WORLD ECONOMIC FORUM

COMMITTED TO IMPROVING THE STATE OF THE WORLD

Insight Report

The Inclusive Growth and Development Report 2017

January 2017

The Inclusive Growth and Development Report 2017 is published by the World Economic Forum.

Richard Samans
Member of the Managing Board

Jennifer Blanke
Chief Economist

Margareta Drzeniek Hanouz
Head of Global Competitiveness and Risks

Gemma Corrigan
Practice Lead, Economic Growth and Social Inclusion Initiative

We thank Madhur Singh and Andrew Wright for their editing work and Human After All, Moritz Stefaner and Tim Bruce (Lowercase, Inc.) for their excellent graphic design and layout.

The terms “country” and “nation” as used in this Report do not in all cases refer to a territorial entity that is a state as understood by international law and practice. The terms cover well-defined, geographically self-contained economic areas that may not be states but for which statistical data are maintained on a separate and independent basis.

World Economic Forum
Geneva

Contents

[1] The full data edition with 109 country profiles and an interactive data platform can be found online at the following address: **wef.ch/igd17.**

Preface

RICHARD SAMANS
Member of the Managing Board

Over the past several years, a worldwide consensus has emerged on the need for a more socially-inclusive approach to generating economic growth. However, inclusive growth and development remain primarily an aspiration. No systemic framework has emerged to guide policy and practice.

The World Economic Forum's System Initiative on Economic Growth and Social Inclusion has taken on this challenge with the release of the "Inclusive Growth and Development Report 2017." Building on a beta version of a policy framework released in 2015, this Report provides a practical guide for policymakers and stakeholders seeking to build a strategy to capture greater synergy between economic growth and more broadly-based progress in living standards in their countries.

In addition to the Report's policy framework and metrics – which provide a comparative illustration of institutional strength and enabling environment conditions in 15 of the most relevant policy domains for inclusive growth – a new set of national key performance indicators are presented to help countries track progress. These have been compiled into a composite global index, the Inclusive Development Index, measuring the accumulated level as well as the most recent five-year trend of performance for the 109 countries for which such data is available. The former offers a more integrated and holistic picture of the state of economic development of countries than Gross Domestic Product per capita alone. The latter is useful for governments and stakeholders seeking to assess the effect of changes in policy and conditions within a typical political cycle.

Together, the policy framework and benchmarking data are intended to provide countries with the practical tools needed to help turn the ambition of inclusive growth into a practical and measurable plan of action. At the same time, they yield several important conclusions for national policy and international economic cooperation, which the Report articulates in considerable depth. These provide the basis for a new global growth agenda at a time when the world economy sorely needs new impetus.

This Report, and the System Initiative on Economic Growth and Social Inclusion of which it is part, exemplify the World Economic Forum's ambition to serve as a platform to enable closer cooperation between multiple institutions and stakeholders sharing a common aim. We wish to thank the International Labour Organization, International Monetary Fund, Organisation for Economic Co-operation and Development, World Bank, World Trade Organization, Finance Ministry of Canada, as well as Barclays, McKinsey Global Institute, and Microsoft for their thoughtful written contributions to this volume. We also wish to express appreciation to all members of the System Initiative who provided comments and general guidance. The richness of the data found in these pages is also due to the work of numerous public and private institutions.

Finally, this project benefited immeasurably from the creativity and diligence of Jennifer Blanke, Margareta Drzeniek Hanouz, and particularly Gemma Corrigan, as well as valuable input from Thierry Geiger, Stefan Hall, and Aditi Sara Verghese.

Geneva, January 2017

Executive Summary

Around the globe, leaders of governments and other stakeholder institutions enter 2017 facing a set of difficult and increasingly urgent questions:

- With fiscal space limited, interest rates near zero, and demographic trends unfavorable in many countries, does the world economy face a protracted period of relatively low growth? Will macroeconomics and demography determine the world economy's destiny for the foreseeable future?
- Can rising in-country inequality be satisfactorily redressed within the prevailing liberal international economic order? Can those who argue that modern capitalist economies face inherent limitations in this regard – that their internal "income distribution system" is broken and likely beyond repair – be proven wrong?
- As technological disruption accelerates in the Fourth Industrial Revolution, how can societies organize themselves better to respond to the potential employment and other distributional effects? Are expanded transfer payments the only or primary solution, or can market mechanisms be developed to widen social participation in new forms of economic value-creation?

These questions beg the more fundamental one of whether a *secular correction* is required in the existing economic growth model in order to counteract *secular stagnation* and *dispersion* (chronic low growth and rising inequality). Does the mental map of how policymakers conceptualize and enable national economic performance need to be redrawn? Is there a *structural* way, beyond the temporary monetary and fiscal measures of recent years, to cut the Gordian knot of slow growth and rising inequality, to turn the current vicious cycle of stagnation and dispersion into a virtuous one in which greater social inclusion and stronger and more sustainable growth reinforce each other?

This is precisely what government, business, and other leaders from every region have been calling for. Over the past several years, a worldwide consensus has emerged on the need for a more inclusive growth and development model; however, this consensus is mainly directional. Inclusive growth remains more a discussion topic than an action agenda. This Report seeks to help countries and the wider international community *practice* inclusive growth and development by offering a new policy framework and corresponding set of policy and performance indicators for this purpose.

Policy Framework and Metrics

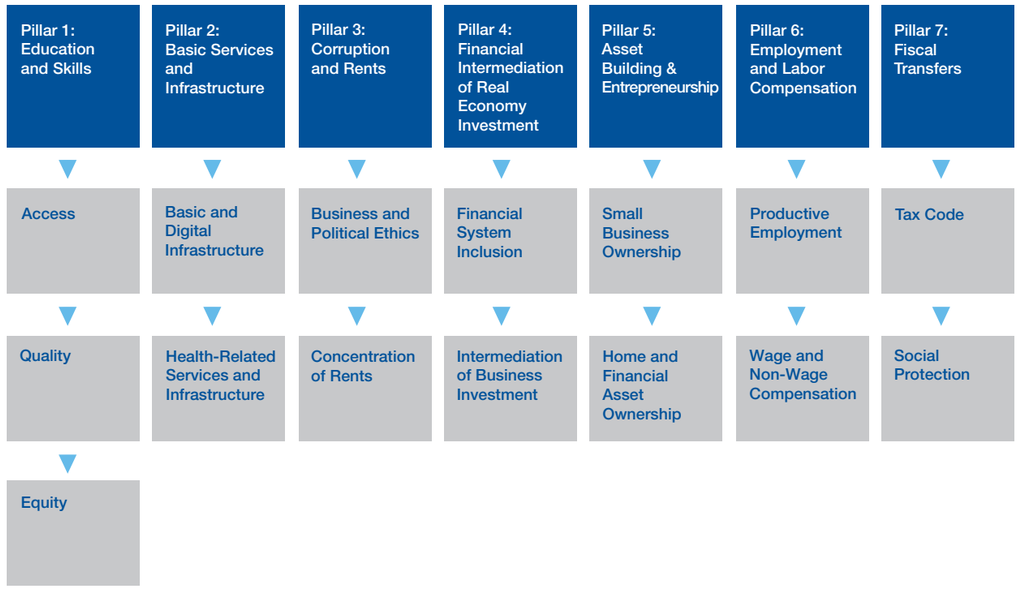
The ultimate objective of national economic performance is broad-based and sustained progress in living standards, a concept that encompasses wage and non-wage income (e.g., pension benefits) as well as economic opportunity, security and quality of life. This is the bottom-line basis on which a society evaluates the economic dimension of its country's leadership. Many countries have had difficulty in satisfying social expectations in this regard. For example, in the last five years, annual median incomes declined by 2.4% in advanced economies, while GDP per capita growth averaged less than 1%.

To borrow from a business concept, growth can be thought of as the top-line measure of national economic performance, with broad-based or median progress in living standards representing the bottom-line. *Inclusive growth* can be thought of as a strategy to increase the extent to which the economy's top-line performance is translated into the bottom-line result society is seeking, i.e., broad-based expansion of economic opportunity and prosperity.

However, inclusive growth is more than that. An economy is not a business, and history and scholarship have shown that there is a feedback loop between the bottom- and top-lines (growth and equity) in a national economy. This feedback loop can run in either a positive or a negative direction. The extent to which it is a virtuous circle is influenced by a diverse mix of structural and institutional aspects of economic policy, going well beyond the two areas most commonly featured in discussions about inequality: education and redistribution.

This Report presents a policy framework encompassing seven principal domains (pillars) and 15 sub-domains (sub-pillars) which describe the spectrum of structural factors that particularly influence the breadth of social participation in the process and benefits of economic growth. Societies that have had success in building a robust middle class and reducing poverty and social marginalization have tended to create effective economic institutions and policy incentives in many of these areas, while also pursuing sound macroeconomic policies and efficiency-enhancing reforms over time.

Figure 1: Inclusive Growth and Development Framework



Framework: The Policy and Institutional Ecosystem Underpinning Inclusive Growth

The policy and institutional domains portrayed in this Framework represent the ecosystem of structural policy incentives and institutions that together and *as part of the growth process* help to diffuse widely the benefits of an expanding national economy in terms of household income, opportunity, economic security, and quality of life. This ecosystem constitutes the implicit income distribution system – or, more precisely, living-standards diffusion mechanism – underpinning modern market economies. When functioning properly, it operates in a self-reinforcing cycle in which economic growth and social inclusion feed each other.

However, in many advanced countries, this policy and institutional ecosystem has deteriorated or has been inert over the past two decades as the forces propelling secular dispersion – technological change, global integration, domestic deregulation, and increased immigration – have intensified. Many developing countries, meanwhile, have lagged in creating the basic elements of such an ecosystem as they have industrialized and integrated into the global economy, missing an opportunity to include more of their populations in their development process and rendering their economies more vulnerable to fluctuations in exports and commodity prices.

