eSTANDARDSFORUM
Financial Standards Foundation

Best Practice Report

Bangladesh

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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: Low | Rank: 79 | Score: 20.00

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

Bangladesh achieves low overall compliance with international standards and codes, with a score of 20 out of 100 in our Standards Compliance Index. Bangladesh's compliance in all three broad categories is poor. The highest level of compliance reached under any category is "Enacted," and there are several standards that either lack independent assessments or have earned a "No compliance" rating. However, it has taken several measures toward meeting the basic requirements of international transparency codes. It is in the process of aligning its accounting and auditing practices with international standards. Efforts to improve corporate governance are being made at various levels, but the capital market is still underdeveloped and weaknesses in corporate governance remain. Despite positive developments, weaknesses also persist in the anti-money laundering and terrorist financing regime, though no comprehensive assessment of Bangladesh's compliance with the Financial Action Task Force's 40+9 recommendations is available. There is also no independent assessment available of compliance with the banking supervision standard. However, a recent technical assistance program is aimed at improving the functioning of the country's securities supervisor and will emphasize the need to regulate the markets in line with International Organization of Securities Commission standards and principles.

II. Detailed Summary of Observance by Standard

1. MACROECONOMIC POLICY AND DATA TRANSPARENCY

Data Dissemination: No Compliance

Bangladesh is not a subscriber to the International Monetary Fund's (IMF) Special Data Dissemination Standard (SDDS), but has participated in the IMF's less stringent General Data Dissemination System (GDDS) since 2001. According to both the IMF's 2005 Report on the Observance of Standards and Codes - Data Dissemination Module (ROSC) and its 2008 Article IV Consultation, Bangladesh's statistical base is generally adequate to conduct effective surveillance. The 2008 Article IV report suggests that further improvements should focus on enacting legislation that better defines the role of the Bangladesh Bureau of Statistics (BBS) and empowers it to fulfill its mission. New legislation should improve interagency cooperation, especially with regard to data generation on government debt financing via the banks. Bangladesh should also institute advance release calendars, disseminating them to all interested parties, and complying with the release dates contained therein. Greater use should also be made of the BBS website as a place where the public can conveniently and simultaneously access statistical data. The 2008 report noted that the Bangladeshi authorities have made progress on some of the recommendations regarding statistical data from the IMF's 2005 ROSC.

Monetary Transparency: Insufficient Information

The principle legislation underpinning Bangladeshi monetary policy is the Bangladesh Bank Order of 1972, which created the Bangladesh Bank (BB) and conferred upon it limited monetary and exchange-rate policy-making and implementation authority. The BB's operational authority was further strengthened with a 2003 amendment to that original Order. In its 2007 Article IV Consultation report on Bangladesh, the International Monetary Fund (IMF) noted that reforms aimed at strengthening central bank operations achieved some success, as did efforts to improve the exchange rate system. The BB used IMF technical assistance to attain significant improvements in its foreign exchange market function and raise public confidence in the currency. However, the IMF's 2008 Article IV Consultation stressed that the BB still needed to take significant action to improve its financial system and better comply with best practice standards. Overall, the publicly available information does not directly address Bangladesh's compliance with the IMF's Code of Good Practices on Transparency in Monetary Policy.

Fiscal Transparency: Intent Declared

In its 2003 Report on the Observance of Standards and Codes (ROSC) on fiscal policy, the International Monetary Fund (IMF) found that Bangladesh had achieved some advances in its basic fiscal policy transparency practices. These improvements include bringing accounting and fiscal reporting standards closer to the basic requirements of the IMF's fiscal transparency code. Further improvements were noted in the 2005 ROSC update, which stated that many of the IMF's 2003 recommendations had been implemented, particularly with regard to fiscal reporting. Chief among the initiatives to improve transparency in fiscal affairs are the Financial Management Reform Program, intended to improve the efficiency of Bangladesh's allocation of resources and to establish a medium-term budget framework at four major ministries. Reforms elsewhere had been slower according to the 2005 ROSC update. After the completion of the update, the failure to hold elections scheduled for January 2007 resulted in a delay of further reforms. However, the 2007 IMF Article IV Consultation reported that the transitional government, which was put in place following the missed elections, enjoys widespread approval for its anticorruption campaign. The campaign has resulted in scores of arrests in both the business sector and within government and has enabled the resumption of fiscal reform efforts. The IMF's 2008 Article IV Consultation echoed this praise for the transitional government, lauding the authorities' macroeconomic policies and improved fiscal discipline. The International Budget Partnership's 2008 Open Budget Index for Bangladesh compiled by Dr. Artiur Rahman and M. Abut Eusuf scores the Bangladesh budget process at 42 percent, earning a descriptive evaluation of "some" openness.

