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Insight Report

# The Inclusive Growth and Development Report 2017

January 2017





























































































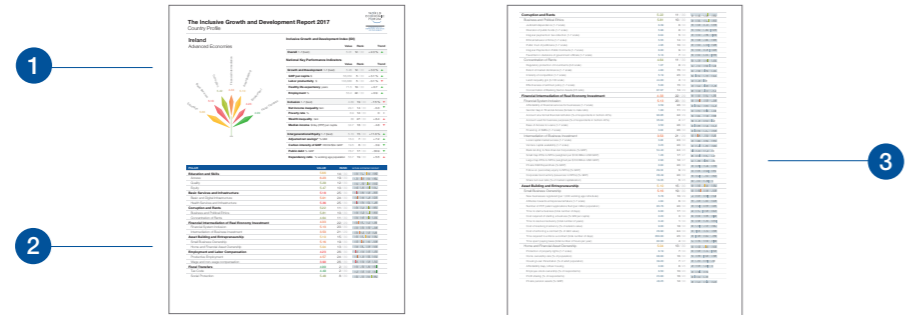






# How to read a country profile

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The Country/Economy Profiles section presents a profile of each of the 109 economies covered in *The Inclusive Growth and Development Report 2017*.<sup>1</sup>

## 1 National Key Performance Indicators

To provide added context, the first section presents a selection of key performance indicators for the economy under review. Countries are evaluated within their income groups on each of the 12 indicators that collectively convey a more complete picture of how well their economies are achieving strong, broad-based progress in living standards rather than GDP growth *per se*.

Both the most recent value (level) and trend (or growth rate) and overall aggregated score are presented. Ranks are based on the value (for the most recent year available) relative to peer countries. Trends are based on the direction and degree of movement of each indicator over the last five years depending on data availability. Most trends represent the absolute net differences while those denoted with a percentage represent the annual average percentage growth over the five year period. A selection of these indicators, sub-pillar scores and cross-country comparisons can be found in Part 2 of this Report. See technical notes for more information on each indicator and the time period covered.

## 2 Benchmarking Inclusive Growth

This section details the economy's performance on the main components of the Inclusive Growth Benchmarking Tool. The first column shows the country's score on the seven pillars and fifteen sub-pillars included in the Framework, while the second column presents the country's rank among its peer economies. For more information on the methodology refer to Part 3.

## 3 The Inclusive Growth and Development Profiles in More Detail

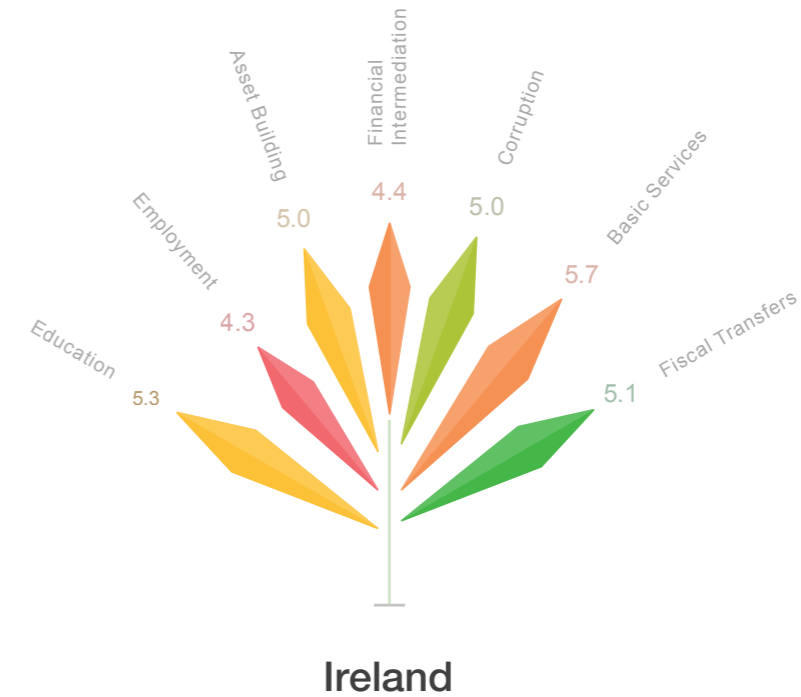
This page details the country's performance on each of the indicators composing the benchmarking tool. Indicators are organized by sub-pillar. Indicators are not presented where data is unavailable "N/A". Indicators with an asterisk are not included in the final pillar aggregation and are meant for contextual purposes.

- **INDICATOR, UNITS:** This column contains the title of each indicator and, where relevant, the unit in which it is measured—for example, "days" or "% GDP." Indicators derived from the World Economic Forum's Executive Opinion Survey are always expressed as scores on a 1–7 scale, with 7 being the most desirable outcome.
- **VALUE:** This column reports the country's aggregated score or value on each of the variables that compose each pillar.
- **RANK:** This column reports the country's position among the peer economies covered by the Report. Please note the shading for the low income group is based on the lower middle income range. This has been done to highlight the still significant room for improvement even for the best performers within the low income group.

### Online Data Portal

In addition to the analysis presented in this Report, an interactive data platform can be accessed via [www.wef.ch/igd17](http://www.wef.ch/igd17). The platform offers a number of analytical and visualization tools, including sortable rankings per pillar and sub-pillar, scatter plots, bar charts, and maps.

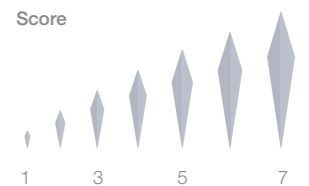
<sup>1</sup> Ireland is used as an illustrative example for the print edition of the Report. All of the 109 profiles can be found online at the following address: <http://wef.ch/igd17>.



## How does it work?

Based on various indicators, each economy is assigned a score from 1 to 7 on each dimension. **Higher scores result in bigger leaves.**

For instance, Ireland on the left scores high in Basic Services, but lower in Employment.



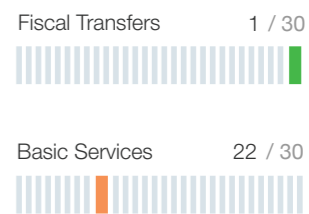
At the same time, to ensure that apples are compared with apples: the **color** of the leaf shows the **rank** of the economy within its peer group.



Ireland's performance is compared to other advanced economies. For low-income countries, shading is based on the range in scores of lower-middle income countries. This has been done to highlight the still significant room for improvement even for the best performers within the low income group. Since this color scheme is relative, colors are not comparable across income groups.

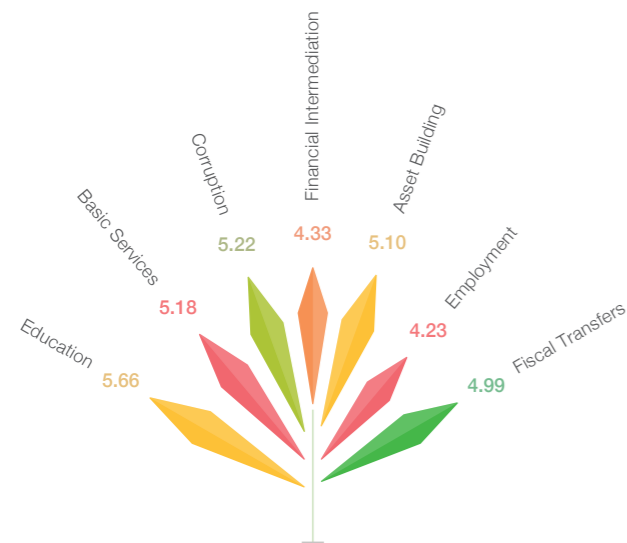
Ireland is the top scorer in fiscal transfers, resulting in a dark green leaf.

Its score in Basic Services is actually higher, but as the level of scores in this pillar are very high in general (Switzerland leads with 6.27), Ireland lands only in the bottom 40%, resulting in an orange tint.



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## Ireland Advanced Economies



### Inclusive Growth and Development Index (IDI)

	Value	Rank	Trend
<b>Overall 1-7 (best)</b>	5.01	12 / 30	+2.3% ▲

### National Key Performance Indicators

	Value	Rank	Trend
<b>Growth and Development 1-7 (best)</b>	5.26	12 / 30	+3.3% ▲
<b>GDP per capita \$</b>	56,054	5 / 30	+3.1% ▲
<b>Labor productivity \$</b>	103,880	5 / 30	-0.1% ▼
<b>Healthy life expectancy years</b>	71.5	19 / 30	+0.7 ▲
<b>Employment %</b>	53.4	22 / 30	+0.9 ▲

<b>Inclusion 1-7 (best)</b>	4.63	19 / 30	-7.5% ▼
<b>Net income inequality Gini</b>	29.1	14 / 30	-0.3 ▼
<b>Poverty rate %</b>	8.9	12 / 30	0 •
<b>Wealth inequality Gini</b>	80	27 / 30	+8.4 ▲
<b>Median income \$/day (PPP) per capita</b>	34.7	18 / 30	-4.8 ▼

<b>Intergenerational Equity 1-7 (best)</b>	5.13	15 / 30	+11.8% ▲
<b>Adjusted net savings* % GNI</b>	16.3	7 / 30	+7.2 ▲
<b>Carbon intensity of GDP KtCO2/\$bn GDP</b>	19.5	6 / 30	-3.9 ▼
<b>Public debt % GDP</b>	78.7	17 / 30	-30.9 ▼
<b>Dependency ratio % working age population</b>	53.7	19 / 30	+5.5 ▲

PILLAR	VALUE	RANK	WITHIN ECONOMY GROUP
<b>Education and Skills</b>	5.66	14 / 30	
Access	6.23	19 / 30	
Quality	5.29	12 / 30	
Equity	5.47	10 / 30	
<b>Basic Services and Infrastructure</b>	5.18	25 / 30	
Basic and Digital Infrastructure	5.01	24 / 30	
Health Services and Infrastructure	5.36	25 / 30	
<b>Corruption and Rents</b>	5.22	11 / 30	
Business and Political Ethics	5.81	10 / 30	
Concentration of Rents	4.64	11 / 30	
<b>Financial Intermediation of Real Economy Investment</b>	4.33	22 / 29	
Financial System Inclusion	5.13	20 / 30	
Intermediation of Business Investment	3.53	21 / 29	
<b>Asset Building and Entrepreneurship</b>	5.10	15 / 30	
Small Business Ownership	5.16	19 / 30	
Home and Financial Asset Ownership	5.04	13 / 30	
<b>Employment and Labor Compensation</b>	4.23	26 / 30	
Productive Employment	4.57	24 / 30	
Wage and non-wage compensation	3.90	26 / 30	
<b>Fiscal Transfers</b>	4.99	2 / 30	
Tax Code	4.49	2 / 30	
Social Protection	5.48	8 / 30	

## Pillars In Detail

PILLAR	VALUE	RANK	WITHIN ECONOMY GROUP
<b>Education and Skills</b>	5.66	14 / 30	
Access	6.23	19 / 30	
Mean years of schooling (years)	11.60	17 / 30	
Gross preprimary enrollment (% of population of preprimary age)	107.99	6 / 29	
Net primary enrollment (% of population of primary age)	94.92	26 / 30	
Gross secondary enrollment (% of population of secondary age)	126.09	9 / 30	
Gross tertiary enrollment (% of population of tertiary age)	73.17	16 / 30	
Vocational enrollment (% of total upper-secondary school students)	31.95	25 / 29	
Availability of high quality training services (1-7 scale)	5.79	10 / 30	
Gender gap in education (female to male ratio)	1.00	1 / 30	
Quality	5.29	12 / 30	
Quality of education system (1-7 scale)	5.47	5 / 30	
Internet access in schools (1-7 scale)	5.05	24 / 30	
Expenditure on education (% of GDP)	5.77	9 / 30	
PISA Reading Score	520.81	4 / 30	
PISA Math Score	503.72	13 / 30	
Ease of finding skilled employees (1-7 scale)	5.51	4 / 30	
Quality of Vocational Training (1-7 scale)	4.90	16 / 30	
Equity	5.47	10 / 30	
Resilient students (%)	29.59	16 / 30	
Social Inclusion	82.30	8 / 29	
Gap in PISA reading scores by quartile (q1/q4)	0.86	8 / 30	
Gap in PISA math scores by quartile (q1/q4)	0.86	9 / 30	
<b>Basic Services and Infrastructure</b>	5.18	25 / 30	
Basic and Digital Infrastructure	5.01	24 / 30	
Quality of overall infrastructure (1-7 scale)	4.68	25 / 30	
Efficiency of ground transportation (1-7 scale)	4.42	26 / 30	
Transportation infrastructure expenditure (% GDP)	0.90	11 / 28	
Dwellings without basic facilities (% of population)	0.20	6 / 29	
Internet users (% of population)	79.69	24 / 30	
Fixed broadband internet subscriptions (per 100 population)	27.71	25 / 30	
Active mobile broadband subscriptions (per 100 population)	95.05	12 / 30	
Affordability of mobile-cellular internet (PPP \$)	0.54	29 / 30	
Affordability of fixed-broadband (PPP \$)	21.41	4 / 30	
Health Services and Infrastructure	5.36	25 / 30	
Quality of healthcare services (1-7 scale)	4.69	28 / 30	
Accessibility of healthcare services (1-7 scale)	4.79	30 / 30	
Particulate matter (2.5) concentration	9.50	11 / 30	
Out of pocket (% of total health expenditure)	85.50	19 / 30	
Inequality-adjusted life expectancy	0.90	19 / 30	
Gender gap health (female to male ratio)	0.98	7 / 30	
Stringency of Environmental Regulations (1-7 scale)	5.23	21 / 30	
Reliability of police services (1-7 scale)	6.11	14 / 30	