The Framework represents an alternative way of thinking about structural economic reform and its role in the development process. Structural reform usually refers to measures aimed at boosting economic efficiency and macroeconomic stability by sharpening market signals and improving the health of public finances, often in response to a recent or looming fiscal or balance-of-payments crisis. In such circumstances, it tends to have the effect of squeezing living standards in the short term. But a systematic, sustained effort to strengthen institutions and policy incentives across the Framework's 15 sub-domains – or within the weakest areas – also constitutes an exercise in structural reform, albeit one that mixes demand- and supply-side measures for the express purpose of *boosting* broad living standards while reinforcing the rate and resilience of growth.

To help governments and stakeholders assess their countries' relative strengths and weaknesses within this ecosystem, this Report contains a cross-country database of 140 statistical indicators that enables comparison at the pillar, sub-pillar, and individual indicator level for each of the 109 countries for which the relevant data is available. These **Policy and Institutional Indicators (PIIs)** yield a distinct profile of each country's relative institutional strength and utilization of policy space. They are like diagnostic scans of the structural underpinnings of an economy's capacity to capture the synergies between growth and social inclusion.

The results are presented in four groups of countries based on their level of economic development as measured by national income.

The following patterns emerge from this data:

- Given the breadth and complexity of this policy ecosystem as well as the important role each country's particular political economy plays in shaping it, **there is no single ideal policy mix for the pursuit of inclusive growth. It is most important to view the entire spectrum of the Framework as an *integrated system*** that merits deliberate cultivation as an integral part of the growth and development process with periodic upgrading to address weaknesses revealed in one part or another.
- **Larger fiscal transfers are not necessarily incompatible with long-term growth and competitiveness, but neither are they always the primary or most effective available option for broadening socioeconomic inclusion**. Many of the world's most competitive economies have high levels of social protection and the significant tax burdens these imply. However, other countries achieve moderate or low Gini ratios mainly because their pre-transfer levels of inequality are comparatively modest to begin with rather than due to the significance of their transfers.
- **Policies and institutions supporting social inclusion are not solely a luxury of high-income countries**. There is extensive overlap in absolute scores across at least three of the four income groups of countries in the sub-pillars of Business and Political Ethics, Tax Code, Financial System Inclusion, Intermediation of Business Investment, Productive Employment, Concentration of Rents, and Educational Quality and Equity.
- **A robust inclusive-growth strategy is both pro-labor and pro-business, an agenda to boost both social inclusion and economic efficiency through a stronger focus on institutions**. The inequality debate focuses almost exclusively on up-skilling of labor and redistribution – when it moves beyond problem identification. For many countries, these may be among the most appropriate responses to widening dispersion of incomes. But the enabling environment for real-economy business investment and entrepreneurship can be just as critical to a country's success in expanding employment, boosting wages, and widening asset ownership, which are central drivers of progress in broad living standards.

Performance Metrics

In addition to the **Policy and Institutional Indicators (PIIs)** described above, a set of performance metrics, or **National Key Performance Indicators (KPIs)**, is presented below in the form of a dashboard for each country. This set of KPIs provides a more complete picture of national economic performance than that provided by GDP alone, particularly if the ultimate objective of development is understood to be sustained, broad-based advancement of *living standards* rather than increased *production* of goods and services, per se.

Figure 2: Inclusive Growth and Development Key Performance Indicators

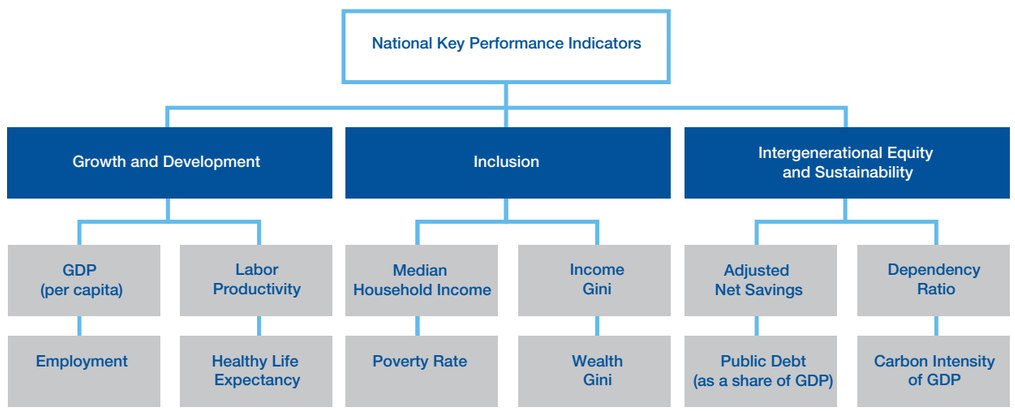


Figure 3: Inclusive Development Index (IDI) Top Performers

Advanced Economies		Developing Economies	
Top Ranked	Most Improved 5-Year Trend	Top Ranked	Most Improved 5-Year Trend
Norway	Iceland	Lithuania	Lesotho
Luxembourg	New Zealand	Azerbaijan	Nepal
Switzerland	Israel	Hungary	Georgia
Iceland	Ireland	Poland	Mongolia
Denmark	Germany	Romania	South Africa
Sweden	Norway	Uruguay	Romania
Netherlands	Switzerland	Latvia	Kazakhstan
Australia	Korea Rep.	Panama	Uruguay
New Zealand	Denmark	Costa Rica	Sierra Leone
Austria	Czech Republic	Chile	Paraguay

The Report also derives a composite index that ranks countries based on their combined KPI scores, the **Inclusive Development Index (IDI)**.This new global index conveys a more integrated sense of the relative state of economic development – and recent performance – than conventional rankings based on GDP per capita alone. Some countries score significantly better on the IDI than on the basis of GDP per capita, suggesting they have done a relatively good job of making their growth processes more inclusive: they include countries at very different stages of economic development such as **Cambodia**, the **Czech Republic**, **New Zealand**, **South Korea**, and **Vietnam**. By contrast, other countries have significantly lower IDI rankings than GDP per capita rankings, indicating that their growth has not translated as well into social inclusion; these include **Brazil**, **Ireland**, **Japan**, **Mexico**, **Nigeria**, **South Africa**, and the **United States**.

Significantly, 51% of the 103 countries for which these data are available saw their IDI scores decline over the past five years, attesting to the legitimacy of public concern and challenge facing policymakers regarding the difficulty of translating economic growth into broad social progress. In 42% of countries, IDI decreased even as GDP per capita increased. In over 75% of economies,wealth inequality was a chief culprit. It rose 6.3% on average during this period.

Implications for National Policy

Many countries have significant unexploited potential to simultaneously increase economic growth and social equity. But activating the virtuous circle of inclusive growth more fully will require them to change their approach to structural reform, reimagining it as an ongoing process of continuous improvement within a diverse ecosystem of demand- and supply-side policies and institutions, the combined effect of which is to diffuse opportunity, income, security, and quality of life as part of the growth process. The construction and maintenance of this policy and institutional ecosystem deserves equal and parallel emphasis with the traditional focus of top economic policymakers: macroeconomic, trade, and financial supervision policies. Rebalancing policy priorities in this manner would imply a profound change for many countries and indeed for the "growth model" that has been posited for a generation by much of the economic policy establishment, including key international organizations.

For many countries, a reimagined process of structural reform aimed at broadening the base and benefits of growth may also be the best hope for accelerating its rate in the current context. For example, in advanced countries experiencing diminishing returns from extraordinary monetary policy measures, limited fiscal space, and unfavorable demographic trends (e.g., Japan, the United States, and the European Union, to various degrees), a mixture of demand- and supply-side structural reforms could boost consumption and job creation in the short term while raising the economy's longer-term growth potential through lasting improvements in labor productivity, household finances, real-economy investment, and innovation. In middle-income countries experiencing weak exports and commodity prices, monetary policy constrained by the risk of currency depreciation and capital flight, and limited fiscal space (e.g., most of the BRICS – Brazil, Russia, India, China, and South Africa), a structural reform agenda of this nature is precisely what could rebalance their growth model toward more robust domestic consumption. Similarly, for lower-income countries with extensive social marginalization due to poor resourcing of and inequitable access to basic services, education, and infrastructure as well as weak legal, tax, and investment climate institutions, a reform strategy with a sharper focus on these basic building blocks could help boost growth and social equity simultaneously.

Countries seeking to keep pace with the labor-market challenges accompanying the Fourth Industrial Revolution should set a discrete national investment target and public-private implementation strategy across the following five areas of human capital formation:

1) Active labor-market policies
2) Equity of access to quality basic education
3) Gender parity
4) Non-standard work benefits and protections
5) Effective school-to-work transition

PII data indicate that few, if any, of even the most advanced economies are well positioned for the change that is coming. A universal basic income is no substitute for these five crucial institutional underpinnings of a well-functioning labor market. It may serve as a useful complement at some point, but countries seeking to prepare their workforces for the Fourth Industrial Revolution would do well to invest in and level up performance across these areas. Here again, a systemic rather than silver-bullet approach is likely to be most effective.

Implications for International Economic Cooperation

Major economies should undertake a coordinated effort to boost global growth by identifying and implementing the demand- and supply-side structural reforms that are most needed to activate more fully the virtuous circle of inclusive growth in their economies. Governments should examine whether based on peer comparison they have unutilized policy space in one or more of the Framework's 15 sub-domains and then draw upon the structural policy analyses of other international economic organizations, particularly the Organisation for Economic Co-operation and Development (OECD) which has a wealth of analysis and prescriptions in these domains, as well as the World Bank, International Labour Organization (ILO), and others, to develop an action agenda tailored to their circumstances. The World Economic Forum and these organizations could provide further support by facilitating public-private, interdisciplinary input into and support for the agendas that emerge. Such a global effort in 2017 to reinvigorate global growth by broadening its base and strengthening its long-term foundations – making it less dependent on short-term macroeconomic measures and export demand – is precisely what the world economy needs to combat the cyclical and secular pressures weighing on growth. The G20 Enhanced Structural Reform Agenda, launched during China's recent presidency, provides an opening for such a coordinated international initiative.

