June 2015

# GLOBAL OPPORTUNITY INDEX

## Attracting Foreign Investment

Second Edition

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MILKEN INSTITUTE

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## Acknowledgments

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## About the Milken Institute

The Milken Institute is a nonprofit, nonpartisan think tank determined to increase global prosperity by advancing collaborative solutions that widen access to capital, create jobs and improve health. We do this through independent, data-driven research, action-oriented meetings and meaningful policy initiatives.

# Contents

## ON THE WEB

Data for each nation and interactive tools can be found at www.globalopportunityindex.org

# Executive Summary

As the global economy continues to regain its footing following the financial crisis and Great Recession, the Global Opportunity Index answers a pressing need for information that's vital to investors and policymakers. What policies can governments pursue to attract foreign direct investment (FDI), expand their economies and accelerate job creation? What do multinational companies, other investors, and development agencies need to know before making large-scale, cross-border commitments of capital and other resources?

Natural endowments and hardworking people may not be enough, nor even a sophisticated banking system and industrial base, if the costs and conditions of doing business prompt investors to look elsewhere. In a world in which distances diminish every day, that's easier to do than ever before. Likewise, countries that invest in their infrastructure, suppress corruption, and maintain sound regulations should be known and rewarded for those comparative advantages. In many cases, the way nations perform on these important standards may contradict expectations, including those of the companies themselves that seek new terrain.

The Opportunity Index is designed to assist companies and countries as they explore FDI opportunities. It fills gaps in information that frequently discourage mutually beneficial transactions that spur development and job growth. Moreover, the index provides a baseline assessment for countries seeking to improve their business environments and attract foreign investors, the kind that commit capital to strategic projects rather than move it around as a fleeting portfolio tactic.

Our index stands out among the many that crowd the international investment space. It not only considers basic economic variables that influence investment activity, but also examines key business, legal, and regulatory policies that governments can modify to support and often drive FDI. It is built on a solid foundation, with strong theoretical and empirically tested underpinnings based on numerous studies.

For 2015, the index ranks 136 countries on six continents for which data is available. Sixty-one variables are assessed across four categories related to national economies and supporting infrastructure.

As in our previous release of the Index, Singapore and Hong Kong lead the rankings, with New Zealand, Canada, Norway, Malaysia, and four countries from the European Union rounding out the top 10. Each of the top four is a leader in one category: Singapore leads in Doing Business, Hong Kong leads in Economic Fundamentals, Finland leads in Quality of Regulations, and New Zealand leads in the Rule of Law. Indeed, in Doing Business, Singapore scored in the highest percentile for eight of the 19 variables, including ease of starting a business, contract enforcement, resolving insolvency, and a tension-free investment climate. Thus it is not surprising that FDI has continually been a source of capital for Singapore, even while taking a hit during the global financial crisis.

Although the majority of countries in the ranks of the top 20 might be predictable (perhaps with the exception of Malaysia), the index is most useful for the remaining countries—where investment is needed most. Thus, one should remember that these rankings are subject to change. Performance on the indicators that make up the index can be modified by government policy. Indeed, change is evident throughout the 2009-15 period. We see a general, but relatively small, decline in scores among developed countries and generally positive changes in the developing world, highlighting the hit that developed markets took during the global financial crisis as well as continuing reforms in a number of emerging market nations.

There is a robust relationship between the Global Opportunity Index and foreign direct investment; the higher the score, the greater the inflows. The index can explain more than 57 percent of the variation in FDI per capita across advanced, emerging, and frontier nations. Based on this estimated relationship, each one-unit increase in the index is associated with a 42 percent increase in FDI per capita.

For countries to boost their scores and become beneficiaries of FDI, they will need to improve their economic fundamentals and ease of doing business along with quality of regulations and rule of law. The Global Opportunity Index is a solid reminder and guide to the policies and performance needed to succeed amid the inevitable challenges.

# Introduction

In recent decades financial globalization has contributed to an impressive rise in international trade and production, while also promoting global growth and rising standards of living. Since the financial crisis and Great Recession, the pace of globalization and many of its ancillary features have experienced sharp setbacks. Although U.S. equities and fixed-income securities performed well during the Federal Reserve's efforts to combat the crisis through quantitative easing, the same cannot be said for many other assets globally.

A great deal of uncertainty exists as the global economy is confronted with bifurcated growth prospects. The United States, United Kingdom and a minority of other countries, particularly in emerging Asia, seem poised to achieve sustainable economic growth at, or above, their potential. In contrast, European countries, Japan and a number of significant emerging countries are struggling to regain growth momentum while battling deflation. This has contributed to policy divergence, resulting in surges and pullbacks of capital flows, especially during shifts in G3 monetary policy. Capital flows also have been influenced by shifts in the degree of risk appetite and perceived vulnerabilities among emerging market countries.

While much attention has been paid to the extraordinary monetary measures used to boost global liquidity following the financial crisis, it nevertheless is the case that the stock of global external assets has stagnated since the crisis, as gross global capital flows have contracted sharply, according to the IMF. Global capital flows were $8.5 trillion in 2007, but the annual average during the past three years has been just $3 trillion. Mature markets have experienced a significant drop-off in flows, while capital flows to emerging markets have been better sustained at roughly $1 trillion per year. Nonetheless, these flows have declined markedly in relation to GDP.

With capital flows becoming more volatile, policymakers have struggled to deal with the situation. Some countries have resorted to using capital controls, dampening the impulse toward more global capital mobility. In contrast to the sometimes adverse environment associated with portfolio flows, that surrounding global foreign direct investment (FDI) flows has been much more constant. FDI flows during the period 2010-13 averaged around $1.5 trillion, similar to their 2005-07 average, with their share in total private capital flows thus increasing. This stability reflects not only cross-border investment activity of mature economies, but also that of emerging economies, including via south-to-south FDI flows, which have become more important to this group of economies.

Our second edition of the Global Opportunity Index can help investors as they navigate through a world of shifting capital flows, changing perceptions of countries' economic and financial soundness, diverging macroeconomic policies, and fluctuating risk appetite.

The Index is a user-friendly tool for those business-decision makers looking to invest beyond their home market. For policymakers, the index offers a guide to factors that help create a strong foundation for direct investment. Many of the index indicators also are applicable to gauging the strength of various elements that could affect portfolio investment decisions. By working to raise index scores, policymakers can attract committed capital and investment through improving their business and economic climates. In addition, this can bring positive spillover into production technology or managerial best practices at the firm level.

While the Global Opportunity Index can be a useful tool to investors and policymakers alike, the way forward to encouraging greater interconnectedness among both financial and non-financial firms could be a difficult one. The eventual normalization of monetary policy settings in mature economies could create significant headwinds—especially if market participants are surprised by the timing and pace of the withdrawal of monetary support and the possible further appreciation of the U.S. dollar. Emerging economies, in particular, could face greater pressure to rely more on foreign direct investment. Moreover, new regulations on capital and liquidity as presented in the Basel III framework could lead banks in mature economies to scale down even more the geographies and business lines in which they operate.

To overcome these obstacles countries will need to improve their economic fundamentals and ease of doing business along with the quality of regulations and rule of law. The Global Opportunity Index is a solid reminder and guide of the policies and performance needed to cope with the challenges ahead.

# Index Overview: The Value of Financial Deepening

Access to capital, whether that includes foreign direct/portfolio investment, bank lending, and/or capital market development, is essential for sustainable development, growth and economic stability. Foreign direct investment (FDI) has become an important source of funding for developing economies, both in terms of capital access and economic growth. It is different from other sources of external capital flows in that it is mainly motivated by investors' long-term investment strategy and desire for profits.

From the academic perspective, a number of significant studies have demonstrated the benefits of FDI and examined the influences that increase its flow. For example, Busse and Groizard (2008) point out that several studies "find that countries with better financial systems and financial market regulations can exploit FDI more efficiently and achieve a higher growth rate." In addition to the importance of financial systems, Durban (2004) found that countries with more developed institutional frameworks can harness FDI flows toward real output expansion. Dubba-Norris et al. (2010) found that for low-income countries, the benefits of FDI were accentuated by better infrastructure and institutional quality.

Thus, policy choices and institutional conditions within a country can have direct impact on foreign investment and economic growth. Indeed, a growing body of literature has highlighted why the quality of institutions matters for attracting FDI.[1] First, poor institutions can bring additional costs to FDI, as in the case of corruption (Wei, 2000). Foreign direct investment is also vulnerable to uncertainty, including expropriation risk and a weak property rights regime (Chang, 2003; Neiman and Thies, 2012), weak investor protection (Lee and Park, 2013), and the legal environment (Staats and Giblaiser, 2012). Benassy-Quere et al. (2007), in assessing bilateral FDI flows between host and source countries, find that the quality of institutions in a host country has a sizable impact on inward FDI.

The Global Opportunity Index focuses on these institutional determinants. For investors, the index acts as a guide to factors that influence the deployment of capital. For the countries ranked here, efforts to raise the quality of institutions can help them converge toward those of source countries, which may draw more FDI to developing countries and spur economic growth.[2]

1. See Blonigen (2005) for a comprehensive review of the literature on the determinants of FDI.
2. This point was most recently driven home in "Why Nations Fail" (2012) by economist Daron Acemoglu and political scientist James Robinson. They argue that the key differentiator between "strong" and "weak" states are institutions: Those that develop inclusive economic and political institutions thrive, while those that fail to do so, or create weak ones, do not fully develop economically and politically.

## Additional Determinants of FDI Flows

While the focus in this section has been the institutional determinants of foreign direct investment, other factors can influence location decisions. Quantitatively, they are measurable only at the bilateral or firm levels, which is outside the scope of this index.[3]

### Market size

- Market size may or may not be a significant pull for FDI. If it is market-seeking investment, then market size, as measured by population or GDP, will matter. However, if it is efficiency-seeking FDI, then population may matter less than low-cost and/or skilled labor as well as other production factors.

### The presence of bilateral investment treaties (BIT) and/or double taxation treaties (DTT) between source and host countries

- Bilateral investment treaties offer protections and rights for investors of one state who invest in another. The aim of the BIT is often to override institutional deficiencies, such as in countries where property rights and investor protections are lacking, by providing internationally enforceable protections. DTTs eliminate or reduce the taxation of firm earnings in both the source and host country, usually so that the investment will be taxed only at home.

### Tax incentives

- Tax incentives—when host countries make tax concessions to firms to influence their investment decisions—may have an impact on where firms invest. While this may be a factor in a number of cases, recent research has shown that tax incentives are only one of many determinants when they matter at all.

### Distance, intraregional dynamics, and neighborhood effects

- Distance may be an important determinant of capital flows, particularly for efficiency-seeking FDI. Investing closer to your main market may reduce the explicit and implicit costs of supply chain logistics and transport. Distance is also important for intraregional FDI among developing countries. "Neighborhood effects" matter, as similar institutional makeup may make institutional instability inconsequential.

3. See Benassy-Quere, et al., for an analysis of bilateral FDI determina.

# Index Construction and Results

The Global Opportunity Index benchmarks and tracks countries' progress on 61 variables aggregated in four categories: Economic Fundamentals, Ease of Doing Business, Regulatory Quality, and Rule of Law (see Appendix 1 for a list of variables for each category). Each category measures an aspect of the power of economic and institutional factors to attract foreign direct investment. The assigned composite index value is the average score of the four categories (called component scores). Each variable is normalized from 0 to 1. Within each category, the normalized variables are then given equal weight and aggregated, resulting in a normalized category score between 10, indicating the most favorable conditions for investment, and 0, signaling the least favorable.[4]

The 2015 index covers 136 countries, which are ranked in Table 1. For reference, Appendix 3 has rankings from 2009 through 2013.[5] As stated in the 2013 inaugural release of the Global Opportunity Index, index methodology is reviewed for each publication to reflect changes in data sources or other adjustments. For this report we reduced the number of variables and categories on the basis of theoretical considerations and data availability.

## ECONOMIC FUNDAMENTALS (EF)

Economic Fundamentals measures the extent to which a country's macroeconomic environment is conducive to foreign direct investment. A value of 10 indicates very strong economic fundamentals, while a value of 0 indicates relatively weak conditions. The subcomponents:

- Macroperformance
- Openness to trade and FDI
- Quality and structure of the labor force
- Physical infrastructure

4. Equal weights are used in the creation of the composite index scores/rankings in the pages that follow. We also use equal weighting for the correlation and regression results in the main body of this report. Readers are also encouraged to weight the component scores according to their preference at the Global Opportunity Index website.

5. The years specified refer to the years when the previous index was released, or years when they would have been. Each year is constructed from the most recent available data, which is usually a year or two before the release date. For instance, the 2009 index, released that year, was constructed with data primarily from 2007.

## EASE OF DOING BUSINESS (DB)

Ease of Doing Business measures explicit and implicit costs associated with business operations. A value of 10 indicates very low costs of doing business in a country, while a value of 0 indicates very high costs. The subcomponents:

- Accounting and disclosure requirements
- Costs of terrorism and crime
- Tax burden
- Costs of starting a business[6]
- Costs of enforcing contracts
- Costs of resolving insolvency

## QUALITY OF REGULATIONS/REGULATORY BARRIERS TO INVESTMENT (QR)

Quality of Regulations/Regulatory Barriers to Investment assesses the effectiveness of policymaking and enforcement in a country and similarly reflects the extent to which a country's laws and regulations prevent the free flow of trade and investment. A value of 10 indicates efficient enforcement of policies and minimal barriers to capital flows, while a value of 0 indicates the opposite. The subcomponents:

- Extent and burden of regulation
- Corruption
- Transparency
- Extent of controls on capital

## RULE OF LAW (RL)

Rule of Law reflects the extent to which a country's legal system protects investors and property rights to support and enhance business investment. A value of 10 indicates commitment to the rule of law, while a value of 0 indicates the opposite. The subcomponents:

- Legal infrastructure
- Protection of property rights
- Protection of investor rights

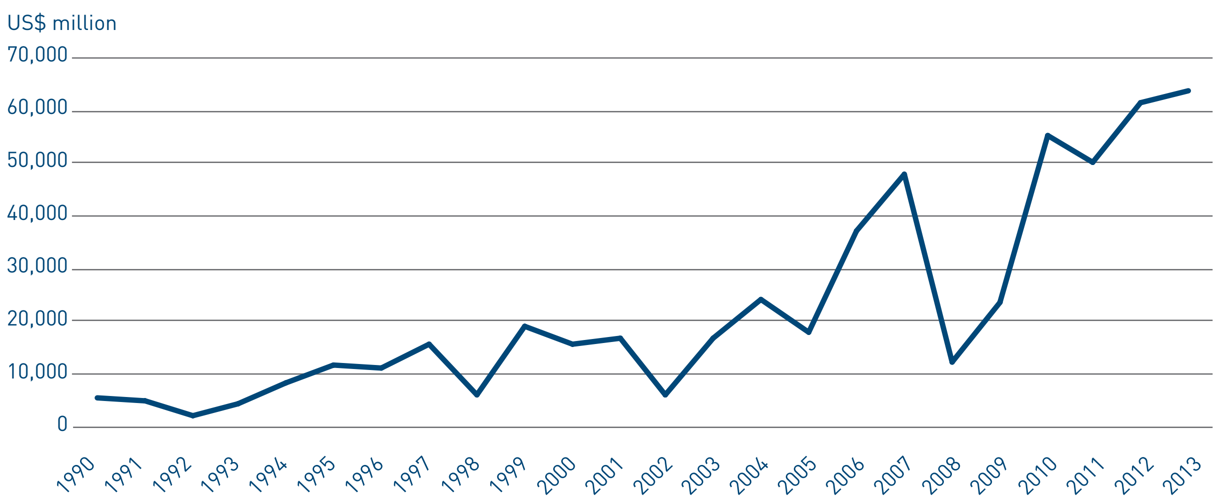
6. The data for this subcomponent come from the World Bank's "Doing Business" report and database, which is updated annually. Note that its variables (cost of starting a business, number of procedures, and number of days) track the implicit and explicit costs for domestic firms only. For the cost to foreign firms, the World Bank has created the Investing Across Borders (IAB) database. Both sources are important for FDI. However, we have not included the IAB database due to the limited number of countries tracked (87 versus 189 for "DB") and that the public data is available for only one year, preventing comparison. In statistical analysis, the two databases are highly correlated. Further, the IAB index includes measurement for several variables tracked in the index, including capital control regulations. Thus, we feel confident including the one data source for business costs.