2. INSTITUTIONAL AND MARKET INFRASTRUCTURE

Insolvency Framework: No Compliance
The Bangladeshi insolvency regime is governed primarily by the 1997 Bankruptcy Act, supported by provisions of the Companies Act of 1994, the Banking Companies Act of 1991 (as amended), and the Finance Institution Act of 1993. The laws provide the mandate for money loan courts, bankruptcy courts, and dedicated courts that handle the recovery of debts for banks and other financial institutions. However, the U.S. Department of Commerce's 2007 Country Commercial Guide noted that this legislation is largely ineffective in addressing insolvent companies. Banks prefer alternatives to the bankruptcy courts, including demanding blanket guarantees from company directors as a condition for issuing loans. Implementation of creditor rights is weak. According to the World Bank's Global Insolvency Law Database, Bangladesh is a participant in the Forum on Asian Insolvency Reform (FAIR), a pan-Asian organization dedicated to addressing the fundamental weaknesses in insolvency law in the region. In its fifth meeting, in 2006, FAIR participants began discussion of a proposal to create an online regional network designed to facilitate sharing of information regarding insolvency reforms as they occur across the region. The 2009 "Doing Business Guide" produced jointly by the International Bank for Reconstruction and Development and the World Bank noted that no reforms dealing with business closing issues were slated to be enacted in 2009.

Accounting: Intent Declared
A 2003 World Bank review of the accounting and auditing environment in Bangladesh noted that national practices were not in line with internationally acceptable standards and suffered from "institutional weaknesses in regulation, compliance, and enforcement of standards and rules." The World Bank therefore recommended improving the accounting and auditing framework by adopting International Financial Reporting Standards (IFRSs) without any modifications and setting up an independent oversight body for enforcing international standards. As part of its efforts towards convergence, per Deloitte IAS Plus website, as of 2007 the Institute of Chartered Accountants of Bangladesh (ICAB) adopted 31 IFRSs as Bangladesh Accounting Standards. These standards, however, are based on an older version of IFRSs. In 2008, according to the ICAB website, Bangladesh adopted an additional four new IFRSs. The national standards are mandatory for all listed companies and recommended for other entities. In a 2009 ICAB Action Plan, the Institute reiterates its commitment to convergence and makes clear that it will be adopting international standards on an ongoing basis. The ICAB Action Plan also adds that it is in the process of reviewing its educational requirements and strategies with regard to IFRS dissemination and training.

Corporate Governance: Intent Declared

A 2008 Asian Development Bank (ADB) "Improvement of Capital Market and Insurance Governance Project" program administration memorandum notes that despite recent improvements, Bangladesh's capital market is still underdeveloped and weaknesses in corporate governance persist. The Bank also points to "inadequate market supervision" as one of the key problems. A 2009 paper by Javed Siddiqui published in the Journal of Business Ethics further explains that the corporate sector in Bangladesh is characterized by high ownership concentration, lack of shareholder involvement and reluctance on the part of the investor to raise capital through the stock market. Efforts to improve corporate governance, however, are being made at various levels. Since 1999, the ADB has been involved in a project (which is scheduled to be completed in 2009) to strengthen the capacity of the Securities and Exchange Commission (SEC), the Bangladeshi capital market regulator. In 2003, the Bangladesh Enterprise Institute (BEI), a donor-funded private sector think-tank developed a code of corporate governance. Furthermore, the SEC issued an order on corporate governance to be implemented on a comply-or-explain basis by listed companies in 2006. Among other initiatives, the BEI, in partnership with the United States Agency for International Development is currently involved in a project on "Promoting Governance, Accountability, Transparency, & Integrity" to be completed in 2012 and has also been conducting several training programs on corporate governance.

