.76 in the BTI 2020, it has now fallen to 5.51, which is below even the corresponding figure from the BTI 2010, the previous lowest-ever value. Across the region as a whole, economic performance saw the greatest declines, with the average score in this criterion falling by 1.09 points. However, the criteria of monetary and fiscal stability (-0.23) and the level of socioeconomic development (-0.18) also suffered significant losses.

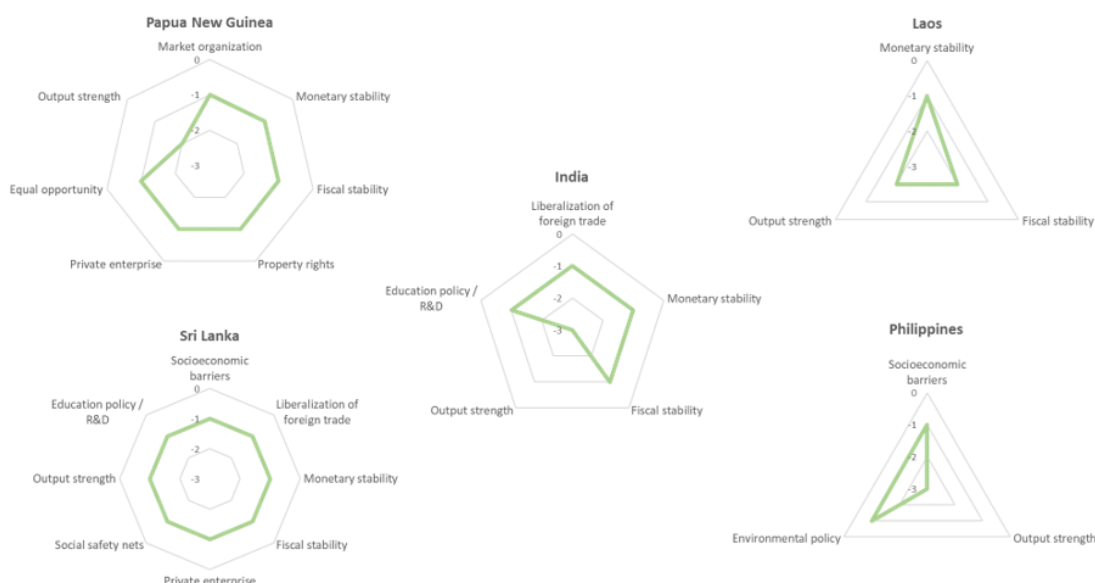
Within this overall framework, the region's individual countries show significant differences. For example, despite the imposition of strict measures to limit the spread of the virus, the Chinese economy proved able to recover from the initially adverse economic effects by the end of the review period. Although China's economic growth rate fell by more than 60% year-on-year in 2020, its economy still grew by 2.3%, according to the ADB. The country thus maintained its high BTI economic performance score of 9. To cushion the economic impact of COVID-19, the government granted tax breaks, eased access to credit and increased investment in infrastructure. The total cost of these measures was estimated to be \$500 billion. The country's economic recovery was also aided by the fact that, at least according to official reports, China managed to avoid a second wave of infection between March 2020 and much of 2021. Thus, although the measures taken by the government were extremely strict, the country was able to restart economic activities much earlier and with fewer restrictions than was the case for most other nations.

India in particular presents a stark contrast to this experience. This country suffered an initial wave of infection between July and September 2020. Another much stronger wave, driven by variants of the original virus, then broke out between April and June 2021. As of July 2021, the number of pandemic-related deaths relative to population size was nearly 100 times higher in India than in China. While

India's government reacted quickly to the first wave of infection, it was in fact probably too hasty, imposing a nationwide lockdown when infection rates were still very low. Since about 90% of India's workforce is employed in the informal sector, and thus lacks access to social welfare benefits and rarely has significant savings, many people saw their means of daily existence threatened by the government's measures. Millions of migrant workers suddenly had no income, and often had to return to their home villages on foot. In many cases, this involved journeys of hundreds of kilometers. As a result, the government was ultimately forced to lift the restrictions at a time when infection rates were on the rise. Moreover, economic growth in India was already slowing as the pandemic began to gather force. According to the ADB, India's economy shrank by 8% in 2020 in comparison with the previous year. This was the second-steepest decline among the region's countries represented in the BTI, exceeded only by the 9.6% contraction of the Philippine economy. The tumble is also reflected in India's economic performance score, which fell from 9 in the BTI 2020 to 6 in the current edition. Even as it grapples with the effects of the pandemic, India's government faces the additional daunting challenge of creating at least 1 million jobs per month in order to integrate the country's fast-growing youth population into the labor market. The Make in India initiative launched by Modi after becoming prime minister in 2014, which aims to simplify production conditions in order to attract investment and create jobs, has yet to achieve the desired results.