# Rankings for 2015

Table 1 (see page 11) shows the 2015 Global Opportunity Index scores and rankings. Singapore and Hong Kong lead the rankings, as in our previous release, with New Zealand, Canada, Norway, Malaysia, and four countries from the European Union rounding out the top 10. Each of the top four is a leader in one category: Singapore leads in Doing Business, Hong Kong leads in Economic Fundamentals, Finland leads in Quality of Regulations, and New Zealand leads in the Rule of Law. Indeed, in Doing Business, Singapore scored in the highest percentile for eight of the 19 variables, including ease of starting a business, contract enforcement, resolving insolvency, and a tension-free investment climate. Thus it is not surprising that FDI has continually been a source of capital for Singapore, even while taking a hit during the global financial crisis. (See Figure 1.)

FIGURE: 1

**FDI Total Inflows to Singapore 1990-2013**

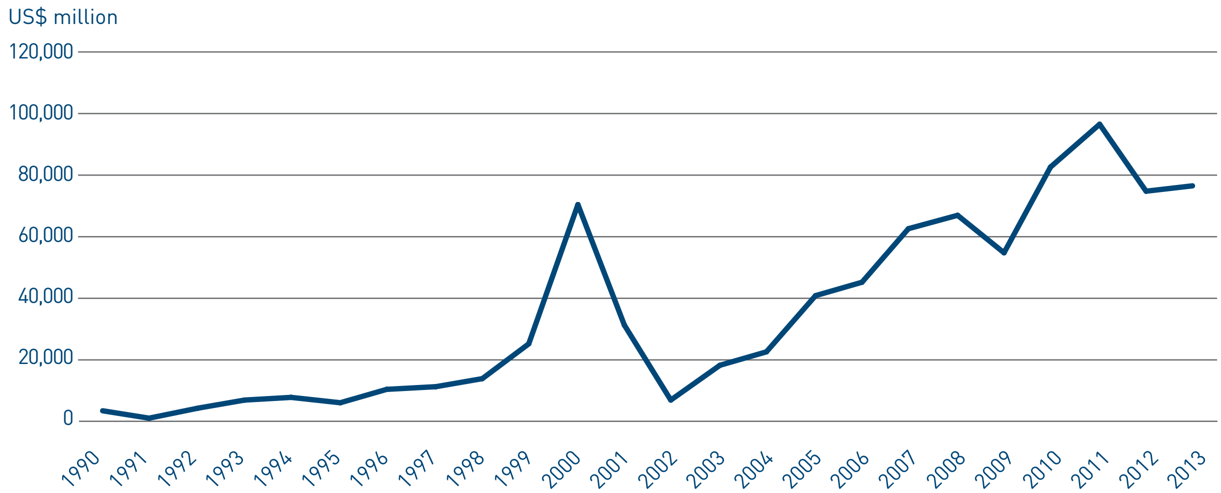



Source: United Nations Conference on Trade and Development.

Hong Kong's top showing in Economic Fundamentals is anchored by a strong macroeconomic environment, including market capitalization, bank assets, domestic credit to the private sector, and openness to trade and investment. FDI has increased since 2002, recovering from a post-"Asian FDI boom" slump[7] (see Figure 2); however, it remains to be seen what impact increasing mainland Chinese control will have on the former British territory.

FIGURE: 2

## FDI Total Inflows to Hong Kong 1990-2013




Source: UNCTAD.

The lowest ranks of the index, where Venezuela, Yemen, Haiti, and seven sub-Saharan African countries comprise the bottom 10, represent countries with severe institutional deficiencies. However, and more optimistically, they also represent countries with the most opportunity for advancement. Indeed, while Burundi is ranked 135 out of 136, just above last-place Guinea, it had the highest percentage increase in composite score since 2013, rising almost 35 percent. This substantial improvement highlights the importance of institutions and regulations that promote foreign investment.[8]

Although the majority of countries in the ranks of the top 20 might be predictable (perhaps with the exception of Malaysia), the index is most useful for the remaining countries—where investment is needed most. Thus, one should remember that these rankings are subject to change. Performance on the indicators that make up the index can be modified by government policy.

7. The United Nations Conference on Trade and Development (UNCTAD) has proposed several reasons for the FDI boom in Hong Kong in 2000, which can help to explain the subsequent decline in inflows: "First, it reflects a recovery from the economic turmoil of the recent past. Second, [transnational corporations] planning to invest in mainland China have been 'parking' funds in Hong Kong, in anticipation of China´s expected entry into the WTO. Third, the increase reflects a major cross-border merger and acquisition (M&A) in telecommunications, which alone accounted for nearly one-third of Hong Kong´s total FDI inflows. Fourth, there is an element of increased 'transit FDI' into, and out of, Hong Kong." UNCTAD World Investment report, 2001.

8. Since 2009, Burundi has established an investment promotion plan to ease the entry of foreign capital. In essence, it created a "one-stop shop" for investment information and procedures.

TABLE: 1

## Global Opportunity Index Ranking 2015

| Country | Composite Score | Rank | Economic Fundamentals | Ease of Doing Business | Quality of Regulations | Rule of Law |
|---|---|---|---|---|---|---|
| Singapore | 8.70 | 1 | 7.64 | 8.78 | 9.20 | 9.20 |
| Hong Kong SAR, China | 8.47 | 2 | 7.86 | 8.52 | 8.30 | 9.20 |
| Finland | 7.88 | 3 | 6.09 | 8.31 | 9.30 | 7.80 |
| New Zealand | 7.81 | 4 | 4.95 | 8.21 | 8.50 | 9.60 |
| Sweden | 7.79 | 5 | 6.77 | 7.68 | 8.60 | 8.10 |
| Canada | 7.73 | 6 | 6.14 | 8.00 | 8.00 | 8.80 |
| Norway | 7.64 | 7 | 5.64 | 7.84 | 8.80 | 8.30 |
| United Kingdom | 7.64 | 7 | 6.54 | 7.52 | 7.60 | 8.90 |
| Ireland | 7.61 | 9 | 6.50 | 7.94 | 7.20 | 8.80 |
| Malaysia | 7.57 | 10 | 7.32 | 7.68 | 7.20 | 8.10 |
| Netherlands | 7.50 | 11 | 7.04 | 7.84 | 8.40 | 6.70 |
| Estonia | 7.47 | 12 | 7.32 | 7.57 | 8.20 | 6.80 |
| Luxembourg | 7.41 | 13 | 7.18 | 7.26 | 8.80 | 6.40 |
| Iceland | 7.31 | 14 | 6.41 | 8.42 | 6.70 | 7.70 |
| Australia | 7.27 | 15 | 6.59 | 7.68 | 7.30 | 7.50 |
| Denmark | 7.26 | 16 | 6.36 | 6.68 | 7.90 | 8.10 |
| Japan | 7.23 | 17 | 6.82 | 7.10 | 6.90 | 8.10 |
| Germany | 7.14 | 18 | 6.18 | 7.78 | 7.60 | 7.00 |
| United States | 7.14 | 18 | 6.45 | 7.42 | 6.30 | 8.40 |
| Chile | 7.12 | 20 | 6.68 | 6.68 | 7.80 | 7.30 |
| Switzerland | 7.11 | 21 | 6.68 | 7.26 | 8.10 | 6.40 |
| Austria | 7.08 | 22 | 6.91 | 7.52 | 7.10 | 6.80 |
| Belgium | 7.06 | 23 | 6.23 | 7.10 | 7.10 | 7.80 |
| Israel | 6.94 | 24 | 6.41 | 5.94 | 7.00 | 8.40 |
| Oman | 6.79 | 25 | 5.54 | 7.73 | 7.50 | 6.40 |
| Qatar | 6.79 | 25 | 6.45 | 7.42 | 7.10 | 6.20 |
| Cyprus | 6.76 | 27 | 6.14 | 6.42 | 7.00 | 7.50 |
| Korea, Rep. | 6.66 | 28 | 6.50 | 7.94 | 6.00 | 6.20 |
| Latvia | 6.54 | 29 | 6.23 | 7.52 | 6.50 | 5.90 |
| United Arab Emirates | 6.54 | 29 | 5.50 | 7.36 | 7.40 | 5.90 |
| Mauritius | 6.52 | 31 | 5.27 | 7.63 | 6.40 | 6.80 |
| France | 6.51 | 32 | 6.23 | 6.52 | 6.80 | 6.50 |
| Bahrain | 6.46 | 33 | 6.32 | 6.63 | 7.30 | 5.60 |
| Portugal | 6.43 | 34 | 6.14 | 7.78 | 6.30 | 5.50 |
| South Africa | 6.42 | 35 | 5.23 | 6.05 | 6.30 | 8.10 |

TABLE: 1

## Global Opportunity Index Ranking 2015 *(cont.)*

| Country | Composite Score | Rank | Economic Fundamentals | Ease of Doing Business | Quality of Regulations | Rule of Law |
|---|---|---|---|---|---|---|
| Saudi Arabia | 6.41 | 36 | 5.45 | 6.79 | 6.40 | 7.00 |
| Lithuania | 6.31 | 37 | 6.23 | 8.21 | 5.70 | 5.10 |
| Uruguay | 6.20 | 38 | 4.77 | 7.52 | 7.20 | 5.30 |
| Slovenia | 6.14 | 39 | 6.50 | 7.26 | 5.40 | 5.40 |
| Spain | 6.06 | 40 | 6.54 | 6.10 | 6.10 | 5.50 |
| Botswana | 6.03 | 41 | 3.50 | 6.63 | 7.10 | 6.90 |
| Czech Republic | 6.03 | 41 | 7.00 | 6.52 | 5.60 | 5.00 |
| Malta | 6.03 | 41 | 5.82 | 5.21 | 7.10 | 6.00 |
| Thailand | 6.02 | 44 | 6.14 | 6.15 | 5.80 | 6.00 |
| Montenegro | 6.00 | 45 | 4.95 | 6.84 | 6.30 | 5.90 |
| Hungary | 5.98 | 46 | 6.77 | 7.15 | 5.70 | 4.30 |
| Kazakhstan | 5.98 | 46 | 5.59 | 7.52 | 5.10 | 5.70 |
| Kuwait | 5.97 | 48 | 6.54 | 6.52 | 5.30 | 5.50 |
| Panama | 5.95 | 49 | 6.00 | 6.21 | 7.10 | 4.50 |
| Armenia | 5.94 | 50 | 4.68 | 7.57 | 6.10 | 5.40 |
| Poland | 5.92 | 51 | 5.95 | 6.94 | 5.00 | 5.80 |
| China | 5.85 | 52 | 6.32 | 5.79 | 6.30 | 5.00 |
| Georgia | 5.81 | 53 | 4.77 | 7.26 | 5.90 | 5.30 |
| Turkey | 5.80 | 54 | 4.82 | 5.79 | 6.80 | 5.80 |
| Rwanda | 5.59 | 55 | 3.00 | 6.47 | 6.60 | 6.30 |
| Macedonia, FYR | 5.58 | 56 | 5.27 | 7.26 | 4.80 | 5.00 |
| Namibia | 5.57 | 57 | 4.36 | 5.31 | 6.30 | 6.30 |
| Azerbaijan | 5.54 | 58 | 4.36 | 7.42 | 4.70 | 5.70 |
| Colombia | 5.49 | 59 | 5.59 | 5.58 | 5.30 | 5.50 |
| Italy | 5.46 | 61 | 6.32 | 5.84 | 5.00 | 4.70 |
| Zambia | 5.45 | 62 | 3.09 | 6.21 | 6.70 | 5.80 |
| Romania | 5.43 | 63 | 5.45 | 6.47 | 4.80 | 5.00 |
| Peru | 5.42 | 64 | 5.23 | 5.37 | 5.80 | 5.30 |
| Jordan | 5.40 | 65 | 4.77 | 5.73 | 6.50 | 4.60 |
| Bulgaria | 5.38 | 66 | 6.09 | 6.05 | 5.20 | 4.20 |
| Sri Lanka | 5.37 | 67 | 4.41 | 6.26 | 5.20 | 5.60 |
| Tunisia | 5.35 | 68 | 4.32 | 6.10 | 5.40 | 5.60 |
| Mexico | 5.34 | 69 | 5.27 | 5.89 | 5.50 | 4.70 |
| Morocco | 5.32 | 70 | 4.50 | 6.36 | 5.70 | 4.70 |
| Albania | 5.31 | 71 | 4.55 | 6.31 | 5.30 | 5.10 |

TABLE: 1

## Global Opportunity Index Ranking 2015 *(cont.)*

| Country | Composite Score | Rank | Economic Fundamentals | Ease of Doing Business | Quality of Regulations | Rule of Law |
|---|---|---|---|---|---|---|
| Brunei Darussalam | 5.25 | 72 | 5.04 | 6.26 | 4.80 | 4.90 |
| Costa Rica | 5.22 | 73 | 4.95 | 5.94 | 6.00 | 4.00 |
| Greece | 5.22 | 73 | 5.82 | 6.05 | 4.70 | 4.30 |
| Trinidad and Tobago | 5.22 | 73 | 4.59 | 4.89 | 5.50 | 5.90 |
| Slovak Republic | 5.21 | 76 | 5.59 | 6.05 | 5.10 | 4.10 |
| Ghana | 5.16 | 77 | 2.82 | 5.52 | 6.00 | 6.30 |
| Mongolia | 5.13 | 78 | 3.86 | 6.94 | 4.90 | 4.80 |
| Indonesia | 5.11 | 79 | 4.82 | 4.31 | 6.30 | 5.00 |
| Moldova | 5.03 | 80 | 4.55 | 6.68 | 4.30 | 4.60 |
| Russian Federation | 5.01 | 81 | 6.27 | 6.47 | 4.30 | 3.00 |
| Barbados | 4.96 | 82 | 4.41 | 5.42 | 6.00 | 4.00 |
| India | 4.90 | 83 | 4.00 | 4.21 | 4.60 | 6.80 |
| Seychelles | 4.81 | 84 | 4.59 | 5.15 | 4.40 | 5.10 |
| Brazil | 4.80 | 85 | 5.18 | 4.73 | 5.20 | 4.10 |
| Vietnam | 4.79 | 86 | 5.14 | 5.21 | 5.00 | 3.80 |
| Philippines | 4.75 | 87 | 5.09 | 4.52 | 5.70 | 3.70 |
| Ukraine | 4.65 | 88 | 5.86 | 5.84 | 3.20 | 3.70 |
| Bosnia and Herzegovina | 4.64 | 89 | 4.36 | 6.00 | 4.60 | 3.60 |
| Jamaica | 4.64 | 89 | 3.82 | 5.52 | 4.40 | 4.80 |
| Bolivia | 4.58 | 91 | 4.32 | 5.00 | 6.00 | 3.00 |
| Serbia | 4.57 | 92 | 4.68 | 5.89 | 3.40 | 4.30 |
| Ecuador | 4.56 | 93 | 4.27 | 4.37 | 6.70 | 2.90 |
| Paraguay | 4.54 | 94 | 3.86 | 5.68 | 5.10 | 3.50 |
| Guatemala | 4.43 | 95 | 3.82 | 4.79 | 6.10 | 3.00 |
| Argentina | 4.38 | 96 | 4.73 | 5.79 | 4.10 | 2.90 |
| Pakistan | 4.37 | 97 | 3.18 | 4.42 | 4.70 | 5.20 |
| Guyana | 4.33 | 98 | 3.00 | 4.21 | 5.70 | 4.40 |
| El Salvador | 4.32 | 99 | 3.95 | 5.42 | 5.40 | 2.50 |
| Nicaragua | 4.32 | 99 | 3.23 | 5.37 | 5.70 | 3.00 |
| Uganda | 4.32 | 99 | 3.27 | 4.10 | 5.30 | 4.60 |
| Malawi | 4.30 | 102 | 2.45 | 3.95 | 5.20 | 5.60 |
| Kenya | 4.25 | 103 | 3.14 | 3.47 | 5.30 | 5.10 |
| Lesotho | 4.24 | 104 | 3.05 | 4.21 | 5.40 | 4.30 |
| Kyrgyz Republic | 4.22 | 105 | 3.45 | 5.52 | 3.30 | 4.60 |
| Lebanon | 4.17 | 106 | 4.95 | 5.94 | 2.50 | 3.30 |

