

# Criteria for Country Assessments

1. Risk Exposure at the Outset of the Crisis	
1.1 Economic structure and macroeconomy	<ul style="list-style-type: none"> <li>• What was the structure of demand (e.g., share of private/state consumption, gross capital formation, exports and imports in GDP/GNI)?</li> <li>• To what extent was the economy exposed to macroeconomic imbalances (e.g., foreign debt, trade or fiscal imbalances)?</li> <li>• Was/is the financial system primarily bank- or market-based?</li> </ul>
1.2 Policy priorities prior to crisis	<ul style="list-style-type: none"> <li>• What was the government's economic record (e.g., growth, unemployment rate, inflation and fiscal position) prior to the crisis?</li> <li>• What was on the economic agenda prior to September 2008 (e.g., anti-inflation, efficiency-oriented, redistributive, supply vs. demand-side policies)?</li> </ul>
1.3 Executive, fiscal & monetary capacities to respond to downturn	<ul style="list-style-type: none"> <li>• How stable was the executive branch in the years/months prior to September 2008 (e.g., credibility/legitimacy of leaders/parties in government, cabinet stability/reshuffles, parliamentary/electoral support)?</li> <li>• How much room did fiscal conditions provide for a major stimulus (e.g., budget surpluses/deficits, conditions for issuing additional treasury bonds)?</li> <li>• How much room was there for monetary policy initiatives (e.g., pre-crisis level of interest rates, required reserve ratios, flexibility of foreign exchange rate regime)?</li> </ul>
1.4 Exposure to specific market and trade risks	<ul style="list-style-type: none"> <li>• To what extent has the country been exposed to global financial market risks, particularly contagious/toxic financial instruments (e.g., open capital account, floating or pegged/fixed currency)?</li> <li>• How important was/is the financial sector for the national economy? What was/is the extent of interdependence between the financial sector and real economy?</li> <li>• To what extent was the economy integrated into regional/global trade flows? How dependent was the economy on foreign demand for manufactures and commodities?</li> <li>• Did property, equity or other markets display excessive growth and a bubble-like situation prior to September 2008?</li> <li>• In what condition was the banking sector (e.g., size/structure of banking sector, non-performing loans, capital adequacy ratios of major banks, if available)?</li> </ul>
1.5 Structural or policy advantages and disadvantages	<ul style="list-style-type: none"> <li>• Did policymakers/executive agencies have any experience in handling financial crises? Did this experience play a role in the 2008–2009 policy response?</li> <li>• Were there independent regulatory institutions or prevention/response schemes in place to contain financial risks?</li> <li>• Were there internal veto players (e.g., federalist powers, courts) or international obligations that thwarted swift action on the part of the government?</li> <li>• Have executive powers been extended in times of crisis? Has this been based on formal or informal mechanisms?</li> </ul>
1.6 Initial impact of economic downturn	<ul style="list-style-type: none"> <li>• How strongly has the national economy been hit during the period under review? Where has it been hit most severely thus far (e.g., growth rate, production, trade, employment)?</li> </ul>
2. Agenda-Setting and Policy Formulation	
2.1 Agility and credibility	<ul style="list-style-type: none"> <li>• When did state organs (e.g., government, central bank) begin setting a crisis response agenda? How long did it take to adopt the first crisis measures?</li> <li>• Who were the driving forces (e.g., government, central bank, foreign actors, media, trade unions, employers' associations) in getting stabilization/stimulus policies started?</li> <li>• Were these measures launched as executive orders or parliamentary laws? How closely did constitutional bodies (e.g., executive, legislative, central bank) cooperate?</li> <li>• What kind of role did sectoral or regional lobbies play in policy formulation?</li> </ul>
2.2 Consultation with external experts and openness to international collaboration	<ul style="list-style-type: none"> <li>• Did policymakers actively consult domestic and/or foreign experts outside of government?</li> <li>• Did the government actively seek collaboration with other governments or international organizations?</li> <li>• Did the government participate in multilaterally coordinated rescue efforts?</li> <li>• Was the government curtailed in its response through IMF support programs?</li> </ul>
3. Policy Content	
3.1 Scope of stabilization and stimulus policies	<ul style="list-style-type: none"> <li>• How large is the stimulus package as expressed as a percentage of GDP (including compensations to those hit particularly hard by the crisis through social/labor policies)?</li> <li>• The stimulus is spread over a period of how many years?</li> </ul>
3.2 Targeting and coverage of policy tools	<ul style="list-style-type: none"> <li>• How is stimulus spending distributed across sectors? How and to what extent is the financial sector supported (e.g., through loans, guarantees, capital injections)?</li> <li>• Which industrial and structural policies (e.g. corporate tax cuts, subsidies, company bail-outs) can be observed?</li> <li>• What kinds of measures target the expansion of public spending on infrastructure? Which ones are designed to sustain business and consumer spending?</li> <li>• Are policies in support of businesses adequately targeted and delineated (e.g., at creating employment, supporting competitive firms)?</li> </ul>