Within the region, only Papua New Guinea and Sri Lanka registered declines in the overall area of economic transformation as significant as those of India. All three states saw a decline of 0.68 points in comparison to the BTI 2020. However, the Philippines (-0.64) and Laos (-0.50) also experienced significant setbacks. Differences in the breadth of the economic impacts were nonetheless evident. Laos and the Philippines suffered heavy losses concentrated in comparatively few areas. In Laos, this was primarily monetary and fiscal stability, while the Philippines registered its more serious declines primarily in the areas of socioeconomic and environmental standards. In both countries, economic performance also fell sharply. This contrasts with Papua New Guinea and Sri Lanka, which experienced less significant losses spread across numerous indicators. India represents a particularly problematic mixed type, as its negative developments were not limited to just a few areas, but it also saw a very sharp drop in output strength in particular (Fig. 3).

**Fig. 3: Most significant economic transformation losses**



Measured against the overall level of economic transformation, however, the review period's changes are of moderate magnitude overall. As Table 2 shows, the shifts that have taken place are almost invariably within the same transformation category. Sri Lanka in particular has lost its relatively good position

among countries in the limited economic transformation category (in second place behind China in the BTI 2020). No changes were evident in the makeup of the two top blocks of countries, or those in which economic transformation is either advanced or highly advanced. Taiwan, Singapore, South Korea and Malaysia all continue to be found at this level. Countries in the middle and low developmental classifications seem to have been affected particularly strongly by the pandemic's economic impact. The only category change occurred in Afghanistan, which has fallen back among the group of countries with no more than rudimentary economic transformation, having advanced beyond this level only in the BTI 2020.

**Tab. 2: State of economic transformation**

highly advanced Score 10 to 8	advanced Score < 8 to 7	limited Score < 7 to 5	very limited Score < 5 to 3	rudimentary Score < 3
Taiwan	Malaysia	China	Cambodia	Afghanistan ▼
Singapore		Thailand	Timor-Leste	North Korea
South Korea		Vietnam	Nepal	
		Indonesia	Laos	
		Sri Lanka	Papua New Guinea	
		Philippines	Pakistan	
		Bhutan	Myanmar	
		India		
		Bangladesh		

The table follows the BTI 2022 index scores. Countries are ranked according to their respective score in economic transformation status assessment. Arrows mark a change of category compared with the BTI 2020.

Figure 4 provides a detailed look at the individual indicators underlying the measurement of economic transformation. It displays the scores from the current BTI 2022, as well as their changes compared to the BTI 2020. Five indicators with particularly significant changes stand out. In each case, the figure identifies the countries driving these developments. Socioeconomic barriers (Q6.1) are rising especially in Bangladesh, the Philippines, Sri Lanka and Timor-Leste. Although data covering the full BTI 2022 review period are not yet available in some cases, this trend appears to stem primarily from the rise in poverty in these societies, as well as a deterioration in the level of human development. In Bangladesh, for example, observers estimate that the share of the population living in poverty could double to around 40%. However, it should also be noted that the pandemic in some cases acted to reinforce preexisting dynamics. Timor-Leste, for example, had dropped 12 places on the United Nations Development Program's Human Development Index (HDI) over the last five years. This can be traced in particular to a reduction in resource profits, as the country's oil and gas reserves are almost exhausted.

Monetary stability (Q8.1) suffered particularly in Afghanistan (with the inflation rate rising from 2.3% in 2019 to 5.6% in 2020, according to the ADB), India (from 4.8% to 6.2%) and Laos (from 3.3% to 5.1%). Fiscal stability (Q8.2) came under particular pressure in Bangladesh, India, Laos, Papua New Guinea and Sri Lanka due to declining government revenues and consequently widening deficits. For example, the negative economic impact of COVID-19 meant that Bangladesh generated only 38.32% of its government revenue target in fiscal year 2019-20. In Laos, the economy's pandemic-driven contraction reduced state revenues by a quarter, bringing the country to the brink of sovereign default. The country's total public debt increased to 69% of GDP in 2020, and could rise to as high as 87% in 2022. Here again, however, an already weakened economy proved particularly vulnerable to the effects of the pandemic. Economic performance (Q11.1) declined sharply in a total of 17 countries, and thus in three-quarters of the states in the region. This was further expressed in rising unemployment rates, for example in Bangladesh and Myanmar.

**Fig. 4: Regional trends in economic transformation**

Regional Average	2022	Change	Countries
Q6.1 Socioeconomic barriers	4.59	-0.18	Bangladesh, Philippines, Sri Lanka, Timor-Leste
Q7.1 Market organization	5.45	-0.05	
Q7.2 Competition policy	5.09	-0.05	
Q7.3 Liberalization of foreign trade	6.73	-0.14	
Q7.4 Banking system	6.14	-0.14	
Q8.1 Monetary policy	6.64	-0.23	Afghanistan, China, India, Laos, Papua New Guinea, Sri Lanka
Q8.2 Fiscal policy	6.14	-0.23	Bangladesh, India, Laos, Papua New Guinea, Sri Lanka
Q9.1 Property rights	5.68	-0.05	
Q9.2 Private enterprise	6.14	-0.14	
Q10.1 Social safety nets	4.86	0.09	Bhutan, Cambodia, Pakistan, Timor-Leste
Q10.2 Equal opportunity	4.86	-0.05	
Q11.1 Output strength	5.77	-1.09	Afghanistan, Bangladesh, Cambodia, India, Indonesia, Laos, Malaysia, Myanmar, Nepal, Pakistan, Papua New Guinea, Philippines, Singapore, South Korea, Sri Lanka, Thailand, Timor-Leste
Q12.1 Environmental policy	4.68	-0.09	
Q12.2 Education policy / R&D	5.09	-0.09	