TABLE: 1

## Global Opportunity Index Ranking 2015 *(cont.)*

| Country | Composite Score | Rank | Economic Fundamentals | Ease of Doing Business | Quality of Regulations | Rule of Law |
|---|---|---|---|---|---|---|
| Tanzania | 4.15 | 107 | 2.59 | 4.52 | 4.30 | 5.20 |
| Senegal | 4.13 | 108 | 2.68 | 4.52 | 5.30 | 4.00 |
| Sierra Leone | 4.13 | 108 | 2.23 | 4.79 | 4.40 | 5.10 |
| Egypt, Arab Rep. | 4.10 | 110 | 3.91 | 5.00 | 4.90 | 2.60 |
| Dominican Republic | 4.09 | 111 | 3.55 | 5.31 | 4.40 | 3.10 |
| Cambodia | 3.96 | 112 | 3.32 | 4.21 | 4.00 | 4.30 |
| Honduras | 3.96 | 112 | 3.45 | 4.47 | 4.80 | 3.10 |
| Swaziland | 3.96 | 112 | 2.82 | 4.63 | 4.30 | 4.10 |
| Gabon | 3.89 | 115 | 3.41 | 4.47 | 4.30 | 3.40 |
| Nigeria | 3.87 | 116 | 2.59 | 4.21 | 4.10 | 4.60 |
| Mozambique | 3.84 | 117 | 2.86 | 4.31 | 4.40 | 3.80 |
| Côte d'Ivoire | 3.82 | 118 | 3.00 | 4.79 | 4.70 | 2.80 |
| Iran, Islamic Rep. | 3.79 | 119 | 3.14 | 5.31 | 3.30 | 3.40 |
| Bangladesh | 3.77 | 120 | 2.77 | 3.89 | 3.80 | 4.60 |
| Liberia | 3.75 | 121 | 2.36 | 4.73 | 3.80 | 4.10 |
| Algeria | 3.67 | 122 | 3.73 | 4.73 | 2.90 | 3.30 |
| Bhutan | 3.50 | 123 | 2.64 | 4.94 | 2.80 | 3.60 |
| Nepal | 3.43 | 124 | 2.23 | 4.00 | 3.50 | 4.00 |
| Lao PDR | 3.39 | 125 | 2.68 | 4.58 | 3.90 | 2.40 |
| Madagascar | 3.39 | 125 | 2.18 | 4.47 | 3.40 | 3.50 |
| Cameroon | 3.30 | 127 | 2.45 | 3.95 | 3.40 | 3.40 |
| Ethiopia | 3.24 | 128 | 2.00 | 5.26 | 2.70 | 3.00 |
| Mali | 3.24 | 128 | 2.32 | 3.95 | 3.60 | 3.10 |
| Venezuela | 3.11 | 130 | 4.14 | 4.00 | 3.10 | 1.20 |
| Yemen, Rep. | 3.09 | 131 | 2.18 | 4.68 | 3.30 | 2.20 |
| Benin | 3.08 | 132 | 2.36 | 3.47 | 3.80 | 2.70 |
| Haiti | 3.00 | 133 | 3.36 | 3.42 | 3.80 | 1.40 |
| Angola | 2.95 | 134 | 2.59 | 3.00 | 3.40 | 2.80 |
| Burundi | 2.89 | 135 | 2.09 | 3.26 | 2.80 | 3.40 |
| Guinea | 2.88 | 136 | 1.86 | 4.05 | 3.30 | 2.30 |

Table 2 breaks out average component scores for member nations of the Organization for Economic Cooperation and Development and developing countries based on geographic region. Not surprisingly, OECD countries—those in the world's wealthier stratum—led in all four component scores. Among developing countries, the transitional economies of Europe led in Economic Fundamentals and Ease of Doing Business, while the Americas led the way, but only slightly, in Regulatory Quality. Asia set the pace in Rule of Law. Considering the strength of protections and the firm approach to law and order in Malaysia, Hong Kong, and Singapore, this is a predictable result.

TABLE: 2

## Country Group Averages

| Country Group | Composite Score | Economic Fundamentals | Ease of Doing Business | Quality of Regulations | Rule of Law |
|---|---|---|---|---|---|
| OECD | 6.93 | 6.40 | 7.25 | 7.07 | 6.99 |
| Dev Europe | 5.57 | 5.38 | 6.64 | 5.30 | 4.97 |
| MENA | 5.28 | 4.81 | 6.17 | 5.39 | 4.74 |
| Asia | 5.12 | 4.57 | 5.58 | 5.10 | 5.23 |
| Americas | 4.73 | 4.37 | 5.29 | 5.44 | 3.83 |
| Sub-Saharan Africa | 4.26 | 2.93 | 4.74 | 4.79 | 4.59 |

Table 3 shows the average score of each component of the index for all countries and subgroups based on their rank. Of the four components, Ease of Doing Business had the highest average score (5.95), while Economic Fundamentals had the lowest (4.76), primarily due to limited financial infrastructure in the bottom half of the rankings. The widest gap between the top and bottom 20 was found in Rule of Law, highlighting the divergence in legal infrastructure, investor protection, and overall law and order between the two groups.

TABLE: 3

## Ranking Group Averages

| Ranking Group | Composite Score | Economic Fundamentals | Ease of Doing Business | Quality of Regulations | Rule of Law |
|---|---|---|---|---|---|
| Top 20 | 7.58 | 6.62 | 7.75 | 7.93 | 8.04 |
| Top 50% | 6.52 | 5.88 | 7.00 | 6.71 | 6.48 |
| All | 5.37 | 4.76 | 5.95 | 5.61 | 5.18 |
| Bottom 50% | 4.21 | 3.62 | 4.89 | 4.48 | 3.87 |
| Bottom 20 | 3.36 | 2.65 | 4.24 | 3.49 | 3.05 |

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# Regional Assessments

## SUB-SAHARAN AFRICA

TABLE: 4

### Sub-Saharan Africa Top 10

| Country | Rank | Composite Score | Economic Fundamentals | Ease of Doing Business | Quality of Regulations | Rule of Law |
|---|---|---|---|---|---|---|
| Mauritius | 31 | 6.52 | 5.27 | 7.63 | 6.40 | 6.80 |
| South Africa | 35 | 6.42 | 5.23 | 6.05 | 6.30 | 8.10 |
| Botswana | 41 | 6.03 | 3.50 | 6.63 | 7.10 | 6.90 |
| Rwanda | 55 | 5.59 | 3.00 | 6.47 | 6.60 | 6.30 |
| Namibia | 57 | 5.57 | 4.36 | 5.31 | 6.30 | 6.30 |
| Zambia | 62 | 5.45 | 3.09 | 6.21 | 6.70 | 5.80 |
| Ghana | 77 | 5.16 | 2.82 | 5.52 | 6.00 | 6.30 |
| Uganda | 99 | 4.32 | 3.27 | 4.10 | 5.30 | 4.60 |
| Malawi | 102 | 4.30 | 2.45 | 3.95 | 5.20 | 5.60 |
| Kenya | 103 | 4.25 | 3.14 | 3.47 | 5.30 | 5.10 |

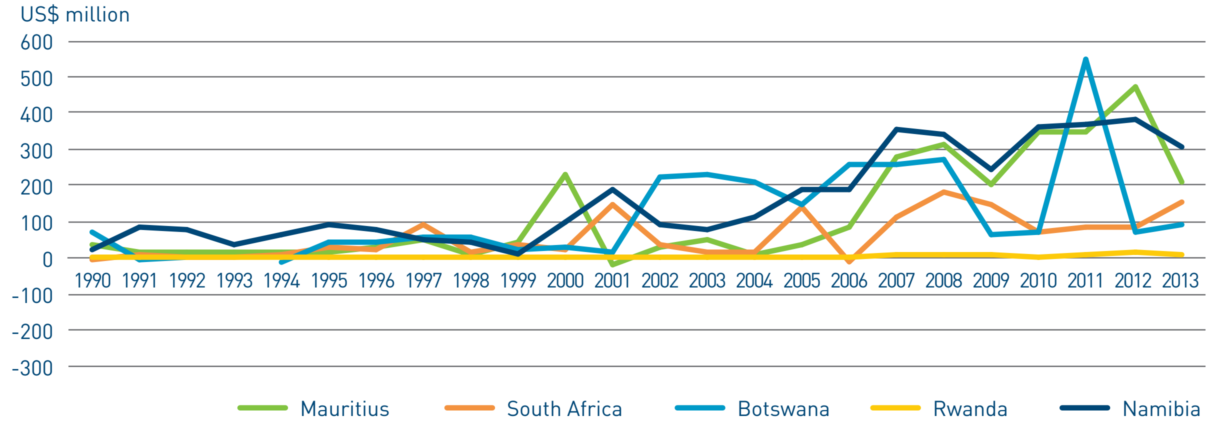
There are both bright spots and dark spots in the composite scores/rankings of the sub-Saharan African countries that made it into the GOI. Six countries, Mauritius (31), South Africa (35), Botswana (41), Rwanda (55), Namibia (57), and Zambia (62) are in the top 50 percent of the index. Mauritius, while a small island nation, continues to be one of the most economically successful and stable countries in Africa, in part thanks to economic reforms that occurred after 2000. Our Index shows that it is one of the most open to foreign investment, with the highest Ease of Doing Business score on the continent. Since 2013, Mauritius' composite score has increased 3.5 percent, due to improvement in Economic Fundamentals, Rule of Law, and, primarily, Ease of Doing Business.

Rwanda is another interesting case. Since the horrific genocide of 1994, the Rwandan government has undertaken a series of pro-investment policies and reforms to lure foreign investors. The country ranks an impressive 55 out of 135, and while FDI per capita is significantly lower than the levels of its East African neighbors (see Figure 3), it has increased 10-fold since the early 2000s (see Figure 4). Rwanda increased its composite score by almost 5 percent, from 5.35 to 5.59, since the last release. All component scores showed improvement, but the largest increase was in Regulatory Quality, already its highest-performing component, as a result of more favorable credit market regulation. There are still barriers to investment, however, including the explicit and implicit costs of contract enforcement.

Beyond Mauritius and Rwanda, both South Africa and Zambia increased their scores since the last ranking—by 3 percent and 5.4 percent, respectively. Composite scores for both Botswana and Namibia declined since the last release, -4.7 percent and -7.5 percent, respectively. For Botswana, lackluster macroeconomic indicators and a tightening regulatory environment contributed to the deterioration of its total score. Namibia saw diminished scores for every component. In particular, we see the cost of contract enforcement almost doubling and greater difficulty in challenging regulation within Namibia's legal framework.

FIGURE: 3

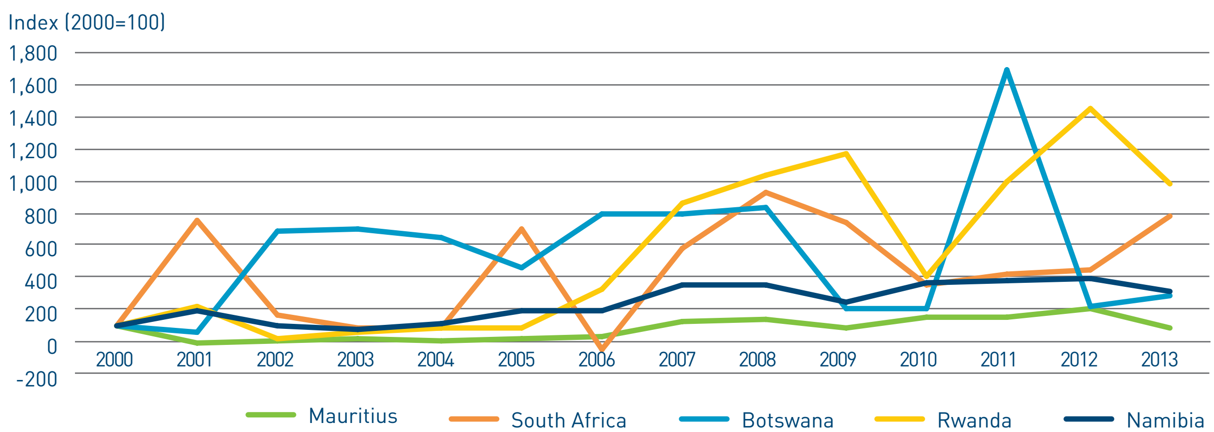
## FDI Per-Capita Inflows to Top 5 SSA Countries




Source: UNCTAD.

FIGURE: 4

## FDI Per-Capita Index for Top 5 SSA Countries




Source: UNCTAD.

However, seven of the bottom 10 countries are from SSA: Cameroon (127), Ethiopia (128), Mali (128), Benin (132), Angola (134), Burundi (135), and Guinea (136). All have lingering problems with instability and weak physical and financial infrastructure. In Ethiopia, FDI topped $970 million in 2012, up 54 percent over the previous year. While this is promising, FDI inflows have been volatile, decreasing by 50 percent one year, while increasing 70 percent in another.

This is primarily a response to uncertain political and economic conditions within the country, reflected in its low composite score. While Ethiopia has implemented a second Growth and Transformation Plan aimed at private-sector development and investment—as well as issued its first sovereign bond, which was oversubscribed—risks and restrictions remain. Indeed, state-owned enterprises prevail, capital access is limited, capital markets are nonexistent, and there are numerous barriers to entry for foreign investors, which vary by industry.

## LATIN AMERICA

TABLE: 5

### Latin America (Central and South America) Top 10

| Country | Rank | Composite Score | Economic Fundamentals | Ease of Doing Business | Quality of Regulations | Rule of Law |
|---|---|---|---|---|---|---|
| Chile | 20 | 7.12 | 6.69 | 6.68 | 7.80 | 7.30 |
| Uruguay | 38 | 6.20 | 4.77 | 7.52 | 7.20 | 5.30 |
| Panama | 49 | 5.95 | 6.00 | 6.21 | 7.10 | 4.50 |
| Colombia | 59 | 5.49 | 5.59 | 5.58 | 5.30 | 5.50 |
| Peru | 64 | 5.42 | 5.23 | 5.37 | 5.80 | 5.30 |
| Costa Rica | 73 | 5.22 | 4.95 | 5.94 | 6.00 | 4.00 |
| Brazil | 85 | 4.80 | 5.18 | 4.73 | 5.20 | 4.10 |
| Bolivia | 91 | 4.58 | 4.68 | 5.00 | 6.00 | 3.00 |
| Ecuador | 93 | 4.56 | 4.27 | 4.37 | 6.70 | 2.90 |
| Paraguay | 94 | 4.54 | 3.86 | 5.68 | 5.10 | 3.50 |

In Latin America, countries with improving scores outnumbered those with declining scores by a margin of about 2 to 1. The deterioration in scores since the time of our last survey took place in several of the region's larger economies. From an investment perspective, lower commodity prices, increased global risk aversion, and domestic policy woes have contributed to a reduction in net private capital inflows, according to the Institute of International Finance. Only one country in the region, Chile, managed to make it into the top 20 in our survey. Uruguay (38), Panama (49), Colombia (59), and Ecuador (93) showed strong gains in their scores. Weak Rule of Law, for the most part, held back further advancement in Panama and Ecuador.