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16 January 2017, 00.01 CET

<b>Corruption and Rents</b>	<b>5.22</b>	<b>11 / 30</b>	
Business and Political Ethics	<b>5.81</b>	<b>10 / 30</b>	
Judicial Independence (1-7 scale)	6.39	6 / 30	
Diversion of public funds (1-7 scale)	5.96	8 / 30	
Irregular payments in tax collection (1-7 scale)	6.64	5 / 30	
Ethical behavior of firms (1-7 scale)	5.55	14 / 30	
Public trust of politicians (1-7 scale)	4.95	10 / 30	
Irregular Payments in Public Contracts (1-7 scale)	6.00	9 / 30	
Favoritism in decisions of government officials (1-7 scale)	5.16	7 / 30	
<b>Concentration of Rents</b>	<b>4.64</b>	<b>11 / 30</b>	
Regulatory protection of incumbents (0-6 scale)	1.07	8 / 29	
Extent of market dominance (1-7 scale)	4.60	15 / 30	
Intensity of competition (1-7 scale)	5.19	25 / 30	
Land inequality gini (0-100 scale)	44.00	4 / 18	
Effectiveness of antitrust policy (1-7 scale)	5.00	15 / 30	
Concentration of Banking Sector Assets (C5 ratio)	87.67	14 / 29	
<b>Financial Intermediation of Real Economy Investment</b>	<b>4.33</b>	<b>22 / 29</b>	
Financial System Inclusion	<b>5.13</b>	<b>20 / 30</b>	
Affordability of financial services for businesses (1-7 scale)	3.59	26 / 30	
Gender Gap in Financial Access (female to male ratio)	1.00	11 / 29	
Account at a formal financial institution (% of respondents in bottom 40%)	90.85	22 / 29	
Account used for business purposes (% of respondents in bottom 40%)	35.64	4 / 27	
Ease of Access to Loans (1-7 scale)	3.50	26 / 30	
Financing of SMEs (1-7 scale)	3.62	26 / 30	
<b>Intermediation of Business Investment</b>	<b>3.53</b>	<b>21 / 29</b>	
Local capital market access (1-7 scale)	3.82	23 / 30	
Venture capital availability (1-7 scale)	3.23	20 / 30	
Bank lending to Non-financial Corporations (% GDP)	54.40	24 / 26	
Small Cap IPOs to NFCs (weighted per \$100 Billion USD GDP)	1.26	17 / 27	
Large Cap IPOs to NFCs (weighted per \$100 Billion USD GDP)	2.93	12 / 27	
Private R&D Expenditure (% GDP)	0.84	20 / 30	
Follow on (secondary equity to NFCs) (% GDP)	29.32	9 / 29	
Corporate bond activity (issuances to NFCs) (% GDP)	28.49	20 / 30	
Share turnover ratio (% of market capitalization)	16.35	5 / 25	
<b>Asset Building and Entrepreneurship</b>	<b>5.10</b>	<b>15 / 30</b>	
Small Business Ownership	<b>5.16</b>	<b>19 / 30</b>	
New businesses registered (per 1,000 working age individuals)	5.78	10 / 29	
Attitudes towards entrepreneurial failure (1-7 scale)	4.84	6 / 30	
Number of PCT patent applications filed (per million population)	83.76	20 / 30	
Time to start a business (total number of days)	6.00	17 / 30	
Cost required of starting a business (% GNI per capita)	0.20	3 / 30	
Time to resolve insolvency (total number of years)	0.40	1 / 30	
Cost of resolving insolvency (% of estate's value)	9.00	18 / 30	
Cost of enforcing a contract (% of debt value)	26.90	24 / 30	
Time required to enforce a contract (total number of days)	650.00	25 / 30	
Time spent paying taxes (total number of hours per year)	82.00	4 / 30	
<b>Home and Financial Asset Ownership</b>	<b>5.04</b>	<b>13 / 30</b>	
Protection of property rights (1-7 scale)	6.19	7 / 30	
Home ownership rate (% of population)	68.60	16 / 30	
Housing Loan Penetration (% of adult population)	39.20	7 / 27	
Affordability Gap, Urban housing	0.00	6 / 25	
Employee stock ownership (% of respondents)	6.50	10 / 20	

<b>Employment and Labor Compensation</b>	<b>4.23</b>	<b>26 / 30</b>	
Productive Employment	<b>4.57</b>	<b>24 / 30</b>	
Female labor force participation (female to male ratio)	0.81	25 / 30	
Unemployment rate (% of labor force)	11.60	25 / 30	
Youth unemployment rate (% of labor force)	23.90	25 / 30	
Vulnerable employment (% of employment)	12.70	16 / 23	
Extent of Informal economy (1-7 scale)	5.70	13 / 30	
Country capacity to retain talent (1-7 scale)	4.74	13 / 30	
Social mobility (1-7 scale)	5.42	17 / 30	
Strictness of employment protection (0-6 scale)	0.63	25 / 29	
Unusual hours of work (per year)	1819.54	23 / 30	
Share in Temporary Employment (% of employed persons)	9.30	12 / 27	
Underemployment rate (% of labor force)	7.06	25 / 28	
Active Labour Market Expenditure (% of GDP)	0.86	5 / 27	
<b>Wage and non-wage compensation</b>	<b>3.90</b>	<b>26 / 30</b>	
Low pay rate (% of employment)	20.10	19 / 26	
Gender Gap in Estimated Earned Income (female to male ratio)	0.59	23 / 30	
Pay linked to productivity (1-7 scale)	5.26	3 / 30	
Wage dispersion (minimum relative to median wage)	0.44	16 / 21	
Trade union density (% of employment)	29.60	9 / 30	
Collective bargaining coverage rate (% of employment)	32.40	20 / 30	
Cooperation in labour-employer relations (1-7 scale)	5.31	13 / 30	
Workers' Rights (violations)	12.00	14 / 28	
Availability of formal child care (%)	28.75	17 / 26	
Cost of child care (% of average wage)	53.50	23 / 28	
Paid maternity leave (total number of days)	74.62	20 / 25	
Parental leave (total number of days)	0.00	18 / 24	
<b>Fiscal Transfers</b>	<b>4.99</b>	<b>2 / 30</b>	
Tax Code	<b>4.49</b>	<b>2 / 30</b>	
Extent and effect of taxation on incentives to work (1-7 scale)	3.73	15 / 30	
Extent and effect of taxation on incentives to invest (1-7 scale)	4.74	5 / 30	
Total tax revenue (% GDP)	23.82	11 / 30	
Synthetic measure tax progressivity	9.95	1 / 30	
Total tax wedge (% of labor cost)	12.59	1 / 30	
Tax on goods and services (% of total tax revenue)	32.43	18 / 30	
Tax on property (% GDP)	2.27	14 / 28	
Total tax on capital (% GDP)	0.66	6 / 29	
Total tax on Inheritance (% GDP)	0.19	10 / 29	
<b>Social Protection</b>	<b>5.48</b>	<b>8 / 30</b>	
Efficiency in public goods and services provision (1-7 scale)	4.59	19 / 30	
Social safety net protection (1-7 scale)	5.58	13 / 30	
Total spending on social protection (% GDP)	23.72	13 / 30	
Coverage of old-age pensions (% above retirement age)	90.50	19 / 30	
Coverage of unemployment insurance (% of unemployed)	85.40	3 / 29	
Progressivity of pensions (0 to 100 scale)	100.00	1 / 29	
Estimate of health coverage (% of population)	100.00	1 / 30	
Coverage in case of employment injury (% of labor force)	71.80	20 / 30	
Net pension replacement rate (% of pre-retirement earnings)	42.20	27 / 29	
Net unemployment benefit replacement rate (% previous earnings)	48.60	25 / 29	

# Methodology of the Benchmarking Framework on Inclusive Growth and Development

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## The Concept

The approach of the Benchmarking Framework and Key Performance Indicators presented in this Report is intended to be normative and primarily aimed at stimulating discussion on policy priorities, actions that could be taken by the private sector (alone or in concert with government), and further research endeavors. As outlined above, there is widespread agreement that the growth process must yield inclusive outcomes, and research on the factors that determine such outcomes is still going on and remains at a formative stage. Many determinants are thought to influence growth outcomes and the way in which they are distributed. The selection of the pillars therefore represents a key assumption of the Framework. It is based on available research and best judgment based on historical experience. However, these domains have not yet been empirically proven to have a direct, causal link to increased growth or social equity, either individually or collectively.

For practical reasons, the Policy and Institutional Indicator (PII) Framework separates the policy domains into seven distinct pillars, though the policy areas are interdependent and interconnected. They tend to reinforce each other, and a weakness in one area often has a negative impact on others. No single determinant can ensure inclusive growth, which can only be achieved through a combination of factors. For example, employment can only contribute to equitable growth if education is widely accessible and transmits skills of relevance to the labor market. Private-sector investment will be higher and more efficient if government and business activity is transparent and ethical. Likewise, education is also linked to health outcomes - in advanced economies, those with the highest education can expect to live six years longer than their poorly educated peers.

The appropriate mix of policies and institutions will depend on country circumstances and preferences. The Framework does not intend to suggest that there is an ideal policy or institutional mix for the pursuit of inclusive growth and development that will apply to all countries. For the same reason, the Benchmarking Framework and the Inclusive Development Index do not assign different weights to the pillars and sub-pillars. Given the data limitations, the complexity of the topic, and the need for further research, the individual indicators should be interpreted as simple proxies for prevailing conditions and the extent to which

countries are fully using their policy space. A weak or strong score in a specific domain relative to its peer group should thus be seen as a marker or signpost of where a country might explore policy changes or other actions.

It is important to note that in a number of instances, data had to be adjusted to take into account both equity and growth considerations. Although equity remains a principal focus when assigning rank direction, a cut-off has been applied at the point where these policies might dampen growth. These trade-offs are visible in the case of labor market and tax-related indicators, where a higher degree of protection or higher taxes can support social inclusion but also dampen growth. For example, a higher degree of collective bargaining supports redistribution of income toward employment, but it limits the ability of businesses to adjust wages to their needs. Along similar lines, while trade unions are key for protecting workers' rights, a very high degree of unionization can create constraints on decisions critical for a company's future economic viability. For the same conceptual reasons, some tax data were adjusted. Other adjustments were undertaken if the relationship between the indicator and inclusive growth is not linear. For example, paid maternity leave is beneficial to female inclusion until it begins to adversely affect wages and (re)integration into the labor market. Similarly, financial market indicators, such as domestic credit to the private sector or share turnover, can indicate instabilities in financial markets once a certain level is reached, as was so poignantly demonstrated during the financial crisis of the last decade. Specific adjustments were based upon available literature and the authors' interpretation of the data.

## Data and Aggregation Methods

The Benchmarking Framework includes two types of data. The first category is quantitative data collected from leading international organizations and other respected sources. The second category of data is derived from the World Economic Forum's Executive Opinion Survey, which assesses the perspectives of more than 14,000 business leaders about their countries' business and political environment (between February and June 2016). The questions from the survey are on a 1-to-7 scale, with 1 representing the worst case, and 7 the best.

If quantitative data presents outliers, data thresholds are introduced to reduce the bias in the distribution of the data. The same thresholds are applied across the full sample of countries where data is available to allow for some degree of comparability (at indicator level and across some sub-pillars).

The computation is based on successive aggregations of scores from the indicator level to the sub-pillar and pillar level. Unless noted otherwise, an arithmetic mean is used to aggregate individual indicators within a category. For quantitative data, to make aggregation possible, indicators are converted to a 1-to-7 scale (worst to best) in order to align them with the Survey results. A linear min-max transformation is applied, which preserves the order of, and the relative distance between, country scores.

a. Formally, for a category  $[i]$  composed of  $[K]$  indicators, there is:

$$\text{category}_i = \frac{\sum_{k=1}^K \text{indicator}_k}{K}$$

b. Formally, the equation is:

$$6 \times \frac{(\text{country score} - \text{sample minimum})}{(\text{sample maximum} - \text{sample minimum})} + 1$$

The  $[\text{sample minimum}[i]]$  and  $[\text{sample maximum}[i]]$  are, respectively, the lowest and highest country scores in the sample of economies covered by the benchmarking tool. In some instances, adjustments were made to account for extreme outliers. For those indicators for which a higher value indicates a worse outcome, the transformation formula takes the following form, thus ensuring that 1 and 7 still correspond to the worst and best possible outcomes, respectively:

$$-6 \times \frac{(\text{country score} - \text{sample minimum})}{(\text{sample maximum} - \text{sample minimum})} + 7$$

## Data Presentation

In order to facilitate peer-group comparisons for countries, the results are grouped into the four broad categories of countries based on a combination of the World Economic Forum's Global Competitiveness Index methodology and the World Bank's income classifications that were available at the time the last Report was drafted: advanced, upper-middle, lower-middle and low income.<sup>1</sup> This classification also reflects somewhat different available data sets and policy challenges for each group. The income thresholds presented in the table below are based on GDP per capita in current US dollars.

Results are displayed by pillar as well as by country (scorecards). The former is intended to enable the reader to benchmark a given score against a peer group of countries in a given policy domain and across other policy domains. The latter is intended to provide a comprehensive picture of a country's performance and enabling environment conditions across the full spectrum of policy domains covered by the Benchmarking Framework. In addition to numerical values, a five-color system of color shading is applied to ease interpretation of the data and comparisons across countries and indicators, with darkest green representing the best performance in a pillar, shades of yellow standing for average performance, and deepest red displaying the poorest performance. The same color palette has been used for the icons on the country profiles showing the individual country performances as well as in the aggregated pillar result tables for each income group. This allows both an internal comparison for individual countries (by showing in which pillars they perform more or less well) as well as a cross-country comparison (how the countries compare to their peers in the various pillars and sub-pillars).