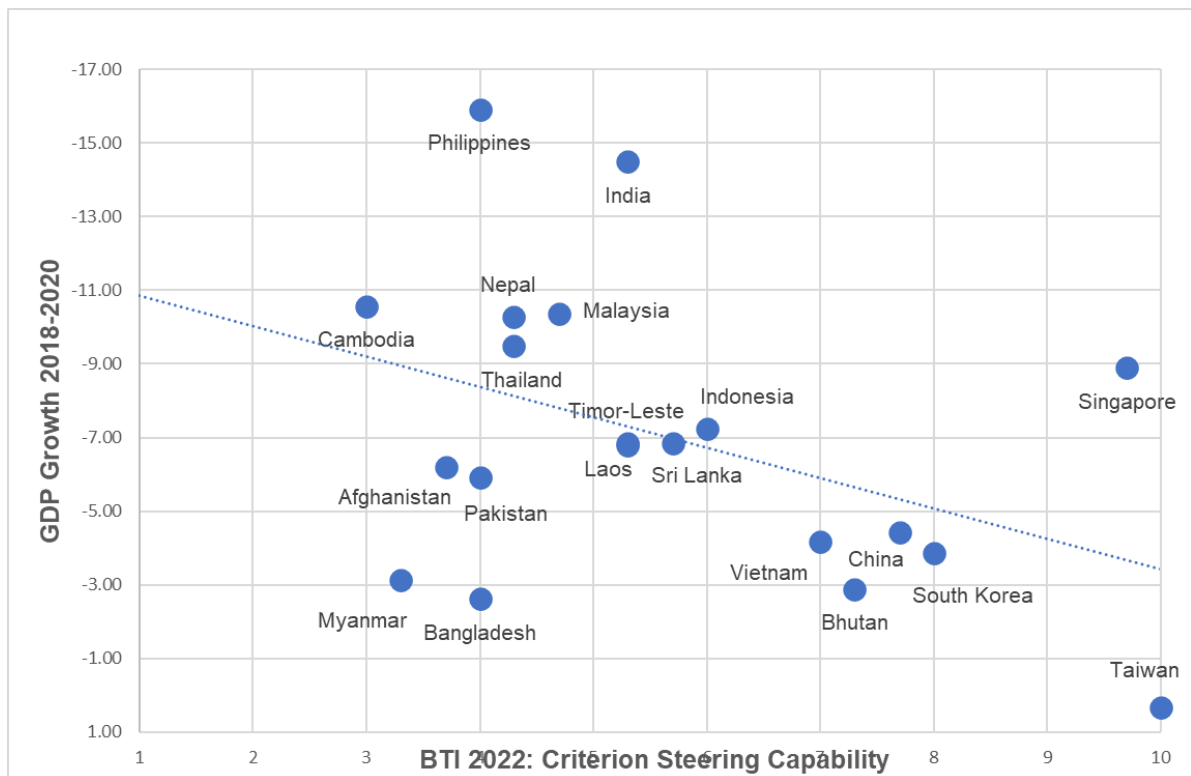
The only indicator showing a slight improvement during the review period is that relating to social safety nets (Q10.1). This development too was linked to COVID-19 and governments' mitigation policies. In April 2020, Bhutan's government established the so-called Druk Gyalpo's Relief Kidu, a program that by the time of writing had distributed nearly €16 million in aid to around 35,000 people. In September 2020, the government of Laos adopted the ambitious National Social Protection Strategy (NSPS) which, in cooperation with international partners, aims to ensure comprehensive access to health insurance and social welfare benefits by 2030. Pakistan's government launched its so-called Ehsaas program in March 2020; this was a system of unconditional cash transfers that expanded upon the Benazir Income Support Program (BISP) introduced in 2008. Ehsaas reportedly provides benefits to 15 million families. Beginning in April 2020, Timor-Leste began disbursing \$100 per month to a majority of the island nation's households. In November of the same year, the government also started distributing baskets of goods to households in need.

## Governance

The pandemic served as a powerful reminder that the quality of governance makes a tangible difference to people's well-being. In times of crisis, the ability to prioritize, implement and learn adaptively is particularly crucial. Countries with high ratings here are also those whose pandemic-management efforts have proved relatively successful.

Differences are most evident in how governments in the region were able to mitigate the effects of the pandemic-related economic downturn and contain the public health impact. Figure 5 shows the relationship between governments' steering capability (Q14.1-14.3) and the degree of economic contraction during the first year of the pandemic. We measure this using ADB data, drawing on the difference between economic growth rates in 2018 and in 2020. Although economic growth slowed in most Asian countries, governments with robust steering capabilities in fact proved quite successful in limiting this particular effect of the pandemic. Taiwan, the country with the highest score on this governance indicator, was even able to increase its GDP growth rate. One exception in this regard was Singapore, which was particularly hard hit by the global crisis due to its intensive integration into the world economy. Governments with weak steering capability largely struggled to counteract the pandemic's effects. This proved especially true for the populist governments in India and the Philippines. However, Bangladesh and Myanmar came through with comparatively little damage despite their poor governance quality.