Not surprisingly, Argentina (96), Brazil (85), and Venezuela (130) saw their scores decline. The Rule of Law component of our index is especially weak in the case of Argentina.

In terms of public finance, the lack of resolution of the holdout creditors' claims, dating from Argentina's 2001 default, has kept the country from accessing global capital markets. It seems unlikely that this issue will be resolved under the current administration, which will remain in office until December of this year.

Brazil's score fell from 4.99 in 2013 to 4.80 in 2015. Like Argentina, and many other countries in Latin America, Brazil suffers from weak Rule of Law. Moreover, despite the attraction of a widening cross-border interest rate differential, private capital inflows to Brazil have weakened as a stagnant economy and lack of reforms diminished foreign investors' appetite.

Venezuela has the distinction of being in the bottom 10 of our index rankings and having the lowest score among all 136 countries in terms of Rule of Law. In the face of rapidly shrinking oil revenue, pervasive macro-policy imbalances, sizable external debt service requirements, and low international currency reserves, Venezuela appears on the verge of defaulting on government bonds. For the moment, the country has been able to renegotiate obligations with China and sell off assets such as Petro Caribe. Nevertheless, its ability to access funding is fading quickly.

## SOUTHEAST ASIA

TABLE: 6

### Southeast Asia

| Country | Rank | Composite Score | Economic Fundamentals | Ease of Doing Business | Quality of Regulations | Rule of Law |
|---|---|---|---|---|---|---|
| Singapore | 1 | 8.70 | 7.60 | 8.80 | 9.20 | 9.20 |
| Malaysia | 10 | 7.57 | 7.30 | 7.70 | 7.20 | 8.10 |
| Thailand | 44 | 6.02 | 6.10 | 6.20 | 5.80 | 6.00 |
| Brunei | 72 | 5.25 | 5.10 | 6.30 | 4.80 | 4.90 |
| Indonesia | 79 | 5.11 | 4.80 | 4.30 | 6.30 | 5.00 |
| Vietnam | 86 | 4.79 | 5.10 | 5.20 | 5.00 | 3.80 |
| Philippines | 87 | 4.75 | 5.10 | 4.50 | 5.70 | 3.70 |
| Cambodia | 112 | 3.96 | 3.30 | 4.20 | 4.00 | 4.30 |

The region turned in an impressive performance in our latest survey. The Philippines and Malaysia showed the most improvement in their scores. Malaysia joins Singapore (1) in the top 10 rankings among all countries. Singapore has the highest component score in the index in Ease of Doing Business and is in the top three of the remaining three categories. Malaysia is particularly strong when it comes to the Rule of Law.

The overall distribution of scores in this year's index is not surprising and is in line with other research on Asia the Institute recently completed (see "Will the Next Asian Tiger Please Stand Up?" September 2014). The 21st century is indeed shaping up to be the

Asian century, with the region having become, and likely to remain, a formidable economic force. Capital flows to the region were well sustained in 2014, helped by strengthened fundamentals. A phase of volatility did occur late in the year, triggered by a reduction in global risk appetite and the oil price slump.

While Indonesia experienced only a small improvement in its score, its prospects appear to be brightening, buoyed by corrective policies and a new reformist government. The government in Indonesia has distinguished itself by dismantling the fuel subsidy regime, although the Parliament could still become an obstacle in dealing with other pressing issues. To advance further in the rankings, Indonesia will need to focus more on improving its economic fundamentals and making the country more attractive to business.

Thailand, which ranks 44th in our survey, should be able to raise its position now that it has a functioning administration. Other countries in the region could advance as well in an environment of effective policy and less political uncertainty. Solid growth prospects seem likely to underpin a continuation of strong capital flows to the region. China will remain a major source of resident outward investment and lending to Greater Asia as well as to emerging markets in general.

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# Composite Score Change: 2009 Through 2015

Although the methodology of the 2015 index (based on 2013 data, the most recent available) has been adjusted and is therefore not comparable to the results of our 2013 GOI release (using 2011-12 data), we have compiled composite scores and rankings for the preceding years (beginning with 2009, which used 2007 data) for comparison.[9] Appendix 4 shows the change in composite scores from 2013 to 2015. In general, more countries raised their composite scores than saw decreases. For many, this reflects improved post-crisis macro-fundamentals, for others pro-investment policy decisions.

Table 7 highlights the countries with the largest increases and declines. As mentioned earlier, Burundi's composite score climbed the most proportionately, rising almost 35 percent. In the past few years, the government established an investment promotion plan to ease the entry of foreign capital, including reducing tax liabilities and creating a "one-stop shop" for investment procedures and information. However, the country is still recovering from a civil war, poverty is widespread, and infrastructure is insufficient. There is more room for change.

TABLE: 7

### Top 10 Point Changes Since 2013 (Top 5 Increase / Top 5 Decrease)

| Country | 2015 Composite Score | 2013 Composite Score | Point Change | Percent Change |
|---|---|---|---|---|
| Côte d'Ivoire | 3.82 | 3.02 | 0.80 | 26.5 |
| Burundi | 2.89 | 2.15 | 0.74 | 34.4 |
| Philippines | 4.75 | 4.01 | 0.74 | 18.5 |
| Ecuador | 4.56 | 3.98 | 0.58 | 14.6 |
| Bosnia and Herzegovina | 4.64 | 4.07 | 0.57 | 14.0 |
| | | | | |
| Egypt | 4.10 | 4.93 | -0.83 | -16.8 |
| Albania | 5.31 | 5.96 | -0.65 | -10.9 |
| Mali | 3.24 | 3.74 | -0.50 | -13.4 |
| Denmark | 7.26 | 7.72 | -0.46 | -6.0 |
| Namibia | 5.57 | 6.02 | -0.45 | -7.5 |

9. Refer to Appendix 3 for composite scores and rankings for all subsequent years (2010-2012) not addressed in the main report.

Egypt suffered the largest decrease in composite score, dropping 17 percent—not surprising given the upheaval since Hosni Mubarak's ouster in 2011. As such, growth has slowed and foreign investment has contracted tremendously. Since the revolution, new capital controls have been implemented, including restrictions on the amount of money foreign firms are permitted to transfer outside the country.

Appendix 5 shows the change in composite scores from 2009 (using 2007 data) to 2015. Comparing scores pre- and post-crisis highlights interesting trends among country groups. With the exception of Malaysia, whose composite score increased more than 5 percent during this period, scores for the top 10 countries decreased, albeit slightly. New Zealand dropped 5 percent, followed by Ireland's drop of 4.6 percent. Indeed, this follows a common trend throughout the 2009-15 period: a general, but relatively small, decline in scores among developed countries and generally positive changes in the developing world, highlighting the hit developed markets took during the global financial crisis.

However, this does not mean that the largest declines were clustered in developed countries. Turmoil-prone countries declined the most. Table 8 identifies nations with the top 10 point changes since 2009. Countries in Eastern Europe take the top five spots for score increases, primarily the result of liberal foreign investment regimes, with Albania leading the charge.[10] Egypt and Algeria had the largest percentage drops in composite scores. Egypt's troubles were discussed previously. Algeria, decreasing 17.9 percent, saw its largest drop in the Doing Business and Rule of Law subcomponents. Since 2009, a series of restrictions on foreign direct investment have been imposed, including the requirement of at least 51 percent Algerian ownership.

TABLE: 8

### Top 10 Point Changes Since 2009 (Top 5 Increase / Top 5 Decrease)

| Country | 2015 Composite Score | 2009 Composite Score | Point Change | Percent Change |
|---|---|---|---|---|
| Albania | 5.31 | 4.30 | 1.01 | 23.5 |
| Macedonia | 5.58 | 4.63 | 0.95 | 20.5 |
| Georgia | 5.81 | 4.91 | 0.90 | 18.3 |
| Azerbaijan | 5.54 | 4.71 | 0.83 | 17.6 |
| Armenia | 5.94 | 5.12 | 0.82 | 16.0 |
| | | | | |
| Egypt | 4.10 | 5.08 | -0.98 | -19.3 |
| Slovak Republic | 5.21 | 6.11 | -0.90 | -14.7 |
| Algeria | 3.67 | 4.47 | -0.80 | -17.9 |
| El Salvador | 4.32 | 5.11 | -0.79 | -15.5 |
| South Korea | 6.66 | 7.40 | -0.74 | -10.0 |

10. It should be noted that this change doesn't necessarily reflect a gradual, unwavering increase in score throughout the period. While Albania's score is up substantially since 2009, it has decreased since 2013. Considering the changes in the top and bottom movers, this is indicative of the occasionally volatile nature of macroeconomic and institutional conditions in developing nations.

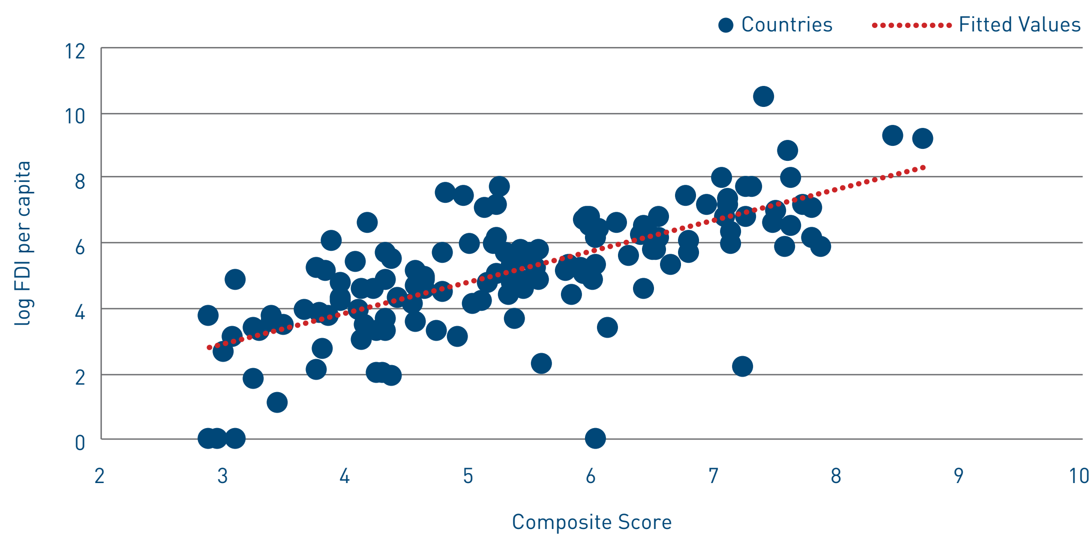
# Correlating the Global Opportunity Index to Foreign Investment

As illustrated in Figure 5, there is a robust relationship between the Global Opportunity Index and foreign direct investment. The higher the score, the greater the inflows. The index can explain more than 57 percent of the variation in FDI per capita across advanced, emerging, and frontier nations.

Based on this estimated relationship, each one-unit increase in the index is associated with a 42 percent increase in FDI per capita.[11] Appendix 2 shows the relationship of the individual components and FDI per capita. All are positive, indicating the role that better practices play in drawing overseas capital. However, Quality of Regulations has the strongest explanatory power among institutional components.

FIGURE: 5

## Global Opportunity Index vs. FDI Per Capita




Source: UNCTAD.

11. When controlling for the level of economic development and market size.

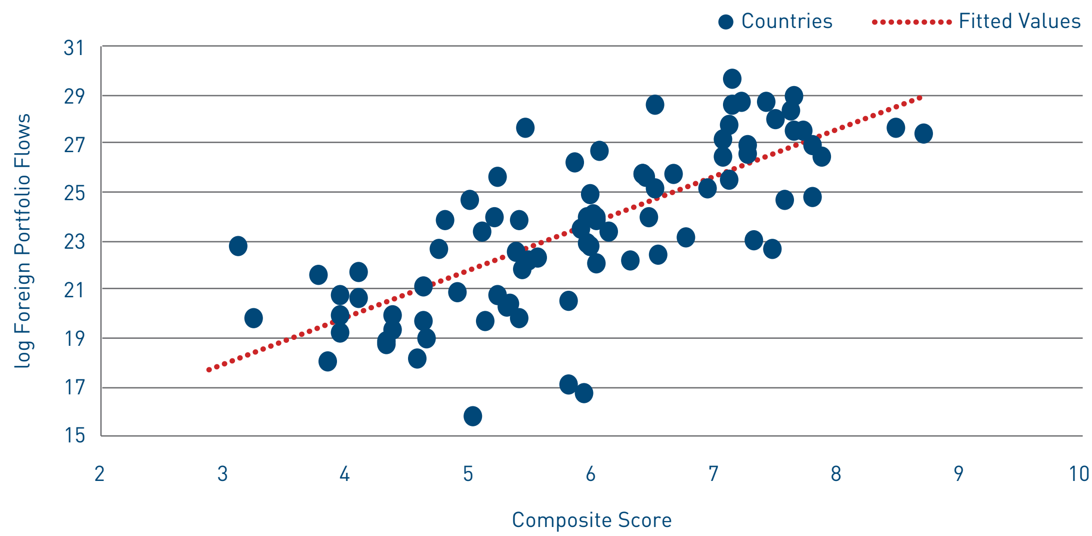
## Portfolio Flows

We extend this analysis to foreign portfolio flows. Figure 6 shows a relationship between the Global Opportunity Index composite score and international portfolio investment. The higher the score, the greater the flow into our measure of aggregate investment in equities and debt securities. The index, coupled with standard controls for level of economic development, can explain 65 percent of the variation in foreign portfolio investment across countries.

Based on this estimated relationship, each one-unit increase in the index composite score is associated with a 55 percent increase in international portfolio flows.[12]

FIGURE: 6

### Global Opportunity Index vs. Foreign Portfolio Flows




Source: UNCTAD.

12. When controlling for the level of economic development.

# Conclusion

The era in which advanced economies account for the largest volume of trade and foreign direct investment is fading fast. In its place, emerging markets are advancing in trade and investment as they become significant sources of production and consumption as well as innovation. Regional centers are expanding to facilitate international commerce, generating and attracting finance to become more competitive.

In the new era, companies no longer have the luxury of taking years to deploy resources on a global scale. The value of cross-border goods flows among emerging markets increased from 6 percent of global trade in 1990 to 24 percent in 2012, according to IMF statistics. Nevertheless, the large majority of multinational corporations receive less than one-fifth of their revenue from emerging markets. Governments also have lagged at times in adopting policies to capitalize on the trend.

The Global Opportunity Index provides companies with needed clarity about the investment climates in host countries based on a systemic, data-driven scale, thus enabling them to establish inroads to securing strong positions in global commerce. From the country perspective, the index guides policymakers in carrying out reforms to enhance their prospects in the global economy. Many changes can be implemented quickly and at relatively low cost, facilitating strategic transactions that will benefit all parties for years to come.

