eSTANDARDSFORUM
Financial Standards Foundation

Best Practice Report

Philippines

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The Best Practice Report provides a concise, comprehensive overview of a country's status with respect to global best practice benchmarks. The report contains a summary of compliance with the 12 Key Standards for Sound Financial Systems in the Standards Compliance Index, as well as a summary of performance in the Business Indicator Index and other leading global indices addressing related aspects of the country's economic, business, political, and social climate.

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This report is based entirely on publicly available sources. For a list of all the sources used for the Standards Reports and the Business Indicators please refer to the detailed reports available for each country and standard on www.estandardsforum.org.

I. Summary Financial Standards Index

Overall: Medium | Rank: 25 | Score: 55.00

MACROECONOMIC POLICY AND DATA TRANSPARENCY

	Full Compliance	Compliance in Progress	Enacted	Intent Declared	No Compliance	Insufficient Information
Data Dissemination		X				
Monetary Transparency		X				
Fiscal Transparency		X				

INSTITUTIONAL AND MARKET INFRASTRUCTURE

	Full Compliance	Compliance in Progress	Enacted	Intent Declared	No Compliance	Insufficient Information
Insolvency Framework				X		
Accounting		X				
Corporate Governance			X			
Auditing		X				
Anti-Money Laundering				X		
Payment Systems						X

FINANCIAL REGULATION AND SUPERVISION

	Full Compliance	Compliance in Progress	Enacted	Intent Declared	No Compliance	Insufficient Information
Banking Supervision				X		
Securities Regulation		X				
Insurance Supervision				X		

SUMMARY

The Philippines achieves medium overall compliance with international standards and codes, with a score of 55 out of 100 in our Standards Compliance Index. The Philippine compliance in the area of macroeconomic policy and data transparency is high, as is its compliance with accounting and auditing international practices in the institutional and market infrastructure area. However, regarding insolvency practices, corporate governance, money laundering, and payment systems the legal framework is either inadequate or weakly enforced. In the area of financial regulation and supervision, the Philippines has declared its intent to harmonize its insurance supervision practices with international standards and is updating its banking sector to conform to the Basel Core Principles. The Philippines complies with the international principles of securities regulation, and the authorities are promoting the development of domestic capital markets through their public debt management as well as legislative initiatives, such as the Revised Investment Company Act which is under review by Congress.

II. Detailed Summary of Observance by Standard

1. MACROECONOMIC POLICY AND DATA TRANSPARENCY

Data Dissemination: Compliance in Progress

As is disclosed on the website of the International Monetary Fund's (IMF) Special Data Dissemination Standard (SDDS), the Philippines has been a subscriber to the Standard since August 1996. The SDDS website discloses that the Philippines satisfies the SDDS requirements for timeliness, periodicity, and coverage for most datasets, but uses "as relevant" coverage and timeliness flexibility options for its wage and earnings data. It produces summary methodologies for all datasets, as well as all required advance release calendars. Some issues remain with regard to data quality and integrity, particularly with reference to national accounts and balance of payments data, but the 2008 IMF Article IV Consultation (covering the year 2007) notes that work is going forward to address these problems and that officials have been working with IMF statistical missions to achieve necessary improvements.

Monetary Transparency: Compliance in Progress

The last Oxford Analytica (OA) report on transparency in Philippines monetary policy was published in 2006, when an overall rating of "Compliance in Progress" was assigned. OA found that improvements had been made in recent years, such as a significant reduction in the time lag for the publication of the minutes of the Monetary Board of the central bank. The report also found that the compilation standards for both monetary and financial data were being reconciled to the standards set out in the IMF's Monetary Financial Statistics Manual, as well. The "New Central Bank Act" of 1993 confers autonomy on the central bank in its role as the nation's monetary authority, and establishes the central bank's mission as the maintenance of price and currency stability, and the fostering of economic growth. Inflation targeting serves as the central bank's primary monetary policy framework. Long awaited legislation aimed at improving monetary policy transparency in the Philippines is still under consideration. The Philippines is a subscriber to the IMF's Special Data Dissemination Standard.