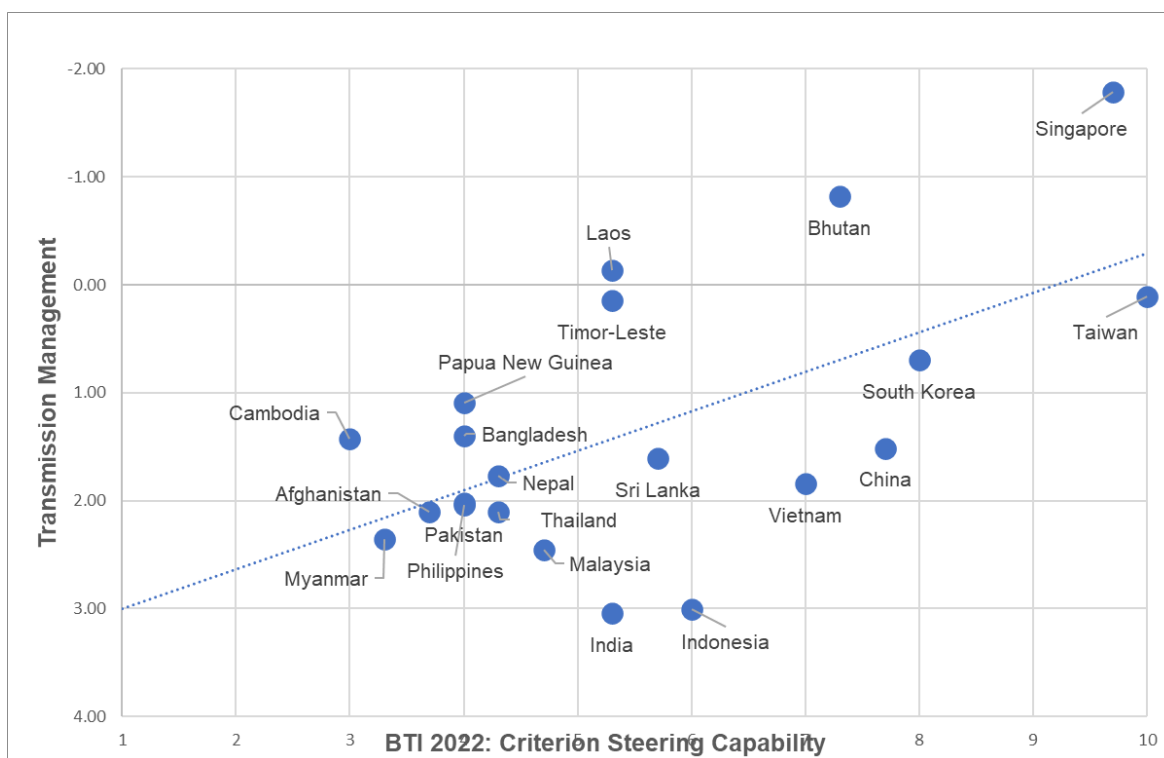
**Fig. 5: Correlation between steering capability and slowdowns in economic growth**



There is also evidence of a correlation between a government's steering capability and its ability to contain the spread of the virus (referred to here as "transmission management"). Of course, it should be noted that the likelihood of a spread of respiratory diseases such as COVID-19 depends crucially on peoples' ability to maintain physical distance from one another, which in turn depends on population density (Wong and Li 2020; Martins-Filho 2021). Nonetheless, there is a fairly clear positive correlation between government steering capability on the one hand and the prevention of the spread of the virus

that causes COVID-19 on the other (Figure 6). Singapore was particularly successful in this respect, while Cambodia fared particularly poorly.

**Fig. 6: Correlation between steering capability and transmission management**



NOTE: Transmission management is based on data provided by John Hopkins University (as of Oct. 6, 2021). The given figures reflect the number of people who have died from or with the virus, divided by the national population density. For better comparability, the Y axis in Figure 5 uses a logarithmic scale.

In terms of the overall quality of governance, five states – including one autocracy, Singapore – show good or very good government performance. In another 10 states, the quality of governance is moderate, and in six it is weak. North Korea continues to bring up the rear in the region due to its failed governance (Table 3).

**Tab. 3: Quality of governance**

very good	good	moderate	weak	failed
Score 10 to 7	Score < 7 to 5.6	Score < 5.6 to 4.3	Score < 4.3 to 3	Score < 3
Taiwan	Singapore	Vietnam	Laos	North Korea
	South Korea	China	Afghanistan ▼	
	Bhutan	Indonesia	Thailand	
	Timor-Leste	India ▼	Myanmar	
		Malaysia ▼	Pakistan	
		Sri Lanka	Cambodia	
		Papua New Guinea		
		Bangladesh		
		Nepal		
		Philippines		