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# Appendixes

## APPENDIX 1: INDEX METHODOLOGY AND TECHNICAL NOTES

| Component | Sub-component | Variable | Sign | Source* | Most Recent | Definition |
|---|---|---|---|---|---|---|
| Economic Fundamentals (EF) | Macro-performance | Real GDP growth (%) | + | WEO and WDI | 2013 | Annual % growth at market prices based on constant local currency |
| | | GDP per capita (US$) | + | WDI | 2012 | Gross domestic product in current U.S. dollars divided by midyear population |
| | | Inflation (annual %) | - | WDI | 2013 | As measured by the annual % change in consumer price index. Deviation from optimal inflation levels (2-3%) |
| | | Real interest rate | - | WDI | 2012 | The lending interest rate adjusted for inflation as measured by the GDP deflator |
| | | Public debt (% GDP) | - | WEO | 2012 | General government gross debt, percent of GDP |
| | Openness | Trade openness | + | WDI | 2012 | (Exports + imports)/GDP |
| | | Direct investment openness | + | UNCTAD | 2012 | FDI inflows/GDP |
| | Labor force | Unit labor cost | - | EIU | 2012 | Hourly wage in U.S. dollars |
| | | Life expectancy at birth (years) | + | WDI | 2013 | The number of years a newborn would live if prevailing patterns of mortality at time of birth were to persist throughout its life |
| | | Secondary education (% population) | + | WDI | 2012 | The proportion of the labor force with a secondary education as % of total labor force |
| | | Age dependency ratio | - | WDI | 2012 | % of dependents (people younger than 15 or older than 64) to the working-age population (ages 15-64) |
| | Financial infrastructure | Market cap of listed companies (% GDP) | + | WDI* | 2012 | The share price times shares outstanding as % of GDP *African Development Bank for Rwanda |
| | | Public bond market cap (% of GDP) | + | BIS | 2012 | Total market cap of government-issued bonds as % of GDP |
| | | Private bond market cap (% of GDP) | + | BIS | 2013 | Total market cap of bonds issued by financial institutions and corporations as % of GDP |
| | | Bank assets (% of GDP) | + | IFS | 2013 | Bank assets as % of GDP |
| | | Domestic credit provided to private sector (% GDP) | + | WDI | 2012 | Financial resources provided to the private sector |
| | Physical infrastructure | Road density | + | WDI | 2012 | Km of road per 100 sq. km of land |
| | | Internet users (per 100 people) | + | WDI | 2011 | People with access to the worldwide network |
| | | Mobile phone subscriptions | + | WDI | 2012 | Subscriptions per 100 people. Post-paid and prepaid subscriptions are included |
| | | ATMs (per 100,000 adults) | + | WDI | 2012 | Automated teller machines per 100,000 adults |

| Component | Sub-component | Variable | Sign | Source* | Most Recent | Definition |
|---|---|---|---|---|---|---|
| Ease of Doing Business (DB) | Starting a business | Procedures (number) | - | WBDB | 2013 | |
| | | Starting a business: Time (days) | - | WBDB | 2013 | |
| | | Cost (% income per capita) | - | WBDB | 2013 | |
| | Enforcing contracts | Time (days) | - | WBDB | 2013 | |
| | | Cost (% of claim) | - | WBDB | 2013 | |
| | | Procedures (number) | - | WBDB | 2013 | |
| | Resolving insolvency | Time (years) | - | WBDB | 2013 | |
| | | Cost (% of estate) | - | WBDB | 2013 | |
| | | Recovery rate (cents on the dollar) | + | WBDB | 2013 | |
| | Accounting and disclousure | Depth of credit information index | + | WBDB | 2013 | Measures rules and practices affecting the coverage, scope, and accessibility of credit information available through either a public credit registry or a private credit bureau |
| | | Public credit registry coverage (% of adults) | + | WBDB | 2013 | Reports the number of people and firms listed in a public credit registry with current information on repayment history, unpaid debts, or credit outstanding |
| | | Private credit bureau coverage (% of adults) | + | WBDB | 2013 | Reports the number of people or firms listed by a private credit bureau with current information on repayment history, unpaid debts, or credit outstanding |
| | Costs of terrorism and crime | Business costs of terrorism (index) | + | GCI | 2013 | To what extent does the threat of terrorism impose costs on businesses in your country? [1 = to a great extent; 7 = not at all] |
| | | Business costs of crime and violence (GCI) | + | GCI | 2013 | To what extent does the incidence of crime and violence impose costs on businesses in your country? [1 = to a great extent; 7 = not at all] |
| | | Organized crime (index) | + | GCI | 2013 | To what extent does organized crime (Mafia-oriented racketeering, extortion) impose costs on businesses in your country? [1 = to a great extent;7 = not at all] |
| | | Ethnic tensions (index) | + | ICRG | 2011 | An assessment of the degree of tension within a country attributable to racial, nationality, or language divisions. Lower ratings are given to countries where racial and nationality tensions are high, and higher ratings are given to countries where tensions are minimal. |
| | Tax burden | Effect of taxation to invest (index) | + | GCI | 2013 | What impact does the level of taxes in your country have on incentives to work or invest? [1 = significantly limits incentives to work or invest; 7 = has no impact on incentives to work or invest] |
| | | Corporate tax (%) | - | IEF | 2014 | Top marginal corporate tax rate |
| | | Personal tax (%) | - | IEF | 2014 | Top marginal personal income tax rate |

| Component | Sub-component | Variable | Sign | Source* | Most Recent | Definition |
|---|---|---|---|---|---|---|
| Quality of Regulations/Regulatory Barriers (QR) | Controls on free flow of capital | Capital controls (weighted) | - | AREAER | 2013 | Weighted average of three indicators: controls on securities, controls on money markets, and controls on direct investment |
| | Restrictions on international trade | WTO membership | + | WTO | 2013 | Members=1, 0 otherwise |
| | | Tariff rate, all products (%) | - | WDI | 2012 | Weighted mean applied tariff is the average of effectively applied rates weighted by the product import shares corresponding to each partner country |
| | Burden of regulation | Burden of government regulation (index) | + | GCI | 2013 | How burdensome is it for businesses in your country to comply with governmental administrative requirements (e.g., permits, regulations, reporting)? [1 = extremely burdensome; 7 = not burdensome at all] |
| | Regulatory quality | Credit market regulation (index) | + | EFW | 2013 | Ownership of banks; foreign bank competition; private sector credit; interest rate controls/negative interest rates |
| | | Labor market regulation (index) | + | EFW | 2013 | Hiring regulations and minimum wage; hiring and firing regulations; centralized collective bargaining; hours regulations; mandated cost of worker dismissal; conscription |
| | | Regulation of security exchanges (index) | + | GCI | 2013 | How would you assess the regulation and supervision of securities exchanges in your country? [1 = ineffective; 7 = effective] |
| | Quality of policymaking | Quality of bureaucracy (index) | + | ICRG | 2011 | High points are given to countries where the bureaucracy can govern without drastic policy changes or interruptions in services. In these low-risk countries, bureaucracies are relatively free from political pressure and have established mechanisms for recruitment and training. Countries that lack the cushioning effect of a strong bureaucracy receive low points. |
| | | Transparency (index) | + | GCI | 2013 | How easy is it for businesses in your country to obtain information about changes in government policies and regulations affecting their activities? [1 = impossible; 7 = extremely easy] |
| | Corruption | Corruption Perceptions Index | + | TI | 2013 | An aggregate indicator calculated using data from 17 sources that measures the extent of corruption (frequency and/or size of bribes) in the public and political sectors. Countries are ranked. |
| | | Public trust of politicians (index) | + | GCI | 2013 | How would you rate the level of public trust in the ethical standards of politicians in your country? [1 = very low; 7 = very high] |

| Component | Sub-component | Variable | Sign | Source* | Most Recent | Definition |
|---|---|---|---|---|---|---|
| Rule of Law | Legal infrastructure | Judicial independence (index) | + | GCI | 2013 | To what extent is the judiciary in your country independent of influences from members of government, citizens, or firms? [1 = heavily influenced; 7 = entirely independent] |
| | | Efficiency of legal framework in settling disputes (index) | + | GCI | 2013 | How efficient is the legal framework in your country for private businesses in settling disputes? [1 = extremely inefficient; 7 = highly efficient] To what extent is the judiciary in your country independent of influences from members of government, citizens, or firms? [1 = heavily influenced; 7 = entirely independent] |
| | | Efficiency of legal framework in challenging regulations (index) | + | GCI | 2013 | How efficient is the legal framework in your country for private businesses in challenging the legality of government actions and/or regulations? [1 = extremely inefficient; 7 = highly efficient] |
| | | Law and order (index) | + | ICRG | 2011 | The law subcomponent assesses the strength and impartiality of the legal system, while the order subcomponent assesses popular observance of the law. Thus, a country can enjoy a high rating – 3 – in terms of its judicial system, but a low rating – 1 – if it suffers from a very high crime rate, indicating that laws are often ignored or effective sanctions are lacking (for example, widespread illegal strikes) |
| | Property rights | Property rights (index) | + | IEF | 2014 | Measures the degree to which a country's laws protect private property rights and the extent of government enforcement. Also assesses the likelihood that private property will be expropriated and analyzes the independence of the judiciary, the level of corruption within the judiciary, and the ability of individuals and businesses to enforce contracts |
| | Investor protection | Ease of shareholder suits (index) | + | WBDB | 2013 | A measure of shareholders' ability to sue corporate officers and directors for misconduct |
| | | Extent of disclosure (index) | | WBDB | 2013 | A measure of transparency of related-party transactions |
| | | Strength of legal rights (index) | + | WBDB | 2012 | Measures the degree of protection collateral and bankruptcy laws provide to borrowers and lenders, thus facilitating lending |
| | | Extent of director liability (index) | + | WBDB | 2013 | A measure of liability for self-dealing |
| | | Strength of investor protection (index) | + | WBDB | 2013 | The average of indexes gauging the extent of disclosure, extent of director liability, and ease of shareholder suits |

***Note:**
AREAER: Annual Report on Exchange Arrangements and Exchange Restrictions (International Monetary Fund)
BIS: Bank for International Settlements
EFW: Economic Freedom of the World (Fraser Institute)
EIU: Economic Intelligence Unit
GCI: Global Competitiveness Index
ICRG: International Country Risk Guide
IEF: Index of Economic Freedom (Heritage Foundation)
IFS: International Financial Statistics (IMF)
TI: Transparency International
UNCTAD: United Nations Conference on Trade and Development
WBDB: World Bank "Doing Business"
WDI: World Development Indicators (World Bank)
WEO: World Economic Outlook (International Monetary Fund)
WTO: World Trade Organization

## APPENDIX 2. ECONOMETRIC RESULTS

| | FDI per capita (log) a | Portfolio flows (log) a |
|---|---|---|
| Composite Score | ✓*** | ✓*** |
| Economic Fundamentals | ✓*** | ✓*** |
| Ease of Doing Business | ✓** | ✓*** |
| Quality of Regulations | ✓** | ✓** |
| Rule of Law | ✓* | ✓** |

Note:. *** means significance at 1%; ** 5%; *10%. Includes controls for economic development and market size.
Check mark indicates positive coefficient
a: Controlling for level of economic development and market size

FIGURE: 7

### Economic Fundamentals vs. FDI Per Capita

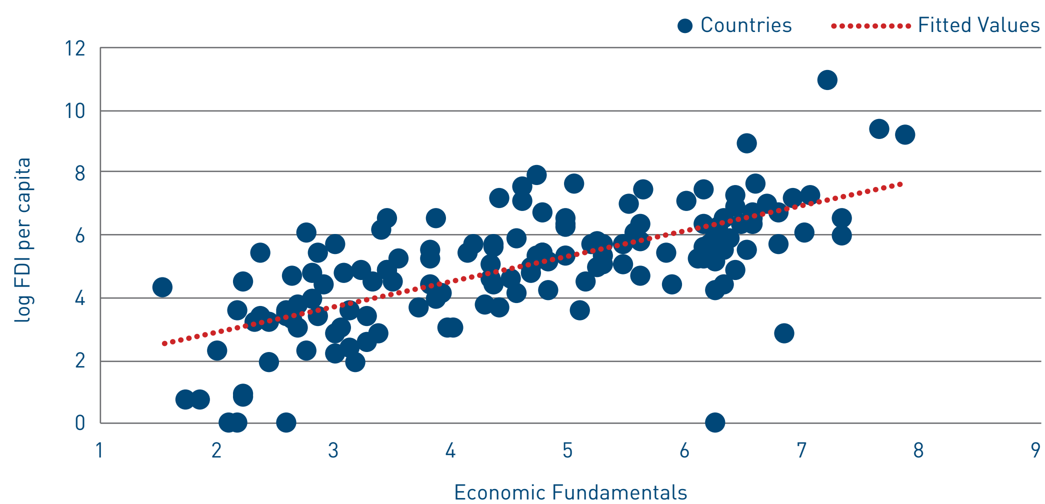



FIGURE: 8

### Ease of Doing Business vs. FDI Per Capita

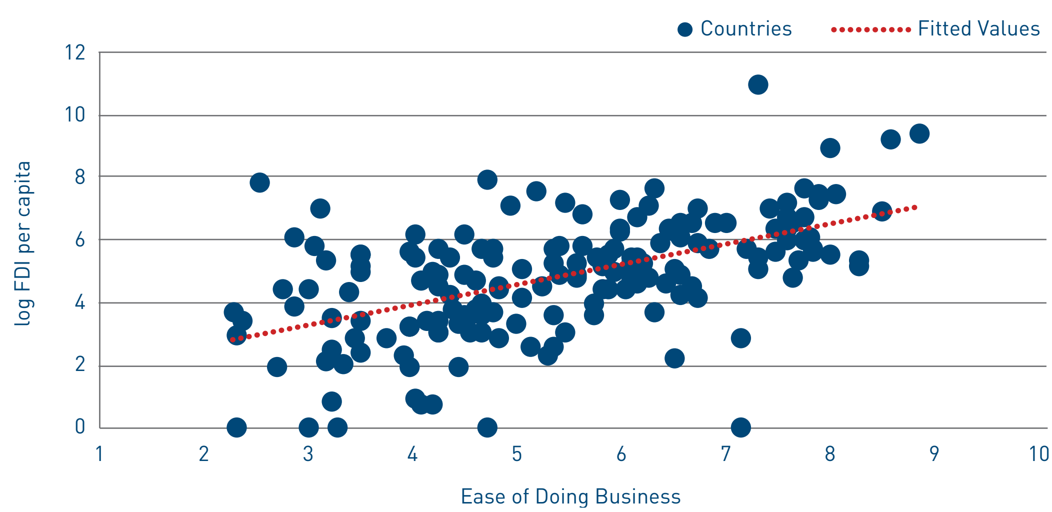


FIGURE: 9

## Regulatory Quality vs. FDI Per Capita

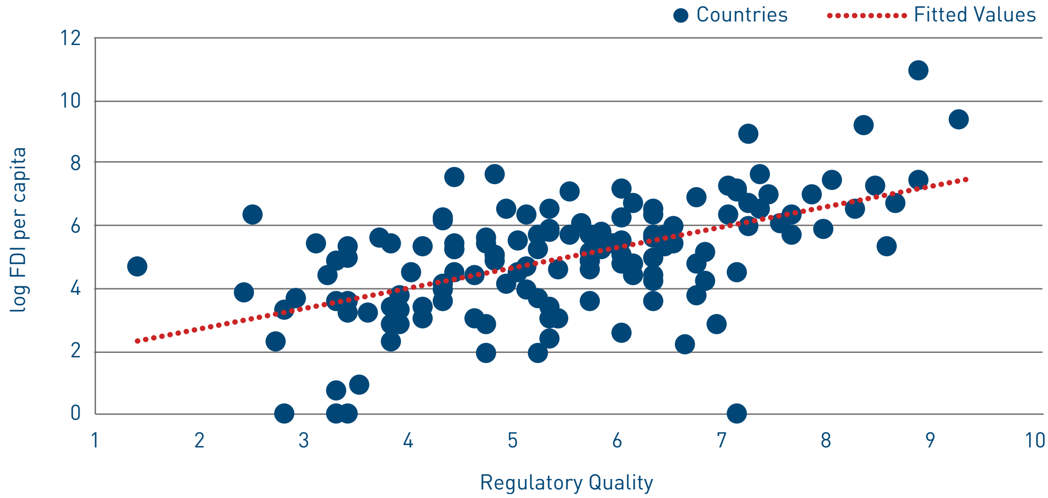
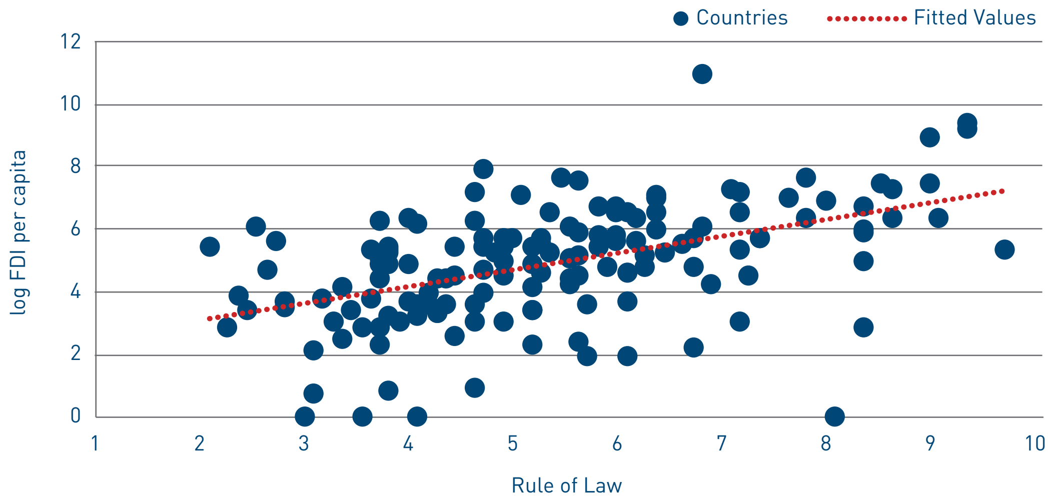



