

METHODOLOGY DOCUMENTATION

Country Policy Scores

Monthly policy scorecard across 20 indicators for every country in the world

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Overview

The Country Policy Scores model produces a monthly policy scorecard for every country in the world, assessing each against 20 indicators grouped into five metrics. Each indicator is scored on a scale of 1 to 5, giving a maximum total country score of 100. Scores are updated monthly through a combination of structured sentiment analysis, qualitative assessment by the AlliedOffsets Policy Team, and internally sourced market data. The model is designed to track how a country's regulatory environment for carbon market participation evolves over time.

Data Inputs

Field / Parameter	Description	Source / Notes
Monthly regulatory updates and news	Carbon market news and regulatory developments gathered via news APIs each month. Used to score the 12 dynamic indicators across Political Commitment, Institutional Framework, and Policy Processes. Key event types tracked include Article 6 bilateral agreement statuses, Letters of Authorisation, corresponding adjustment announcements, published Article 6 initial reports, and Nationally Determined Contributions.	News APIs and AlliedOffsets Policy Team qualitative analysis
Prior month indicator scores	Each country's indicator scores from the preceding month. Used as the baseline for countries that have no new stories in the current month — their scores are carried forward unchanged.	AlliedOffsets Country Policy Scores model (prior month output)
World Bank Governance Indicators	Third-party index data used to score two Business Friendliness indicators: Political Stability and Absence of Violence/Terrorism, and Legal Rights Index.	World Bank
Transparency International Corruption Perceptions Index	Third-party index data used to score the Global Corruption Perception Index indicator under Business Friendliness.	Transparency International
World Justice Project Rule of Law Index	Third-party index data used to score the Rule of Law Index indicator under Business Friendliness.	World Justice Project
Credendo Country Risk Data	Third-party index data used to score the Land Tenure Security indicator under Business Friendliness.	Credendo
AO pricing and transaction data	Internal AlliedOffsets data used to score the three Market Performance indicators. Updated monthly from the AlliedOffsets database.	AlliedOffsets pricing model and transaction database

Logical Flow

1

Set static Business Friendliness scores

The five Business Friendliness indicators are sourced from four third-party indices: the World Bank (Political Stability and Absence of Violence/Terrorism; Legal Rights Index), Transparency International (Global Corruption Perception Index), the World Justice Project (Rule of Law Index), and Credendo (Land Tenure Security). These scores are static — they are carried forward unchanged each month unless the underlying index publishes an update. They are not subject to the monthly sentiment analysis or qualitative review applied to other metrics.

2

Score Market Performance indicators

The three Market Performance indicators are updated monthly using internal AlliedOffsets pricing and transaction data. This metric is scored separately from the policy team's qualitative workflow and draws directly from the AlliedOffsets database rather than from news or regulatory monitoring.

3

Score dynamic indicators from monthly stories

The 12 indicators across Political Commitment, Institutional Framework, and Policy Processes are re-evaluated each month. The AlliedOffsets Policy Team reviews regulatory updates, news stories, and official documents gathered during the month and assesses each country against the relevant indicators. Where a story is identified for a given indicator, it moves that indicator's score — for example, a positive development may move a score from 3 to 5. Where multiple stories are relevant to the same indicator in the same month, the higher-impact story takes precedence. Each scored indicator is recorded alongside a source URL for traceability.

4

Carry forward scores for countries with no new stories

Countries for which no stories were identified in the current month have every dynamic indicator score carried forward unchanged from the prior month. Countries appearing in the model for the first time with no stories have no prior month baseline and therefore receive no carried-forward scores — they proceed directly to the regional average fallback for any indicators without a score.

5

Apply regional average fallback

After all real scores — whether freshly scored or carried forward — are resolved across every country, any indicator cell still missing a value is filled using a tiered regional average. The tiers are applied in order: first the sub-regional average (e.g. Eastern Africa, Western Europe), then the World Bank-style regional average (e.g. Sub-Saharan Africa, Europe and Central Asia), then the continental average (Africa, Asia, Americas, Europe, Oceania). Each tier's average is computed only from other countries' real scores for the same indicator in the current month — never from other averaged cells and never from prior month data. Averaged scores are capped at 3, preventing a country from receiving a high score purely on the basis of its neighbours' performance. Where no regional data is available for a given indicator in the current month, the cell is left blank. The fallback does not extend to a global average. Cells filled via the fallback are flagged with a tier label (Sub-Regional Average Score, Regional Average Score, or Continent Average Score) in place of a source URL.

6

Compute total country score

Once all 20 indicators are resolved, the total country score is computed as the sum of all indicator scores across all five metrics. The maximum achievable score is 100. The output is a complete scorecard per country, updated monthly.

Key Calculations

Indicator score

Each indicator is scored on a 1-to-5 integer scale. For dynamic indicators, the score is set by the AlliedOffsets Policy Team based on the most impactful story identified for that indicator in the current month. For Business Friendliness

indicators, the score is derived from the relevant third-party index and converted to the 1–5 scale. For Market Performance indicators, the score is derived from internal AlliedOffsets pricing and transaction data.

Regional average fallback score

For any indicator cell without a real score, an average is computed from the real scores of other countries in the same sub-region, region, or continent for that indicator in the current month. The result is capped at a maximum of 3 before being applied. The average is computed fresh each month and never draws from averaged cells or prior month values.

Total country score

The sum of all 20 indicator scores for a given country in a given month. Each indicator contributes equally — there is no additional weighting applied at the metric or indicator level beyond the 1–5 scoring scale. The maximum possible total is 100.

Assumptions

- Business Friendliness scores are static and carried forward each month unchanged unless the underlying third-party index publishes an update.
- Where multiple stories are relevant to the same indicator in the same month, the higher-impact story always takes precedence.
- Countries with no stories in the current month have all dynamic indicator scores carried forward unchanged from the prior month.
- Countries appearing in the model for the first time with no stories receive no carried-forward scores and proceed directly to regional average fallback for any indicators without a value.
- Regional average fallback scores are capped at a maximum of 3, regardless of the underlying average.
- Fallback averages are computed only from real scores (freshly scored or carried forward) in the current month — never from other averaged cells and never from prior month data.
- The fallback hierarchy does not extend beyond continental average to a single global average. Where no continental data is available for a given indicator, the cell is left blank.
- All 20 indicators are weighted equally within the total score — no metric or indicator carries additional weight beyond its 1–5 contribution.

Limitations

- The model does not score indicators for which no regional data exists in the current month, leaving those cells blank rather than applying an estimate.
- Business Friendliness scores reflect the most recent third-party index publication and may lag behind real-world conditions if an index has not been updated recently.
- The qualitative scoring of dynamic indicators involves Policy Team judgement and is not fully automated; coverage and consistency may vary across countries and months.
- The regional average fallback is capped at 3, meaning countries in regions with strong carbon market performance may be systematically underscored on indicators where they lack direct stories.

- Market Performance indicators are sourced from internal AlliedOffsets data and are subject to the coverage and completeness of that underlying dataset.
- The model does not distinguish between countries that are newly entering the scoring universe and those that have had scores for several years — both are treated identically in the absence of current-month stories.

Output

A monthly scorecard with one row per country per indicator, recording the metric, indicator name, score (1–5), source URL or fallback tier label, and month and year. The total country score — the sum across all 20 indicators — has a maximum of 100. Output is stored in the AlliedOffsets database and surfaced across AlliedOffsets dashboards and country policy cards.