International organizations should embrace this reformulation and reprioritization of structural economic policy in their public signaling, country advice, and development cooperation programs. By virtue of their public profile and intimate relationship with the economic ministries of governments, the major international economic organizations have a vital role to play in the establishment and scaled application of this new and more inclusive growth model.

The international community should buttress national efforts by:

- **funding a major increase in institution-building assistance for developing countries in the corresponding policy domains.**
- **reforming development finance institutions (DFIs) to support a scaling of blended, public-private financing of sustainable infrastructure** to promote worldwide implementation of the Paris Agreement of the 21st Conference of Parties of the United Nations Framework Convention on Climate Change and progress toward

the Sustainable Development Goals (SDGs). The infrastructure intensity of the SDG and climate agendas (and the employment intensity of infrastructure investment) suggests that they could provide much of the impetus for global growth over the coming 10-15 years, especially if combined with a broader structural shift of economies toward inclusive growth as outlined above. Most of the leaders of DFIs recognize the need for a strategic shift in their role from direct lending (usually to sovereigns) to catalyzing much larger multiples of domestic and international private investment through greatly expanded emphasis on co-investment, risk mitigation, aggregation, and project development technical assistance. However, their boards and staff are not yet fully supportive of or equipped for this shift. Shareholder governments and the business community must mobilize to seize this opportunity by engaging in collective work to surmount these impediments.

- **resetting the priorities of trade and investment cooperation** to scale trade-related small-business activity and employment; reduce barriers to trade in services (which are often labor-intensive) and investments in industrial value chains (in which relatively few developing countries participate extensively); catalyze a leveling up of social and environmental practices within such value chains so as to maximize their payoff for sustainable development in developing countries while minimizing the fear in developed countries of a global race to the bottom in social protections; and modernize and align international investment and regional trade agreements in order to strength their contribution to sustainable development, simplify the conduct of business across multiple jurisdictions, and reduce discrimination, particularly against small countries that are not part of major regional agreements.

Conclusion

Efficient markets and macroeconomic stability are essential for economic growth. But how well growth benefits society as a whole depends on the framework of rules, incentives, and institutional capacities that shape the quality and equity of human capital formation; level and patience of real-economy investment; pace and breadth of innovation; effectiveness and flexibility of worker protections; coverage and adequacy of social insurance systems; quality and breadth of access to infrastructure and basic services; probity of business and political ethics; and breadth and depth of household asset-building.

This recognition and the rebalancing of policy priorities it implies is what is required for governments to respond more effectively to decelerating growth and rising inequality – to take seriously the social frustrations increasingly being expressed through the ballot box and on the street. Such frustrations have an essential validity. **The implicit income distribution system within many countries is in fact severely underperforming or relatively underdeveloped, but this is due to a lack of attention rather than an iron law of capitalism**. Inequality is largely an endogenous rather than exogenous challenge for policymakers and needs to be recognized and prioritized as such in order to sustain public confidence in the capacity of technological progress and international economic integration to support rising living standards for all.

A coordinated global initiative along these lines is what is required to transform inclusive growth from aspiration into action – into **a new global growth agenda that places people and living standards at the center of national economic policy and international economic integration**. Such an effort to reshape the assumptions and priorities of the way modern market economies organize themselves to generate socioeconomic progress can only be realized with the engagement of all stakeholders. This calls for a collective commitment to greater responsiveness and responsibility in economic leadership by government and business leaders alike. The Forum's System Initiative on Economic Growth and Social Inclusion is intended to serve the international community as a platform for such public-private cooperation.

Part 1.
Rising to the Challenge of Inclusive Growth and Development

By Richard Samans, Jennifer Blanke, Gemma Corrigan, and Margareta Drzeniek Hanouz

Section 1: The Challenge

The world economy is at a crossroads. Global growth is slow by post-World War II standards, and decelerating. The International Monetary Fund (IMF) projects growth of 3.1% in 2016,[1] down from a rate of about 4% in 2011.[2] International merchandise trade is decelerating even faster, declining from an average growth rate of 7% between 1980 and 2011[3] to an estimated 2% or less in 2016.[4] The relationship between growth in global trade and GDP has reversed from a post-war pattern in which merchandise trade grew about one-and-a-half times faster than economic output to one in which it is expanding at about three-quarters of the GDP growth rate.[5]

After generating the majority of global growth since the financial crisis, the BRICS countries and other major emerging-market economies are experiencing a marked slowdown, with the possible exception of India. Advanced economies are even less buoyant. While the US economy is showing strength recently, nearly all of Europe as well as Japan, Canada, and possibly even Australia are expanding at less than 2% – many barely more than 1% – despite the application of years of extraordinary monetary stimulus in the Eurozone and Japan. Monetary policy is near the zero lower bound in the Eurozone, Japan, and the US, with interest rates either explicitly or effectively negative while inflation is negligible.[6] Yet investment and output remain sluggish, leading some observers to believe that these economies have entered an extended period of *secular stagnation*[7]– a chronic propensity to grow slowly – weighed down by accumulated debt and changing demographics. See the United Nations Population Fund (UNFPA) perspective on demographic changes and inclusive growth (Box 1), as well as Box 2 on secular stagnation and long-term investment, contributed by McKinsey Global Institute.

The prospect of secular stagnation is all the more worrisome because many countries have already been experiencing a *secular dispersion* of income and opportunity. While income inequality across countries has declined significantly over the past 20 years, it has grown markedly within a wide range of countries.[8] A combination of accelerating technological change, global integration, domestic deregulation, and immigration has been driving major changes in labor markets in most advanced countries. This has resulted in heightened dislocation, pressure on median wages, and insecurity, even though these countries have enhanced efficiency and overall national income. At the same time, many developing countries have had difficulty diffusing the benefits of rapid growth and industrialization widely enough to satisfy rising social expectations. In rich and poor countries alike, social inclusion is a burning political issue.

The dawning Fourth Industrial Revolution appears likely to accelerate the forces of dispersion. Advanced technologies are being applied and combined in ways that promise to transform

Box 1: UNFPA: Demographic Changes, Economic Growth, and Social Inclusion

According to the Population Division of the United Nations, the world's population will grow to about 9.7 billion by mid-century. This means that between now and 2050, the world will add as many people as lived on the planet in 1950. However, the distribution of this growth will be highly uneven. Population growth is highest in the world's least-developed countries, but is decelerating in the more advanced developing countries. Indeed, in more and more developing and developed countries, fertility levels have fallen below replacement level, and in several of these countries populations are projected to shrink in the years to come.[1]

These demographic megatrends affect almost all aspects of social and economic development, including production and consumption, environmental sustainability, and access to health, education, housing, sanitation, water, food, and energy.[2] They also affect employment and social protection, including pensions.[3] The world's least-developed countries already confront a major employment challenge that will be multiplied as the number of young people entering the labor market grows.[4] By contrast, the more advanced economies are experiencing rapid aging and are projected to see a shrinking of the working-age population.

From an economic perspective, what matters for economic growth, household income, and living standards is not the number of people who work but rather the productivity of those who work, and how the benefits are redistributed in society. Because of relatively low labor productivity and labor compensation, even a large number of working people in the least-developed countries can support only a small number of dependents. Inversely, high labor productivity and labor compensation in developed countries allow a small number of working people to support a large number of dependents. However, many countries have seen a falling labor share in income, even as they have seen a growth in labor productivity.[5]

Sustained and sustainable economic growth therefore depends on labor productivity growth. Promoting this is a question of growth-oriented macroeconomic policies and productive investments in the real economy, as well as adequate investment in technological advancements and human capital. Harnessing the capabilities of young people will help produce a demographic dividend.

[1] United Nations, "The World Population Prospects," https://esa.un.org/unpd/wpp/publications/files/key_findings_wpp_2015.pdf.
[2] "Population Dynamics in the Post-2015 Development Agenda: Report of the Global Thematic Consultation on Population Dynamics," United Nations Population Fund, United Nations Department of Economic and Social Affairs, United Nations Human Settlements Programme, and International Organization for Migration (2013), https://www.iom.int/files/live/sites/iom/files/What-We-Do/docs/Outcome-Report-Pop-dynamic-and-post-2015-dev-agenda-14-March-2013.pdf.
[3] M. Herrmann, *Consequential Omissions: How Demography Shapes Development – Lessons from the MDGs for the SDGs* (New York: UNFPA, 2015).
[4] United Nations Population Fund, "Population Dynamics in the Least Developed Countries: Challenges and Opportunities for Development and Poverty Reduction" (2011), https://www.unfpa.org/sites/default/files/pub-pdf/CP51265.pdf; "Growth, Employment and Decent Work in the Least Developed Countries," ILO (2011), http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms_153868.pdf.
[5] ILO and OCED, "The Labour Share in G20 Economies – Report Prepared for the G20 Employment Working Group Antalya, Turkey" (2015).

Part 1. Rising to the Challenge of Inclusive Growth and Development

Box 1: Demographic Changes, Economic Growth, and Social Inclusion (cont'd.)