It is important to note that in order to facilitate the comparison of countries with their peers - those with similar resources at their disposal - the color palette has been based on results by income group. Thus, caution must be taken in comparing color results across income groups, as they are not directly comparable. Specifically, the range of colors shown for advanced, upper-middle and lower middle income economies are each based on the results of the specific income group and only comparable to the countries within their group. For the low-income countries, a single color calibration has been

<sup>1</sup> Stage 3 has been used for advanced economies and Stage 2 has been divided into two distinct groups (including those in transition) at the midpoint to obtain the upper and lower-middle income groups, respectively.

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16 January 2017, 00.01 CET**

Table 17: Income Thresholds

Advanced Economies	Upper-Middle Income Economies	Lower-Middle Income Economies	Low Income Economies
>17,000 GDP per capita	6,000-16,999 GDP per capita	1,320-5,999 GDP per capita	<1,320 GDP per capita
<b>Advanced (30)</b>	<b>Upper-Middle (26)</b>	<b>Lower-Middle (37)</b>	<b>Low Income (16)</b>
Australia	Argentina	Albania	Bangladesh
Austria	Azerbaijan	Algeria	Burundi
Belgium	Brazil	Armenia	Cambodia
Canada	Bulgaria	Bolivia	Chad
Czech Republic	Chile	Cameroon	Kenya
Denmark	China	Dominican Republic	Madagascar
Estonia	Colombia	Egypt	Malawi
Finland	Costa Rica	El Salvador	Mali
France	Croatia	Georgia	Mozambique
Germany	Hungary	Ghana	Nepal
Greece	Kazakhstan	Guatemala	Rwanda
Iceland	Latvia	Honduras	Sierra Leone
Ireland	Lithuania	India	Tajikistan
Israel	Malaysia	Indonesia	Tanzania
Italy	Mexico	Iran, Islamic Rep.	Uganda
Japan	Namibia	Jordan	Zimbabwe
Korea, Rep.	Panama	Kyrgyz Republic	
Luxembourg	Peru	Lao PDR	
Netherlands	Poland	Lesotho	
New Zealand	Romania	Macedonia, FYR	
Norway	Russian Federation	Mauritania	
Portugal	Serbia	Moldova	
Singapore	South Africa	Mongolia	
Slovak Republic	Turkey	Morocco	
Slovenia	Uruguay	Nicaragua	
Spain	Venezuela	Nigeria	
Sweden		Pakistan	
Switzerland		Paraguay	
United Kingdom		Philippines	
United States		Senegal	
		Sri Lanka	
		Thailand	
		Tunisia	
		Ukraine	
		Vietnam	
		Yemen	
		Zambia	

performed based on the range in scores of the lower-middle income countries. This has been done to highlight the still significant room for improvement even for the best performers within the low income group.<sup>2</sup>

#### Country Coverage

The Report covers 109 countries representing all regions. Country coverage has mainly been driven by data availability - all but 12 countries have full coverage on all pillars, and no countries have more than a third of missing data in a given pillar. Likewise, all but 2 countries have sufficient data to calculate the IDI scores for the most recent year and 6 countries are missing IDI scores in 2011 (used to calculate 5-year trends). In most cases, missing values do not exceed 25%. If the overall results of more than two pillars could not be properly calculated, the country has not been included. The Forum will strive to expand coverage as more comparable data becomes available, especially for low income countries. For this reason, for some variables two distinct data sets have been used (one for advanced and upper-middle income economies and another for lower-middle income and low income economies) in order to capture a wide array of concepts and to use the best data available for a large range of countries. For example, for advanced and upper-middle income countries, data from the OECD's PISA assessment has been included, while for lower-middle income and low income countries UNESCO's WIDE Database on Educational Inequality has been used due to the lack of comparable data by income quintile across the whole sample. This is also the case for a few other indicators that are available for higher income economies but not available for some of the other country groupings. As a result, pillar level scores are not strictly comparable between income groups. The table below indicates the specific variables that are available only for certain income groups.

#### Strengthening the World Economic Forum's Framework for Inclusive Growth

Some key concepts that are important for inclusive growth could not be captured due to gaps in available data - for example, discrimination against the disabled, migrants, and ethnic minorities. Data is especially scarce for low income countries and capturing the distribution of outcomes by income groups. Going forward, in order to make progress in this area, countries and international organizations will need to regularly collect better data in these critical areas especially through the use of household surveys. It is very hard to fix what you cannot measure.

It bears mention that measures of social mobility and real economy investment, or productive uses of capital, are a relatively underexplored area with important implications for inclusive growth. For this pillar, comparable data for a large number of countries is limited, necessitating the use of several different variables or proxies in order to capture this complex concept. For example, it is difficult to capture net equity issuance (taking into account share buybacks) in a single measure due to poor country coverage; these indicators could not be combined and have been presented separately in this Report. Likewise, private investment in infrastructure data is only available for developing countries as data for many advanced economies also includes public investment. The Forum's goal is to provide a more complete breakdown of this concept in the next Report.

This Report should be seen as marking the start of an ongoing process. Empirical research on the topic of inclusive growth is still emerging. As it evolves, the Forum intends to use it to explore the relationships and relative importance of the different pillars. A 'Build Your Own Index' tool is also available online, which features alternative weightings of the IDI sub-components (with the default reflecting equal weightings). It intends to stimulate discussion around different ways of measuring and tracking progress. Work will also be done to incorporate new countries and indicators into the analysis and to test the robustness of the Framework. This work on further refining and upgrading the methodology will inform the next edition of the Report.

<sup>2</sup> This is particularly important given the small sample size of the low income group, and thus the very small and generally low range of results. This decision was also taken based upon the distribution of incomes with many countries clustered around the lower-middle income/low income threshold— with the vast majority in the lower-middle income group below \$4,000 GDP per capita.

**Under embargo until Monday  
16 January 2017, 00.01 CET**

Table 18: Indicators per Group

Pillar 1: Education and Skills	Applicable Income Group
Pupils-to-teacher ratio	Lower-middle income and low income only
PISA reading score	Advanced economies and upper-middle income economies
PISA Math Score	Advanced and upper-middle income
Learned basics in reading (PASEC/SACMEQ/PIRLS)	Lower-middle and low income only
Learned basics in mathematics (PASEC/SACMEQ/TIMSS)	Lower-middle and low income only
Resilient students, % (PISA)	Advanced and upper-middle income
Social Inclusion (PISA)	Advanced and upper-middle income
PISA math score by quartile (q1/q4)	Advanced and upper-middle income
PISA reading score by quartile (q1/q4)	Advanced and upper-middle income
Basics in reading comprehension (q1/q5)	Lower-middle and low income only
Basics in mathematics (q1/q5)	Lower-middle and low income only
Mean years of schooling by quintile (q1/q5)	Lower-middle and low income only
Primary completion rate by quintile (q1/q5)	Lower-middle and low income only
Lower secondary completion rate by quintile (q1/q5)	Lower-middle and low income only
Upper secondary completion rate by quintile (q1/q5)	Lower-middle and low income only
Pillar 2: Basic Services and Infrastructure	
Transportation infrastructure	Advanced economies
Dwellings without basic facilities	Advanced economies
Access to electricity %	Upper-middle, lower-middle, and low income only
Slum population, urban %	Upper-middle, lower-middle, and low income only
Access to drinking water (%)	Upper-middle, lower-middle, and low income only
Access to sanitation (%)	Upper-middle, lower-middle, and low income only
Nutrition; undernourishment % of population	Upper-middle, lower-middle, and low income only
Indoor Air Pollution	Upper-middle, lower-middle, and low income only
Pillar 3: Corruption and Rents	
Regulatory protection of incumbents (PMR)	Advanced economies
Pillar 4: Financial Intermediation of Real Economy Investment	
Private investment in infrastructure	Upper-middle, lower-middle, and low income only
Bank lending to non-financial corporations	Advanced economies
Gross fixed capital formation, private sector (% GDP)	Upper-middle, lower-middle, and low income only
Domestic credit to private sector by banks (% of GDP)	Upper-middle, lower-middle, and low income only
Share turnover ratio (as a share of market cap)	Advanced economies
Share buyback (as a share of GDP)	Advanced economies
Follow-on issuances (% GDP)	Advanced economies
Pillar 5: Asset Building and Entrepreneurship	
Employee stock ownership	Advanced economies
Profit sharing	Advanced economies

Table 18: Indicators per Group (cont'd.)

Pillar 6: Employment and Labor Compensation	
Strictness of employment protection	Advanced economies
Underemployment (involuntary part-time employment)	Advanced economies
Availability of formal childcare	Advanced economies
Cost of childcare	Advanced economies
Active Labour Market Spending (% of GDP)	Advanced economies
Pillar 7: Fiscal Transfers	
Tax on inheritance	Advanced economies
Tax on capital	Advanced economies
Tax on property	Advanced economies
Unemployment insurance (NRR)	Advanced economies
Pensions: Net replacement rate	Advanced economies
Progressivity of pensions	Advanced economies
Adequacy of social assistance	Upper-middle, lower-middle, and low income only
Adequacy of social insurance	Upper-middle, lower-middle, and low income only
Benefit-to-cost ratio	Upper-middle, lower-middle, and low income only

#### Description of Framework Pillars (PII)

This section describes the types of indicators contained in each pillar and their importance for delivering inclusive outcomes from growth. A full description of indicators and sources can be found in the Technical Notes and Sources section.

#### Pillar 1: Education and Skills Development

- a) Access
- b) Quality
- c) Equity

Labor is the primary, and in most cases, exclusive, source of income for citizens of rich and poor countries alike. Strong and rising labor productivity across different sectors and geographies is therefore an important cornerstone of any strategy to strengthen broad-based progress in living standards and reduce social marginalization. This is all the more important in the presence of rapid technological change

that is automating, dis-intermediating, and enabling remote performance of many functions. Such change both disrupts existing jobs and creates new opportunities for labor income at every stage of economic development, in both cases favoring workers who are able to acquire and adapt skills. The challenge to societies is to create an enabling environment for widespread access to, and steady improvement in, skills acquisition.

As such, the Framework includes indicators that gauge the breadth of enrollment in early, basic, vocational, and tertiary education as well as the availability of training services (Access Sub-pillar). It includes measures of educational system quality such as the proficiency of secondary students, pupil-teacher ratio, internet access, public expenditure levels, and employer perceptions (Quality Sub-pillar). It also incorporates information on preprimary, primary, and secondary completion rates, basic reading and math proficiency by quintile of parental income, as well as other measures of the equity of educational opportunity in a society, reflecting a view that education is the main vehicle for disrupting the transmission of inequality in life chances from one generation to the next (Equity Sub-pillar).

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16 January 2017, 00.01 CET

## Pillar 2: Basic Services and Infrastructure

### a) Basic and Digital Infrastructure

### b) Health-related Services and Infrastructure

- To what extent does a country provide its citizens with a core, common endowment of infrastructure and other basic services that enable productive engagement in the economy and provide often budget-relieving and quality-of-life-enhancing contributions to their standard of living?

The common availability of basic services and infrastructure underpins equality of economic opportunity. For example, a well-developed transport infrastructure network is a prerequisite for less-developed communities to access core economic activities and services. Investment in the provision of health services, clean water, and sanitation is critical economically as well as morally. A healthy workforce is vital to a country's competitiveness, productivity, and inclusivity, as workers who are ill cannot function to their full potential. Exclusion from physical networks (water, power, telecommunications, transportation, logistics, solid waste disposal, etc.) constrains productivity and keeps people poor. Markets often do not naturally extend these networks to encompass the entire population, as it may not be cost-effective to connect poor people because the fixed costs cannot be recouped. The Basic and Digital Infrastructure Sub-pillar includes indicators that gauge the quality of overall infrastructure and domestic transport network, transport infrastructure investment as a proportion of GDP, overall access to electricity, inequality in access to electricity, proportion of urban population living in slums, pollution, dwellings without basic facilities, and a number of measures of access to and affordability of information and communications technology (ICT). The Health-related Services and Infrastructure Sub-pillar gauges perceptions of the quality and accessibility of healthcare services, extent of out-of-pocket health expenses, access to improved drinking water and sanitation, undernourishment, particulate matter concentration, inequality-adjusted life expectancy and gender-gap health measures like sex ratio at birth and female healthy-life expectancy as compared to male.

## Pillar 3: Corruption and Rents

### a) Business and Political Ethics

### b) Concentration of Rents

- To what extent do the country's policies and institutions foster broad-based economic opportunity and efficient allocation of resources through zero tolerance of bribery and corruption, low barriers to entry, and fair competition in product and capital markets?

Corruption has a chilling effect on personal initiative and entrepreneurship, and hence, on investment, job creation, and purchasing power. Its effects, both direct and indirect, are borne most heavily by ordinary citizens. It is corrosive, even antithetical, to social inclusion and economic growth, as it represents the exploitation of power by the haves against the have-nots. This sub-pillar gauges perceptions of the ethical behavior of firms, efficacy of measures to combat corruption and bribery, diversion of public funds, irregular payments in tax collection, and public trust in politicians (Business and Political Ethics Sub-pillar). Undue concentration of wealth and market power and high barriers to entry discourage entrepreneurial initiative and the recycling of resources toward uses that have the most potential to contribute to productivity gains. As such, they also suppress economic growth and progress in living standards. This sub-pillar includes indicators measuring perceptions of the extent of market dominance, intensity of local competition, regulatory protection of incumbents as well as the concentration of land ownership, and banking-sector assets (Concentration of Rents Sub-pillar).