FIGURE: 10

## Rule of Law vs. FDI Per Capita



## APPENDIX 3: INDEX RESULTS 2013-2009 (RELEASE DATES)

**2013**

| Rank | Country | OI Score |
|---|---|---|
| 1 | Hong Kong SAR, China | 8.6 |
| 2 | Singapore | 8.5 |
| 3 | New Zealand | 7.84 |
| 4 | Finland | 7.79 |
| 5 | Sweden | 7.75 |
| 6 | Denmark | 7.72 |
| 7 | Norway | 7.67 |
| 8 | Canada | 7.58 |
| 9 | United Kingdom | 7.56 |
| 10 | Australia | 7.51 |
| 11 | Luxembourg | 7.49 |
| 12 | Netherlands | 7.45 |
| 13 | Ireland | 7.38 |
| 14 | Estonia | 7.33 |
| 15 | Malaysia | 7.29 |
| 16 | Switzerland | 7.24 |
| 17 | Japan | 7.17 |
| 18 | Belgium | 7.16 |
| 19 | Germany | 7.14 |
| 20 | Iceland | 7.11 |
| 21 | Austria | 7.08 |
| 21 | United States | 7.08 |
| 23 | Cyprus | 6.97 |
| 24 | Chile | 6.9 |
| 25 | Israel | 6.88 |
| 26 | Bahrain | 6.74 |
| 27 | France | 6.73 |
| 28 | Saudi Arabia | 6.64 |
| 29 | Korea, Rep. | 6.58 |
| 30 | Qatar | 6.56 |
| 31 | Slovenia | 6.49 |
| 32 | Oman | 6.45 |
| 33 | Portugal | 6.37 |
| 34 | Kuwait | 6.35 |
| 35 | Botswana | 6.33 |
| 35 | Lithuania | 6.33 |
| 37 | Mauritius | 6.3 |
| 38 | Latvia | 6.28 |
| 39 | South Africa | 6.25 |
| 40 | United Arab Emirates | 6.2 |
| 41 | Poland | 6.15 |
| 42 | Montenegro | 6.07 |
| 43 | Thailand | 6.03 |
| 44 | Namibia | 6.02 |
| 45 | Czech Republic | 5.97 |
| 45 | Spain | 5.97 |
| 47 | Albania | 5.96 |
| 48 | Uruguay | 5.95 |
| 49 | Hungary | 5.92 |
| 50 | China | 5.84 |
| 51 | Tunisia | 5.75 |
| 52 | Kazakhstan | 5.65 |
| 52 | Panama | 5.65 |
| 54 | Croatia | 5.61 |
| 55 | Bulgaria | 5.6 |
| 56 | Georgia | 5.59 |
| 56 | Turkey | 5.59 |
| 58 | Slovak Republic | 5.49 |
| 59 | Mexico | 5.48 |
| 60 | Armenia | 5.46 |
| 61 | Colombia | 5.39 |
| 62 | Azerbaijan | 5.35 |
| 62 | Italy | 5.35 |
| 62 | Rwanda | 5.35 |
| 65 | Macedonia, FYR | 5.32 |
| 66 | Jordan | 5.31 |
| 66 | Sri Lanka | 5.31 |
| 68 | Romania | 5.29 |
| 69 | Peru | 5.27 |
| 69 | Trinidad and Tobago | 5.27 |
| 71 | Ghana | 5.23 |
| 72 | Zambia | 5.17 |
| 73 | Mongolia | 5.1 |
| 74 | Morocco | 5.05 |
| 75 | Costa Rica | 5.03 |
| 76 | Greece | 5.01 |
| 77 | Indonesia | 5 |
| 78 | Brazil | 4.99 |
| 79 | Egypt, Arab Rep. | 4.93 |
| 80 | Moldova | 4.9 |
| 81 | India | 4.84 |
| 82 | Vietnam | 4.79 |
| 83 | Russian Federation | 4.71 |
| 84 | Serbia | 4.7 |
| 85 | Ukraine | 4.68 |
| 86 | Jamaica | 4.67 |
| 87 | Kyrgyz Republic | 4.63 |
| 88 | Pakistan | 4.59 |
| 89 | Argentina | 4.5 |
| 90 | Uganda | 4.48 |
| 91 | Guatemala | 4.43 |
| 91 | Malawi | 4.43 |
| 91 | Paraguay | 4.43 |
| 94 | Tanzania | 4.38 |
| 95 | Honduras | 4.37 |
| 96 | Bolivia | 4.34 |
| 97 | Cape Verde | 4.33 |
| 98 | Guyana | 4.28 |
| 99 | El Salvador | 4.26 |
| 100 | Gambia, The | 4.25 |
| 100 | Lebanon | 4.25 |
| 102 | Mozambique | 4.19 |
| 103 | Dominican Republic | 4.16 |
| 103 | Nigeria | 4.16 |
| 105 | Iran, Islamic Rep. | 4.09 |
| 106 | Bosnia and Herzegovina | 4.07 |
| 107 | Nicaragua | 4.03 |
| 108 | Philippines | 4.01 |
| 109 | Senegal | 3.99 |
| 110 | Ecuador | 3.98 |
| 111 | Bangladesh | 3.92 |
| 111 | Kenya | 3.92 |
| 113 | Tajikistan | 3.85 |
| 114 | Lesotho | 3.82 |
| 115 | Cambodia | 3.8 |
| 116 | Algeria | 3.75 |
| 117 | Mali | 3.74 |
| 118 | Swaziland | 3.57 |
| 119 | Benin | 3.46 |
| 120 | Belize | 3.43 |
| 121 | Madagascar | 3.4 |
| 121 | Mauritania | 3.4 |
| 123 | Nepal | 3.38 |
| 124 | Angola | 3.35 |
| 125 | Cameroon | 3.34 |
| 126 | Venezuela | 3.2 |
| 127 | Côte d'Ivoire | 3.02 |
| 128 | Haiti | 2.82 |
| 129 | Chad | 2.22 |
| 130 | Burundi | 2.15 |

**2012**

| Rank | Country | OI Score |
|---|---|---|
| 1 | Singapore | 8.72 |
| 2 | Hong Kong SAR, China | 8.55 |
| 3 | New Zealand | 8.15 |
| 4 | Denmark | 7.74 |
| 4 | Norway | 7.74 |
| 6 | Finland | 7.73 |
| 7 | Sweden | 7.66 |
| 8 | Canada | 7.61 |
| 9 | Australia | 7.53 |
| 9 | Luxembourg | 7.53 |
| 11 | United Kingdom | 7.44 |
| 12 | Ireland | 7.37 |
| 13 | Switzerland | 7.31 |
| 14 | Netherlands | 7.3 |
| 15 | Estonia | 7.28 |
| 16 | Germany | 7.19 |
| 16 | Iceland | 7.19 |
| 18 | Cyprus | 7.12 |
| 19 | Belgium | 7.11 |
| 20 | Austria | 7.08 |
| 21 | United States | 7.07 |
| 22 | Japan | 7.06 |
| 23 | Malaysia | 7.03 |
| 24 | Chile | 6.88 |
| 25 | France | 6.82 |
| 26 | Israel | 6.78 |
| 27 | Korea, Rep. | 6.73 |
| 28 | Qatar | 6.71 |
| 29 | Bahrain | 6.69 |
| 30 | Slovenia | 6.65 |
| 31 | Oman | 6.59 |
| 32 | Mauritius | 6.5 |
| 33 | Portugal | 6.35 |
| 34 | Kuwait | 6.33 |
| 34 | Saudi Arabia | 6.33 |
| 36 | Lithuania | 6.24 |
| 37 | Botswana | 6.16 |
| 38 | United Arab Emirates | 6.08 |
| 39 | Thailand | 6.02 |
| 40 | Czech Republic | 6 |
| 41 | Tunisia | 5.99 |
| 42 | South Africa | 5.97 |
| 42 | Spain | 5.97 |
| 44 | Poland | 5.95 |
| 44 | Uruguay | 5.95 |
| 46 | China | 5.91 |
| 46 | Latvia | 5.91 |
| 46 | Namibia | 5.91 |
| 49 | Hungary | 5.84 |
| 49 | Montenegro | 5.84 |
| 51 | Albania | 5.82 |
| 52 | Panama | 5.64 |
| 53 | Bulgaria | 5.59 |
| 54 | Slovak Republic | 5.54 |
| 55 | Jordan | 5.48 |
| 56 | Romania | 5.44 |
| 57 | Kazakhstan | 5.41 |
| 58 | Armenia | 5.37 |
| 59 | Mexico | 5.35 |
| 60 | Costa Rica | 5.34 |
| 61 | Turkey | 5.33 |
| 62 | Colombia | 5.27 |
| 63 | Italy | 5.23 |
| 64 | Egypt, Arab Rep. | 5.22 |
| 64 | Georgia | 5.22 |
| 66 | Greece | 5.19 |
| 67 | Peru | 5.14 |
| 68 | Trinidad and Tobago | 5.11 |
| 69 | Macedonia, FYR | 5.08 |
| 70 | India | 5.03 |
| 71 | Azerbaijan | 5.02 |
| 72 | Brazil | 5.01 |
| 73 | Indonesia | 4.99 |
| 73 | Sri Lanka | 4.99 |
| 73 | Zambia | 4.99 |
| 76 | Rwanda | 4.95 |
| 77 | Vietnam | 4.86 |
| 78 | Ghana | 4.84 |
| 79 | Jamaica | 4.81 |
| 80 | Morocco | 4.79 |
| 81 | Russian Federation | 4.73 |
| 82 | Moldova | 4.69 |
| 83 | Serbia | 4.67 |
| 84 | Mongolia | 4.63 |
| 85 | Argentina | 4.55 |
| 86 | Ukraine | 4.54 |
| 87 | Malawi | 4.51 |
| 88 | Guatemala | 4.45 |
| 88 | Honduras | 4.45 |
| 90 | Pakistan | 4.43 |
| 90 | Tanzania | 4.43 |
| 92 | Dominican Republic | 4.37 |
| 92 | Paraguay | 4.37 |
| 94 | El Salvador | 4.33 |
| 95 | Uganda | 4.3 |
| 96 | Mozambique | 4.28 |
| 97 | Kyrgyz Republic | 4.17 |
| 98 | Guyana | 4.15 |
| 99 | Lebanon | 4.11 |
| 100 | Nicaragua | 4.05 |
| 101 | Bosnia and Herzegovina | 4.03 |
| 102 | Senegal | 4.01 |
| 103 | Bolivia | 4 |
| 104 | Nigeria | 3.97 |
| 105 | Algeria | 3.95 |
| 105 | Philippines | 3.95 |
| 107 | Ecuador | 3.92 |
| 108 | Cape Verde | 3.91 |
| 109 | Bangladesh | 3.81 |
| 110 | Lesotho | 3.71 |
| 110 | Mali | 3.71 |
| 112 | Kenya | 3.57 |
| 113 | Cambodia | 3.53 |
| 114 | Iran, Islamic Rep. | 3.49 |
| 115 | Angola | 3.48 |
| 116 | Benin | 3.38 |
| 116 | Swaziland | 3.38 |
| 118 | Tajikistan | 3.36 |
| 119 | Mauritania | 3.3 |
| 120 | Nepal | 3.27 |
| 121 | Madagascar | 3.21 |
| 122 | Venezuela | 3.12 |
| 123 | Côte d'Ivoire | 2.98 |
| 124 | Cameroon | 2.97 |
| 125 | Chad | 2.23 |
| 126 | Burundi | 2.14 |

**2011**

| Rank | Country | OI Score |
|---|---|---|
| 1 | Singapore | 8.6 |
| 2 | Hong Kong SAR, China | 8.42 |
| 3 | New Zealand | 8.24 |
| 4 | Norway | 7.89 |
| 5 | Denmark | 7.74 |
| 5 | Finland | 7.74 |
| 7 | Sweden | 7.64 |
| 8 | Australia | 7.62 |
| 9 | Luxembourg | 7.57 |
| 10 | Canada | 7.54 |
| 11 | Ireland | 7.47 |
| 12 | Netherlands | 7.39 |
| 12 | United Kingdom | 7.39 |
| 14 | Switzerland | 7.33 |
| 15 | Estonia | 7.31 |
| 15 | Iceland | 7.31 |
| 17 | United States | 7.29 |
| 18 | Cyprus | 7.23 |
| 19 | Austria | 7.18 |
| 20 | Belgium | 7.17 |
| 21 | Germany | 7.1 |
| 22 | Japan | 7.09 |
| 23 | Korea, Rep. | 6.97 |
| 24 | Malaysia | 6.9 |
| 25 | Slovenia | 6.82 |
| 26 | Israel | 6.81 |
| 27 | Chile | 6.76 |
| 28 | France | 6.74 |
| 29 | Bahrain | 6.65 |
| 30 | Qatar | 6.58 |
| 31 | Mauritius | 6.5 |
| 32 | Oman | 6.49 |
| 33 | Portugal | 6.43 |
| 34 | South Africa | 6.38 |
| 35 | Latvia | 6.31 |
| 36 | Kuwait | 6.28 |
| 37 | United Arab Emirates | 6.25 |
| 38 | Lithuania | 6.24 |
| 39 | Czech Republic | 6.17 |
| 40 | Spain | 6.09 |
| 41 | Saudi Arabia | 6.08 |
| 42 | Thailand | 6.07 |
| 43 | Botswana | 5.98 |
| 44 | Hungary | 5.87 |
| 44 | Namibia | 5.87 |
| 46 | China | 5.85 |
| 47 | Panama | 5.78 |
| 48 | Jordan | 5.76 |
| 49 | Montenegro | 5.73 |
| 50 | Poland | 5.72 |
| 51 | Slovak Republic | 5.71 |
| 52 | Uruguay | 5.7 |
| 53 | Bulgaria | 5.68 |
| 53 | Tunisia | 5.68 |
| 55 | Romania | 5.65 |
| 56 | Albania | 5.58 |
| 57 | Mexico | 5.47 |
| 58 | Costa Rica | 5.46 |
| 59 | Egypt, Arab Rep. | 5.45 |
| 60 | Azerbaijan | 5.41 |
| 61 | Greece | 5.36 |
| 62 | Italy | 5.29 |
| 63 | Kazakhstan | 5.27 |
| 64 | Peru | 5.24 |
| 65 | Turkey | 5.22 |
| 66 | India | 5.19 |
| 66 | Trinidad and Tobago | 5.19 |
| 68 | Armenia | 5.13 |
| 69 | Georgia | 5.11 |
| 70 | Colombia | 5.1 |
| 71 | Indonesia | 5.04 |
| 72 | Zambia | 4.97 |
| 73 | Brazil | 4.95 |
| 74 | Jamaica | 4.91 |
| 74 | Macedonia, FYR | 4.91 |
| 74 | Morocco | 4.91 |
| 74 | Vietnam | 4.91 |
| 78 | Brunei Darussalam | 4.88 |
| 78 | Sri Lanka | 4.88 |
| 80 | Ghana | 4.87 |
| 81 | Serbia | 4.74 |
| 82 | El Salvador | 4.71 |
| 83 | Guatemala | 4.68 |
| 84 | Malawi | 4.62 |
| 84 | Pakistan | 4.62 |
| 86 | Russian Federation | 4.61 |
| 87 | Argentina | 4.57 |
| 88 | Mongolia | 4.56 |
| 89 | Ukraine | 4.48 |
| 90 | Tanzania | 4.43 |
| 91 | Gambia, The | 4.38 |
| 92 | Paraguay | 4.36 |
| 93 | Mozambique | 4.27 |
| 94 | Nigeria | 4.26 |
| 95 | Honduras | 4.25 |
| 96 | Nicaragua | 4.21 |
| 97 | Uganda | 4.19 |
| 98 | Dominican Republic | 4.17 |
| 99 | Philippines | 4.11 |
| 100 | Kyrgyz Republic | 4.07 |
| 101 | Senegal | 3.99 |
| 102 | Bosnia and Herzegovina | 3.93 |
| 102 | Ecuador | 3.93 |
| 104 | Bangladesh | 3.9 |
| 105 | Guyana | 3.88 |
| 106 | Algeria | 3.85 |
| 107 | Bolivia | 3.75 |
| 107 | Kenya | 3.75 |
| 109 | Lesotho | 3.68 |
| 110 | Mali | 3.67 |
| 111 | Benin | 3.43 |
| 112 | Madagascar | 3.39 |
| 113 | Cambodia | 3.33 |
| 114 | Nepal | 3.31 |
| 115 | Mauritania | 3.27 |
| 116 | Venezuela | 3.12 |
| 117 | Cameroon | 3.08 |
| 118 | Suriname | 3.06 |
| 119 | Côte d'Ivoire | 3.05 |
| 119 | Tajikistan | 3.05 |
| 121 | Chad | 2.26 |
| 122 | Burundi | 2.25 |