Fiscal Transparency: Compliance in Progress

According to the last fiscal transparency report on the Philippines by Oxford Analytica, published in 2006, the Philippines was given an overall rating of "Compliance in Progress." Improvements had been made in transparency and data availability, enhanced by progress in fighting corruption and in improving tax collection practices. On the other hand, OA reported that transparency had deteriorated in some areas, particularly with regard to Government Owned and/or Controlled Corporations (GOCCs). Of specific concern was the continued reliance on obligations-based budget reporting and less than fully harmonized methods of data compilation across national and local government agencies and for the GOCCs. OA found that, in addition to tax reforms leading to improved collections, there have also been improvements achieved by the modernization of fiscal data reporting and revenue estimations, particularly through the implementation of the New Government Accounting System. The Philippines is a subscriber to the International Monetary Fund's Special Data Dissemination Standard and meets its requirements for coverage, periodicity, and timeliness, but the Fund's 2007 Article IV Consultation (published in 2008) suggests that more improvement in this area would be welcome.

2. INSTITUTIONAL AND MARKET INFRASTRUCTURE

Insolvency Framework: Intent Declared

According to a 2005 report by the Asian Development Bank, the legislative framework for the insolvency regime of the Philippines was outdated and inconsistent. The 2008 Country Commercial Guide of the U.S. Department of Commerce found similar fault with the existing regime. In recognition of the weakness of the existing system, the Philippines currently has two bills pending before Congress, respectively called the Corporate Recovery and Insolvency Act, and the Corporate Recovery Act. Attorney Frederick Holden finds in 2007 that, while both draft bills address weaknesses in the existing legislation, the second draft bill offers more innovative options, but suggests that either would help to bring Filipino practice more closely into line with international best practices. According to the Senate of the Philippines website, as of July 2007, the proposed Corporate Recovery and Insolvency Act was still outstanding.

Accounting: Compliance in Progress

Accounting practices in the Philippines were assessed by the World Bank in 2001 using International Financial Reporting Standards (IFRSs) as the benchmarks for assessing the national standards. It was concluded that although the Philippine Accounting Standards (PASs) were mostly consistent with internationally accepted accounting standards, differences did exist. According to a subsequent World Bank report in 2006, most of the shortcomings identified in the 2001 assessment had been addressed. In 2005, the Philippine Accounting Standards Council, later superseded by the Financial Reporting Standards Council (FRSC), completed the adoption of new Philippine Financial Reporting Standards which are based on IFRSs. According to the FRSC, future IFRSs and amendments to IFRSs will be adopted in the country as they are finalized and issued by the International Accounting Standards Board (IASB). In line with this policy, in August 2008, the FRSC issued a Press Release announcing the adoption of the latest, 2008 amendments to IFRSs. Non-publicly accountable entities were given the option not to apply the new standards that became effective in 2005, but to apply instead the accounting standards that were effective in 2004. The World Bank commended the Philippine authorities for the progress achieved; however it was noted that there were certain problems with the actual implementation of the accounting requirements. It was recommended that an oversight board for quality control be created, and the technical strength and resources of the Philippine Institute of Certified Public Accountants (PICPA) be built up to improve compliance with the accounting requirements. The PICPA website reports that in August 2006, the FRSC formed the Philippine Interpretations Committee (PIC), tasked with assisting the FRSC in establishing and improving financial reporting standards in the Philippines.

Corporate Governance: Enacted

The 2006 World Bank Report on the Observance of Standards and Codes (ROSC) states that the legal and regulatory framework for corporate governance is "largely in place" in the Philippines. The Philippine regulators have undertaken significant legal and regulatory reforms over the past decade, in an effort to establish the foundations for good corporate governance. In 2002, the Securities and Exchange Commission (SEC) of the Philippines issued its own mandatory Code of Corporate Governance for Registered Issuers and Public Companies. In combination with the 2000 Securities Regulation Code, the adoption of IFRS for financial reporting, and the establishment of new requirements for training directors, a fairly comprehensive legal and regulatory corporate governance framework has been established. Nonetheless, the ROSC report points out that implementation and enforcement of this framework still fall short. The report cites two reasons for these shortcomings.