The following are some policy recommendations to address the needs of young people and to ensure countries on the cusp of demographic transition reap the benefits of the dividend:[6]

- **Empowerment:** Increase investment in family planning and other maternal and child-health programs; enact and enforce laws to prevent early marriage; expand coverage of basic newborn, infant, and child-health services.
- **Education:** Invest in the education system to increase the number and quality of educational opportunities available; enact laws to mandate extended schooling for longer periods of time and equally for females and males; promote female education to increase enrollment and attainment; prioritize measures that increase the number of females who complete secondary education; and promote informal education programs for women who are out of school either because of age or family obligations. For example, microfinance programs can offer adult women micro-credits for pursuing education courses, which can include subjects such as hygiene, nutrition, and family planning.
- **Employment:** Invest in economic sectors that can create significant employment opportunities for the youth; ensure that new jobs are progressively created in more knowledge-intensive sectors with greater added value as the educational quality of the population increases; expand vocational training opportunities to ensure that students graduate with skills useful for the current work environment in addition to general know-how.

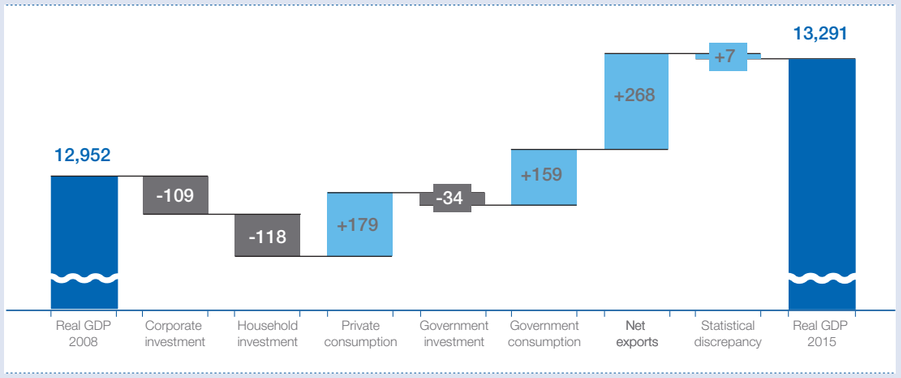
The Framework outlined in this Report describes many of these recommendations, though the focus on youth will be critical. These policies can enable countries to realize a first and second demographic dividend, promote economic growth, and encourage greater social cohesion.

[6] UN Economic Commission for Africa and African Union Commission, "Creating and Capitalizing on the Demographic Dividend for Africa" (2013), http://gatesinstitute.org/sites/default/files/Issues%20Paper%20-%20Creating%20and%20Capitalizing%20on%20the%20Demographic%20Dividend%20for%20Africa_En.pdf.

Box 2: McKinsey Global Institute: Fall in Long-Term Investment Puts Pressure on Inclusive Growth

Since the financial crisis of 2008, investment in advanced economies has collapsed. In Europe, business, residential, and public investment declined by €260 billion every year in real terms from 2008 to 2015 (Chart 1). Policymakers have directed effort at restimulating demand and investment, to which end the European Commission has implemented the "Juncker Plan."

Chart 1: Investment Collapse in Europe Since the Crisis
Change in Real GDP, 2008-15
€ billion, chain-linked 2005, Europe-30



However, long-term investment was already falling in Europe for decades before the crisis. In Germany, for instance, net investment has declined from 12% of GDP in 1970 to only 3% today (Chart 2).[1] The decline is evident in public, business, and residential investment.

Public investment is down in both the United States and Europe since the crisis, despite ultra-low interest rates, due to a shortfall in demand. Gross business investment in the United States may have recovered to long-term ranges, but net business investment has decreased from an average of 4.8% between 1960 and 2000 to only 2.8% in 2014. Household investment has collapsed to only 3% since the crisis and into 2014, barely up from its 2011 trough of 2.9%.

A prolonged lack of investment causes real damage to the economy. In the short run – and as is becoming evident now, also in the mid-long run – low investment dampens demand, slowing growth and putting pressure on employment. In the long run, a lack of investment can hollow out the productive capacity of the economy.

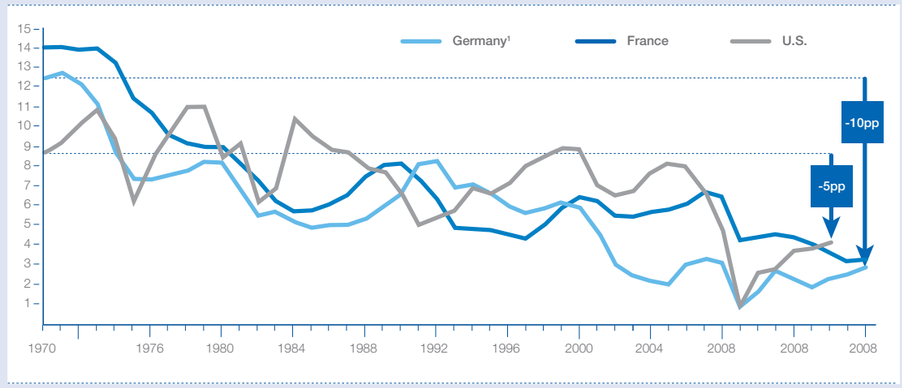
There are multiple links between slow investment and inclusiveness too – in both directions. Business investment largely follows demand.[2] But higher-income households' propensity to consume is significantly lower than that of lower-income households, who tend to spend what they get. When a growing share of national income goes toward capital gains and higher-income deciles, demand can be weak, and, with it, investment.

Low investment can also negatively affect inclusiveness. On the asset side, a lack of investment opportunities pushes interest rates down and asset prices up, disproportionately benefiting high net-worth households while pushing, for instance, home ownership out of reach for many. On the income side, a good share of investment tends to be in construction activity – a sector that provides jobs and incomes for low-skilled segments of the population. And investment can drive productivity – and hence incomes – for all.

[1] McKinsey Global Institute, "Secular Stagnation and Low Investment: Breaking the Vicious Cycle" (April 2016), http://www.mckinsey.com/global-themes/europe/secular-stagnation-and-low-investment-breaking-the-vicious-cycle.
[2] McKinsey Global Institute, "A Window of Opportunity for Europe" (June 2015), http://www.mckinsey.com/global-themes/europe/a-window-of-opportunity-for-europe.

Box 2: Fall in Long-Term Investment Puts Pressure on Inclusive Growth (cont'd.)

Chart 2: Recent Collapse Follows a Secular Net-Investment Decline
Net fixed capital formation
Percent of GDP



Drivers of Decline

- Aging population and slowing population growth
- Price decline of investment goods and faster depreciation cycles
- Shifts in industry mix
- Short-termism and increasing risk-spreads
- Public policy
- Self-reinforcing cycle of slowing GDP growth vs lower investment needs

SOURCE: Annual Macro-Economic Database; US Bureau of Economic Analysis.
[1] Until 1990 Western Germany only, from 1991 onwards united Germany.

What can be done about the dearth of investment? Public investment is typically only 5-10% of total public budgets, but can give a fillip to private co-investment. Increasing infrastructure investment is one obvious opportunity. Estimates by McKinsey suggest an investment gap of 0.7% of GDP in the United States and 0.4% in the United Kingdom and Germany, for instance.[3]

Public investment could be encouraged by adjusting public accounting standards to capitalize such investments on the balance sheet and depreciate them over the life cycle of the assets. Further, adopting global best practices in project selection and delivery as well as management of existing assets could reduce the cost of public works by 40%.

To stimulate business investment, the macroeconomic outlook and aggregate demand need to improve first. This has implications for both monetary and fiscal policy, but also for redistributive and pre-distributive policies that put money into the hands of those who spend. Unambiguous regulatory signals can trigger investment. For instance, clear carbon pricing pathways can encourage businesses to invest in energy and emissions saving products, services, and technologies.

Governments have acted to stabilize housing markets and, thus, residential investment, with one notable omission: reform of urban land markets. The need for structural reform has become ever clearer after the financial crisis, and much has been said about cutting red tape in labor and product markets. Lesser attention seems to have been paid to rethinking the trade-offs involved in establishing urban land-use policies, zoning requirements, building codes, and the like, which can all weigh heavily on housing investment.

Concerted effort, including many of the structural reforms described elsewhere in this Report, will be required to counter the long-term decline in investment that is hampering growth and inclusiveness.

[3] McKinsey Global Institute, "Bridging Global Infrastructure Gaps" (June 2016), http://www.mckinsey.com/industries/capital-projects-and-infrastructure/our-insights/bridging-global-infrastructure-gaps.

multiple industries and disintermediate many job categories. In particular, the increased sophistication and declining cost of industrial robots and algorithm-based artificial intelligence are projected to transform manufacturing and services in a variety of sectors over the next few decades, leading to major job losses in absolute and, quite possibly, net terms.

Far from affecting advanced countries alone, this new industrial revolution may upend the traditional conception of the process of economic development. Labor intensive low- and medium-skill manufacturing has provided a ladder out of widespread poverty for countless countries over the past two generations. See Box 3 on the challenge of declining labor shares, authored by the International Labor Organization (ILO). But over past years, the labor intensity of manufacturing has decreased and the use of industrial robots has begun to drive a significant "re-shoring" of production to advanced countries, a trend that could become transformational.[9] Alert to this threat, China became the world's largest purchaser of industrial robots in 2013.[10]

Social impatience with stagnation and dispersion is spiking in advanced countries, as illustrated most dramatically by the recent Brexit vote and the US presidential campaign. This frustration is contributing to the growing popularity throughout the West of political parties that challenge the fundamental tenets of the post-war liberal international economic order, including trade liberalization, supranational governance, and expanded capital and labor mobility. At the same time, increasingly educated and connected populations in developing countries are raising their own demands for more widely-shared economic opportunity and prosperity.