## Pillar 4: Financial Intermediation of Real Economy Investment

### a) Financial System Inclusion

### b) Intermediation of Business Investment

- To what extent are private savings being channelled to productive purposes and generating new capital formation in the real economy?

Access to credit is a key link between economic opportunity and outcomes. By empowering individuals to cultivate opportunity, financial inclusion can be a powerful agent for inclusive growth. This sub-pillar measures access and affordability of financial services with particular emphasis on banking for the poorest and most marginalized (the bottom 40%). An account at a formal financial institution generally reduces the cost of engaging in financial transactions, provides a ready vehicle for savings and access to funds, and serves as a reference for individuals wishing to obtain credit for small business development. With improved financial access, families can smooth out consumption and increase investment, including in education and health. They can also insure against unfavorable events, and therefore avoid falling deeper into poverty. Indicators are also included on prevalence of accounts used for business purposes, ease of access to credit, and depth of credit information (Financial Inclusion Sub-pillar).

Another important factor that influences employment and wage levels is the extent to which a country's financial system efficiently intermediates the flow of private savings to profitable business investment opportunities, as opposed to financial assets or real estate which result in little net new capital formation. Such real economy business investment typically requires a medium- to long-term investment horizon to support investment in infrastructure, equipment, workforce skills, and innovation, which are crucial for firm competitiveness and growth. Accordingly, this sub-pillar includes indicators illustrating the extent to which the financial system is geared toward non-residential private investment and business capital formation. These include the extent of local equity market access, venture capital availability, domestic credit to firms by banks, private investment in infrastructure, non-residential private investment, private R&D expenditures, share turnover, bank lending to non-financial corporations, IPO issuances for both small- and large-cap firms, follow-on equity issuances, and share buybacks in order to provide an integrated picture of the how well the financial system mobilizes risk capital (Intermediation of Business Investment Sub-pillar).

Under embargo until Monday  
16 January 2017, 00.01 CET

### Pillar 5: Asset Building and Entrepreneurship

- a) Small Business Ownership
- b) Home and Financial Asset Ownership

- To what extent is the enabling environment conducive to broad-based asset accumulation and employment- and productivity-enhancing entrepreneurship?

Small business entrepreneurship and home ownership are typically the first means by which working families accumulate wealth beyond savings from wages and pension contributions. For many, they provide the primary ladder to the middle class and beyond. This pillar includes a range of indicators assessing the ease of starting and running a business with respect to regulatory and cultural factors, which is an important enabler of business and hence employment creation. These include density of new business registrations and patent applications; attitudes toward entrepreneurial failure; cost of and time required to start a business, resolve insolvency, and enforce a contract; and the time required to prepare and pay taxes (Small Business Sub-pillar). Several additional indicators measure levels of an enabling environmental conditions relating to home ownership and private savings. These include the perceived strength of property rights protection, home ownership rate, house price-to-income ratio, housing loan penetration and, for advanced countries, employee stock ownership, profit sharing, and private pension asset accumulation (Home and Financial Asset Ownership Sub-pillar).

### Pillar 6: Employment and Labor Compensation

- a) Productive Employment
- b) Wage and Non-wage Labor Compensation

- To what extent is the country succeeding in fostering widespread economic opportunity in the form of robust job creation, broad labor force participation and decent working conditions?
- How well does its enabling environment support a close correlation between growth in the productivity and compensation of labor, helping to ensure that a rising tide lifts all boats?

This pillar continues the theme that productive employment is central to achieving inclusive growth. It includes indicators measuring the extent of labor force participation (including for women) and unemployment (including for youth); underemployment and vulnerable, temporary, and informal sector employment; employer perceptions of the ease of retaining skilled employees; measures of social mobility; and strictness of employment protection. Other indicators capture the quality of working conditions through indicators like excessive working hours (Employment Sub-pillar).

Pillar 6 also measures enabling environment factors that can influence the pace and distribution of wage and non-wage labor compensation (Wage and Non-wage Labor Compensation Sub-pillar). For example, it includes indicators measuring wage dispersion (ratio of median to minimum wages), low pay (below two-thirds of the median), trade union density, collective bargaining coverage, cooperation in labor-employer relations, gender pay gap, and violations of worker's rights. Finally, it incorporates measures of key aspects of non-wage compensation such as child care costs and maternal and parental leave.

### Pillar 7: Fiscal Transfers

- a) Tax Code
- b) Social Protection

- To what extent does a country's tax system countervail income inequality without undermining economic growth? How much of its tax burden falls on labor, capital, and consumption relative to its peers?
- To what extent are a country's public social protection systems engaged in mitigating poverty, vulnerability, and marginalization?

A nation's fiscal policy - the way governments collect and spend public resources - can play a major role in reducing poverty and inequality. Taxation is an important source of revenue to fund social protection programs and provides a means of directly redressing market inequalities. However, taxes must be designed well to minimize loopholes and ensure progressivity (that they are levied more strongly on those best able to afford them) without dampening incentives to work, save, and invest. This sub-pillar includes indicators measuring total tax revenue, total tax wedge as a percentage of labor costs, the incidence of taxes on capital, property, inheritance, and consumption, as well as the overall progressivity of the tax system and perceptions of its impact on incentives to work and invest (Tax Code Sub-pillar).

Social safety nets of various sorts can help societies mitigate the effects of external and transitory livelihood shocks as well as to meet the minimum needs of the chronically poor so that they too can participate in and benefit from growth. These include policies and programs to reduce the risks of unemployment, underemployment, or low wages resulting from inappropriate skills or poorly functioning labor markets. Other social insurance programs are designed to cushion

risks associated with ill health, disability, work-related injuries, and old age. Social assistance and welfare schemes such as cash or in-kind transfers are intended for the most vulnerable groups that have no other means of adequate support.

This sub-pillar includes indicators that comparatively assess: the total social expenditures as a proportion of GDP; coverage, adequacy and progressivity of public pensions; coverage and adequacy of unemployment benefits; coverage of disability and health benefits; perceived effectiveness of government in reducing poverty and inequality; perceived wastefulness of government spending; and adequacy of social assistance and insurance (Social Protection Sub-pillar).

# Technical Notes and Sources

Under embargo until Monday  
16 January 2017, 00.01 CET

## Full indicator list and descriptions

The data in this Report represent the best available estimates from various national authorities, international agencies, and private sources at the time the Report was prepared. It is possible that some data would have been revised or updated by the sources after publication of this Report.

“N/a” denotes that a value is not available or that the available data are unreasonably outdated or not from a reliable source.

## Dashboard of National Key Performance Indicators

### I) Growth and Development

#### 0.01 GDP per capita | 2015

Gross domestic product per capita in constant 2010 dollars (2015) is used for value. The trend is the annual percentage growth rate of GDP per capita. Aggregates are based on constant 2005 US dollars. GDP per capita is gross domestic product divided by mid-year population. GDP at purchaser's price is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. The five-year average is based on the authors' calculations between 2011 and 2015 or most recent year.

Sources: World Development Indicators, World Bank.

#### 0.02 Labor Productivity | 2014

This refers to the output per unit of labor input. GDP per person employed is GDP divided by total employment in the economy. Purchasing power parity (PPP) GDP is GDP converted to 1990 constant international dollars using PPP rates. The five-year trend is based on the average annual percentage growth rate of labor productivity, per person employed, percentage change between 2010 and 2014.

Source: World Development Indicators, World Bank.

#### 0.03 Healthy Life Expectancy | 2015

Average number of years that a person can expect to live in “full health” by taking into account years lived in less than full health due to disease and/or injury. The five-year trend is based on the change in the number of years of life expectancy between 2010 and 2015.

Source: The Global Burden of Disease Database, Institute for Health Metrics and Evaluation.

#### 0.04 Employment | 2014

Employment-to-population ratio is the proportion of a country's population that is employed. Ages 15 and older are generally considered the working-age population. The five-year trend is based on the absolute difference in the employment rates in 2010 and 2014.

Sources: World Development Indicators, World Bank; Key Indicators of the Labour Market database, International Labour Organization (ILO).

### II) Inclusion

#### 0.05 Net-Income Gini | 2014 or most recent

This indicator measures the extent to which the net distribution of income (that is, post-tax, post-transfers), among individuals or households within an economy deviates from a perfectly equal distribution. A Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality. The five-year trend is based on the absolute difference in net-income Gini over the last five most recent years available.

Source: F. Solt, 2016, “The Standardized World Income Inequality Database,” Social Science Quarterly 97. SWIID Version 5.1, July 2016.

#### 0.06 Poverty Rate | 2014 or most recent

For advanced economies, relative income poverty is defined as less than half of the respective median national income (after taxes and transfers, and adjusted for size of household). For low- and middle-income countries, it is defined as the percentage of the population living on less than \$3.10 a day at 2011 international prices. The five-year trend is based on the absolute difference in the poverty rates between 2010 and 2014 or the most recent year.

Sources: Organisation for Economic Co-operation and Development (OECD); World Development Indicators Online, World Bank.

#### 0.07 Wealth Gini | 2016

This indicator measures the differences in the distribution of wealth – higher Gini coefficients signify greater inequality in wealth distribution, with 1 signaling complete inequality and 0, complete equality. The five-year trend is based on the absolute difference in wealth Gini between 2012 and 2016.

Source: Credit Suisse Global Wealth Databook 2016.

#### 0.08 Median Income | 2012 or most recent

This is the median of daily per capita income/consumption expenditure in 2011 USD PPP. The data are drawn from nationally-representative household surveys, which are conducted by national statistical offices or by private agencies under the supervision of government or international agencies and obtained from government statistical offices and World Bank Group country departments. The per capita income/consumption used in PovcalNet is household income/consumption expenditure divided by the household size. The author has converted the data from monthly to daily median income. The trend, median income growth, is based on the absolute difference in median income between 2008 and 2012 or the most recent year and represents the total growth over the period, which in the majority of cases covered a 5 year span (+ or - 1 year). In a few cases, historical data is lacking and the trend is displayed as “n/a”.

Source: PovcalNet, World Bank

### III) Intergenerational Equity & Sustainability

#### 0.09 Adjusted Net Savings, Excluding Carbon Damage (% of GNI) | 2014 or most recent

Natural Capital Accounts measure the total stocks and utilization of natural resources in a given ecosystem, clarifying the real difference between production and consumption by capturing depreciation of fixed capital, depletion of natural resources, and damage from pollution. It is expressed as a percentage of Gross National Income (GNI). Adjusted net savings are equal to net national savings plus expenditure on education and minus depletion of energy, minerals, and forests, and damage by particulate emissions. Carbon damage has been excluded from the calculation. By accounting for fixed and natural capital depletion, adjusted net national income better measures the income available for consumption and for investment to increase a country's future consumption. The trend is based on the absolute difference in Adjusted Net Savings (minus carbon damage) between 2010 and 2014 or most recent year.

Source: World Development Indicators Online, World Bank.

#### 0.10 Carbon Intensity of GDP | 2014 or most recent

Carbon intensity is a measure of how much carbon economies emit for every dollar of GDP they produce. It is expressed in Kilotonnes of CO<sub>2</sub>/\$billion (in 2005 US\$). International data for carbon dioxide emissions from the consumption of energy includes emissions due to the consumption of petroleum, natural gas, and coal, and also from natural gas flaring. The five-year trend is based on the change in the carbon intensity of GDP between 2010 and 2014 or most recent year.

Sources: US Energy Information Administration (EIA) Historical Statistics for 1980-2013; World Development Indicators, World Bank; The Shift Project Data Portal.

**Under embargo until Monday  
16 January 2017, 00.01 CET**

#### 0.11 Public Debt (as a share of GDP) | 2015

Gross debt consists of all liabilities that require payment of interest and/or principal by the debtor to the creditor at a date or several dates in the future. This includes debt liabilities in the form of special drawing rights, currency and deposits, debt securities, loans, insurance, pensions, standardized guarantee schemes, and other accounts payable. Thus, all liabilities in the Government Finance Statistics Manual (GFSM) 2001 system are debt, except for equity and investment fund shares, financial derivatives, and employee stock options. For Australia, Belgium, Canada, Iceland, New Zealand, and Sweden, government debt coverage also includes insurance technical reserves, following the GFSM 2001 definition. The trend is based on the absolute difference in public debt as a share of GDP between 2011 and 2015 or most recent.

Sources: World Economic Outlook Database, International Monetary Fund (IMF) (April 2014 edition); Public Information Notices (IMF, various issues); African Development Bank; OECD; United Nations Development Programme (UNDP); African Economic Outlook 2014; national sources.

#### 0.12 Dependency ratio | 2014

Age dependency ratio is the ratio of dependents – people younger than 15 or older than 64 – to the working-age population – those aged 15-64. Data are shown as the proportion of dependents per 100 working-age people. The five-year trend is the absolute difference in the dependency ratios for 2010 and 2014.

Sources: World Development Indicators, World Bank.

### Framework of Policy and Institutional Indicators

#### 1st Pillar: Education and Skills Development

##### a) Access

#### 1.01 Mean Years of Schooling | 2013

This refers to the average number of years of education received by people aged five-years and older, converted from education attainment levels using official durations of each level.

Source: Human Development Index, UNDP.

#### 1.02 Gross Preprimary Enrollment | 2015 or most recent

This denotes the total enrollment in preprimary education, regardless of age, expressed as a percentage of the total population in the official preprimary education age-bracket. Gross enrollment rate (GER) can exceed 100% due to the inclusion of overage and underage students because of early or late school entrance and grade repetition.