First, the limited supervisory capacity of the SEC, and the Central Bank of Philippines (BSP). Second, the legal and regulatory framework's inability to provide sufficient incentives for the development of a transparent and efficient market. The equity market in the Philippines is considered very small and illiquid. This underdeveloped capital market combined with highly concentrated ownership structures, reflect a weak shareholder and corporate governance culture. The World Bank therefore, recommends enhancing institutional capacity of the SEC and BSP to enforce laws and regulations; strengthening enforcement of existing requirements, especially those related to independence of the board and management, protection of stakeholders, insider trading, and tender offer rules; and enhancing monitoring of compliance with IFRS. The report also highlights the importance of private and non-government initiatives in this context, to overcome the shortcomings in the promotion of a corporate governance culture and to encourage enforcement.

Auditing: Compliance in Progress

Auditing practices in the Philippines were assessed by the World Bank in 2001 in order to evaluate the weaknesses and strengths of the auditing requirements, and to review the reporting requirements against actual practices. The team conducting the assessment concluded that there was a need to strengthen regulation of the auditing profession, enforcement powers, and coordination among the regulators, adopt International Standards on Auditing (ISAs), and to improve auditors' performance, among other issues. According to the 2006 Update to the assessment, most of the shortcomings identified in 2001 were addressed. In 2004, the PICPA adopted with only minor modifications the International Federation of Accountants' Code of Professional Ethics, and the Accountancy Act was revised the same year. By 2005, ISAs had been also fully adopted. The World Bank commended the Philippine authorities for the progress achieved; however it was noted that there were certain problems with the actual implementation of the auditing requirements. It was recommended that an oversight board for quality control be created, and the technical strength and resources of the PICPA built up to improve compliance. In December 2005, the Auditing and Assurance Standards Council (AASC) was established tasked with issuing auditing standards in the Philippines. According to its website, the AASC's objective is to harmonize national auditing standards with those of the International Auditing and Assurance Standards Board (IAASB). In line with this objective, as of 2009, the AASC was in the process of incorporating the changes brought about by the IAASB's Clarity Project into the national pronouncements.

Anti-Money Laundering: Intent Declared

The Financial Action Task Force (FATF), in its report "Annual Review of Non-Cooperative Countries and Territories 2005-2006," indicates that owing to amendments in the 2001 Anti Money Laundering Act (AMLA), the FATF removed the Philippines from its list of Non-Cooperative Countries and Territories in 2005. The report adds that subsequent changes enacted by the Philippines' authorities resulted in the FATF ending of its formal monitoring of the Philippines in 2006. In its 2004 Article IV Consultation report (published in 2005), the International Monetary Fund points to a number of laws and amendments that are in place in order to prevent the financial sector from being used as a conduit of money laundering. A subsequent FATF report in 2008 lists the Philippines as one of the jurisdictions which have undertaken measures to implement the 40 Recommendations and 9 Special Recommendations. One the main concerns raised by several reports regarding the Philippines anti-money laundering/combating the financing of terrorism regime was the lack of an anti-terrorism law. However, according to a 2008 report by the U.S. Department of State, in 2007, the Philippines enacted an anti-terrorism law, the Human Security Act, that defines and criminalizes terrorism and terrorist financing. The 2001 AMLA established a Financial Intelligence Unit, the Anti Money Laundering Council, which is part of the Egmont Group.