**2010**

| Rank | Country | OI Score |
|---|---|---|
| 1 | Singapore | 8.57 |
| 2 | Hong Kong SAR, China | 8.52 |
| 3 | New Zealand | 8.11 |
| 4 | Ireland | 7.9 |
| 5 | Finland | 7.88 |
| 6 | Denmark | 7.87 |
| 7 | Norway | 7.86 |
| 8 | Canada | 7.83 |
| 9 | Sweden | 7.76 |
| 10 | Iceland | 7.69 |
| 11 | Luxembourg | 7.67 |
| 12 | Australia | 7.56 |
| 13 | United Kingdom | 7.53 |
| 14 | Netherlands | 7.51 |
| 15 | United States | 7.47 |
| 16 | Switzerland | 7.41 |
| 17 | Austria | 7.38 |
| 18 | Germany | 7.37 |
| 19 | Estonia | 7.36 |
| 20 | Belgium | 7.33 |
| 21 | Korea, Rep. | 7.25 |
| 22 | Japan | 7.24 |
| 23 | Malaysia | 7.06 |
| 24 | Chile | 7.03 |
| 25 | France | 6.98 |
| 25 | Israel | 6.98 |
| 27 | Bahrain | 6.9 |
| 28 | Portugal | 6.77 |
| 29 | Lithuania | 6.74 |
| 30 | Slovenia | 6.65 |
| 31 | Mauritius | 6.48 |
| 32 | Latvia | 6.44 |
| 33 | Qatar | 6.41 |
| 34 | Spain | 6.39 |
| 35 | Oman | 6.36 |
| 36 | Kuwait | 6.21 |
| 37 | South Africa | 6.17 |
| 38 | Thailand | 6.05 |
| 38 | United Arab Emirates | 6.05 |
| 40 | Slovak Republic | 6.03 |
| 41 | Hungary | 5.87 |
| 42 | Czech Republic | 5.86 |
| 43 | Uruguay | 5.83 |
| 44 | Romania | 5.82 |
| 45 | China | 5.8 |
| 46 | Jordan | 5.78 |
| 46 | Namibia | 5.78 |

| Rank | Country | OI Score |
|---|---|---|
| 48 | Botswana | 5.72 |
| 48 | Panama | 5.72 |
| 50 | Saudi Arabia | 5.68 |
| 50 | Tunisia | 5.68 |
| 52 | Bulgaria | 5.67 |
| 53 | Mexico | 5.58 |
| 54 | Poland | 5.55 |
| 55 | Montenegro | 5.47 |
| 56 | Egypt, Arab Rep. | 5.43 |
| 57 | Greece | 5.42 |
| 58 | Italy | 5.41 |
| 59 | Kazakhstan | 5.37 |
| 60 | Colombia | 5.28 |
| 61 | Turkey | 5.27 |
| 62 | Armenia | 5.21 |
| 63 | Costa Rica | 5.17 |
| 63 | Peru | 5.17 |
| 65 | India | 5.12 |
| 66 | Georgia | 5.11 |
| 67 | Trinidad and Tobago | 4.96 |
| 68 | Brazil | 4.95 |
| 68 | Zambia | 4.95 |
| 70 | Ghana | 4.93 |
| 70 | Jamaica | 4.93 |
| 72 | Sri Lanka | 4.88 |
| 73 | El Salvador | 4.84 |
| 73 | Morocco | 4.84 |
| 75 | Indonesia | 4.81 |
| 76 | Argentina | 4.79 |
| 77 | Azerbaijan | 4.77 |
| 78 | Moldova | 4.75 |
| 79 | Vietnam | 4.7 |
| 80 | Serbia | 4.69 |
| 81 | Macedonia, FYR | 4.67 |
| 82 | Malawi | 4.64 |
| 82 | Mongolia | 4.64 |
| 84 | Russian Federation | 4.62 |
| 85 | Pakistan | 4.6 |
| 86 | Albania | 4.55 |
| 86 | Tanzania | 4.55 |
| 86 | Ukraine | 4.55 |
| 89 | Guatemala | 4.5 |
| 90 | Honduras | 4.48 |
| 91 | Nigeria | 4.39 |
| 92 | Paraguay | 4.37 |
| 93 | Gambia, The | 4.22 |
| 94 | Philippines | 4.15 |

| Rank | Country | OI Score |
|---|---|---|
| 95 | Nicaragua | 4.14 |
| 96 | Ecuador | 4.09 |
| 97 | Uganda | 4.04 |
| 98 | Kyrgyz Republic | 4 |
| 99 | Algeria | 3.99 |
| 100 | Mozambique | 3.98 |
| 101 | Dominican Republic | 3.96 |
| 102 | Bosnia and Herzegovina | 3.95 |
| 103 | Bolivia | 3.84 |
| 103 | Kenya | 3.84 |
| 105 | Bangladesh | 3.83 |
| 105 | Guyana | 3.83 |
| 107 | Madagascar | 3.78 |
| 108 | Senegal | 3.75 |
| 109 | Mali | 3.73 |
| 110 | Ethiopia | 3.62 |
| 111 | Lesotho | 3.61 |
| 112 | Nepal | 3.35 |
| 113 | Benin | 3.32 |
| 114 | Venezuela | 3.26 |
| 115 | Cambodia | 3.19 |
| 116 | Côte d'Ivoire | 3.09 |
| 116 | Suriname | 3.09 |
| 118 | Cameroon | 3.04 |
| 118 | Tajikistan | 3.04 |
| 120 | Burundi | 2.36 |
| 121 | Chad | 2.16 |

**2009**

| Rank | Country | OI Score |
|---|---|---|
| 1 | Singapore | 8.74 |
| 2 | Hong Kong SAR, China | 8.54 |
| 3 | New Zealand | 8.25 |
| 4 | Finland | 8.06 |
| 5 | Ireland | 7.98 |
| 6 | Iceland | 7.93 |
| 7 | Canada | 7.89 |
| 8 | Sweden | 7.84 |
| 8 | United Kingdom | 7.84 |
| 10 | Norway | 7.81 |
| 11 | Denmark | 7.78 |
| 12 | Netherlands | 7.65 |
| 13 | Australia | 7.6 |
| 13 | Germany | 7.6 |
| 15 | Luxembourg | 7.52 |
| 16 | Austria | 7.49 |
| 16 | Switzerland | 7.49 |
| 18 | United States | 7.44 |
| 19 | Japan | 7.4 |
| 19 | Korea, Rep. | 7.4 |
| 21 | Belgium | 7.29 |
| 22 | Estonia | 7.2 |
| 23 | Israel | 7.17 |
| 24 | Malaysia | 7.15 |
| 25 | Chile | 7.06 |
| 26 | France | 6.97 |
| 27 | Portugal | 6.94 |
| 28 | Lithuania | 6.86 |
| 29 | Slovenia | 6.81 |
| 30 | Latvia | 6.68 |
| 31 | Spain | 6.51 |
| 32 | Kuwait | 6.41 |
| 33 | South Africa | 6.39 |
| 34 | Oman | 6.17 |
| 35 | Czech Republic | 6.12 |
| 36 | Slovak Republic | 6.11 |
| 37 | Hungary | 6.08 |
| 38 | Mauritius | 6.05 |
| 39 | United Arab Emirates | 6.03 |
| 40 | Thailand | 6.01 |
| 42 | Poland | 5.8 |
| 43 | Bulgaria | 5.79 |
| 43 | Jordan | 5.79 |
| 45 | Uruguay | 5.78 |
| 46 | Greece | 5.67 |
| 47 | Mexico | 5.64 |
| 48 | Panama | 5.62 |

| Rank | Country | OI Score |
|---|---|---|
| 48 | Saudi Arabia | 5.62 |
| 50 | Botswana | 5.61 |
| 51 | Romania | 5.6 |
| 52 | Namibia | 5.59 |
| 53 | Turkey | 5.57 |
| 54 | Italy | 5.53 |
| 55 | Tunisia | 5.52 |
| 56 | China | 5.4 |
| 56 | Costa Rica | 5.4 |
| 58 | Kazakhstan | 5.33 |
| 58 | Trinidad and Tobago | 5.33 |
| 60 | Montenegro | 5.27 |
| 61 | Jamaica | 5.23 |
| 62 | Peru | 5.2 |
| 63 | India | 5.19 |
| 64 | Armenia | 5.12 |
| 65 | El Salvador | 5.11 |
| 66 | Egypt, Arab Rep. | 5.08 |
| 67 | Colombia | 5.03 |
| 68 | Morocco | 5 |
| 69 | Zambia | 4.95 |
| 70 | Indonesia | 4.94 |
| 71 | Mongolia | 4.92 |
| 72 | Brazil | 4.91 |
| 72 | Georgia | 4.91 |
| 74 | Sri Lanka | 4.88 |
| 75 | Argentina | 4.84 |
| 76 | Pakistan | 4.76 |
| 77 | Russian Federation | 4.73 |
| 78 | Azerbaijan | 4.71 |
| 79 | Serbia | 4.69 |
| 80 | Tanzania | 4.66 |
| 81 | Macedonia, FYR | 4.63 |
| 82 | Moldova | 4.6 |
| 83 | Nicaragua | 4.54 |
| 84 | Vietnam | 4.49 |
| 85 | Algeria | 4.47 |
| 86 | Guatemala | 4.46 |
| 87 | Paraguay | 4.38 |
| 88 | Honduras | 4.33 |
| 88 | Nigeria | 4.33 |
| 90 | Gambia, The | 4.32 |
| 91 | Albania | 4.3 |
| 92 | Ukraine | 4.28 |
| 93 | Philippines | 4.27 |
| 94 | Bolivia | 4.24 |
| 95 | Bosnia and Herzegovina | 4.21 |

| Rank | Country | OI Score |
|---|---|---|
| 96 | Ecuador | 4.13 |
| 96 | Kyrgyz Republic | 4.13 |
| 96 | Uganda | 4.13 |
| 99 | Dominican Republic | 4.12 |
| 100 | Kenya | 4 |
| 101 | Madagascar | 3.9 |
| 102 | Guyana | 3.86 |
| 103 | Bangladesh | 3.84 |
| 104 | Lesotho | 3.76 |
| 105 | Ethiopia | 3.73 |
| 106 | Mali | 3.72 |
| 107 | Mauritania | 3.64 |
| 107 | Nepal | 3.64 |
| 109 | Senegal | 3.61 |
| 110 | Mozambique | 3.57 |
| 111 | Cambodia | 3.51 |
| 112 | Benin | 3.49 |
| 113 | Venezuela | 3.47 |
| 114 | Zimbabwe | 3.31 |
| 115 | Suriname | 3.19 |
| 116 | Tajikistan | 3.14 |
| 117 | Syrian Arab Republic | 3.03 |
| 118 | Cameroon | 3.01 |
| 119 | Burundi | 2.46 |
| 120 | Chad | 2.12 |

## APPENDIX 4: CHANGE IN INDEX COMPOSITE SCORES 2013-2015

| Country | Composite Score 2015 | Composite Score 2013 | Composite Score Percent Change |
|---|---|---|---|
| Singapore | 8.7 | 8.5 | 2.35 |
| Hong Kong SAR, China | 8.47 | 8.6 | -1.51 |
| Finland | 7.88 | 7.79 | 1.16 |
| New Zealand | 7.81 | 7.84 | -0.38 |
| Sweden | 7.79 | 7.75 | 0.52 |
| Canada | 7.73 | 7.58 | 1.98 |
| Norway | 7.64 | 7.67 | -0.39 |
| United Kingdom | 7.64 | 7.56 | 1.06 |
| Ireland | 7.61 | 7.38 | 3.12 |
| Malaysia | 7.57 | 7.29 | 3.84 |
| Netherlands | 7.5 | 7.45 | 0.67 |
| Estonia | 7.47 | 7.33 | 1.91 |
| Luxembourg | 7.41 | 7.49 | -1.07 |
| Iceland | 7.31 | 7.11 | 2.81 |
| Australia | 7.27 | 7.51 | -3.20 |
| Denmark | 7.26 | 7.72 | -5.96 |
| Japan | 7.23 | 7.17 | 0.84 |
| Germany | 7.14 | 7.14 | 0 |
| United States | 7.14 | 7.08 | 0.85 |
| Chile | 7.12 | 6.9 | 3.19 |
| Switzerland | 7.11 | 7.24 | -1.80 |
| Austria | 7.08 | 7.08 | 0 |
| Belgium | 7.06 | 7.16 | -1.40 |
| Israel | 6.94 | 6.88 | 0.87 |
| Oman | 6.79 | 6.45 | 5.27 |
| Qatar | 6.79 | 6.56 | 3.51 |
| Cyprus | 6.76 | 6.97 | -3.01 |
| Korea, Rep. | 6.66 | 6.58 | 1.22 |
| Latvia | 6.54 | 6.28 | 4.14 |
| United Arab Emirates | 6.54 | 6.2 | 5.48 |
| Mauritius | 6.52 | 6.3 | 3.49 |
| France | 6.51 | 6.73 | -3.27 |
| Bahrain | 6.46 | 6.74 | -4.15 |
| Portugal | 6.43 | 6.37 | 0.94 |
| South Africa | 6.42 | 6.25 | 2.72 |
| Saudi Arabia | 6.41 | 6.64 | -3.46 |
| Lithuania | 6.31 | 6.33 | -0.32 |
| Uruguay | 6.2 | 5.95 | 4.20 |
| Slovenia | 6.14 | 6.49 | -5.39 |
| Spain | 6.06 | 5.97 | 1.51 |
| Botswana | 6.03 | 6.33 | -4.74 |