Source: Data Centre, Institute for Statistics, United Nations Educational, Scientific and Cultural Organization (UNESCO).

#### 1.03 Net Primary Enrollment | 2015 or most recent

This indicates the total enrollment in primary education, regardless of age, expressed as a percentage of the population officially in the primary education age-bracket.

Source: Data Centre, Institute for Statistics, UNESCO.

#### 1.04 Gross Secondary Enrollment | 2015 or most recent

The reported value refers to the ratio of total secondary enrollment, regardless of age, to the population in the age group that officially corresponds to the secondary education level. Secondary education (International Standard Classification of Education levels 2 and 3) completes the provision of basic education that begins at the primary level, and aims to lay the foundation for lifelong learning and human development by offering more subjects or skills-oriented instruction using specialized teachers.

Sources: Data Centre, Institute for Statistics, UNESCO.

#### 1.05 Gross Tertiary Enrollment | 2015 or most recent

This is the ratio of total tertiary enrollment, regardless of age, to the population of the age group that officially corresponds to the tertiary education level. Tertiary education (ISCED levels 5 and 6), whether or not leading to an advanced research qualification, normally requires the successful completion of education at the secondary level as a minimum condition for admission.

Sources: Data Centre, Institute for Statistics, UNESCO.

#### 1.06 Vocational Enrollment (upper-secondary, %) | 2015 or most recent

This refers to the total number of students enrolled in vocational programs at upper-secondary level, expressed as a percentage of the total number of students enrolled in all programs (vocational and general) at that level.

Vocational education is education that is designed for learners to acquire the knowledge, skills, and competencies specific to a particular occupation, trade, or class of occupations or trades. Vocational education may have work-based components. Successful completion of such programs leads to labor market-relevant vocational qualifications acknowledged as occupationally-oriented by the relevant national authorities and/or the labor market.

Source: Data Centre, Institute for Statistics, UNESCO.

#### 1.07 Availability of High-Quality Training Services | 2015-2016 weighted average

The availability of high-quality, professional training services in a given country is measured on a scale of 1-7 (1 = not available at all; 7 = widely available).

Source: Executive Opinion Survey, World Economic Forum.

#### 1.08 Gender Gap in Education | 2015 or most recent

The World Economic Forum's Global Gender Gap in Education sub-index is based on the following indicators:

Ratio of female literacy rate to male literacy rate  
Ratio of female net primary enrollment rate to male value  
Ratio of female net secondary enrollment rate to male value  
Ratio of female gross tertiary enrollment ratio to male value

Source: Education indicators, database 2015 or latest data available, Institute for Statistics, UNESCO; UNDP Human Development Report 2009, most recent year available between 1997 and 2007.

#### b) Quality

#### 1.09 Quality of Education System | 2015-2016 weighted average

How well the education system in a country meets the needs of a competitive economy is measured on a scale of 1-7 (1 = not well at all; 7 = extremely well).

Source: Executive Opinion Survey, World Economic Forum.

#### 1.10 Internet Access in Schools | 2015-2016 weighted average

The extent to which the Internet is used in schools for learning purposes is assessed on a scale of 1 to 7 (1 = not at all; 7 = to a great extent).

Source: Executive Opinion Survey, World Economic Forum.

#### 1.11 Public Expenditure on Education (% of GDP) | 2014 or most recent

The total general (local, regional, and central) government expenditure on education (current, capital, and transfers) is expressed as a percentage of GDP. It includes expenditure funded by transfers from international sources to government.

Source: Data Centre, Institute for Statistics, UNESCO.

#### 1.12 Pupils-to-Teacher Ratio, Primary | 2014 or most recent

The pupil-teacher ratio is the number of pupils enrolled in primary school divided by the number of primary school teachers.

Source: Data Centre, Institute for Statistics, UNESCO.

#### 1.13 PISA Reading Score | 2015

The OECD's Programme for International Student Assessment (PISA) is an average standardized test of the performance of 15-year-old students that aims to measure their capacity to understand, use, and reflect on written texts in order to achieve their goals and potential, develop knowledge, and participate in society. It is available for 65 economies.

Source: OECD.

**Under embargo until Monday  
16 January 2017, 00.01 CET**

#### 1.14 PISA Mathematics Score | 2015

This average standardized test assesses the performance of 15-year-old students to capture their capacity to identify, understand, and engage in mathematics, and make well-founded judgments about the role that mathematics plays in the lives of constructive and engaged citizens. It is available for 65 economies.

Source: OECD.

#### 1.15 Basics in Reading Comprehension | 2013 or most recent

Various tests are used to measure the percentage of children who have achieved a minimum internationally-recognized learning standard in reading – the Progress in International Reading Literacy Study (PIRLS), Southern and Eastern Africa Consortium for Monitoring Educational Quality (SACMEQ), and Programme for the Analysis of Education Systems (PASEC).

Sources: UNESCO; World Inequality Database on Education (WIDE), <http://www.education-inequalities.org/>.

#### 1.16 Basics in Mathematics | 2013 or most recent

Various international assessments – Trends in International Mathematics and Science Study (TIMSS), SACMEQ, and PASEC – measure the percentage of children who have achieved an internationally-recognized minimum learning standard in mathematics.

Sources: UNESCO; WIDE, <http://www.education-inequalities.org/>.

#### 1.17 Ease of Finding Skilled Employees | 2015-2016 weighted average

The extent to which companies in each country can find people with the skills required to fill their vacancies is rated on a scale from 1 to 7 (1 = not at all; 7 = to a great extent).

Source: Executive Opinion Survey, World Economic Forum.

#### 1.18 Quality of Vocational Training | 2015–2016 weighted average

The quality of vocational training in each country is assessed on a scale of 1 to 7 (1 extremely poor – among the worst in the world; 7 = excellent – among the best in the world).

Source: Executive Opinion Survey, World Economic Forum.

### c) Equity

#### 1.19 Resilient Students (socioeconomically disadvantaged scoring in top quarter, %) | 2015

This is measured as the percentage of resilient individuals among disadvantaged students. A student is classified as resilient if he or she is in the bottom quarter of the PISA index of economic, social, and cultural status (ESCS) in the country/economy of assessment and performs in the top quarter of students from all countries/economies after accounting for socioeconomic status.

Source: OECD.

#### 1.20 Social Inclusion (percentage of variation in socioeconomic status between schools) | 2015

This is measured as the percentage of variation in socioeconomic status between schools. The index of social inclusion is calculated as  $100 \times (1 - \rho)$ , where  $\rho$  stands for the intra-class correlation of socioeconomic status, i.e. the between-school variation in the PISA index of social, economic, and cultural status of students, divided by the sum of the between-school variation in students' socioeconomic status and the within-school variation in students' socioeconomic status.

Source: OECD.

#### 1.21 PISA Reading Score (by quartile) | 2015

This is a measure of the PISA reading scores attained, expressed as a ratio of the bottom to the top quarter. A value of 0 reflects perfect inequality and a value of 1 reflects perfect equality.

Source: OECD.

#### 1.22 PISA Mathematics Score (by quintile) | 2015

This is a measure of the PISA mathematics scores attained, expressed as a ratio of the bottom to the top quarter. A value of 0 reflects perfect inequality and a value of 1 reflects perfect equality.

Source: OECD.

#### 1.23 Mean Years of Schooling (by quintile) | 2014 or most recent

This is a measure of the average number of years of schooling attained by the 20-24 years age-group, expressed as the ratio Q1/Q5 to capture the difference in attainment between the bottom and top quintile (Q1 and Q5, respectively). A value of 0 reflects perfect inequality and a value of 1 reflects perfect equality.

Source: WIDE, <http://www.education-inequalities.org/>.

#### 1.24 Primary Completion Rate (by quintile) | 2014 or most recent

This refers to the proportion of children aged 3-7 years above primary school graduation age and young people aged 15-24 years who have completed primary school. Expressed as a ratio, Q1/Q5, it captures the difference in primary education completion between the bottom (quintile 1) and the top (quintile 5). A value of 0 reflects perfect inequality and a value of 1 reflects perfect equality.

Source: WIDE, <http://www.education-inequalities.org/>.

#### 1.25 Lower-Secondary Completion Rate (by quintile) | 2014 or most recent

This measures the proportion of (i) young people aged 3-5 years above lower-secondary school graduation age, and (ii) young people aged 15-24 years, who have completed lower secondary school. Expressed as a ratio, Q1/Q5, it captures the difference in secondary education completion between the bottom (quintile 1) and the top (quintile 5). A value of 0 reflects perfect inequality and a value of 1 reflects perfect equality.

Source: WIDE, <http://www.education-inequalities.org/>.

#### 1.26 Upper-Secondary Completion Rate (by quintile) | 2014 or most recent

This is a measure of the proportion of (i) young people aged 3-5 years above upper secondary school graduation age, and (ii) people aged 20-29 years, who have completed upper secondary school. It is expressed as a ratio, Q1/Q5, to capture the difference in secondary education completion between the bottom quintile (Q1) and the top quintile (Q5). A value of 0 reflects perfect inequality and a value of 1 reflects perfect equality.

Source: WIDE, <http://www.education-inequalities.org/>.

#### 1.27 Basics in Reading Comprehension (by quintile) | 2013 or most recent

Various assessments such as PISA, PIRLS, SACMEQ, and PASEC are used to calculate the proportion of children who have achieved a minimum internationally-recognized standard of reading ability. The ratio Q1/Q5 captures the difference in learning outcomes between the bottom (quintile 1) and the top (quintile 5) students. A value of 0 reflects perfect inequality and a value of 1 reflects perfect equality.

Sources: OECD; WIDE, <http://www.education-inequalities.org/>.

#### 1.28 Basics in Mathematics (by quintile) | 2013 or most recent

Assessments such as PISA, TIMSS, PASEC, and SCAMEQ yield the proportion of children who have achieved an internationally-recognized minimum standard of learning in mathematics. The ratio Q1/Q5 captures the difference in learning outcomes between the bottom (quintile 1) and the top (quintile 5). A value of 0 reflects perfect inequality and a value of 1 reflects perfect equality.

Sources: OECD; WIDE, <http://www.education-inequalities.org/>.

**Under embargo until Monday  
16 January 2017, 00.01 CET**

## 2nd Pillar: Basic Services and Infrastructure

### a) Basic and Digital Infrastructure

- 2.01 Quality of Overall Infrastructure** | 2015-16 weighted average  
Survey participants rate the general state of infrastructure e.g. transport, communications, and energy) in their countries on a scale of 1-7 (1 = extremely underdeveloped – among the worst in the world; 7 = extensive and efficient – among the best in the world).  
  
Source: Executive Opinion Survey, World Economic Forum.
- 2.02 Efficiency of Ground Transport** | 2015-16 weighted average  
Participants rated on a scale of 1 to 7 the efficiency (i.e. frequency, punctuality, speed, price) of ground transportation in their respective countries (buses, subways, taxis) (1 = extremely inefficient – among the worst in the world; 7 = extremely efficient – among the best in the world).  
  
Source: Executive Opinion Survey, World Economic Forum.
- 2.03 Access to Electricity** | 2012  
This is an indicator of the percentage of a country's population with access to electricity.  
  
Sources: Sustainable Energy for All Database, World Bank; Global Electrification Database.
- 2.04 Transport Infrastructure** | 2011  
This is an estimate of the total infrastructure investment and maintenance spending (on rail, road, seaways, and airports) as a percentage of GDP.  
  
Source: OECD.
- 2.05 Slum Population (Urban)** | 2014  
To calculate the proportion of urban population living in slums, a slum household is defined as a group of individuals living under the same roof lacking one or more of the following conditions: access to improved water, access to improved sanitation, sufficient living area, durability of housing, and security of tenure.  
  
Source: United Nations Human Settlements Programme (UN-Habitat).

- 2.06 Dwellings without Basic Facilities** | 2012  
This indicator refers to the percentage of the population living in a dwelling without an indoor flushing toilet for the sole use of that household. Flushing toilets outside the dwelling are not considered, but flushing toilets in a room where there is also a shower unit or a bath are counted.  
  
Sources: European Union Statistics on Income and Living Conditions (EU-SILC); OECD.
- 2.07 Internet Users** | 2014  
This refers to the percentage of individuals using the Internet. "Internet users" refers to the proportion of individuals who used the Internet in the previous 12 months. Data are based on surveys generally carried out by national statistical offices or estimated based on the number of Internet subscriptions.  
  
Source: World Telecommunication/ICT Indicators Database 2015, International Telecommunication Union (ITU), <http://www.itu.int/en/ITU-D/Statistics/Pages/publications/wtid.aspx>.
- 2.08 Fixed Broadband Internet Subscriptions** | 2015  
This refers to the total fixed (wired) broadband internet subscriptions – that is, subscriptions to high-speed Internet, a Transmission Control Protocol/Internet Protocol(TCP/IP) connection – at downstream speeds equal to or greater than 256 kilobits per second (kbps) per 100 people. This indicator relates to the penetration and quality of the Internet and receives 1/2 weighting.  
  
Source: ITU World Telecommunication/ICT Indicators Database 2013, ITU.
- 2.09 Active Mobile Broadband Subscriptions** | 2015  
This is a measure of mobile broadband Internet subscriptions per 100 people. This indicator relates to the penetration and quality of the Internet and receives 1/2 weighting.  
  
Source: ITU World Telecommunication/ICT Indicators Database 2013, ITU.