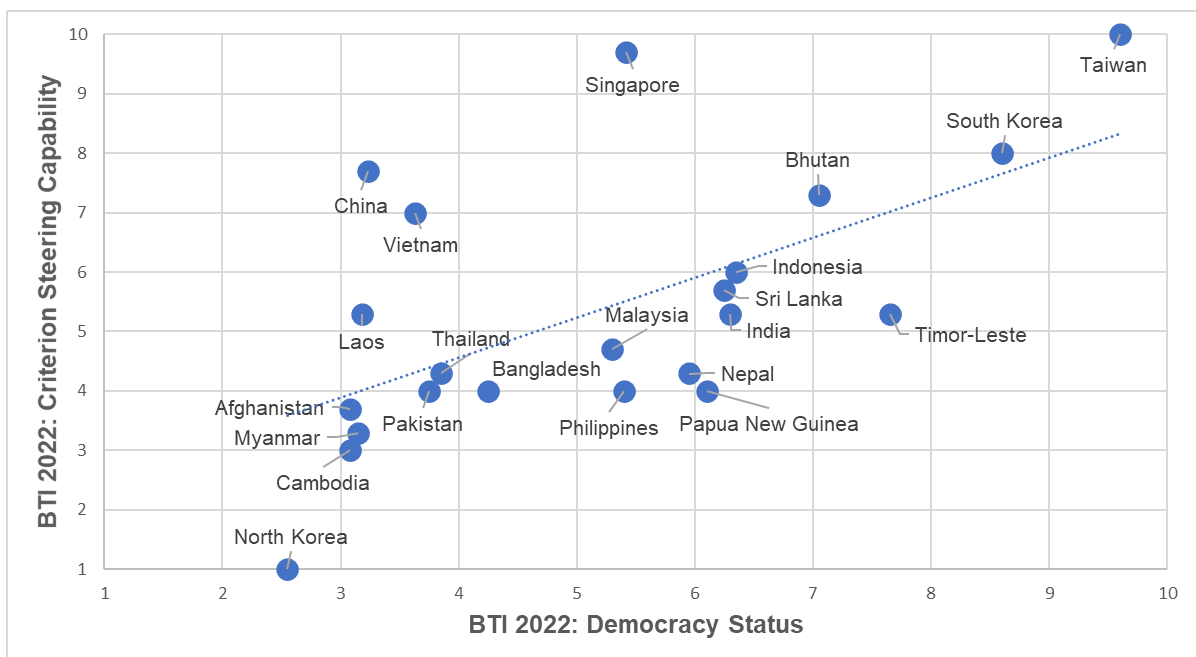
The table follows the BTI 2022 index scores. Countries are ranked according to their respective score in the Governance Index. Arrows mark a change of category compared with the BTI 2020.

In India, decision-making processes continued to become increasingly centralized and personalized under Prime Minister Modi. During the coronavirus crisis, Modi often consulted only the smallest of circles when developing policy. Relief efforts were associated strongly with the person of the prime minister himself, and were bundled into a semi-private foundation called PM CARES that was situated outside government scrutiny. Moreover, the prevailing consensus on goals declined, as Hindu nationalist forces increasingly called into question the secular character of the Indian state.

A parallel can be seen in Sri Lanka, where the government that took office in 2019 has pursued a hard-line ethnonationalist course. Policymakers there have actively undermined processes of reconciliation between Sinhalese, Tamil and Muslim communities, shifting instead to a strategy of militarization and surveillance. During the review period, this also led to a growing exclusion of civil society actors from policy formulation activities. However, the new government is more ideologically coherent than its predecessor, and in this respect has proved more successful in some aspects of policy prioritization and implementation. This is in striking contrast to the situation in Malaysia, where poor policy coordination in 2020 contributed to the fall of the multi-ethnic coalition and a serious subsequent political crisis. The Philippine government's governance under Duterte has also proved disastrous. Its policy learning capacity with regard to pandemic-related issues proved to be extremely limited. Despite, or perhaps because of an authoritarian lockdown policy, the country experienced both high infection rates and one of the world's most severe economic slumps.

As a rule, a country's democracy status and its government's steering capability are clearly correlated (Fig. 7). That is, the more democratic a state, the better it also performs in this area, which is a key contributor to overall governance quality. However, three autocracies stand out as exceptions in this regard. Despite their low democracy-status scores, China, Singapore and Vietnam each have high to very high government steering capabilities. This finding has been made possible for the first time by methodological changes made to the BTI 2022. In previous editions, autocracies were subject to a normative limitation on the maximum value taken by the underlying three indicators (prioritization, implementation and policy learning), because their steering capability was not geared to target democracy based on the rule of law. That methodological constraint has now been removed.

**Fig. 7: Correlation between democracy status and steering capability**



All three of these countries show a good to very good capacity to formulate strategic priorities, implement policy effectively and engage in policy learning. Despite some weaknesses – such as the Chinese government’s delayed response in the first weeks after COVID-19 emerged, or Singapore’s neglect of the risk of community-level virus transmission among its foreign workers – this has manifested in pandemic management policies that have been largely successful to date. These three autocratic governments have also shown themselves to be both willing and able to provide public goods such as education, health care, economic development and public safety to large segments of their populations. All of this takes place under the imperative of preserving the existing state system, while employing autocratic methods of policy formulation and implementation. China and Vietnam also secure public support for their policies through the use of repressive and coercive means, with Singapore doing so to a somewhat lesser extent. All three countries additionally demonstrate the shortcomings characteristic of autocracies in the areas of consensus-building and – with the exception of Singapore – anti-corruption policy, policy coordination and the efficient use of assets.