Around the globe, leaders of governments and other stakeholder institutions enter 2017 facing a set of difficult and increasingly urgent questions:

- With fiscal space limited,[11] interest rates near zero, and demographic trends unfavorable in many advanced and middle-income countries, does the world economy indeed face a protracted period of relatively low growth? Will macroeconomics and demography determine the destiny of the world economy for the foreseeable future?
- Can rising in-country inequality be satisfactorily redressed within the prevailing liberal international economic order? Can those who argue that modern capitalist economies face inherent limitations in this regard – that their internal "income distribution system" is broken and likely beyond repair – be proven wrong?[12]
- As technological disruption accelerates in the Fourth Industrial Revolution,[13] how can societies organize themselves better to respond to the potential employment and other distributional effects? Are expanded transfer payments the only or primary solution, or can market mechanisms be developed to widen social participation in new forms of economic value creation?

These questions beg the more fundamental one of whether a *secular correction* is required in the existing economic growth model. Is there need to alter the mental map of how policymakers conceptualize and enable national economic performance? Is there another way to cut the Gordian knot of slow growth and rising inequality, to turn the current vicious cycle of stagnation and dispersion into a virtuous one in which greater social inclusion and stronger and more sustainable growth reinforce each other?

This is precisely what government, business, and other leaders from every region have been calling for. Over the past several years, a worldwide consensus has emerged on the need for a more inclusive growth and development model that would retain the key learnings of the past regarding the allocative efficiency of markets, importance of macroeconomic stability, and positive-sum game benefits of international specialization and exchange, yet would deliver far greater social participation in the process and benefits of growth. The United Nations 2030 Agenda and the Hangzhou G20 Leaders Communique are prominent recent examples.

However, this global consensus is mainly directional rather than operational. International policy guidance has been selective and ad hoc. No larger, systemic framework has emerged to guide policymakers even as social frustration has continued to mount. Inclusive growth remains more a discussion topic than an action agenda.

Part 1. Rising to the Challenge of Inclusive Growth and Development

Box 3: ILO: The Challenge of Declining Labor Shares

Recent research points toward a decline in the labor share of income around the world.[1] This means the proportion of economic growth allocated to wages has fallen – an indication that labor productivity has increased more rapidly than wages. The 2012 *Global Wage Report* of the International Labour Organization (ILO) found that in 16 developed countries with available data, the adjusted labor share declined from an average of 75% in the mid-1970s to about 65% just before the global financial and economic crisis.[2] It also found a decline in the labor share in developing countries between the mid-1990s and the end of the 2000s, a finding confirmed in a recent study.[3]

At the same time, wage and income inequality have increased in many countries, leading to the question of whether, and how, the two trends are related. One common observation is that since labor income is more evenly distributed across households than capital income, the decline in the labor share concentrates total income at the top of the distribution. Some recent evidence does indeed suggest that falling labor shares are correlated with increasing income inequality.[4] Even if other research points toward growing wage inequality as the main culprit for growing income inequality, the declining labor shares have certainly played some role.[5]

Various factors have caused this decline, including the adoption of labor-saving technology, globalization of trade, pressure from financial markets to increase dividends, decline in workers' bargaining power, and weakening of labor market institutions. In emerging economies, factors also include structural transformation toward more capital-intensive sectors and privatization of state-owned enterprises. While there is general agreement on this list of factors, different studies attribute different weights to each, and there are also variations between countries.

How can this decline be reversed? The most recent ILO *Global Wage Report* observes that many countries have recently adopted or strengthened minimum wages in the face of growing wage inequality and declining labor shares.[6] Since the early 1990s, nine OECD countries – the Czech Republic, Estonia, Ireland, Israel, Poland, the Slovak Republic, Slovenia, the United Kingdom, and, more recently, Germany – have adopted a statutory minimum wage. Many developing and emerging economies have also established or strengthened minimum wages. China adopted a minimum wage in 1994 and strengthened it in 2004; the Russian Federation complemented its national minimum wage with regional floors in 2007; Malaysia adopted a national minimum wage in 2013; and Brazil has consistently increased wage rates since 1995.

In most cases, minimum wages have reduced wage inequality to some extent without causing any noticeable adverse effects on employment. The first report of the German minimum wage commission found, for example, that the number of workers with hourly wages below €8.5 has been reduced by about 3 million since the introduction of a national minimum wage in January 2015, while overall employment has continued to grow.

Such positive outcomes, however, require that minimum wages be set at an adequate level – one that balances the needs of workers and their families with economic factors. Furthermore, minimum wages alone are no silver bullet for reducing high inequality, and must be complemented with other measures and conditions including social protection, enabling environment for sustainable enterprises, and collective bargaining power for workers to determine working conditions. Well-designed social protection systems are key for ensuring at least a basic level of income security and effective access to healthcare, which in turn help redress inequalities, reduce and prevent poverty, raise labor productivity, empower people to engage in decent work, and promote inclusive growth.

[1] L. Karabarbounis and B. Neiman, "The global decline of the labor share," *Quarterly Journal of Economics* 129, No. 1 (2014): 61-103.
[2] International Labour Office, "Global Wage Report 2012/13: Wages and equitable growth" (2012), http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms_194843.pdf.
[3] K. Trapp, "Measuring the Labor Share of Developing Countries: Learning from Social Accounting Matrices," WIDER Working Paper 2015/041, summary available at http://www1.wider.unu.edu/inequalityconf/sites/default/files/posters/Trapp-poster.pdf (accessed on October 25, 2016).
[4] M. Jacobson and F. Occhino, "Labor's Declining Share of Income and Rising Inequality" (Federal Reserve Bank of Cleveland, 2012), https://www.clevelandfed.org/newsroom-and-events/publications/economic-commentary/2012-economic-commentaries/ec-201213-labors-declining-share-of-income-and-rising-inequality.aspx.
[5] M. Francese and C. Mulas-Granados, "Functional income distribution and its role in explaining inequality," IMF Working Paper WP/15/244 (2015).
[6] International Labour Office, "Global Wage Report 2016/17: Wage inequality in the workplace" (2016), http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_537846.pdf.

Section 2: Policy Framework and Metrics

In an effort to help narrow the gap between aspiration and action, the World Economic Forum's System Initiative on Economic Growth and Social Inclusion released a beta version of an "actionable framework" in 2015: *The Inclusive Growth and Development Report*. The Framework grew out of a series of multistakeholder consultations, including with leading experts in the international organizations and research institutions most active on the topic. Reflecting the Forum's public-private culture, it was developed in a practical, results-oriented manner, similar to how a business would construct a new strategy or solve a major problem:

- First, define success.
- Second, examine what works based on observable success stories and leading practices.
- Third, set metrics to benchmark practice and performance accordingly.

This Report represents a refinement and fuller elaboration of the Framework and accompanying metrics based on inputs received through numerous channels over the past year.

Defining Success

The ultimate objective of national economic performance is broad-based and sustained progress in living standards, a concept that encompasses wage and non-wage income (e.g., pension or child care benefits) as well as economic opportunity and quality of life. This is the bottom-line basis on which a society evaluates the economic dimension of its country's leadership.

Economic growth is a means to this end, albeit a very important one. Indeed, strong economic growth is the *sine qua non* of improved living standards. While a growing national economic pie does not guarantee that the size of every household's piece will be larger, such an outcome is arithmetically impossible unless the overall pie does indeed expand. Growth creates the possibility of a positive-sum game for society, even if it does not assure it.[14]

To borrow from a business concept, growth can be thought of as the top-line measure of national economic performance, with broad-based or median progress in living standards representing the bottom-line. *Inclusive* growth can be thought of as a strategy to increase the extent to which the economy's top-line performance is translated into the bottom-line result society is seeking, i.e., broad-based expansion of economic opportunity and prosperity.

However, inclusive growth is more than that. An economy is not a business, and history and scholarship have shown that there is a feedback loop between the bottom- and top-lines (growth and equity) in a national economy. This feedback loop can run in a positive or negative direction. That is, broadly-shared prosperity can be a tonic for growth, creating a virtuous cycle of buoyant domestic consumption, increased business and investor confidence, higher investment, stronger aggregate demand, expanding employment, rising wages, further boosting consumption and demand, and thus even stronger growth. Alternatively, the dispersion and hollowing out of living standards within an economy can create a pernicious cycle of sluggish consumer demand, anemic business and investor confidence, weak investment, expanding unemployment or underemployment, stagnant wages, and thus even slower growth. Indeed, some have argued that growing economic inequality and insecurity contributed importantly to the financial crisis in the United States.[15]

The global aspirational consensus on inclusive growth has been reinforced by a growing body of empirical economic research about the relationship between inequality and economic growth.[16] There is mounting evidence that inequality has a statistically significant negative impact on growth, and that reducing inequality can enhance and strengthen the resilience of growth. According to research by the IMF, for example, if the income share of the top 20% increases, GDP growth tends to decline over the medium term. One explanation is that wealthier households spend a lower fraction of their incomes, which could reduce aggregate demand and undermine growth.[17] In contrast, an increase in the income share of the bottom 20% is associated with higher GDP growth. If the income share of the rich is lifted by 1 percentage point, GDP growth decreases by 0.08 percentage points.[18] If the income share of the poor and the middle class is increased by 1 percentage point, GDP growth increases by as much as 0.38 percentage points over five years.[19]

Similarly, OECD research finds that an increase in inequality by three Gini points is correlated with a decrease in economic growth by 0.35percentage points per year for 25 years – a cumulative loss of 8.5%.[20] This is primarily because higher levels of inequality are associated with poorer households finding it harder to invest in health and educational opportunities, thereby lowering human capital accumulation and social mobility.[21] The economic threat of income inequality to a nation's well-being lies primarily in the large bottom segment of society not advancing. In response to these findings, the OECD is working on a new metric of multidimensional living standards, in a bid to capture the well-being of societies more

Part 1. Rising to the Challenge of Inclusive Growth and Development

Box 4: Limitations of GDP as a Metric of National Economic Performance

In developing a new policy framework and a new set of metrics for inclusive growth and development, it is worth reflecting on the shortcomings of GDP for this purpose. GDP is the most widely used measure of a country's economic progress, and is considered useful as an accounting tool for economic output, value added, and productivity, as also for its connection with other variables such as employment. Although the concept of GDP was always intended as a measure of economic activity exclusively, it has frequently been used as a proxy for well-being, even by some economists. In recent years, concerns have grown that GDP may not even be an accurate measure of economic activity after all.[22]

"Beyond GDP" refers to a longstanding debate within mainstream economics aimed at developing indicators of progress that are as clear and compelling as GDP but also more inclusive of other measures of well-being, including environmental, social, and quality-of-life aspects. There are two sets of issues in favor of moving beyond GDP: the limitations of GDP as a measure of output; and the limitations of using GDP as a measure of social and economic progress.