3.3 Development as an objective of stimulus policies	<ul style="list-style-type: none"> <li>• Are stimulus measures influenced/limited by pre-crisis development strategies (e.g., industrial policies) or have novel/additional (e.g., environmental) policy objectives been inserted?</li> <li>• Is the response to the crisis grounded in a broader developmental perspective (i.e., crisis as development opportunity) or predominantly short-term political constituency logic?</li> <li>• Do stimulus policies address prevailing structural deficits and future growth potential?</li> </ul>
3.4 National bias and protectionism	<ul style="list-style-type: none"> <li>• Has the stimulus included “buy national” clauses? Have import-restricting mechanisms been newly established or re-established?</li> <li>• Has the country’s executive/central bank manipulated the exchange rate or intervened in the foreign exchange market (if so, in which direction)?</li> <li>• Have there been measures to prop up export industries (e.g., tax rebates, direct export subsidies)?</li> </ul>
3.5 Social protection	<ul style="list-style-type: none"> <li>• Which labor market policies have been enacted (e.g., unemployment benefits, rise in public-sector employment)?</li> <li>• Which social policies have been included (e.g., expansion of support, additional investment in health and education system)?</li> <li>• Which measures have been taken to support purchasing power (e.g., consumer checks, tax cuts, cash transfers)?</li> </ul>
<b>4. Implementation</b>	
4.1 Political communication	<ul style="list-style-type: none"> <li>• Does the government actively communicate and justify the rationale/goals of its stimulus policies to the public?</li> <li>• Over time, how has the public responded to the government’s management of the crisis (e.g., consumption/investment trends, public opinion polls)?</li> </ul>
4.2 Modes and time frame of implementation	<ul style="list-style-type: none"> <li>• How large has the time lag been between adoption and implementation of selected major stimulus components?</li> <li>• What are the reasons for delay in implementation (e.g., legal barriers, insufficient capacities, corruption)?</li> <li>• Have sectoral or regional interest groups influenced the workings of policy implementation in any way?</li> </ul>
4.3 International or regional cooperation	<ul style="list-style-type: none"> <li>• Beyond emergency stand-by programs with the IMF, has the government collaborated with other governments or international organizations in implementing its response to the crisis?</li> </ul>
<b>5. Funding, Tax and Monetary Policies</b>	
5.1 Tax policies in support of stimulus/stabilization	<ul style="list-style-type: none"> <li>• Has the government initiated tax reductions/incentive schemes?</li> <li>• Have these been aimed at the private and/or the corporate, domestic and/or the foreign sectors?</li> </ul>
5.2 Monetary and currency policies in support of stimulus/stabilization	<ul style="list-style-type: none"> <li>• What kind of policies did the central bank contribute to the national crisis response? Which unconventional measures were used to fight the crisis?</li> <li>• If an independent national monetary policy is not feasible, were there substituting measures in the country’s exchange rate policy?</li> </ul>
5.3 Credibility of funding mechanisms	<ul style="list-style-type: none"> <li>• Relative to conditions at the outset of the crisis, does stimulus funding have a solid foundation in monetary policy or in bond/credit markets?</li> <li>• Is the program part of the normal budget/integrated into the budgetary cycle, or is it financed primarily from sources outside of the formal budget?</li> <li>• Is there cross-level burden-sharing between center and regions (e.g., debt issuance, fund transfers)?</li> <li>• Is financial aid given to banks/companies/households in a discretionary way or based on well-defined formulas (e.g., conditionalities)?</li> <li>• Did the government make credible commitments to terminate its expansionary fiscal and monetary policies under (what kind of) post-crisis conditions?</li> </ul>
<b>6. Feedback and Lesson-Drawing</b>	
6.1 Policy feedback and adaptation	<ul style="list-style-type: none"> <li>• Have there been revisions or additions to the original policy packages or a sequence of distinct stimulus policies in response to unexpected new developments?</li> </ul>
6.2 Institutional restructuring	<ul style="list-style-type: none"> <li>• Has major institutional reorganization/capacity-building been undertaken in financial supervision?</li> <li>• Do we find new institutions that were not in place prior to the crisis (e.g., bad banks)?</li> </ul>
<b>7. Tentative Economic Impact</b>	
7.1 Economic and political effectiveness of the crisis response	<ul style="list-style-type: none"> <li>• What do major economic performance indicators tell us about the short-term effectiveness of the crisis response (e.g., growth rate, unemployment rate, industrial output, private consumption, consumer/producer confidence, inflation, exports, bank balance sheets, credit squeezes)?</li> <li>• How has the political logic of crisis management (i.e., crisis as an opportunity to broaden political support) worked out for the major decision-makers so far? How has the reputation of major government leaders at the center of the crisis response evolved (e.g., based on polls, election results, backing within their political party)?</li> </ul>
7.2 Structural distortions	<ul style="list-style-type: none"> <li>• Is there early evidence that the structure of the economy will change (e.g., greater role of the state, changes in sectoral shares in GDP)?</li> <li>• Could old structural imbalances be aggravated? Can we already identify new structural imbalances? Have previously existing imbalances been tackled?</li> </ul>