While many governments in Asia and elsewhere were unprepared and slow to respond to the coronavirus crisis, the first 18 months of the pandemic made it very clear that a democracy governed by populists is perhaps the worst of all possible worlds. This is in part because an aversion to scientific expertise and a rejection of “established” authority are central tenets of the populist political canon (Kyle & Mounk 2018). The contempt shown for the advice of health experts by the heads of government in India, Sri Lanka and the Philippines, as well as by their populist counterparts in Indonesia and Pakistan, is an example of a “medical populism” (Lasco & Curato 2019) that places its own power calculus above society’s health and well-being. This has resulted in incoherent policies formulated without relevant input from health experts and stakeholders; these policies have in turn been implemented hastily or with delays, riddled with contradictions in their communication, and dubious in terms of their public health and economic impact. Moreover, in the governance performances of these and other countries with democratic systems (e.g., Malaysia), there has been a particularly worrisome tendency to instrumentalize the crisis in order to push through policies that had been on the agenda for some time, but had previously failed due to pushback from institutional or social forces. A direct comparison of the three autocracies and four (defective) democracies shows in particular that the ability to build consensus – which is one of, if not **the** characteristic advantage of democratic governance – is increasingly being lost, without this being accompanied by an increase in steering capability to a level comparable to that of the top authoritarian governance performers.

Moreover, the resilient democracies identified in the section on political transformation also demonstrated significantly better governance performance. Although it is true that even well-established democracies such as Taiwan and South Korea imposed emergency measures that at least temporarily restricted mechanisms of democratic participation and consensus-building, as elected governments gave greater prominence to the views of unelected scientific advisers (e.g., virologists, epidemiologists and public health experts), and as pandemic-response measures diminished parliaments’ decision-making role. However, in these countries, it nevertheless proved possible to manage the crisis effectively without sacrificing the democratic quality of governance. On the contrary, there are good reasons to believe that the respect shown for standards of democratic governance during the crisis contributed to these countries’ provisional successes in combating it. Moreover, this experience even seems to have strengthened the societal consensus regarding the goals of democracy and social welfare.

## Outlook

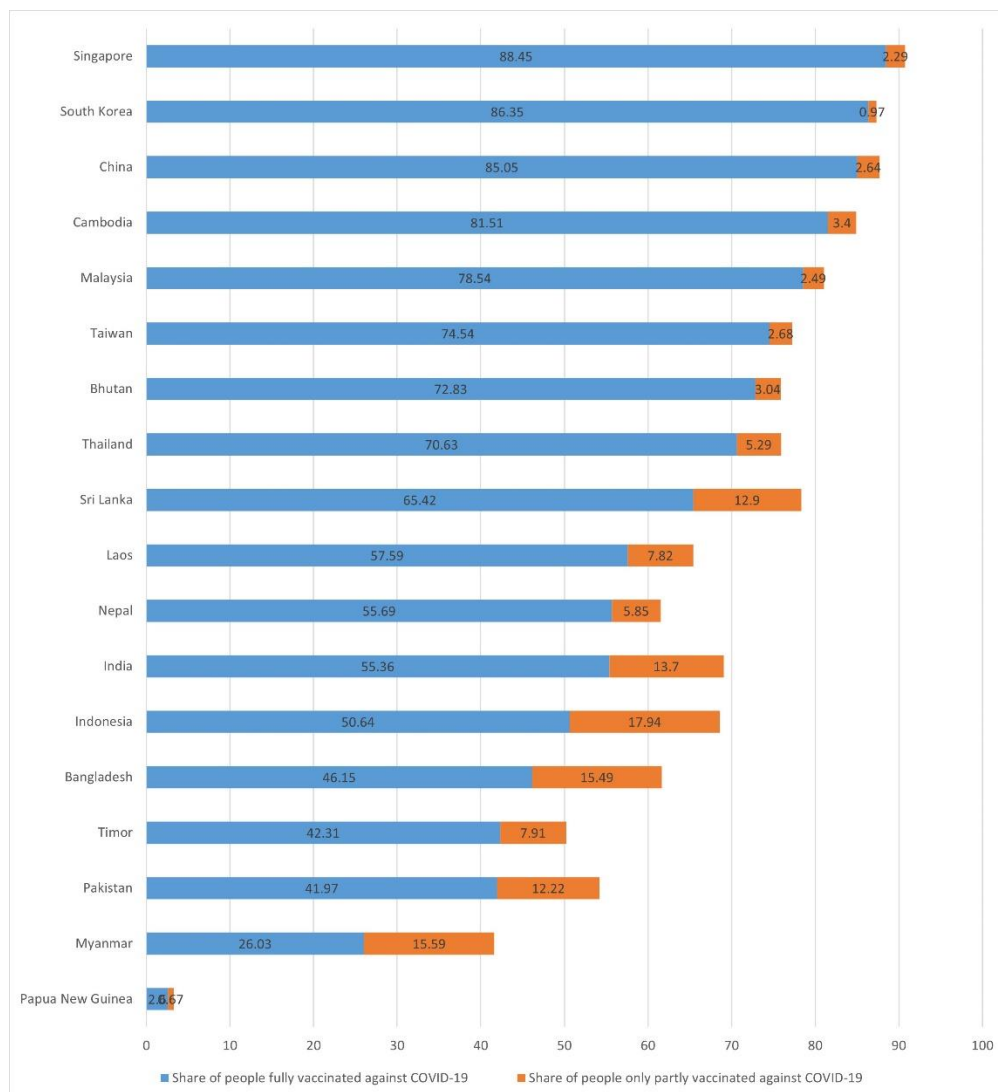
The COVID-19 pandemic and governments’ responses to it overshadowed all other issues in the BTI 2020 review period. Its effects and the consequences of fighting them also dominate the assessments of the criteria underlying the BTI’s dimensions of political and economic transformation and governance performance. As of July 2021, it appeared that the pandemic would continue to be a defining issue in