Payment Systems: Insufficient Information

A Financial System Stability Assessment (FSSA) was conducted by the IMF on the Philippines in 2002, however, the findings of this report were only published in 2005 in the IMF's Report on Observance of Standards and Codes. At the time of the FSSA, in 2002, there were three systemically important payment systems (SIPS) in the country, namely, the Multi-transaction Inter-bank Payment System (MIPS2), the check clearing system, and the PDDTS - U.S. dollar gross systems. At the time of the

FSSA, the IMF assessors concluded that the Central Bank of Philippines (BSP) had established a legal and regulatory framework for interbank clearing facilities, yet the legal language for finality of settlement was unclear. The assessors also noted that the responsibility of the BSP with regard to payment systems oversight and supervision was also unclear. In 2002, however, after the FSSA was completed, the MIPS2 was replaced by the Philippine Payments and Settlements System (PhilPaSS), a real time gross settlement, as the large value interbank settlement system. According to the information provided on the BSP's website, in designing and operating PhilPaSS, the BSP adhered closely to the Committee on Payment and Settlement Systems' Core Principles for Systemically Important Payment Systems (CPSIPS). Nevertheless, apart from this statement from the BSP, there is insufficient information publicly available regarding the Philippines compliance with the CPSIPS.

3. FINANCIAL REGULATION AND SUPERVISION

Banking Supervision: Intent Declared
In 2001, the IMF conducted a Financial Sector Assessment Program (FSAP) of the Philippines, and published its findings in a 2004 ROSC. The ROSC did not explicitly address the Philippines' overall compliance with the Basel Core Principles (BCPs), but it did mention that the Central Bank of the Philippines (BSP) was updating its supervisory practices based on the principles set forth by the Basel Committee on Banking Supervision (BCBS). The report further suggested that, although compliance was very high, major deficiencies remained in the supervisory and enforcement framework. The IMF's 2006 Article IV Consultation report, published in 2007, indicated that the Philippine authorities had introduced several reforms to the banking sector subsequent to the 2001 FSAP. According to the IMF's 2007 Article IV Consultation report, banking supervision in the Philippines has strengthened. Amendments to the New Central Bank Act (BSP Charter) were also expected to strengthen the regulator's supervisory and regulatory powers. As part of its medium-term strategic plan, the BSP, per its 2007 Annual Report, proposes to put in place initiatives aimed at aligning the domestic regulatory framework with international standards, promoting corporate governance, and fully implementing a consolidated and risk-based supervision approach. Remaining impediments to the banking supervisory framework include stringent banking secrecy laws, and inadequate legal protection for BSP officials and bank examiners, points out the U.S. Department of Commerce's 2008 Country Commercial Guide. In July 2007, the Philippines adopted the BCBS' standardized approach for Basel II. The country is expected to fully implement the advanced internal ratings based approach after 2010.

Securities Regulation: Compliance in Progress
The Securities and Exchange Commission is the primary regulatory authority over the capital markets and their participants. A joint World Bank and IMF mission visited the Republic of the Philippines in 2002, as part of the Financial Sector Assessment Program, and concluded that the Philippines scored "very well" against the International Organization of Securities Commissions Principles, which the mission attributed to regulatory and legislative efforts in the recent past. Weaknesses in the area of secondary market regulation, and collective investment schemes were expected to be addressed with the revision of the Investment Company Act. Remaining issues in other areas were either being addressed at the time of the assessment, or were relatively minor. Despite the positive assessment of regulatory conditions in the Philippines, more efforts were needed to make the capital markets an efficient source of funding for economic growth. Overall, the IMF's 2004 FSAP asserted that, despite being comprehensive in coverage, the Philippines' regulatory and supervisory framework remained complex, stemming from the increasing size and universal character of financial conglomerates, and the fragmentation of regulatory authorities. In recognition of these limitations to effective private sector growth, the Philippine government has made capital market development a priority. The IMF's 2006 Article IV Consultation notes that the authorities are promoting the development of domestic capital markets through their public debt management as well as legislative initiatives. To this date, the Revised Investment Company Act is under review by Congress.