Auditing: Enacted

According to a 2009 Institute of Chartered Accountants of Bangladesh (ICAB) Action Plan prepared as a part of the International Federation of Accountants' Member Body Compliance Program, Bangladesh adopted an official position on convergence to International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) back in 1998. In the subsequent years, Bangladesh aligned its agenda with that of the IAASB and based Bangladesh Standards on Auditing (BSAs) on ISAs. However, a 2003 World Bank assessment pointed out that although the BSAs were based on ISAs, the national standards had not been updated in line with the international standards. Furthermore, the World Bank noted that Bangladesh suffered from "institutional weaknesses in regulation, compliance, and enforcement of standards and rules." The assessment therefore recommended improving the accounting and auditing framework by adopting ISAs without any modifications and setting up an independent oversight body to enforce international standards and codes. As part of its efforts towards maintaining international harmonization, the 2009 ICAB Action Plan states that in December 2008, the ICAB converged local standards with the new and updated Handbook of Standards on Auditing, Assurance and Ethics pronouncements Volume 1 issued by the IAASB. Furthermore, in November 2008, the ICAB adopted its own clarity project to redraft national standards in line with the clarified ISAs. The ICAB expects completion of its clarity project by December 2009. The ICAB is also updating its educational courses and training programs to assist with the implementation of the new and revised standards.

Anti-Money Laundering: Insufficient Information

A 2009 U.S. Department of State (DoS) report notes that despite positive developments, weaknesses persist in the anti-money laundering and terrorist financing regime in Bangladesh. The World Bank in a 2003 report had pointed out that the major challenges facing anti-money laundering (AML) efforts in Bangladesh include: building capacity for better identification and investigation of money-laundering offenses; establishing a Financial Intelligence Unit (FIU); building expertise of the Anti-Corruption Commission and the Police Department in tracking down money laundering crime chains; and creating awareness in banks and other financial institutions for AML measures. Some of these issues have since been addressed. For instance, in 2008, the government of Bangladesh enacted the Money Laundering Prevention Ordinance (MLPO) and the Anti-Terrorism Ordinance (ATO) in order to further strengthen its legal framework. The new ordinances also facilitate international cooperation in recovering money illegally transferred to foreign countries and mutual legal assistance for criminal investigation, trial proceedings, and extradition matters. Furthermore, the 2009 U.S. DoS report observes that in May 2007, the government of Bangladesh identified the Central Bank's Anti-Money Laundering Department as the FIU. However, the DoS report points out that the FIU analysts need to enhance their ability to conduct analysis, investigations and gain a deeper understanding of anti-money laundering and anti terrorist financing measures. The U.S. DoS also notes that Bangladesh law enforcement has not made sufficient progress in pursuing money laundering investigations because of the lack of inter-agency cooperation. Rampant corruption and widespread use of hawala for money laundering further exacerbate the situation. The Asia/ Pacific Group on Money Laundering is expected to complete a mutual evaluation of Bangladesh against the Financial Action Task Force's 40+9 recommendations in the near future.