Limitations of GDP as an output measure

GDP no longer provides an adequate measure of economic activity. Most economists agree that GDP was an important innovation for the conduct of economic policy in that it helped capture the size of an economy and how it was growing.[23] Early post-war efforts to measure GDP also promoted the use of data collection methods and household surveys that proved to be helpful for other purposes as well.[24]

Beyond the disadvantages of using a single monetary value of GDP,[25] there is recognition that the figure does not properly reflect the complexity of the modern economy.[26] Recent technological progress has altered business operations and created new means of exchanging and providing services while blurring the distinction between work and leisure.[27] Current statistical techniques find it hard to capture the transaction and price of these activities. Evidence of this is seen in the fact that, over the last decade, widened Internet access has rapidly increased the number of products consumed online, but the share of nominal gross value added in the digital sector has barely changed over the same period.[28]

GDP does not capture the full extent of the digital, globalized economy, where the variety of goods and services is vast and companies operate across borders in a way that makes it difficult to allocate value added accurately.[29] It also fails to measure the quality of goods and the fruits of innovation that lead to improvements in goods or services, which is important in measuring change in real income and consumption. These create a consumer surplus that GDP fails to account for.[30] The growth of the sharing economy is likely to increase the amount of uncounted economic activity in the economy.[31]

Measuring intangible investment highlights another limitation of GDP as a measure of output. This becomes more relevant as economies move from capital- to knowledge-based production, which is particularly relevant with the advent of the Fourth Industrial Revolution. GDP should account for investments in physical assets such as machinery and plants. But it must also account for long-term investments made by companies in knowledge accumulation that are not counted in GDP: research and development, brand-building, worker training, and the development of advanced organizational practices, for instance.[32]

Limitations of GDP as a measure of social and economic progress

Particularly critical to the focus of the present Report are several problems with using GDP as a measure of social and economic progress. GDP is unable to explain the distribution of growth (whether for income, consumption, health, education, or any other factor). This means that using GDP as a measure of prosperity will fail to account for who is getting richer, and how – consequences that could have profound implications for society. In the United States, for example, GDP doubled over a 30-year period but median household income only grew 16%.[33] Studies have shown how inequality breeds issues including more health problems in society, corruption, and lower productivity.[34]

Box 4: Limitations of GDP as a Metric of National Economic Performance (cont'd.)

GDP does not measure the overall standard of living or well-being of a country, concepts which are multidimensional and not solely contingent on economic factors. These include dimensions such as health, education, and employment, which are not adequately captured in a measure like GDP. It has been shown that after a certain point, increases in GDP will be offset by externalities such as increased inequality.[35] Given that GDP is monetized, it does not capture the full consumer surplus, which includes the non-monetary value of goods and services. For example, the time savings accrued through easy access to information through the Internet are not included in GDP.

Intergenerational equity, which refers to whether economic performance is being pursued at the expense of future generations, is another limitation of GDP. Increasing output, which at first glance would be "good" for GDP, may come at the expense of externalities such as environmental damage, reduced leisure time, or the depletion of natural resources.[36] In other words, there is no link between GDP and the sustainability of the economy.

Beyond GDP: Proposals for alternative measurement tools

Following the financial crisis, the number of economists and organizations calling for alternative measures of growth is rising.[37] The Stiglitz Commission Report makes 12 recommendations on moving from production to well-being.[38] These range from including measures of income, consumption, and wealth – both market and non-market, as well as their overall distribution – to objective and subjective measures of well-being, such as health, education, personal activities, and environmental conditions. The European Commission, which has worked on the issue for a decade, has outlined a roadmap for new indicators that includes up-to-date measures on environmental protection and quality of life; distribution between income, health, education, and environmental quality; overall sustainability; and social issues.[39]

The UN Human Development Index is a summary measure of key dimensions of human development: life expectancy, education, and standards of living.[40] Angus Deaton has shown a positive correlation between economic prosperity and life satisfaction, and economists frequently recommend including measures of subjective well-being when considering social progress.[41] The OECD launched a Better Life Index, which provides an interactive tool for users to identify countries that align with their preferred indicators of well-being.[42] See Box 5 for a discussion of the OECD's work on the productivity-inclusiveness nexus. The New Economics Foundation provides a similar platform for its Happy Planet Index.[43] Stewart Wallis, when chair of the Foundation, called for factors such as fairness to be included in any alternatives.[44] Several calls have been made to move away from quantity and toward quality.[45] The discussion is also moving into mainstream economic journalism – for example, *The Economist* newspaper has covered the topic extensively.[46]

In other words, a lot of good work has been done to frame a different way of thinking about economic progress. Yet, to date there have been few concrete proposals on how to manifest that thinking in a specific policy framework or growth model, on the one hand, and set of national economic performance metrics, on the other. This Report is intended as a concrete contribution in this regard.

Part 1. Rising to the Challenge of Inclusive Growth and Development

Box 5: OECD: Working on the Productivity-Inclusiveness Nexus

In recent years, many governments have been faced with the challenge of promoting stronger productivity growth, while also having to ensure that the proceeds are equitably distributed. New work on the "productivity-inclusiveness nexus" at the Organisation for Economic Cooperation and Development (OECD) examines this challenge in depth and puts forward a new policy framework to help governments address rising inequalities and slowing productivity growth.

Since the beginning of the millennium, 90% of OECD countries have experienced a slowdown in labor productivity growth, in the wake of decades of rapid technological advancement. OECD analysis shows this slowdown results from a growing difference in performance between firms at the global productivity frontier – "frontier firms" – and their non-frontier counterparts.[1] In manufacturing, the early 2000s saw labor productivity at the global frontier increase rapidly at an average annual rate of 3.5%, compared with just 0.5% for non-frontier firms. As explored elsewhere in this Report, recent decades have also seen widespread increases in inequality, in terms of both income and well-being.

Inequalities of income, education, training opportunities, and health tend to feed each other, and also reduce productivity and growth. In particular, recent OECD evidence indicates that rising inequality has limited the ability of the bottom 40% to invest in knowledge and skill-building, worsening inequality and undermining potential productivity. Evidence also suggests that growing productivity dispersion across firms has caused widening of the wage distribution over the past two or three decades. In part, this may be down to rent capture by frontier firms and suboptimal resource allocation, which have limited productivity gains while entrenching inequalities of income.

The OECD's approach recognizes that making the productivity-inclusiveness nexus work for all will require a comprehensive policy framework to account for and address the multiple interactions between inequalities and productivity, and how these interactions play out across countries, regions, and firms, and between individuals. This will call upon governments to break down policy silos and focus on win-win policies to reduce inequalities and support productivity growth simultaneously, while addressing trade-offs. It will also necessitate stronger governance and regulatory mechanisms to combat issues like rent seeking and corruption.

Achieving stronger productivity growth and reducing inequalities requires action to ensure that all people, and particularly those at the bottom, are provided with opportunity and equipped with skills to fulfill their productive potential. Beyond adequate social-safety nets and labor market-activation policies, this calls for effective education and skills policies to better match training with labor market demands and policies targeted at improving health and job quality.

Businesses have a crucial role to play in making productivity growth both stronger and more inclusive by offering employment, contributing to effective skills development and use, and developing knowledge and technologies. To enable businesses to play this role, government must foster a policy environment that creates a level regulatory and financial playing field for all firms so as to support innovation and its diffusion throughout the economy. For example, government provision of unemployment benefits needs to be combined with inclusive policies that place a strong emphasis on "activation" to ensure that unemployment duration is reduced and human capital depreciation minimized, while also providing the most productive firms with the supply of skilled labor they need.

Competition regimes must encourage new businesses, and much could be done to improve enforcement against global enterprises that violate competition laws, including through more cooperation on cross-border cases. Incumbents must be prevented from achieving regulatory capture that could allow them to exert undue influence over policy and regulatory frameworks. This would require evidence-based decision-making processes that take better account of impact assessment and public consultations while ensuring transparency. Many policies will need to be adapted to the circumstances of local places, calling for actions at the regional and urban levels. For instance, local conditions can be crucial to the effectiveness of efforts to improve labor-market conditions, such as by matching skills and training. In addition, local policy actions toward, for instance, ensuring sufficient and affordable housing and transport are essential to removing barriers that limit access to opportunity.

[1] OECD, "The Productivity-Inclusiveness Nexus" (2016) and http://www.oecd.org/eco/growth/Frontier-Firms-Technology-Diffusion-and-Public-Policy-Micro-Evidence-from-OECD-Countries.pdf; Dan Andrews, Chiara Criscuolo, and Peter N. Gal, "Frontier Firms, Technology Diffusion and Public Policy: Micro Evidence from OECD Countries," The Future of Productivity: Main Background Papers (OECD, 2015), http://www.oecd.org/eco/growth/Frontier-Firms-Technology-Diffusion-and-Public-Policy-Micro-Evidence-from-OECD-Countries.pdf.

accurately. With its Human Opportunity Index, the World Bank is another influential organization increasingly turning its attention to what is needed in addition to economic growth to reduce poverty and share prosperity more widely.

