

Country Profile: Kanaru

Kanaru is a relatively new country that gained its independence from its much larger neighbor in the 1970s. Although free and (mostly) fair elections have been held in the country since its inception, the political parties are remnants of domestic rivals from the independence movement. As such, the political parties have loyal party bases that were formed in 1970, and they do not have to do much to win their constituents' support. Approximately 40 percent of the eligible population votes in any given election.

Kanaru has been democratic about 2/3 of its life – the rest of the time has been peppered with military coups. The military is a strong force in Kanaru, and is often at odds with the state.

Kanaru's judicial system is relatively well developed, but recent rulings regarding the actions of individuals involved in the independence movement have been viewed by about half the country to be politically motivated. The courts therefore exist, but are not viewed by everyone as a legitimate institution.

Kanaru's economy is predominantly rural, with two major cities that have a burgeoning industrialized export sector. The government has created export processing zones where property rights and labor standards are high, but often expropriates property outside of these zones. Poverty is rampant and inequality is high. Literacy among the adult population is about 50 percent.

You are a World Bank evaluator and have been called in to assess the next steps for Kanaru. You have a limited budget and can only focus on one or two institutions to address. Which institutions would you prioritize to improve the growth and democratic underpinnings of Kanaru? Potential institutions include: courts, property rights, elections, civil society, joining an international organization such as the WTO/UN, etc. (Feel free to talk about institutions that are not on this list.)