Payment Systems: Intent Declared
As noted in the Bangladesh Bank's (BB) 2007-2008 Annual Report, Article 26 of the Bangladesh Bank Order of 1972 empowers the Bank to issue notes and coins, and manage currencies in circulation. Article 7(A) of the same Order grants the BB the authority to regulate payment systems. The Bangladesh Bank serves as the country's central bank, motivated by its interests in a stable currency and financial system and the smooth operation of monetary policies. The 2007-2008 Annual Report acknowledges that the existing payments and settlement systems in Bangladesh do not conform to international practices. However, the same report states that the central bank is committed to modernizing these systems, along with the accompanying legal and regulatory framework. Included in the modernization plans are the implementation of a real-time gross settlement system, the formation of enhanced clearing houses for both checks and electronic payments, the issuance of modern check design standards, and the expansion of the use of contemporary and innovative payment instruments like credit and debit cards, point-of-sale-systems, and high-value interbank payments. The expected completion date of the project is mid-2009, and it promises to make Bangladesh's payment systems conform to international standards. Moreover, the Bangladesh Bank, commenting on the country's reform process notes that the authorities are moving towards developing a safe and efficient payment system that is compliant with the Committee on Payment and Settlement Systems' Core Principles for Systemically Important Payment Systems.

3. FINANCIAL REGULATION AND SUPERVISION

Banking Supervision: Insufficient Information
According to the 2008 Article IV Consultation by the International Monetary Fund (IMF), the progress made by the Bangladesh government in pushing ahead with key reforms, such as corporatization of the nationalized commercial banks, strengthening the regulatory and prudential framework, and enhancing the Bangladesh Bank's supervisory capacity, is commendable. A 2007 IMF report also commended Bangladesh for implementing many recommendations of the (unpublished) 2002 Financial Sector Assessment Program (FSAP), but found that more needed to be done to bring Bangladesh closer to international regulatory standards. It also warned of underlying weaknesses in the banking system due to the undervaluation of capital inadequacy in individual banks. The report therefore called for a stronger monitoring framework and improved enforcement to improve financial sector risk management and promote banking sector soundness, especially in the climate of rapid credit growth. The 2007 IMF report welcomed the proposed amendments to the Banking Companies Act that, when enacted, would enable the Bangladesh Bank to tighten loan classification standards and increase minimum capital requirements for banks. The Bangladesh Bank, according to the 2008 IMF report, is conducting a self-assessment of its implementation of the 2002 FSAP recommendations and has delayed requesting the IMF/World Bank mission for an FSAP update until its completion. The Bangladeshi authorities have requested technical assistance from the IMF in order to improve their stress testing, according to the 2008 report. However, there is insufficient information publicly available as to Bangladesh's overall compliance with the Basel Core Principles for Effective Banking Supervision.

Securities Regulation: Intent Declared
According to the Asian Development Bank's (ADB) 2005 audit report on the "Capital Market Development Program (CMDP) in Bangladesh," Bangladesh's capital market is weak, and it lacks the foundation of an efficient capital market. In 1997, the

ADB approved the CMDP to reform Bangladesh's capital market. The program was designed to increase market capacity and transform the capital market to be fair, transparent, and efficient, in order to attract more investment capital. The ADB evaluated the completed program as partially effective. While there was some progress in strengthening the regulator and improving surveillance, enforcement of regulations remained weak. In 2006, the ADB sanctioned another Technical Assistance loan to Bangladesh for USD 3 million to improve the governance and supervision of the capital markets. The ambitious project that is slated to be completed in 2009 has four components to reform respectively, the capacity, governance, and surveillance mechanisms of the Securities and Exchange Commission (SEC), the country's securities supervisor; the capacity and governance of the stock exchanges; the licensing and ongoing professional development of market intermediaries; and the accounting, auditing, and corporate governance of the Investment Corporation of Bangladesh and its subsidiaries. The ADB remarks that in designing the project to improve the SEC's training and capacity, it will emphasize the need to regulate the markets in line with International Organization of Securities Commission (IOSCO) standards and principles while taking into account the developing market context.