- 2.10 Mobile Cellular Tariffs, PPP\$** | 2014 or most recent  
The World Economic Forum Global Information Technology Report 2016 constructs this measure by first taking the average per-minute cost of a local call to another mobile cellular phone on the same network (on-Net) and on another network (off-Net). This amount is then averaged with the per-minute cost of a local call to a fixed telephone line. All the tariffs are for calls placed during peak hours and based on a basic, representative mobile cellular pre-paid subscription service.  
  
In order to account for differences in costs of living, the dollar amounts are converted into international dollars by applying the purchasing power parity (PPP) conversion factor sourced from the World Bank's World Development Indicators (retrieved January 4, 2016).  
  
This indicator receives 1/2 weighting.  
  
Sources: World Economic Forum Global Information Technology Report, based on ITU World; Telecommunication/ICT Indicators Database 2015, ITU; World Development Indicators, World Bank; national sources.
- 2.11 Fixed Broadband Internet Tariffs, PPP\$** | 2014 or most recent  
  
Any dedicated connection to the Internet at downstream speeds equal to, or greater than, 256 kilobits per second is considered fixed (wired) broadband. In order to account for differences in costs of living, the World Economic Forum "Global Information Technology Report 2016" converts the dollar amounts into international dollars by applying the purchasing-power parity (PPP) conversion factor from the World Bank's World Development Indicators.  
  
This indicator receives 1/2 weighting.  
  
Sources: World Economic Forum Global Information Technology Report, based on ITU World; Telecommunication/ICT Indicators Database 2015, ITU; World Development Indicators, World Bank; national sources.

### b) Health-related Services and Infrastructure

- 2.12 Quality of Healthcare Services** | 2015-16 weighted average  
Survey respondents rate the quality of healthcare – public and private – provided to ordinary citizens in their country on a scale of 1 to 7 (1 = extremely poor – among the worst in the world; 7 = excellent – among the best in the world).  
  
Source: Executive Opinion Survey, World Economic Forum.
- 2.13 Accessibility of Healthcare Services** | 2015-16 weighted average  
Survey participants rate the accessibility of healthcare in their country on a scale of 1 to 7 (1 = limited – only the privileged have access; 7 = universal – all citizens have access to healthcare).  
  
Source: Executive Opinion Survey, World Economic Forum.
- 2.14 Particulate Matter (2.5) Concentration** | 2014  
This refers to the annual mean concentration of particulate matter of less than 2.5 microns in diameter (PM2.5).  
  
Although invisible to the naked human eye as individual particles, elevated levels of PM2.5 can reduce visibility, cause the air to appear hazy, and adversely affect human health.  
  
Source: Global Health Observatory data repository, World Health Organization (WHO).
- 2.15 Out-of-Pocket Health Expenses** | 2014  
This is a measure of household direct payments to public and private providers of healthcare services and non-reimbursable cost-sharing, such as deductibles, co-payments, and fees for services, expressed as a percentage of total health expenditure.  
  
Source: Global Health Expenditure Database, WHO.

**Under embargo until Monday  
16 January 2017, 00.01 CET**

### 2.16 Undernourishment | 2015

The population below a minimum level of dietary energy consumption is measured as a percentage of the population whose food intake is insufficient to meet dietary energy requirements continuously. “2.5” signifies prevalence of undernourishment below 2.5% of the population.

Source: The State of Food Insecurity in the World, FAO, <http://www.fao.org/3/a-i4646e.pdf>.

### 2.17 Inequality-adjusted Life Expectancy | 2013

The UNDP’s Inequality-adjusted Life Expectancy Index is the HDI life expectancy index adjusted for inequality in distribution of expected length of life.

Source: Human Development Index, UNDP.

### 2.18 Access to Improved Drinking Water | 2015

This refers to the percentage of the population that uses an improved drinking-water source. WHO/UNICEF define an “improved drinking-water source” as one that, by nature of its construction or through active intervention, is protected from outside contamination, in particular from contamination with fecal matter. This includes piped water on premises (piped household water connection located inside the user’s dwelling, plot, or yard), and other improved drinking water sources (public taps or standpipes, tube wells or boreholes, protected dug wells, protected springs, and rainwater collection).

Source: WHO/UNICEF Joint Monitoring Programme (JMP) for Water Supply and Sanitation, [wssinfo.org](http://wssinfo.org).

### 2.19 Access to Improved Sanitation | 2015

The share of the population with at least adequate access to excreta-disposal facilities that can effectively prevent human, animal, and insect contact with excreta depends on access to improved facilities ranging from simple but protected pit latrines to flush toilets with a sewerage connection. To be effective, facilities must be correctly constructed and properly maintained. They include flush/pour flush (piped sewer system, septic tank, or pit latrine), ventilated improved pit (VIP) latrine, pit latrine with slab, and composting toilet.

Source: WHO/UNICEF Joint Monitoring Programme (JMP) for Water Supply and Sanitation, [wssinfo.org](http://wssinfo.org).

### 2.20 Gender Gap in Health | 2016

The World Economic Forum’s Global Gender Gap in Health sub-index is based on the following indicators:

The sex ratio at birth (converted to female-over-male ratio)

The ratio of female healthy-life expectancy to male healthy-life expectancy

Sources: The CIA World Factbook 2014, Central Intelligence Agency; Global Health Observatory database, WHO.

### 2.21 Stringency of Environmental Regulations | 2015-16 weighted average

The stringency of each country’s environmental regulations is assessed on a scale of 1 to 7 (1 = very lax – among the worst in the world; 7 = among the world’s most stringent).

Source: Executive Opinion Survey, World Economic Forum.

### 2.22 Indoor Air Pollution | 2013

This measure refers to the percentage of the population using solid fuels as their primary cooking fuel.

Source: Environmental Performance Index, Yale.

### 2.23 Reliability of Police Services | 2015-16 weighted average

The extent to which police services in each country can be relied upon to enforce law and order is assessed on a scale of 1 to 7 (1 = not at all; 7 = to a great extent).

Source: Executive Opinion Survey, World Economic Forum.

## 3rd Pillar: Corruption and Concentration of Rents

### a) Business and Political Ethics

#### 3.01 Judicial Independence | 2015-16 weighted average

The level of independence of the judicial system from influences of the government, individuals, or companies is rated on a scale of 1 to 7 (1 = not independent at all; 7 = entirely independent).

Source: Executive Opinion Survey, World Economic Forum.

#### 3.02 Diversion of Public Funds | 2015-16 weighted average

Respondents opine on how common the illegal diversion of public funds to companies, individuals, or groups is on a scale of 1-7 (1 = occurs very commonly; 7 = never occurs).

Source: Executive Opinion Survey, World Economic Forum.

#### 3.03 Irregular Payments in Tax Collection | 2015-16 weighted average

Respondents rate how common it is for companies to make undocumented extra payments or bribes in connection with tax payments on a scale of 1 to 7 (1 = occurs very commonly; 7 = never occurs).

Source: Executive Opinion Survey, World Economic Forum.

#### 3.04 Ethical Behavior of Firms | 2015-16 weighted average

Respondents rate the corporate ethics of companies (ethical behavior in interactions with public officials, politicians, and other firms) on a scale of 1 to 7 (1 = extremely poor – among the worst in the world; 7 = excellent – among the best in the world).

Source: Executive Opinion Survey, World Economic Forum.

#### 3.05 Public Trust in Politicians | 2015-16 weighted average

The ethical standards of politicians are rated on a scale of 1 to 7 (1 = extremely low; 7 = extremely high).

Source: Executive Opinion Survey, World Economic Forum.

#### 3.06 Irregular Payments in Public Contracts | 2015-16 weighted average

Respondents rate how common it is for companies to make undocumented extra payments or bribes in connection with awarding of public contracts and licenses on a scale of 1 to 7 (1 = very common; 7 = never occurs).

Source: Executive Opinion Survey, World Economic Forum.

#### 3.07 Favoritism in Decisions of Government Officials |

2015-16 weighted average

The extent to which government officials show favoritism to well-connected firms and individuals when deciding upon policies and contracts is rated on a scale of 1 to 7 (1 = show favoritism to a great extent; 7 = do not show favoritism at all).

Source: Executive Opinion Survey, World Economic Forum.

### b) Concentration of Rents

#### 3.08 Regulatory Protection of Incumbents | 2013

This indicates the scope of legal barriers to entry for new businesses (in 24 manufacturing and service industries), and the existence of antitrust exemptions for public enterprises or government-mandated behavior.

Source: OECD.

#### 3.09 Extent of Market Dominance | 2015-16 weighted average

Participants rate corporate activity on a scale of 1-7 (1 = dominated by a few business groups; 7 = spread across many firms).

Source: Executive Opinion Survey, World Economic Forum.

#### 3.10 Intensity of Competition | 2015-16 weighted average

Respondents rate the intensity of competition in local markets on a scale of 1-7 (1 = not intense at all; 7 = extremely intense).

Source: Executive Opinion Survey, World Economic Forum.

#### 3.11 Land Inequality Gini | 2010 or most recent

This is a measure of the extent of inequality in land holdings in rural areas, among individuals or households. Zero represents perfect equality, while 100 stands for perfect inequality.

Source: Food and Agricultural Organization (FAO).

**Under embargo until Monday  
16 January 2017, 00.01 CET**

**3.12 Effectiveness of Antitrust Policy** | 2015-16 weighted average

The effectiveness of anti-monopoly policies at ensuring fair competition is rated on a scale of 1 to 7 (1 = not effective at all; 7 = extremely effective).

Source: Executive Opinion Survey, World Economic Forum.

**3.13 Concentration of Banking-Sector Assets** | 2012

This is a measure of the assets of the five largest banks as a share of total commercial banking assets. Total assets include total earning assets, cash and dues from banks, foreclosed real estate, fixed assets, goodwill, other intangibles, current tax assets, deferred tax, discontinued operations, and other assets.

Source: Raw data are from Bankscope: (Sum(data2025) for five largest banks in Bankscope)/ (Sum(data2025) for all banks in Bankscope) – only reported if the number of banks in Bankscope is five or more, and calculated from underlying bank-by-bank unconsolidated data from Bankscope

**4th Pillar: Financial Intermediation of Real Economy Investment**

**a) Financial System Inclusion**

**4.01 Affordability of Financial Services** | 2015-2016 weighted average

The extent to which the cost of financial services (e.g. insurance, loans, trade finance) impedes business activity is rated on a scale of 1 to 7 (1 = impedes business to a great extent; 7 = not at all).

Source: Executive Opinion Survey, World Economic Forum.

**4.02 Gender Gap in Financial Access** | 2014

This measure denotes the percentage of respondents above 15 years of age who report having an account (by themselves or together with someone else) at a bank or another type of financial institution. The gender gap is arrived at by dividing the female value by the male value.

Source: Global Findex database, World Bank.

**4.03 Account at a Formal Financial Institution of Bottom 40% (%)** | 2014

This measure denotes the percentage of respondents aged 15 years and above in the bottom 40% income bracket who have an account (in own name or with someone else) at a bank, credit union, or other financial institution such as a cooperative, a microfinance institution, or the post office (if applicable). It includes those who own a debit card.

Source: Global Findex database, World Bank.

**4.04 Account Used for Business Purposes of Bottom 40% (% among age 15+)** | 2011

This denotes the percentage of respondents (income in bottom 40%, aged 15 years and above) who reported using their accounts at a formal financial institution for business purposes only or for both business and personal purposes.

Source: Global Findex database, World Bank.

**4.05 Ease of Access to Loans** | 2015–2016 weighted average

The ease with which businesses can obtain a bank loan is ranked from 1 to 7 (1 = extremely difficult; 7 = extremely easy).

Source: Executive Opinion Survey, World Economic Forum.

**4.06 Financing of SMEs** | 2015-2016 weighted average

The extent to which small and medium enterprises (SMEs) can access finance they need for their business operations through the financial sector is ranked on a scale from 1 to 7 (1 = not at all; 7 = to a great extent).

Source: Executive Opinion Survey, World Economic Forum.

**b) Intermediation of Business Investment**

**4.07 Local Capital Market Access** | 2015-16 weighted average

The extent to which companies can raise money by issuing shares and/or bonds on the capital market is assessed on a scale of 1 to 7 (1 = not at all; 7 = to a great extent).

Source: Executive Opinion Survey, World Economic Forum.

**4.08 Venture Capital Availability** | 2015-16 weighted average

The ease with which start-up entrepreneurs with innovative but risky projects can obtain equity funding is assessed on a scale of 1 to 7 (1 = extremely difficult; 7 = extremely easy).

Source: Executive Opinion Survey, World Economic Forum.

**4.09 Domestic Credit to Private Sector by Banks (% of GDP)** | 2015

This refers to the financial resources provided to the private sector by banks and other depository corporations (except central banks) through, for instance, loans, purchases of non-equity securities, trade credits, and other accounts receivable, that establish a claim for repayment. For some countries these claims include credit to public enterprises.

Sources: International Financial Statistics and data files, IMF; World Bank; OECD.

**4.10 Bank Lending to Non-Financial Corporations (% of GDP)** | 2015

The extent to which domestic banks provide credit to the private non-financial sector, which includes non-financial corporations (both private- and public-owned), households, and non-profit institutions serving households.

Source: Bank for International Settlements (BIS), <http://www.bis.org/statistics/credtopriv.htm>.

**4.11 Private Investment in Infrastructure (total physical assets and payments as % of GDP)** | 2013

This is a measure of the total private investment commitments, including physical assets and payments to government, in sectors such as energy, telecommunications, transport, and water and sewerage. Figures are based on 10-year average spending, expressed in current US dollars (millions).

Source: Private Participation in Infrastructure Database, World Bank.