the years to come. Epidemiologically, this is due to two concurrent factors. First, the virus has mutated repeatedly, with some new variants proving significantly more contagious than the original. This shaped the world's evolving response to the pandemic throughout 2021. Many states that had previously escaped the pandemic's effects relatively unscathed, or which had managed to control its spread comparatively well, were later forced to grapple with significantly higher infection rates in these variant-driven waves. This was true of countries including Bangladesh, India, Indonesia, Sri Lanka, Taiwan, Thailand and Vietnam. Only China seemed to resist this challenge effectively.

Second, vaccines are gradually changing policy responses to the pandemic. While the spread of the coronavirus cannot be brought to a full stop, the introduction of vaccines is making COVID-19 a less deadly disease, which is changing the nature of the pandemic. As increasingly more people are immunized, governments are responding to the shifting environment and calibrating their containment strategies accordingly. Increasing vaccination rates means that indicators other than the number of new daily cases, such as deaths or hospital occupancy rates, become increasingly important in determining whether to tighten or relax restrictions. However, uneven progress in immunization is contributing to the gap in growth trajectories observed in Asian economies. Developing Asia continues to lag behind the region's advanced economies in terms of immunization rates. One year after the end of the BTI 2022 reporting period, 81% of the population in Northeast Asia had received two shots, compared with nearly 55% in South and Southeast Asia (Figure 8).

**Fig. 8: COVID-19 vaccination rates (19-February 2022)**



Source: <https://ourworldindata.org/covid-vaccinations>

Growth in the region's largest economies was higher in the first half of 2021 than in the second half, including the People's Republic of China, Singapore and Taiwan. These economies introduced vaccine campaigns rapidly and successfully contained outbreaks, which has allowed them to avoid imposing tighter restrictions and benefit from rising global demand. In India, Indonesia, the Philippines and Thailand, however, recovery has been slowed by new waves of infection and slower progress in vaccinations.

Regarding the security sector in pandemic times, many states significantly expanded their population-surveillance efforts, while also expanding the use of the military for domestic policy purposes. New technologies have opened up previously unimagined possibilities for repression under autocratic regimes and within highly defective democracies. Countries such as China and Pakistan may serve as examples here. For its part, the role of the military has also increased significantly in many states. This can be seen in Pakistan, for example, but also in Sri Lanka and the Philippines (Croissant/Pelke 2021). However, there are also signs that the role of civil society actors as an important corrective to state action is increasing in consolidating democracies such as South Korea and Taiwan, given that government pandemic policies there relied heavily on voluntary compliance, transparent communication and social responsiveness. This is not a universal trend; depending on the country, we can observe either a restriction of civil society freedoms as a result of the "securitization" of the pandemic, or a strengthening of civil society. This also suggests that the relationships between transformation, governance and the pandemic are multifaceted, varying both across countries in the region and across the individual indicators and criteria that the BTI uses to assess transformation quality.