Insurance Supervision: No Compliance

The Asian Development Bank (ADB), in several reviews since 1998, found the insurance sector in Bangladesh underdeveloped and poorly regulated. A 2003 report published by the Bangladesh Enterprise Institute also concluded that the insurance industry suffered from undue political interference, fraudulent claims, inadequate risk assessments, and limited and poor quality private sector participation. In the light of the situation, the ADB sanctioned a technical assistance loan to Bangladesh in 2007 to, inter alia, overhaul the insurance legislation, create a new and autonomous regulatory authority in line with international best practices, and improve the governance of the sector as a whole. In the meantime, an independent Insurance Regulatory Authority (IRA) has been established as a unified regulator supervising all public and private insurance entities under the Insurance Regulatory Authority Ordinance and the Insurance Ordinance of 2008. The ordinances repealed the 1938 Insurance Act (as amended in 1993) that had governed the insurance sector in Bangladesh. Prior to the creation of the IRA, the Controller of Insurance in the Department of Insurance, housed within the Ministry of Commerce, regulated the insurance sector. The fate of the 2008 ordinances and consequently the IRA, however, is unknown since they were promulgated / created by the caretaker military government that ceded power to a democratically elected government in January 2009. The ordinances need to be approved by the new parliament within 30 days of its first session to remain valid, notes the Daily Star, the largest English daily in Bangladesh, which adds that the ordinances have been drafted in line with international best practices.

III. Business Indicator Summary

Overall: Below Standard | Rank: 87 | Score: 4.15

With an overall score of 4.15/12, Bangladesh is below standard on the economic, legal, and political indicators that make up our Business Index. Bangladesh can be categorized as a market-based, but statist economy with a substantial number of State-Owned Enterprises operating in many sectors. The government is in the process of privatizing many of them, but progress appears slow. Although the Bangladeshi government encourages foreign investment, and offers incentives for industrial investments, many critical sectors remained sheltered from private investment. The Heritage Foundation notes that capital transactions are subject to control or prohibited, but the U.S. Department of Commerce claims that foreign firms do not experience much difficulty in the repatriation of funds. Overall, the business climate suffers from a number of restrictions. These include the requirement for government approval on non-industrial investments, inadequate implementation of laws, labor militancy, an unpredictable legal situation, and poor infrastructure. Property laws are out of date and intellectual property rights enforcement is weak. Political instability may pose a threat to investment. Corruption is rampant and endemic at all levels of government a fact that is reflected in Bangladesh's ranking of 147th out of 180 countries in Transparency International's 2008 Corruption Perceptions Index.

IV. Performance in Global Best Practice Indices

Bangladesh is ranked in the 4th or 5th quintile in nearly all the global indices benchmarking political, economic, business, and human capital climates, as shown below, with the exception of the Bertelsmann Transformation Status Index where it is positioned in the 3rd quintile. Although designated an electoral democracy by Freedom House, Bangladesh is characterized by endemic corruption and criminality, weak rule of law, limited bureaucratic transparency, and political polarization, as well as political violence. Bertelsmann has tracked some improvements in political and economic development, such as impressive GDP growth rates, but a survey of the other indices attests to an unstable political environment, an unfriendly business environment, and an uninspiring social environment. Bangladesh is perceived to be one of the more corrupt countries in the Transparency International Corruption Perceptions Index.

Index	Year	Rank	Score	Quintile
Bertelsmann Transformation Status Index	2010	63/128	5.74/10	3
Heritage Foundation Economic Freedom Index	2010	137/179	51.1%	4
Economic Freedom of the World Index	2009	115/141	5.93/10	5
World Economic Forum Global Competitiveness Index	2009	106/133	3.55/7	4
Milken Institute Capital Access Index	2009	84/122	3.53/10	4
World Bank Ease of Doing Business Index	2009	119/183	N/A	4
UNDP Human Development Index	2009	146/177	0.54/1	5
Transparency International Corruption Perceptions Index	2009	139/180	2.4/12	4
Freedom House Index	2009	Partly Free	4/7	

V. Credit Ratings

Fitch: NP*
Moody's: NP*
Standard & Poor's: NP*

VI. Macroeconomic Data

2009 GDP (estimate) (IMF)	2010 Forecast (IMF)	2008 FDI (UNCTAD)	Official Development Assistance
$86.7 billion	Real GDP Growth: 5.4	Inward: $1.1 billion	Received: 1,502 million (2007 OECD)
Per capita: $526	CPI: 5.3%	Outward: $0.10	Disbursed: N/A million (2007 OECD)
Unemployment: 2.5% (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.