**4.12 IPO Issuances (Small Cap)** | 2011-2015

This Report uses the GDP-weighted rankings of initial public offerings (IPOs) based on the number of IPOs (domestic listings) with a deal size below \$50 million issued between 2009 and 2013 weighted per \$100 billion of GDP. IPOs issued by financial corporations and real estate are excluded from this calculation. This indicator is based on a five-year average.

Sources: Weild & Co.; Grant Thornton LLP; Dealogic; World Bank; The CIA World Factbook.

**4.13 IPO Issuances (Large Cap)** | 2011-2015

This Report uses the GDP-weighted rankings of IPO production based on the number of IPOs (domestic listings) with a deal size above \$50 million issued between 2009 and 2013 weighted per \$100 billion of GDP. IPOs issued by financial corporations and real estate are excluded from this calculation. The indicator is based on a five-year average.

Sources: Weild & Co.; Grant Thornton LLP; Dealogic; World Bank; The CIA World Factbook.

**4.14 Private R&D Expenditure** | 2012

This indicates business enterprise expenditure on research and development (BERD) as a percentage of GDP. Research and development (R&D) covers basic research, applied research, and experimental development.

Source: World Development Indicators, World Bank.

**Under embargo until Monday  
16 January 2017, 00.01 CET**

**4.15 Gross Fixed Capital Formation, Private Sector (% of GDP) | 2015**

This measures gross fixed capital formation as a percentage of GDP. Private investment covers gross outlays by the private sector (including private nonprofit agencies) on additions to its fixed domestic assets.

Sources: World Bank national accounts data; OECD National Accounts data files.

**4.16 Follow-on Issuances (% of GDP) | 2011-2015**

A follow-on offering, otherwise known as a subsequent offering, can be understood as a dilutive secondary offering that a company makes on the primary market. Follow-ons issued by financial corporations and real estate are excluded from this calculation. The indicator is based on a five-year average.

Source: Dealogic.

**4.17 Corporate Bond Issuance (% of GDP) | 2011-2015**

The total corporate bond net issuance (domestic and international) to Non-Financial Corporations expressed as a share of GDP is a measure of market activity. Debt issued by financial corporations and real-estate companies is excluded from this calculation. The indicator is based on a five-year average.

Source: Dealogic.

**4.18 Share Turnover Ratio (%) | 2015**

Turnover ratio is the value of domestic shares traded divided by their market capitalization. The value is annualized by multiplying the monthly average by 12.

Source: World Federation of Exchanges database.

**4.19 Share Buyback | 2009-2013**

The estimated dollar share buyback volume is based on a five-year moving average (2009-2013) and represented as a share of total GDP (2009-2013). It is calculated by combining information from two data sources. The first, used for the majority of firm-year observations, is WorldScope data item WC04751 (common and preferred purchased, redeemed, and converted), which, according to WorldScope, represents funds used to decrease the outstanding shares of common and/or preferred stock. When WC04751 is missing, the ESG - Asset4 data item ECSLDP048 (share buyback amount) is used. It is defined as "The total monetary value of the shares repurchased by the company during the fiscal year."

Source: Buybacks Around the World, WorldScope, [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2330807](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2330807).

**5th Pillar: Asset Building and Entrepreneurship**

**a) Small Business Ownership**

**5.01 New Businesses Registered | 2014 or most recent**

The number of new limited-liability corporations registered in a calendar year are expressed per 1,000 working individuals (aged 15-64 years).

Source: World Development Indicators, World Bank.

**5.02 Attitudes toward Entrepreneurial Failure | 2015-2016 weighted average**

The extent to which people have an appetite for entrepreneurial risk (1 = not at all; 7 = to a great extent).

Source: Executive Opinion Survey, World Economic Forum.

**5.03 PCT Patent Applications Filed (% of population) | 2012-2013 average**

The number of applications filed by a country under the Patent Cooperation Treaty (PCT) per million population is measured by priority date and inventor nationality, using a fractional count if an application is filed by multiple inventors. The average count of applications filed in 2012 and 2013 is divided by the population, using figures from the World Bank's World Development Indicators Online.

Sources: World Intellectual Property Organization (WIPO) PCT Data, sourced from OECD Patent Database; World Bank World Development Indicators; World Economic Forum Global Information Technology Report calculations.

**5.04 Time Required to Start a Business | 2015**

The time required to start a business is the number of calendar days needed to complete the procedures to legally operate a business. If a procedure can be speeded up at additional cost, the fastest procedure, independent of cost, is chosen. This indicator receives 1/2 weighting in the pillar aggregation.

Source: Doing Business project, World Bank, <http://www.doingbusiness.org/>.

**5.05 Cost of Starting a Business | 2015**

The cost of registering a business is normalized by presenting it as a percentage of gross national income (GNI) per capita. This indicator receives 1/2 weighting in the pillar aggregation.

Source: Doing Business project, World Bank, <http://www.doingbusiness.org/>.

**5.06 Time Required to Resolve Insolvency | 2015**

The time it takes to resolve insolvency is the number of years from the filing for insolvency proceedings in court until the resolution of distressed assets. This indicator receives 1/2 weighting in the pillar aggregation.

Source: Doing Business project, World Bank, <http://www.doingbusiness.org/>.

**5.07 Cost of Resolving Insolvency | 2015**

The average cost of bankruptcy proceedings is recorded as a percentage of the estate's value. This indicator pertaining to the burden of resolving insolvency receives 1/2 weighting in the pillar aggregation.

Source: Doing Business project, World Bank, <http://www.doingbusiness.org/>.

**5.08 Cost of Enforcing a Contract | 2015**

The cost in court and attorney fees, where the use of attorneys is mandatory or common, is expressed as a percentage of the debt value. This indicator pertaining to the burden of enforcing a contract receives 1/2 weighting in the pillar aggregation.

Source: Doing Business project, World Bank, <http://www.doingbusiness.org/>.

**5.09 Time Required to Enforce a Contract | 2015**

This consists of the number of calendar days from the filing of a lawsuit in court until the final determination and, in appropriate cases, payment. This indicator receives 1/2 weighting in the pillar aggregation.

Source: Doing Business project, World Bank, <http://www.doingbusiness.org/>.

**5.10 Time Required to Prepare and Pay Taxes (in hours) | 2015**

The time needed to prepare and pay taxes is the time, in hours per year, it takes to prepare, file, and pay (or withhold) three major types of taxes: corporate income tax, value added or sales tax, and labor taxes, including payroll taxes and social security contributions.

Source: Doing Business project, World Bank, <http://www.doingbusiness.org/>.

**Under embargo until Monday  
16 January 2017, 00.01 CET**

## b) Home and Financial Asset Ownership

### 5.11 Protection of Property Rights | 2015-2016 weighted average

The extent to which property rights, including financial assets, are protected is assessed on a scale of 1 to 7 (1 = not at all; 7 = to a great extent).

Source: Executive Opinion Survey, World Economic Forum.

### 5.12 Home Ownership Rate | 2015 or most recent

This is the percentage of population living in an owner-occupied dwelling (with or without a mortgage) as opposed to rented dwellings. Dwellings owned by the households that live in them are fixed assets that their owners use to produce housing services for their own consumption. Information on tenure status is more widely available on a cross-country basis and is a good proxy for home-ownership rates.

Sources: Housing Finance Information Network (HOFINET), <http://www.hofinet.org/>; Eurostat.

### 5.13 Housing Loan Penetration | 2011

This indicates the percentage of adult population with an outstanding loan to purchase a home from any provider of housing loans, including regulated financial institutions and microfinance and informal sources.

Source: Global Findex database, World Bank.

### 5.14 House Price-to-Income Ratio | 2014

This measures the housing affordability gap or the difference between the cost of an acceptable housing unit and what households can afford for housing using no more than 30% of their income. Data is limited to urban areas (2,500 cities) and is aggregated at the country level (weighted by population).

Source: McKinsey Global Institute. For more information, see A Blueprint for addressing the global affordable housing challenge, [http://www.mckinsey.com/insights/urbanization/tackling\\_the\\_worlds\\_affordable\\_housing\\_challenge](http://www.mckinsey.com/insights/urbanization/tackling_the_worlds_affordable_housing_challenge), p.180-183.

### 5.15 Employee Stock Ownership | 2013

This refers to the practice among private companies (with 10 or more employees) to offer employees' share ownership schemes (ESOS), which provide employees with an indirect share in the company's results through receiving dividends and/or appreciation in the share value.

Source: European Working Conditions Survey (EWCS).

### 5.16 Profit Sharing | 2013

This indicates the practice among private companies (with 10 or more employees) of offering their employees profit-sharing schemes, whereby employees get a share of the profits or wealth created by the company in addition to their regular pay. The payments are explicitly and directly linked to the profits of the company, or some similar measurement of corporate performance in the form of cash bonuses, cash transfers to employees' savings funds, or free equity shares.

Source: EWCS.

### 5.17 Private Pension Assets (% of GDP) | 2014

A pension fund is any plan, fund or scheme that provides retirement income. Assets are defined as all forms of private investment with a value linked to a pension plan over which ownership rights are enforced by institutional units, individually or collectively. This indicator is measured as a ratio of assets of pension funds to GDP.

Source: OECD.

## 6th Pillar: Employment and Labor Compensation

### a) Economic Participation and Opportunity

#### 6.01 Female Labor Force Participation | 2014

This is the ratio of female labor force participation to male labor force participation.

Source: Key Indicators of the Labour Market, ILO.

#### 6.02 Unemployment Rate | 2014

This refers to the share of the labor force that is without work but available for and seeking employment.

Source: KILM, ILO.

#### 6.03 Youth Unemployment Rate | 2014 or most recent

This measure refers to the share of the labor force aged 15-24 years without work but available for and seeking employment.

Sources: KILM, ILO.

#### 6.04 Vulnerable Employment Rate | 2014 or most recent

This measures the proportion of own-account and contributing family workers in total employment. Vulnerable employment refers to work by unpaid family workers and own-account workers. A contributing family worker is a person who is self-employed in a market-oriented establishment operated by a related person living in the same household, but who cannot be regarded as a partner because the degree of his or her commitment to the operation of the establishment, in terms of working time or other factors determined by national circumstances, is not at a level comparable with that of the head of the establishment.

Source: World Development Indicators Online, World Bank.

#### 6.05 Extent of Informal Economy (undeclared or unregistered activity) | 2015-2016 weighted average

The extent of economic activity estimated to be undeclared or unregistered is recorded on a scale of 1-7 (1 = most economic activity is undeclared or unregistered; 7 = most economic activity is declared or registered).

Source: Executive Opinion Survey, World Economic Forum.

#### 6.06 Country Capacity to Retain Talent | 2015-2016 weighted average

The extent to which each country retains talented people is estimated on a scale of 1 to 7 (1 = not at all – the best and brightest leave to pursue opportunities abroad; 7 = to a great extent – the best and brightest stay and pursue opportunities in the country).

Source: Executive Opinion Survey, World Economic Forum.

#### 6.07 Social Mobility | 2015-2016 weighted average

The extent to which individuals have the opportunity to improve their economic situation through their personal efforts regardless of the socioeconomic status of their parents is assessed on a scale of 1 to 7 (1 = not at all; 7 = to a great extent).

Source: Executive Opinion Survey, World Economic Forum.

#### 6.08 Strictness of Employment Protection | 2015 or most recent

This measures the strictness of regulations on dismissal and use of temporary contracts, incorporating three aspects of dismissal protection: (i) procedural barriers for employers starting the dismissal process, such as notification and consultation requirements; (ii) requirements regarding notice periods and severance pay, which typically vary by the tenure of the employment; and (iii) the difficulty of dismissal, as determined by the circumstances in which it is possible to dismiss workers, as well as the repercussions for the employer if a dismissal is found to be unfair (such as compensation and reinstatement).

Source: OECD.

#### 6.09 Unusual Hours of Work | 2014

This measures the average annual hours worked per worker.

Source: OECD.

#### 6.10 Share in Temporary Employment | 2014

This refers to the share of employed persons in temporary employment as a percentage.

Source: OECD.

#### 6.11 Underemployment Rate | 2015

This marks the share of the labor force that is involved in involuntary part-time employment arrangements (under 30 hours per week) but available for and seeking full-time employment.

Source: OECD.

**Under embargo until Monday  
16 January 2017, 00.01 CET**

**6.12 Active Labour-Market Expenditure (% of GDP) | 2014**

This measures the amount of public expenditure on active labor-market policy measures as a percentage of GDP.

Source: OECD.

**b) Wage and Non-Wage Compensation**

**6.13 Low Pay Rate | 2015 or most recent**

This measure of earnings dispersion refers to the proportion of employees whose hourly earnings at all jobs are less than two-thirds of the median.

Source: ILOSTAT, ILO.

**6.14 Gender Gap in Estimated Earned Income | 2016**

The World Economic Forum Gender Gap Report calculates the ratio of female estimated earned income to male estimated earned income.

Sources: World Economic Forum calculations based on the United Nations Development Programme methodology (refer to Human Development Report 2007/2008).

**6.15 Working Poor | 2013**

This refers to the proportion of employed persons in a household whose members are living below the \$2 threshold.

Source: KILM 2012, ILO.

**6.16 Pay Linked to Productivity | 2015-2016 weighted average**

The extent to which pay is related to worker productivity is rated on a scale of 1-7 (1 = not related to worker productivity; 7 = strongly related to worker productivity).

Source: Executive Opinion Survey, World Economic Forum.

**6.17 Wage Dispersion | 2015**

Viewing minimum wage relative to the median provides a better basis for international comparisons of wage dispersion as it accounts for differences in earnings dispersion across countries. However, while full-time workers' median basic earnings (excluding overtime and bonus payments) are, ideally, the preferred measure of average wages for international comparisons of minimum-to-median earnings, they are not available for a large number of non-OECD countries.