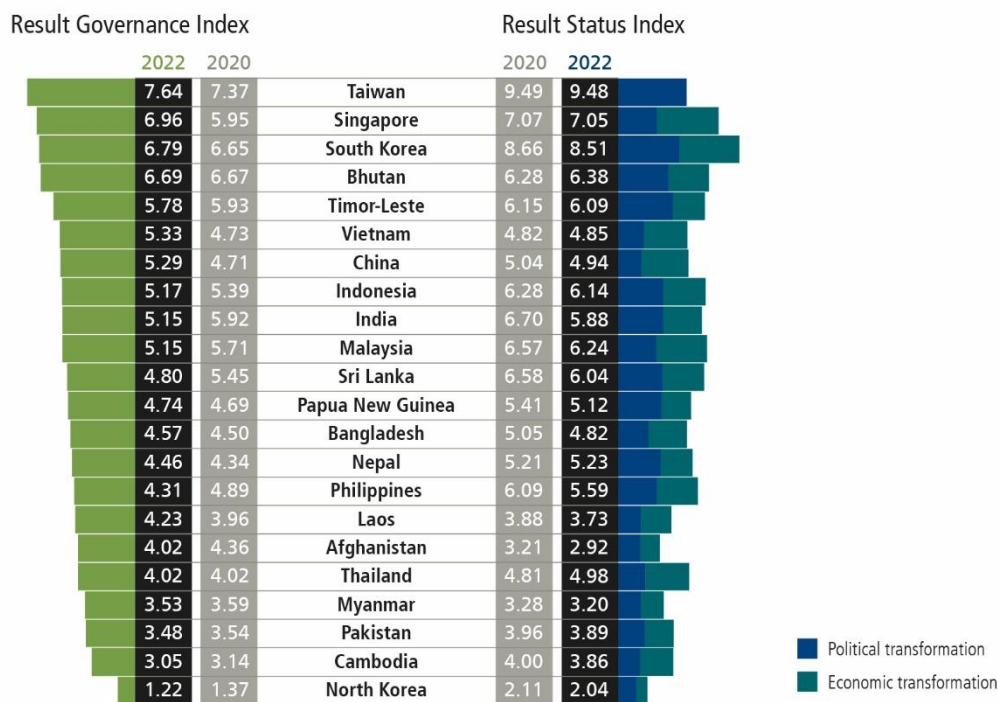
In any case, it is clear that prior political and economic circumstances – in this context, we might call these pre-existing conditions – severely weakened some societies in the region as they sought to deal with the pressures generated by COVID-19. India, Malaysia, Sri Lanka and the Philippines, for example, all experienced notable deteriorations in the areas of political transformation and governance. In India, Sri Lanka and the Philippines, this was clearly related to the countries' populist governance, which in the first two cases has an ethnonationalist character. The populist leaders of these three states – Modi, the Rajapaksa brothers and Duterte – share a dismissiveness of scientific expertise and a penchant for centralized and personalist politics. This had a negative impact on efforts to manage the pandemic, and also – at least in India, the Philippines and Sri Lanka – severely undermined economic transformation. But even countries that were already economically weak, such as Afghanistan, Laos and Papua New Guinea, had to contend with considerable economic problems. Overall, the region's previously positive economic development trend appears to have been interrupted. In many states in the region, but especially in South Asian countries such as Bangladesh, India and Nepal, there have been signs of a massive increase in poverty rates. This is likely to shape the political and economic situation in the countries affected for years to come.

However, the picture would not be complete without mention of the region's resilient democracies: Bhutan, South Korea, Taiwan and Timor-Leste. These four states were able to maintain or even expand their transformation successes despite the pandemic's challenges. Even the negative economic consequences of the crisis proved comparatively less severe in these countries. It is striking that these are all societies with quite small populations and geographically clear boundaries. These factors seem to have a positive impact on social cohesion, with beneficial political and economic effects. It is also worth noting that a number of countries, including Bhutan, Laos, Pakistan and Timor-Leste, have used the pandemic to expand their social safety nets. The scope of this development's impact will become clear only over the next few years, especially given the regional increase in the poverty rate.

Some countries were also affected by dynamics unrelated to the pandemic. In Malaysia, party-political disputes within the governing coalition, which came to power in 2018 in the first democratic change of government since the founding of the state, led to a political crisis. With its parliamentary elections in

March 2019, Thailand shifted back from direct military rule to an authoritarian multiparty system. In Myanmar, State Counselor Aung San Suu Kyi's elected government was deposed in a military coup just one day after the end of the BTI 2022 review period. Mass protests have been ongoing since that time, and their suppression has already claimed numerous lives. Finally, Afghanistan faces an uncertain future following the withdrawal of Western troops and the takeover of the government by the Taliban in August 2021. Because of these events, the democratic transformation efforts of the last two decades in this country must be considered to have collapsed. The extent to which improvements in the area of socioeconomic modernization (e.g., education for girls and women, combating hunger and poverty, improved health care for significant segments of the population) will outlast the fall of the Western-backed order is equally uncertain.

From an international perspective, the contrast between China and India as the region's two most significant powers is becoming increasingly clear. While China was successfully able to bring the pandemic under control after its initial failures, thus also limiting the domestic economic consequences of the crisis, India's experience was very different. Here, the government had less success in controlling the spread of the virus, resulting in nearly 420,000 COVID-19-related deaths by July 2021, and a massive 8% slump in the economy in 2020 as compared to the previous year. From this perspective, the Indian government seems to trail well behind its counterpart in China with regard to political and economic professionalism. It remains to be seen how these developments will play out on the international stage. Although the review period saw little change with respect to patterns of international cooperation, this can also be interpreted as a pandemic-imposed calm before major shifts. In any case, China has continued to engage in tentative expansionary moves toward its neighbors.



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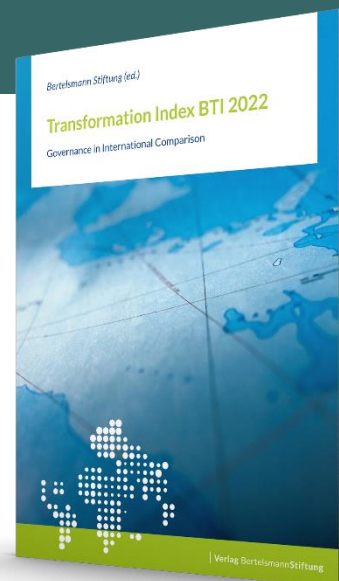
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