Insurance Supervision: Intent Declared

The results of the 2002 IMF's FSSA of the Philippines, including the assessment of the insurance supervision in the country against International Association of Insurance Supervisors (IAIS) Supervisory Principles (later revised and renamed as Insurance Core Principles, or ICPs) were published in a number of ROSCs covering different aspects of the Philippines' financial system. However, the ROSC on insurance supervision has not been released. The FSSA concluded that overall the supervisory regime in the Philippines had improved, although important challenges remained. The Philippine authorities were aware of the shortcomings and requested technical support to further improve the compliance. In November 2006, the Asian Development Bank (ADB) approved the Financial Market Regulation and Intermediation Program (FMRIP), which seeks, among other policy actions, to develop a strategy for full implementation of ICPs. The ADB reported that, as of 2006, the Insurance Commission--the insurance regulator--was not compliant with the above-mentioned principles; however, it declared its support for harmonization. The Program closed in December 2006. Regarding the status of implementation of technical assistance, the ADB's website highlights that technical assistance for the insurance regulator has been delayed "as progress as envisaged under the FMRIP has not been to the expected level." The revised Insurance Code, which was submitted to the Department of Finance in 2006, was intended to bring the legal framework in line with ICPs. However, as of February 2009, there is insufficient information as to the adoption of the new Code.

III. Business Indicator Summary

Overall: Below Standard | Rank: 81 | Score: 5.40

With an overall score of 5.40/12, the Philippines is below standard on the economic, legal, and political indicators that make up our Business Index. The Philippines has a market-based mixed economy, in which total government expenditures, including consumption and transfer payments, are low. The Arroyo administration, in office since 2001 and reelected to a six-year-term in 2004, has made considerable progress in restoring macroeconomic stability. However, to sustain long-term economic growth, the government needs to improve infrastructure, enhance education systems, reduce trade and investment barriers, generate employment, and alleviate poverty for a rapidly expanding population. The Philippines restricts foreign investment in a number of sectors, and all foreign investment is screened and must be registered with the government. Further, foreign investors receiving incentives may be subject to performance and local sourcing requirements. In addition, potential foreign investors remain concerned about law and order, inadequate infrastructure, policy and regulatory instability, and governance issues. The Philippines has established procedures and systems for registering claims on property rights. However, weak enforcement and a cumbersome court system continue to concern investors. In terms of protecting intellectual property rights, the Philippines has made progress in recent years, but enforcement continues to be problematic. The Philippines ranks 141st out of 180 countries in the Transparency International's 2008 Corruption Perception Index.

IV. Performance in Global Best Practice Indices

The Philippines are ranked from the 2nd to the 3rd quintile of the global indices benchmarking political, economic, business, and human capital climates, as shown below. The Philippines' legacy of political violence and instability is reflected in its "Partly Free" ranking in the Freedom House Index. Although average tariff rates are low, the Heritage Foundation Index shows that non-tariff barriers are significant, and income and corporate tax rates are burdensome. Moreover, inflation is fairly high, and many basic goods are subsidized by the government. The Global Competitiveness Index indicates that political instability, an inefficient bureaucracy, and inadequate infrastructure remain problematic factors for doing business. Furthermore, the Philippines' middling score in the Bertelsmann Transformation Index reflects its uneven progress in transitioning toward a market democracy. Particularly noteworthy is the Philippines' very high perceived level of corruption, as evidenced by its performance on Transparency International's Corruption Perceptions Index.

Index	Year	Rank	Score	Quintile
Bertelsmann Transformation Status Index	2010	49/128	6.06/10	2
Heritage Foundation Economic Freedom Index	2010	109/179	56.3%	4
Economic Freedom of the World Index	2009	69/141	6.83/10	3
World Economic Forum Global Competitiveness Index	2009	87/133	3.90/7	4
Milken Institute Capital Access Index	2009	62/122	4.55/10	3
World Bank Ease of Doing Business Index	2009	144/183	N/A	4
UNDP Human Development Index	2009	105/177	0.75/1	3
Transparency International Corruption Perceptions Index	2009	139/180	2.4/12	4
Freedom House Index	2009	Partly Free	3.5/7	