| Country | Composite Score 2015 | Composite Score 2013 | Composite Score Percent Change |
|---|---|---|---|
| Czech Republic | 6.03 | 5.97 | 1.01 |
| Malta | 6.03 | n.a. | n.a. |
| Thailand | 6.02 | 6.03 | -0.17 |
| Montenegro | 6 | 6.07 | -1.15 |
| Hungary | 5.98 | 5.92 | 1.01 |
| Kazakhstan | 5.98 | 5.65 | 5.84 |
| Kuwait | 5.97 | 6.35 | -5.98 |
| Panama | 5.95 | 5.65 | 5.31 |
| Armenia | 5.94 | 5.46 | 8.80 |
| Poland | 5.92 | 6.15 | -3.74 |
| China | 5.85 | 5.84 | 0.17 |
| Georgia | 5.81 | 5.59 | 3.94 |
| Turkey | 5.8 | 5.59 | 3.76 |
| Rwanda | 5.59 | 5.35 | 4.49 |
| Macedonia, FYR | 5.58 | 5.32 | 4.89 |
| Namibia | 5.57 | 6.02 | -7.48 |
| Azerbaijan | 5.54 | 5.35 | 3.55 |
| Colombia | 5.49 | 5.39 | 1.86 |
| Italy | 5.46 | 5.35 | 2.06 |
| Zambia | 5.45 | 5.17 | 5.42 |
| Romania | 5.43 | 5.29 | 2.65 |
| Peru | 5.42 | 5.27 | 2.85 |
| Jordan | 5.4 | 5.31 | 1.69 |
| Bulgaria | 5.38 | 5.6 | -3.93 |
| Sri Lanka | 5.37 | 5.31 | 1.13 |
| Tunisia | 5.35 | 5.75 | -6.96 |
| Mexico | 5.34 | 5.48 | -2.55 |
| Morocco | 5.32 | 5.05 | 5.35 |
| Albania | 5.31 | 5.96 | -10.91 |
| Brunei Darussalam | 5.25 | n.a. | n.a. |
| Costa Rica | 5.22 | 5.03 | 3.78 |
| Greece | 5.22 | 5.01 | 4.19 |
| Trinidad and Tobago | 5.22 | 5.27 | -0.95 |
| Slovak Republic | 5.21 | 5.49 | -5.10 |
| Ghana | 5.16 | 5.23 | -1.34 |
| Mongolia | 5.13 | 5.1 | 0.59 |
| Indonesia | 5.11 | 5 | 2.2 |
| Moldova | 5.03 | 4.9 | 2.65 |
| Russian Federation | 5.01 | 4.71 | 6.37 |
| Barbados | 4.96 | n.a. | n.a. |
| India | 4.9 | 4.84 | 1.24 |

| Country | Composite Score 2015 | Composite Score 2013 | Composite Score Percent Change |
|---|---|---|---|
| Seychelles | 4.81 | n.a. | n.a. |
| Brazil | 4.8 | 4.99 | -3.81 |
| Vietnam | 4.79 | 4.79 | 0 |
| Philippines | 4.75 | 4.01 | 18.45 |
| Ukraine | 4.65 | 4.68 | -0.64 |
| Bosnia and Herzegovina | 4.64 | 4.07 | 14.00 |
| Jamaica | 4.64 | 4.67 | -0.64 |
| Bolivia | 4.58 | 4.34 | 5.53 |
| Serbia | 4.57 | 4.7 | -2.77 |
| Ecuador | 4.56 | 3.98 | 14.57 |
| Paraguay | 4.54 | 4.43 | 2.48 |
| Guatemala | 4.43 | 4.43 | 0 |
| Argentina | 4.38 | 4.5 | -2.67 |
| Pakistan | 4.37 | 4.59 | -4.80 |
| Guyana | 4.33 | 4.28 | 1.17 |
| El Salvador | 4.32 | 4.26 | 1.41 |
| Nicaragua | 4.32 | 4.03 | 7.20 |
| Uganda | 4.32 | 4.48 | -3.57 |
| Malawi | 4.3 | 4.43 | -2.93 |
| Kenya | 4.25 | 3.92 | 8.42 |
| Lesotho | 4.24 | 3.82 | 10.99 |
| Kyrgyz Republic | 4.22 | 4.63 | -8.86 |
| Lebanon | 4.17 | 4.25 | -1.88 |
| Tanzania | 4.15 | 4.38 | -5.25 |
| Senegal | 4.13 | 3.99 | 3.51 |
| Sierra Leone | 4.13 | n.a. | n.a. |
| Egypt, Arab Rep. | 4.1 | 4.93 | -16.84 |
| Dominican Republic | 4.09 | 4.16 | -1.684 |
| Cambodia | 3.96 | 3.8 | 4.21 |
| Honduras | 3.96 | 4.37 | -9.38 |
| Swaziland | 3.96 | 3.57 | 10.92 |
| Gabon | 3.89 | n.a. | n.a. |
| Nigeria | 3.87 | 4.16 | -6.97 |
| Mozambique | 3.84 | 4.19 | -8.35 |
| Côte d'Ivoire | 3.82 | 3.02 | 26.49 |
| Iran, Islamic Rep. | 3.79 | 4.09 | -7.33 |
| Bangladesh | 3.77 | 3.92 | -3.83 |
| Liberia | 3.75 | n.a. | n.a. |
| Algeria | 3.67 | 3.75 | -2.13 |
| Bhutan | 3.5 | n.a. | n.a. |
| Nepal | 3.43 | 3.38 | 1.48 |

| Country | Composite Score 2015 | Composite Score 2013 | Composite Score Percent Change |
|---|---|---|---|
| Lao PDR | 3.39 | n.a. | n.a. |
| Madagascar | 3.39 | 3.4 | -0.29 |
| Cameroon | 3.3 | 3.34 | -1.20 |
| Ethiopia | 3.24 | n.a. | n.a. |
| Mali | 3.24 | 3.74 | -13.37 |
| Venezuela | 3.11 | 3.2 | -2.8 |
| Yemen, Rep. | 3.09 | n.a. | n.a. |
| Benin | 3.08 | 3.46 | -10.98 |
| Haiti | 3 | 2.82 | 6.38 |
| Angola | 2.95 | 3.35 | -11.94 |
| Burundi | 2.89 | 2.15 | 34.42 |
| Guinea | 2.88 | n.a. | n.a. |

## APPENDIX 5: CHANGE IN INDEX COMPOSITE SCORES 2009-2015

| Country | Composite Score 2015 | Composite Score 2009 | Composite Score Percent Change |
|---|---|---|---|
| Singapore | 8.7 | 8.74 | -0.46 |
| Hong Kong SAR, China | 8.47 | 8.54 | -0.82 |
| Finland | 7.88 | 8.06 | -2.23 |
| New Zealand | 7.81 | 8.25 | -5.33 |
| Sweden | 7.79 | 7.84 | -0.64 |
| Canada | 7.73 | 7.89 | -2.03 |
| Norway | 7.64 | 7.81 | -2.18 |
| United Kingdom | 7.64 | 7.84 | -2.55 |
| Ireland | 7.61 | 7.98 | -4.64 |
| Malaysia | 7.57 | 7.15 | 5.87 |
| Netherlands | 7.5 | 7.65 | -1.96 |
| Estonia | 7.47 | 7.20 | 3.75 |
| Luxembourg | 7.41 | 7.52 | -1.46 |
| Iceland | 7.31 | 7.93 | -7.82 |
| Australia | 7.27 | 7.60 | -4.34 |
| Denmark | 7.26 | 7.78 | -6.68 |
| Japan | 7.23 | 7.40 | -2.30 |
| Germany | 7.14 | 7.60 | -6.05 |
| United States | 7.14 | 7.44 | -4.03 |
| Chile | 7.12 | 7.06 | 0.85 |
| Switzerland | 7.11 | 7.49 | -5.07 |
| Austria | 7.08 | 7.49 | -5.47 |
| Belgium | 7.06 | 7.29 | -3.16 |
| Israel | 6.94 | 7.17 | -3.21 |
| Oman | 6.79 | 6.17 | 10.05 |
| Qatar | 6.79 | n.a. | n.a. |
| Cyprus | 6.76 | n.a. | n.a. |
| Korea, Rep. | 6.66 | 7.14 | -6.72 |
| Latvia | 6.54 | 6.68 | -2.10 |
| United Arab Emirates | 6.54 | 6.03 | 8.46 |
| Mauritius | 6.52 | 6.05 | 7.77 |
| France | 6.51 | 6.97 | -6.60 |
| Bahrain | 6.46 | n.a. | n.a. |
| Portugal | 6.43 | 6.94 | -7.35 |
| South Africa | 6.42 | 6.39 | 0.47 |
| Saudi Arabia | 6.41 | 5.62 | 14.06 |
| Lithuania | 6.31 | 6.86 | -8.02 |
| Uruguay | 6.2 | 5.78 | 7.27 |
| Slovenia | 6.14 | 6.81 | -9.84 |
| Spain | 6.06 | 6.51 | -6.91 |
| Botswana | 6.03 | 5.61 | 7.49 |

| Country | Composite Score 2015 | Composite Score 2009 | Composite Score Percent Change |
|---|---|---|---|
| Czech Republic | 6.03 | 6.12 | -1.47 |
| Malta | 6.03 | n.a. | n.a. |
| Thailand | 6.02 | 6.01 | 0.17 |
| Montenegro | 6 | 5.27 | 13.85 |
| Hungary | 5.98 | 6.08 | -1.64 |
| Kazakhstan | 5.98 | 5.33 | 12.20 |
| Kuwait | 5.97 | 6.41 | -6.86 |
| Panama | 5.95 | 5.62 | 5.87 |
| Armenia | 5.94 | 5.12 | 16.02 |
| Poland | 5.92 | 5.8 | 2.07 |
| China | 5.85 | 5.4 | 8.33 |
| Georgia | 5.81 | 4.91 | 18.33 |
| Turkey | 5.8 | 5.57 | 4.13 |
| Rwanda | 5.59 | n.a. | n.a. |
| Macedonia, FYR | 5.58 | 4.63 | 20.52 |
| Namibia | 5.57 | 5.59 | -0.36 |
| Azerbaijan | 5.54 | 4.71 | 17.62 |
| Colombia | 5.49 | 5.03 | 9.15 |
| Italy | 5.46 | 5.53 | -1.27 |
| Zambia | 5.45 | 4.95 | 10.10 |
| Romania | 5.43 | 5.6 | -3.04 |
| Peru | 5.42 | 5.2 | 4.23 |
| Jordan | 5.4 | 5.79 | -6.74 |
| Bulgaria | 5.38 | 5.79 | -7.08 |
| Sri Lanka | 5.37 | 4.88 | 10.04 |
| Tunisia | 5.35 | 5.52 | -3.08 |
| Mexico | 5.34 | 5.64 | -5.32 |
| Morocco | 5.32 | 5.00 | 6.40 |
| Albania | 5.31 | 4.30 | 23.49 |
| Brunei Darussalam | 5.25 | n.a. | n.a. |
| Costa Rica | 5.22 | 5.40 | -3.33 |
| Greece | 5.22 | 5.67 | -7.94 |
| Trinidad and Tobago | 5.22 | 5.33 | -2.06 |
| Slovak Republic | 5.21 | 6.11 | -14.73 |
| Ghana | 5.16 | n.a. | n.a. |
| Mongolia | 5.13 | 4.92 | 4.27 |
| Indonesia | 5.11 | 4.94 | 3.44 |
| Moldova | 5.03 | 4.60 | 9.35 |
| Russian Federation | 5.01 | 4.73 | 5.92 |
| Barbados | 4.96 | n.a. | n.a. |
| India | 4.9 | 5.19 | -5.59 |

| Country | Composite Score 2015 | Composite Score 2009 | Composite Score Percent Change |
|---|---|---|---|
| Seychelles | 4.81 | n.a. | n.a. |
| Brazil | 4.8 | 4.91 | -2.24 |
| Vietnam | 4.79 | 4.49 | 6.68 |
| Philippines | 4.75 | 4.27 | 11.24 |
| Ukraine | 4.65 | 4.28 | 8.64 |
| Bosnia and Herzegovina | 4.64 | 4.21 | 10.21 |
| Jamaica | 4.64 | 5.23 | -11.28 |
| Bolivia | 4.58 | 4.24 | 8.02 |
| Serbia | 4.57 | 4.69 | -2.56 |
| Ecuador | 4.56 | 4.13 | 10.41 |
| Paraguay | 4.54 | 4.38 | 3.65 |
| Guatemala | 4.43 | 4.46 | -0.67 |
| Argentina | 4.38 | 4.84 | -9.50 |
| Pakistan | 4.37 | 4.76 | -8.19 |
| Guyana | 4.33 | 3.86 | 12.18 |
| El Salvador | 4.32 | 5.11 | -15.46 |
| Nicaragua | 4.32 | 4.54 | -4.85 |
| Uganda | 4.32 | 4.13 | 4.60 |
| Malawi | 4.3 | n.a. | n.a. |
| Kenya | 4.25 | 4.00 | 6.25 |
| Lesotho | 4.24 | 3.76 | 12.77 |
| Kyrgyz Republic | 4.22 | 4.13 | 2.18 |
| Lebanon | 4.17 | n.a. | n.a. |
| Tanzania | 4.15 | 4.66 | -10.94 |
| Senegal | 4.13 | 3.61 | 14.40 |
| Sierra Leone | 4.13 | n.a. | n.a. |
| Egypt, Arab Rep. | 4.1 | 5.08 | -19.29 |
| Dominican Republic | 4.09 | 4.12 | -0.73 |
| Cambodia | 3.96 | 3.51 | 12.82 |
| Honduras | 3.96 | 4.33 | -8.55 |
| Swaziland | 3.96 | n.a. | n.a. |
| Gabon | 3.89 | n.a. | n.a. |
| Nigeria | 3.87 | 4.33 | -10.62 |
| Mozambique | 3.84 | 3.57 | 7.56 |
| Côte d'Ivoire | 3.82 | n.a. | n.a. |
| Iran, Islamic Rep. | 3.79 | n.a. | n.a. |
| Bangladesh | 3.77 | 3.84 | -1.82 |
| Liberia | 3.75 | n.a. | n.a. |
| Algeria | 3.67 | 4.47 | -17.90 |
| Bhutan | 3.5 | n.a. | n.a. |
| Nepal | 3.43 | 3.64 | -5.77 |

| Country | Composite Score 2015 | Composite Score 2009 | Composite Score Percent Change |
|---|---|---|---|
| Lao PDR | 3.39 | n.a. | n.a. |
| Madagascar | 3.39 | 3.90 | -13.08 |
| Cameroon | 3.3 | 3.01 | 9.63 |
| Ethiopia | 3.24 | 3.73 | -13.14 |
| Mali | 3.24 | 3.72 | -12.90 |
| Venezuela | 3.11 | 3.47 | -10.37 |
| Yemen, Rep. | 3.09 | n.a. | n.a. |
| Benin | 3.08 | 3.49 | -11.75 |
| Haiti | 3 | n.a. | n.a. |
| Angola | 2.95 | n.a. | n.a. |
| Burundi | 2.89 | 2.46 | 17.48 |
| Guinea | 2.88 | n.a. | n.a. |

# About the Authors

**Heather Wickramarachi** is an economist and senior associate - developing markets and innovative finance. Her areas of expertise include emerging markets, international finance and foreign direct investment. Wickramarachi received an M.A. in social science, with a focus on international political economy and quantitative methodology, from the University of California, Irvine, where she is currently a Ph.D. student. She also studied energy planning and sustainable development at the University of Oslo in Norway. Recent publications include "Will the Next Asian Tiger Please Stand Up? Emerging Economies Poised to Advance," with Donald Markwardt, Keith Savard, and Perry Wong, and "Deriving the Economic Impact of Derivatives: Growth Through Risk Management" with Apanard (Penny) Prabha and Keith Savard.

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