Examining What Works

The extent to which economic growth broadens economic opportunity and improvements in living standards is influenced by a diverse mix of structural and institutional aspects of economic policy, going well beyond the two areas most commonly featured in discussions about inequality: education and redistribution. Appreciation of the crucial role of institutions – particularly legal frameworks and public agencies that administer rules and incentives – in the development process has expanded in recent decades, supported by an accumulating body of research and practical experience. This includes seminal research by Nobel Laureate Douglass North, who explored the important role of institutions in providing the incentive structure in an economy, shaping the direction of change, and influencing performance.[47] Other scholars have since built upon these insights, including by documenting a significant empirical relationship between institutional development and economic performance.[48]

The World Bank's landmark 1993 study, *The East Asian Miracle*,[49] examined how eight economies in the region succeeded in achieving a remarkable record of "high growth with equity" from 1960 to 1990. In a chapter entitled "An Institutional Basis for Shared Growth," its distinguished research team concluded: "Of course, few political leaders anywhere would reject, on principle, either the desirability of growth or that the benefits of growth should be shared. What distinguished the High-Performing Asian Economies' leadership was the extent to which they adopted specific institutional mechanisms tailored to these goals, and that worked." The team then documented the institutional approaches that contributed importantly to this positive outcome in such areas as education, land reform, small- and medium-sized business support, housing, labor-management relations, insulation of policymaking from rent-seeking behavior, integrity in public administration, and business-government relations.

The blue-ribbon Commission on Growth and Development chaired by Nobel Laureate Michael Spence drew a similar conclusion in its 2008 report, *The Growth Report: Strategies for Sustained Growth and Inclusive Development*:

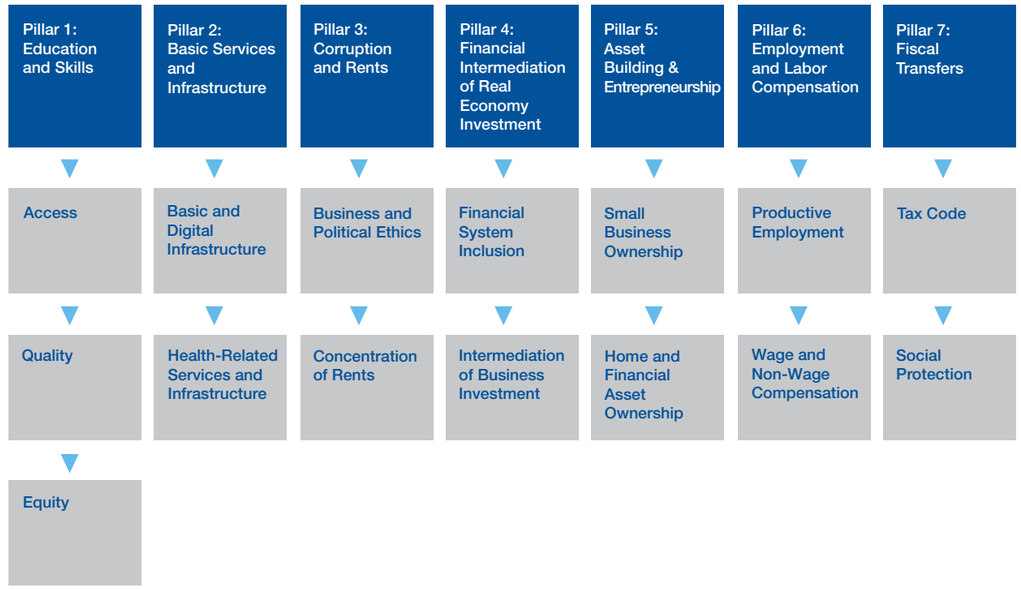
> In recent decades governments were advised to "stabilize, privatize and liberalize." There is merit in what lies behind this injunction – governments should not try to do too much, replacing markets or closing the economy off from the rest of the world. But we believe this prescription defines the role of government too narrowly... On the contrary, as the economy grows and develops, active, pragmatic governments have crucial roles to play... (M)ature markets rely on deep institutional underpinnings, institutions that define property rights, enforce contracts, convey prices, and bridge informational gaps between buyers and sellers. Developing countries often lack these market and regulatory institutions. Indeed, an important part of development is precisely the creation of these institutionalized capabilities.[50]

In fact, economic institution-building has been a crucial part of the development path of essentially every country that has industrialized and achieved high living standards. Because development is a complex and multidisciplinary process – many conditions need to be fulfilled in order for widespread poverty to be replaced by ever-rising middle-class prosperity – this process of institutional deepening occurs across a wide spectrum of domains. But the process is not automatic. Although rising national income generates additional resources and policy space to establish and effectively implement such institutional mechanisms as public education systems, independent judiciaries, labor protections, social insurance systems, competition, investment climate, anti-corruption rules and enforcement agencies, and basic and digital infrastructure, they do not guarantee it. The pace and pattern of economic institution-building is a choice, a function of policy decisions and public-private cooperation. Like other aspects of a country's growth model, it is shaped by the prevailing political economy and is largely endogenous to the development process. Because it is a policy choice, the size of the payoff from economic growth to broad socioeconomic progress is as well, to a considerable extent.

Indeed, the importance of economic institution-building for balanced and inclusive growth was a central lesson of the economic and financial crises of the early 20th century. Beginning at the turn of the century and gathering force in the decades following the Great Depression, most of today's advanced industrialized countries underwent a sustained process of institutional deepening to broaden the base and strengthen the resilience of their economies. Labor, financial, social insurance, competition, and other reforms were deliberately aimed at engineering a more inclusive and sustainable growth model. They played a critical role in supporting the dramatic expansion of the middle class, eliminating poverty, and reducing economic insecurity in these societies during the latter half of the century.[51]

Part 1. Rising to the Challenge of Inclusive Growth and Development

Figure 4: Framework: The Policy and Institutional Ecosystem Underpinning Inclusive Growth



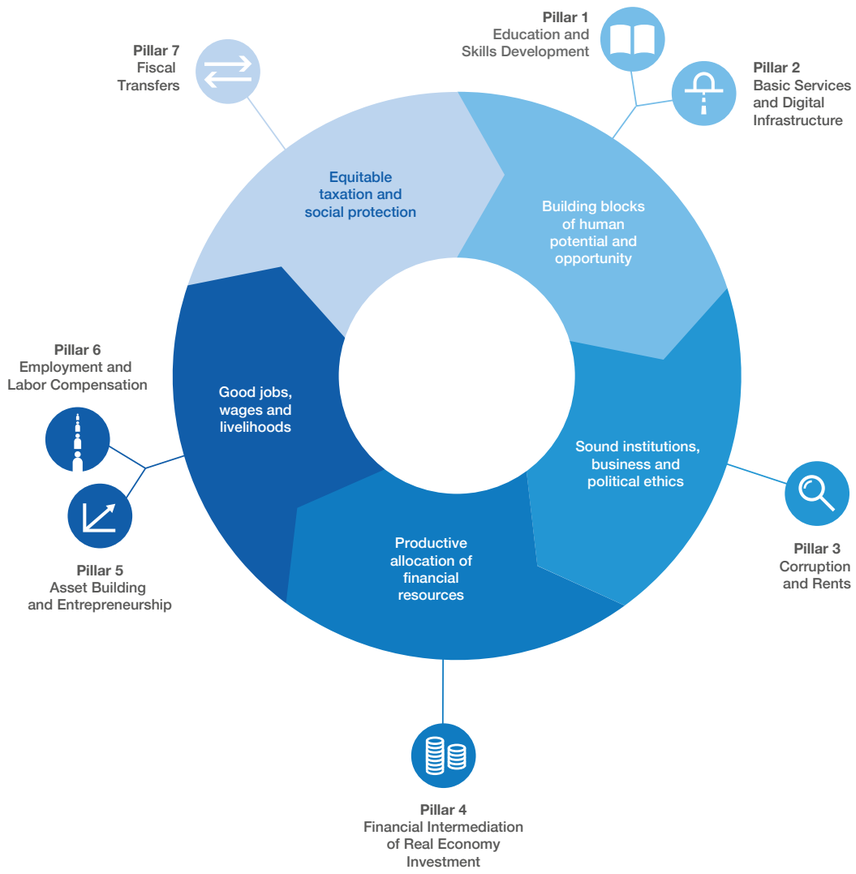
If an economy can be thought of as a garden or arboretum, its macroeconomic and competitive environment sets the climate (basic conditions of moisture, sunlight, and temperature), while its institutions represent nutrients in the soil. Improvements in soil fertility can have a pronounced effect on the pace and consistency of plant growth, a process that takes years to get right and requires regular monitoring and modulation. Similarly, the essential fecundity of an economy – its yield of broad-based advancement of living standards – is shaped by the health of its macro-competitive environment as well as the strength of its institutions and policy-based incentives in areas particularly important for social inclusion. Like both weather conditions and soil quality, these factors require equal and ongoing attention. This fundamental lesson – and the rebalancing of emphasis in national policy that it implies – is where the journey toward a more socially-inclusive growth paradigm begins.[52]

First and foremost, the practice of inclusive growth and development requires widening of the lens through which priorities are set in national economic strategies. Macroeconomic, finance and trade supervision policies remain critically important as they establish the conditions necessary for improvements in productivity that help drive growth. However, other areas are just as vital to the overriding purpose of economic policy: strong, sustained increases in broad living standards.