V. Credit Ratings

Fitch: BB+
Moody's: Ba1
Standard & Poor's: BB+

VI. Macroeconomic Data

2009 GDP (estimate) (IMF)	2010 Forecast (IMF)	2008 FDI (UNCTAD)	Official Development Assistance
$158.7 billion	Real GDP Growth: 3.2	Inward: $1.5 billion	Received: 634 million (2007 OECD)
Per capita: $1,721	CPI: 2.8%	Outward: $0.20	Disbursed: N/A million (2007 OECD)
Unemployment: 7.4% (CIA 2008)			

Methodology Note

I. The Financial Standards Index

This index measures a country's level of compliance with the 12 international standards and codes. Compliance with each of the 12 standards is measured on a scale of six levels of compliance and then converted into a numerical score. The Index ranks countries from 1 (most compliant) to 81 (least compliant) and provides a score from 0 (worst performance) to 100 (best performance). Overall compliance is determined as follows:

Very high	80 to 100
high	60 to 80
medium	40 to 60
low	20 to 40
very low	0 to 20

The chart provided with the summary of a country's performance against the *Financial Standards Index* provides the exact levels of compliance with the 12 international standards and codes. The descending order of compliance is as follows: *Full Compliance*, *Compliance in Progress*, *Enacted*, *Intent Declared*, *No Compliance*, and *Insufficient Information*. A exact definition of each compliance level and the methodology used to determine them is available on the eStandardsForum website.

II. Detailed Summary of Observance of Standards & Codes

This section provides the executive summaries of eStandardsForum's country compliance reports against the 12 Key international standards and codes. The full assessments are available on the eStandardsForum website.

The three standards grouped under "*Data and Macroeconomic Policy Transparency*" are the IMF's "Special (or General) Data Dissemination Standard," the "Code of Good Practices in Monetary and Financial Policies," and the "Code of Good Practices on Fiscal Transparency".

The six standards grouped under "*Institutional and Market Infrastructure*" are the World Bank's "Principles and Guidelines for Effective Insolvency and Creditor Rights Systems," the International Accounting Standard Board's "International Accounting Standards," the OECD's "Principles of Corporate Governance," the International Federation of Accountants' "International Standards on Auditing," the Financial Action Taskforce's "Recommendations on Money Laundering," and the Bank for International Settlements' "Core Principles for Systemically Important Payment Systems".

The three standards grouped under the "Financial Regulation and Supervision" sub-section are the Basel Committee's "Core Principles for Effective Banking Supervision," the International Organization of Securities Commissions' "Principles of Effective Securities Regulation," and the International Association of Insurance Supervisors' "Insurance Core Principles".

III. The Business Indicator Index

This index measures a country's attractiveness to foreign investment by analyzing various economic, legal, and political indicators. Countries are ranked from 1 to 81 according to a score ranging from 0 (least attractive) to 12 (most attractive). The overall score also determines whether a country is:

At Standard	9 to 12
Progressing toward standard	6 to 9
Below standard	0 to 6

The three standards grouped under the "*Financial Regulation and Supervision*" sub-section are the Basel Committee's "Core Principles for Effective Banking Supervision," the International Organization of Securities Commissions' "Principles of Effective Securities Regulation," and the International Association of Insurance Supervisors' "Insurance Core Principles".

IV. Performance in Global Indices

In this section, the rank and score of a country in nine distinct global indices is summarized. The country's relative position in these indices is made more comparable by calculating the quintile corresponding to the country's rank. In addition, a short summary interpreting the country's performance in the nine indices is provided. The following nine indices are used:

The *Freedom in the World Survey* is published annually by Freedom House. The political rights and civil liberties categories contain numerical ratings between 1 and 7 for each country or territory, with 1 representing the most free and 7 the least free. The status designation of "Free", "Partly Free", or "Not Free", which is determined by the combination of the political rights and civil liberties ratings, indicates the general state of freedom in a country or territory.
Source: http://www.freedomhouse.org/