Data are reported in national currency units, at current prices. For developing countries, due to lack of data availability, median wages have been replaced with mean wages for the purpose of this Report.

Source: OECD.

**6.18 Trade Union Density | 2013 or most recent**

This measures the proportion of paid workers who are union members. Trade union density expresses union membership as a proportion of the eligible workforce and can be used as an indicator of the degree to which workers are organized. For the purpose of this indicator, a trade union is defined as an "independent association of workers, constituted for the purposes of furthering and defending workers' interests."

Source: ILOSTAT, ILO.

**6.19 Collective Bargaining Coverage Rate | 2013 or most recent**

This rate conveys the number of workers covered by one or more collective agreements as a percentage of the total number of persons in employment.

Collective bargaining coverage refers to the number of workers in employment whose pay and/or conditions of employment are determined by one or more collective agreements which spell out, in writing, the terms reached at by an employer, a group of employers, or one or more employers or their organizations on the one hand, and one or more workers' representatives or organizations on the other.

The employed are all persons of working age who, during a specified period, were in one of the following categories: a) paid employment (whether at work or with a job but not at work); or b) self-employment (whether at work or with an enterprise but not at work).

Source: ILOSTAT, ILO.

**6.20 Cooperation in Labor-Employer Relations | 2015-2016 weighted average**

Labor-employer relations in a given country are rated on a scale of 1-7 (1 = generally confrontational; 7 = generally cooperative).

Source: Executive Opinion Survey, World Economic Forum.

**6.21 Workers' Rights | 2015**

This measure uses qualitative information from the International Trade Union Confederation (ITUC)'s Survey of violations of Trade Union Rights (survey.ituc-csi.org). The survey covers violations of the rights to freedom of association, collective bargaining and strike. It assesses the extent to which national legislation complies with international standards and highlights practices through examples of violations.

Source: Global Rights Index, ITUC.

**6.22 Availability of Formal Child Care | 2013**

This is a measure of the average enrollment rate of children under three years of age in formal child care.

Source: OECD.

**6.23 Cost of Child Care | 2012**

Child care fees per two-year-old attending accredited early-years care and education services are expressed as a percentage of the average wage.

Source: OECD.

**6.24 Maternity Leave | 2013**

This refers to the mandatory minimum length of paid maternity leave (in calendar days) that must be paid by the government, the employer, or both, or its full-rate equivalent. The full-rate equivalent is calculated as the duration of leave in weeks multiplied by the payment (as a percentage of the average worker's earnings) received by the claimant. Maternity leave is available only to the mother. This indicator receives 1/2 weighting in the pillar aggregation.

Source: "Women, Business and the Law 2014: Removing Restrictions to Enhance Gender Equality," World Bank, <http://wbl.worldbank.org/Reports>.

**6.25 Parental Leave | 2013**

Parental leave can be paid by the government, the employer, or both, and can even be unpaid as long as the government explicitly mandates some form of parental leave to be shared between the mother and father. Allowances for a fixed number of days per year to be applied toward family emergencies or child-related responsibilities are not considered parental leave. It is expressed as total number of days of paid or unpaid leave. This indicator receives 1/2 weighting in the pillar aggregation.

Source: "Women, Business and the Law 2014: Removing Restrictions to Enhance Gender Equality," World Bank, <http://wbl.worldbank.org/Reports>.

**7th Pillar: Fiscal Transfers**

**a) Tax Code**

**7.01 Extent and Effect of Taxation on Incentives to Work | 2015-16 weighted average**

Survey respondents rate the extent to which taxes and social contributions reduce the incentive to work on a scale of 1 to 7 (1 = significantly reduce the incentive to work; 7 = do not reduce incentive to work at all).

Source: Executive Opinion Survey, World Economic Forum.

**7.02 Extent and Effect of Taxation on Incentives to Invest | 2015-2016 weighted average**

Respondents rate the extent to which taxes reduce the incentive to invest on a scale of 1 to 7 (1 = significantly reduce the incentive to invest; 7 = do not reduce the incentive to invest at all).

Source: Executive Opinion Survey, World Economic Forum.

## Under embargo until Monday 16 January 2017, 00.01 CET

### 7.03 Total Tax Revenue | 2014 or most recent

Tax revenue refers to compulsory transfers to the central government for public purposes. Certain compulsory transfers such as fines, penalties, and most social security contributions are excluded. Refunds and corrections of erroneously-collected tax revenue are treated as negative revenue. Total tax revenue is represented as a percentage of GDP.

Sources: Government Finance Statistics Yearbook and data files, IMF; World Bank and OECD GDP estimates.

### 7.04 Progressivity Index | 2012

This index is based on average (and marginal) personal income-tax rates and tax wedges for different family types and earnings levels, taking into account statutory tax provisions (i.e. the personal income-tax rate schedule, basic and other tax allowances, tax credits, deductions, employee and employer social security contributions, payroll taxes (if any), and certain cash benefits). Using Taxing Wages models, the average tax rates and tax wedges are calculated for a wide range of incomes (from 50% to 500% of the average wage, which represents the gross earnings a worker in the private sector earns on average in a particular year and country). The income range is divided into various intervals (e.g. 50%-67% of the average worker income interval). Using information on the average tax rate/wedge for the income at the beginning and end level of each income interval, a calculation is made of how the average tax rate/wedge increases over that income interval (i.e. by subtracting the tax rate/wedge at the bottom income level from the tax burden at the top income level, and by dividing the difference by the length of the income interval). This number indicates how the tax burden increases per percentage point increase in income levels (expressed as a multiple of the average wage) over an income interval. These calculations are made for all income intervals, yielding a measure of the progressivity of the tax system within each income interval, as well as how the progressivity changes over the income intervals. The overall progressivity of the tax system is also calculated by comparing the tax burden at 500% of the average wage with the burden at 50% of the average wage. Please note that these are “structural” progressivity measures and do not take the actual income distribution into account.

Sources: ETH data. See P. Egger and N. Strecker, “A Tour of Income Tax in the World, 1980-2012,” mimeo, 2015; “Taxing Wages,” OECD, <http://www.oecd.org/tax/taxing-wages-20725124.htm>; ETH Zurich.

### 7.05 Total Tax Wedge (% of labor costs) | 2013

This indicator reflects the tax wedge for an average country-specific industrial worker in 2012, and is defined as the difference between the salary costs of a single “average worker” to their employer and the amount of net income (take-home pay) that the worker receives. The taxes covered are personal income taxes, compulsory social-security contributions paid by employees and employers, and payroll taxes for the few countries that have them. The amount of these taxes is expressed as a percentage of the total labor costs for firms, i.e. the sum of gross earnings, employers’ social security contributions, and payroll taxes.

Source: ETH data from P. Egger and N. Strecker, “A Tour of Income Tax in the World, 1980-2012,” mimeo, 2015.

### 7.06 Tax on Consumption (goods and services, % of revenue) | 2014 or most recent

This includes taxes on production, sale, transfer, leasing, and delivery of goods, as well as rendering of services, including: general taxes; value-added taxes; sales taxes; and other general taxes on goods and services. It is expressed as a percentage of total tax revenue.

Source: Government Finance Statistics Yearbook, IMF.

### 7.07 Tax on Property (% of GDP) | 2014

Property taxes include: recurrent taxes on immovable property; recurrent taxes on net wealth (individual and corporate); estate, inheritance, and gift taxes; taxes on financial and capital transactions; and other non-recurrent taxes on property. Tax revenue is expressed as a percentage of GDP.

Source: OECD.

### 7.08 Tax on Capital (% of GDP) | 2014

Taxes on financial and capital transactions are expressed as a percentage of GDP.

Source: OECD.

### 7.09 Tax on Inheritance (% of GDP) | 2014

Estate, gift, and inheritance tax revenue is expressed as a percentage of GDP.

Source: OECD.

## b) Social Protection

### 7.10 Efficiency in Public Goods and Services Provision | 2015-2016 weighted average

The government’s efficiency in providing public goods and services is rated on a scale of 1 to 7 (1 = extremely inefficient; 7 = extremely efficient).

Source: Executive Opinion Survey, World Economic Forum.

### 7.11 Social Safety Net Protection | 2015-2016 weighted average

The extent to which a formal social safety net provides protection to the general population from economic insecurity in the event of job loss or disability is assessed on a scale of 1 to 7 (1 = not at all; 7 = full protection).

Source: Executive Opinion Survey, World Economic Forum.

### 7.12 Benefit-to-Cost Ratio (poorest quintile) | 2014 or most recent

This measures the reduction in poverty obtained for each dollar spent on social protection and labor (SPL) programs. The indicator is estimated for the entire population and by program type. Specifically, the benefit-cost ratio is estimated as: (poverty gap before transfer – poverty gap after transfer) / total transfer amount.

Programs are categorized as social assistance, social insurance, and labor market, according to ASPIRE classification.

Source: ASPIRE Database, World Bank, [http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/280558-1353009461419/ASPIRE\\_Programs\\_Classification.pdf](http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/280558-1353009461419/ASPIRE_Programs_Classification.pdf).

### 7.13 Adequacy of Social Insurance | 2014 or most recent

The total transfer amount received by all beneficiaries in a quintile is represented as a share of the total welfare beneficiaries in that quintile. The indicator is estimated by program type (pensions and social security) for the entire population and by quintiles of both post- and pre-transfer welfare distribution. Specifically, the adequacy of benefits is estimated from the amount of transfers received by a quintile divided by the total income or consumption of beneficiaries in that quintile.

Source: ASPIRE Database, World Bank, [http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/280558-1353009461419/ASPIRE\\_Programs\\_Classification.pdf](http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/280558-1353009461419/ASPIRE_Programs_Classification.pdf).

### 7.14 Adequacy of Social Assistance | 2014 or most recent

This represents the total transfer amount received by all beneficiaries in a quintile as a share of the total welfare beneficiaries in that quintile. The indicator is estimated by program type (cash or in-kind transfers) for the entire population, and by quintiles of both the post- and pre-transfer welfare distribution. Specifically, the adequacy of benefits is calculated as: the amount of transfers received by a quintile divided by the total income or consumption of beneficiaries in that quintile.

Source: ASPIRE Database, World Bank, [http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/280558-1353009461419/ASPIRE\\_Programs\\_Classification.pdf](http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/280558-1353009461419/ASPIRE_Programs_Classification.pdf).

**Under embargo until Monday  
16 January 2017, 00.01 CET**

**7.15 Total Social Public Expenditure (% of GDP) | 2011 or most recent**

This indicator shows the total public expenditure on social protection and health as a percentage of GDP. Total annual public social protection and health expenditure is the sum of expenditure, including benefit expenditure and administration costs, of all existing public social security/social protection/health schemes in the country. The scope covers nine classes of benefits: medical care, sickness benefit, unemployment benefit, old-age benefit, employment injury benefit, family benefit, maternity benefit, invalidity benefit and survivors' benefit, plus other income support and assistance programmes, including conditional cash transfers, available to the poor and not included under the above classes.

Source: Social Protection Platform, ILO, <http://www.social-protection.org/gimi/gess/ShowMainPage.action?lang=EN>.

**7.16 Coverage of Old-Age Pensions | 2012 or most recent**

This represents the old-age pension receipt ratio above retirement age (and includes both contributory and non-contributory schemes). It is a measure of the effective extent of coverage above the statutory retirement age.

Source: Social Protection Platform, ILO, <http://www.social-protection.org/gimi/gess/ShowMainPage.action?lang=EN>.

**7.17 Coverage of Unemployment Insurance | 2012 or most recent**

This measures the share of the unemployed receiving regular, periodic unemployment benefits. The overall percentage of those covered is underestimated for countries with other assistance schemes.

Source: Social Protection Platform, ILO, <http://www.social-protection.org/gimi/gess/ShowMainPage.action?lang=EN>.

**7.18 Progressivity of Pensions | 2013**

The progressivity index is designed to summarize the relationship between pension in retirement and earnings while working. The range varies from 100 through zero to negative results, indicating that the overall retirement-income system is regressive.

Source: OECD.

**7.19 Coverage of Healthcare | 2012 or most recent**

This is a measure of the estimated social healthcare protection coverage as a percentage of the total population. Coverage includes affiliated members of a health insurance policy and the population enjoying free access to healthcare services provided by the state.

Source: Social Protection Platform, ILO, <http://www.social-protection.org/gimi/gess/ShowMainPage.action?lang=EN>.

**7.20 Employment Injury Coverage (as % of the labor force) | 2012**

The extent of legal coverage of employment injury is expressed as a percentage of the economically active population. This includes employer-liability programs and voluntary and mandatory social assistance.

Source: Social Protection Platform, ILO, <http://www.social-protection.org/gimi/gess/ShowMainPage.action?lang=EN>.

**7.21 Net Pension Replacement Rate | 2014**

The net replacement rate is defined as net pension entitlement divided by net pre-retirement earnings. It measures how effectively a pension system provides a retirement income to replace the main source of income before retirement. This indicator is measured as a percentage of pre-retirement earnings.

As values were provided separately for men and women, the average of the two was taken.

Source: OECD.

**7.22 Unemployment Insurance | 2014**

Initial net replacement rate is an average of cases of a single person with no children with previous earnings in work 67% of average production worker (APW) level.

NRR provides a more complete measure of work incentives and income maintenance, especially when compared over longer periods of unemployment.

Source: OECD.

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Under embargo until Monday  
16 January 2017, 00.01 CET

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16 January 2017, 00.01 CET

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