The *Bertelsmann Transformation Status Index* shows the development achieved by states on their way toward democracy and a market economy. States with functioning democratic and market-based structures receive the highest scores. The Status Index's overall result represents the mean value of the scores for the dimensions "Political Transformation" and "Economic Transformation". The rating is based on a system of points ranging from 1 (worst score) to 10 (best score).
Source: http://www.bertelsmann-transformation-index.de/16.0.html?&L=1

The *Heritage Foundation Economic Freedom Index* measures economic freedom against a list of 50 independent variables divided into 10 broad factors of economic freedom. For each factor, a country receives a 0 to 100 percentage score, indicating the degree of economic freedom in the country.
Source: http://www.heritage.org/research/features/index/index.cfm

The *Economic Freedom of the World Index*, published by the Fraser Institute, covers five broad areas: size of government; legal structure and security of property rights; access to sound money; freedom to trade internationally; regulation of credit, labor, and business. Each component and sub-component is placed on a scale from 0 to 10 that reflects the distribution of the underlying data. A higher value signifies greater economic freedom.
Source: http://www.freetheworld.com/index.html

The *World Economic Forum Global Competitiveness Index* provides an overview of factors that are critical to driving productivity and competitiveness. These factors are grouped into nine distinct but interconnected pillars: (1) Institutions, (2) Infrastructure, (3) Macro economy, (4) Health and primary education, (5) Higher education and training, (6) Market efficiency, (7) Technological readiness, (8) Business sophistication, and (9) Innovation. The Index is calculated from a mixture of survey and hard data, and the data for each pillar is converted into a scale from 1 to 7. A higher value indicates greater competitiveness.
Source: http://www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report/index.htm

The *Milken Institute Capital Access Index* scores the ability of entrepreneurs to gain access to financial capital in countries around the world. The Index is intended to measure not only the breadth, depth, and vitality of capital markets, but also openness in providing access without discrimination, a measure of global progress in the democratization of capital. The Index has 7 subcomponents with a score assigned from 1 to 10 for countries ranking lowest to highest in terms of capital access. The Capital Access Index is then calculated using the weighted average of the seven subcategories.
Source: http://www.milkeninstitute.org/research/research.taf?cat=indexes

The *Human Development Index* (HDI) is a comparative measure of life expectancy, literacy, education, and standard of living for most UN member states The index has been used since 1993 by the United Nations Development Program in its annual Human Development Report. The HDI measures the average achievements in a country in three basic dimensions (life expectancy, literacy and standard of living) of human development. These measures are then converted into a 0 to 1 scale and each of the 177 UN member states are ranked accordingly each year.
Source: http://hdr.undp.org/

The *World Bank's Ease of Doing Business Index* provides measures of business regulations and their enforcement. The *Doing Business* indicators are designed to indicate the regulatory costs of business and can be used to analyze specific regulations that enhance or constrain investment, productivity, and growth. The Index then ranks economies. The index is calculated as the ranking on the simple average of country percentile rankings on each of the 10 topics covered.
Source: http://www.doingbusiness.org/

The *Transparency International Corruption Perception Index* (CPI) ranks countries in terms of the degree to which corruption is perceived to exist. The CPI Score relates to these perceptions of the degree of corruption as seen by business people and country analysts from around the world, including experts who are citizens in the countries evaluated. The score ranges between 10 (highly clean) and 0 (highly corrupt).
Source: http://www.transparency.org/

V. Credit Ratings:

Long-term foreign currency ratings and outlooks, indicating the likelihood of a sovereign default of the country, are provided as of the last date of upgrade or downgrade by the three leading credit rating agencies.

VI. Macroeconomic data:

This section provides the latest GDP and GDP per capita figures, projected GDP growth, and inflation as provided by the latest available IMF *World Economic Outlook*, unemployment figures by the *CIA World Factbook*; the latest inward and outward foreign investment figures as reported in UNCTAD's annual *World Investment Report*; and the most recent figure for official development assistance (ODA) received or disbursed, as reported by the OECD.