What are the areas of policy and institutional strength that have a particularly strong bearing on social participation in the process (e.g., productive employment) and outcomes (e.g., median household income) of economic growth? This Report presents a Framework and a corresponding set of indicators of policy and enabling environment conditions in seven principal domains (pillars) and 15 sub-domains (sub-pillars) (see Figure 4). Societies that have had particular success in building a robust middle class and reducing poverty and social marginalization have tended to create effective economic institutions and policy incentives in many of these areas, while supporting growth through sound macroeconomic policies and efficiency-enhancing reforms. These pillars and sub-pillars describe the spectrum of structural factors within a modern economy that particularly influence the breadth of improvement in living standards. A detailed description of each of the pillars is provided in Part 3.

The policy and institutional domains portrayed in this Framework represent the ecosystem of structural policy incentives and institutions that together and *as part of the growth process* help to diffuse the benefits of an expanding national economy widely in terms of household income, opportunity, security, and quality of life. This ecosystem constitutes the implicit income distribution system – or, more precisely, living standards diffusion mechanism – underpinning modern market economies. When it performs properly, it tends

Figure 5: Virtuous Circle of Inclusive Growth and Development



to operate in a self-reinforcing cycle in which rising economic output and social inclusion feed each other.

Fair and efficient taxation and basic social protections feature at the beginning and end of a continuing cycle within the development process. They are important not only for addressing excess inequality resulting from market outcomes but also for mobilizing resources to support crucial public services such as education and physical infrastructure, which are vital to the creation of economic opportunity, functioning of markets, and thus inception and ongoing stimulation of the growth process itself.

Sound legal and competition institutions support efficient resource allocation and equal opportunity by preventing corruption, unduly high barriers to entry, and concentration of rents due to regulatory capture. Investment climate rules, incentives, and institutional capacity are important for enabling investors to capitalize on the level playing field created by robust legal and competition frameworks. They help channel savings efficiently to employment-generating and productivity-enhancing investment opportunities in the real economy as well as support consumer demand and small-scale entrepreneurship through widespread access to financial services.

Core labor standards, worker protections, and benefits enable wages and household income to rise roughly in line with labor productivity, supporting domestic consumption and aggregate demand. They can also reinforce growth by supporting labor mobility, adjustment, and skills acquisition. Policies that support broad access to small business loans, housing finance, pension savings, and employee ownership help to democratize the generation of wealth and share the gains in national income from the economy's technical progress and its accumulating capital stock. The accompanying wealth effect similarly stimulates domestic consumption and demand.

If these key enabling factors are in place, a strong entrepreneurial and investment culture takes hold, fostering competitive industries and quality employment opportunities that in turn support domestic demand. Coming full circle, robust domestic demand spurs further investment and stimulates increases in growth via an efficient and fair tax system that generates the additional public resources needed to increase investment in the quality of the country's basic services, infrastructure, and social safety net – widening economic opportunity and output still further.

To help governments and stakeholders understand the extent to which this policy and institutional ecosystem has been optimized in their country, a database of cross-country statistical indicators has been compiled in each sub-pillar, permitting comparison at the pillar, sub-pillar, and individual indicator level within peer groups. These Policy and Institutional Indicators (PIIs) yield a distinct profile of each country's institutional strength and utilization of policy space relative to its peers. These country profiles of benchmarking data are like diagnostic scans of each country's structural policy and institutional enabling environment as it relates to their capacity to capture the synergies between growth and social inclusion. They illustrate the distance from best practice in their peer group in areas that particularly matter for driving broad-based progress in living standards. The results are presented in four groups of countries based on level of economic development as measured by national income.

Tables 13-16 display the four groups of countries, comparing the pillar and sub-pillar scores of each country via a traffic-light shading scheme that ranks countries relative to their group. Red corresponds to the lowest relative performance within the group, yellow to the median, and dark green to the best performance. Since this color scheme ranks countries only within each comparator group, colors are not comparable across income groups. However, the absolute numerical score values (on a scale of 1 to 7) that are displayed in each data field are largely comparable across the entire sample of 109 countries. When countries are missing data, this is indicated by white shading and a numerical value of N/A. If data is missing for more than 30% of indicators, the sub-pillar score is also left blank. See Part 3 for a full description of the methodology. In addition to the cross-country sub-pillar tables presented in this Report, the version of the Report available online includes full individual country data profiles (wef.ch/igd17). These Country Profiles list the score for every indicator within every sub-pillar for each country covered by the Report. An example of a full country profile is included below in Part 2.

Rethinking the Nature and Role of Structural Reform

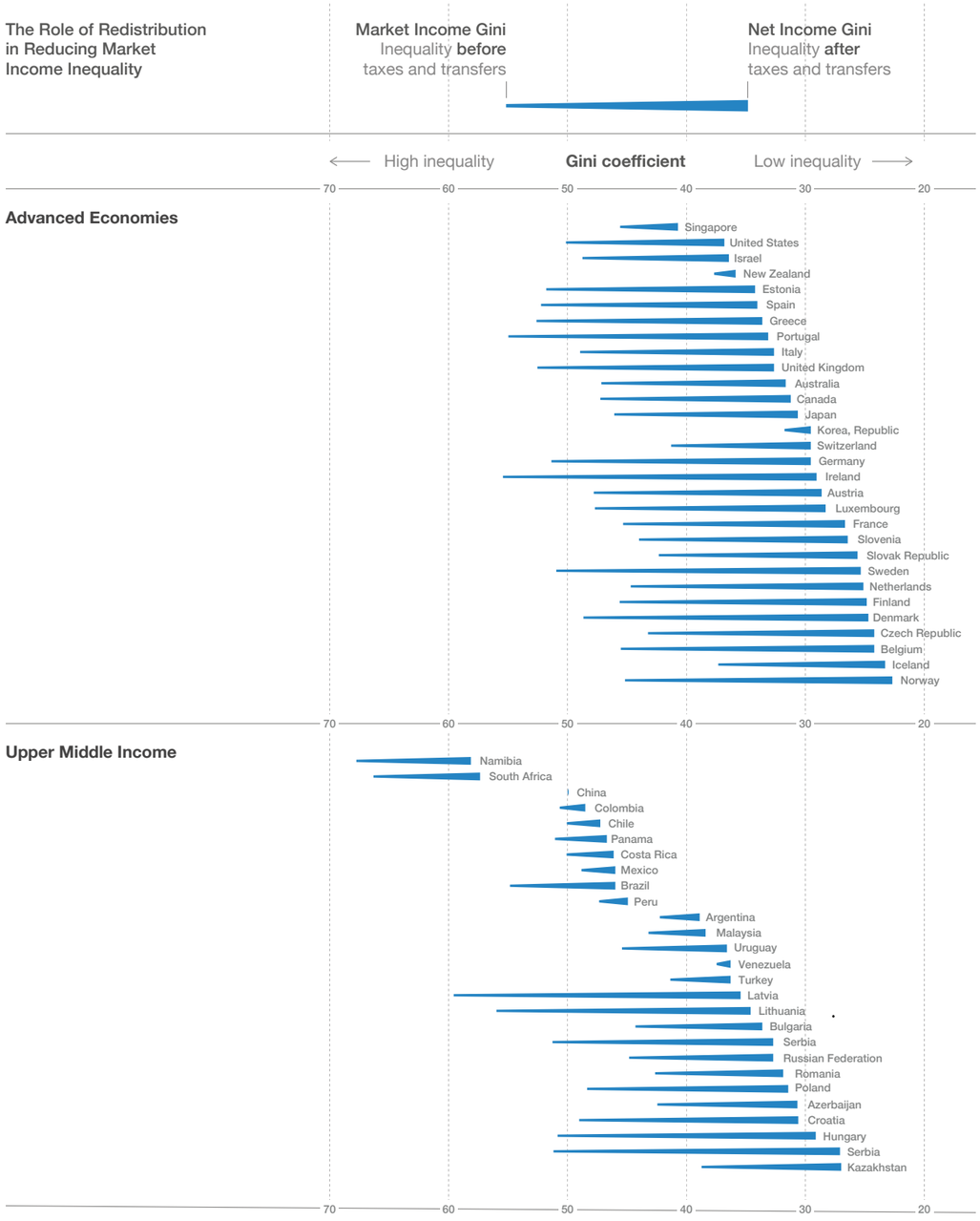
This Framework represents an alternative way of thinking about structural economic reform and its role in the development process. Structural reform usually refers to measures aimed at boosting economic efficiency and macroeconomic stability by sharpening market signals and improving the health of public finances, often in response to a recent or looming fiscal or balance-of-payments crisis. In such circumstances, they tend to have the effect of squeezing living standards in the short term. But a systematic, sustained effort to strengthen institutions and policy incentives across the Framework's 15 sub-domains – or to address particular weaknesses identified therein – also constitutes an exercise in structural reform, albeit one that mixes demand- and supply-side measures for the express purpose of *boosting* broad living standards while reinforcing the rate and resilience of growth.

This rebalanced and enlarged notion of structural reform is best pursued as a long-term strategy forming an integral part of the development process rather than as a crash effort to preempt or recover from a crisis.[53] If a society is seeking a more inclusive model of economic growth, then the deliberate and progressive cultivation of institutional strength in these areas must be placed at the heart of its growth strategy, because these are the frameworks and mechanisms that constitute its economy's implicit income distribution system – the mechanism by which the social benefits of economic growth are diffused widely in the form of broad-based progress in living standards (employment, income, security, and quality of life).

The essential measure of the inclusiveness of a society's growth model is the extent to which it produces broad gains in living standards before fiscal transfers. For this reason, six of the Framework's seven main pillars relate to structural policy and institutional factors that influence the composition of private-sector activity and the distribution of outcomes within the market itself. In particular, because wages and returns to self-employment and small-business ownership constitute a very high percentage of the income of all but the wealthiest households, factors that shape these elements of national income figure prominently in the indicators that have been assembled.

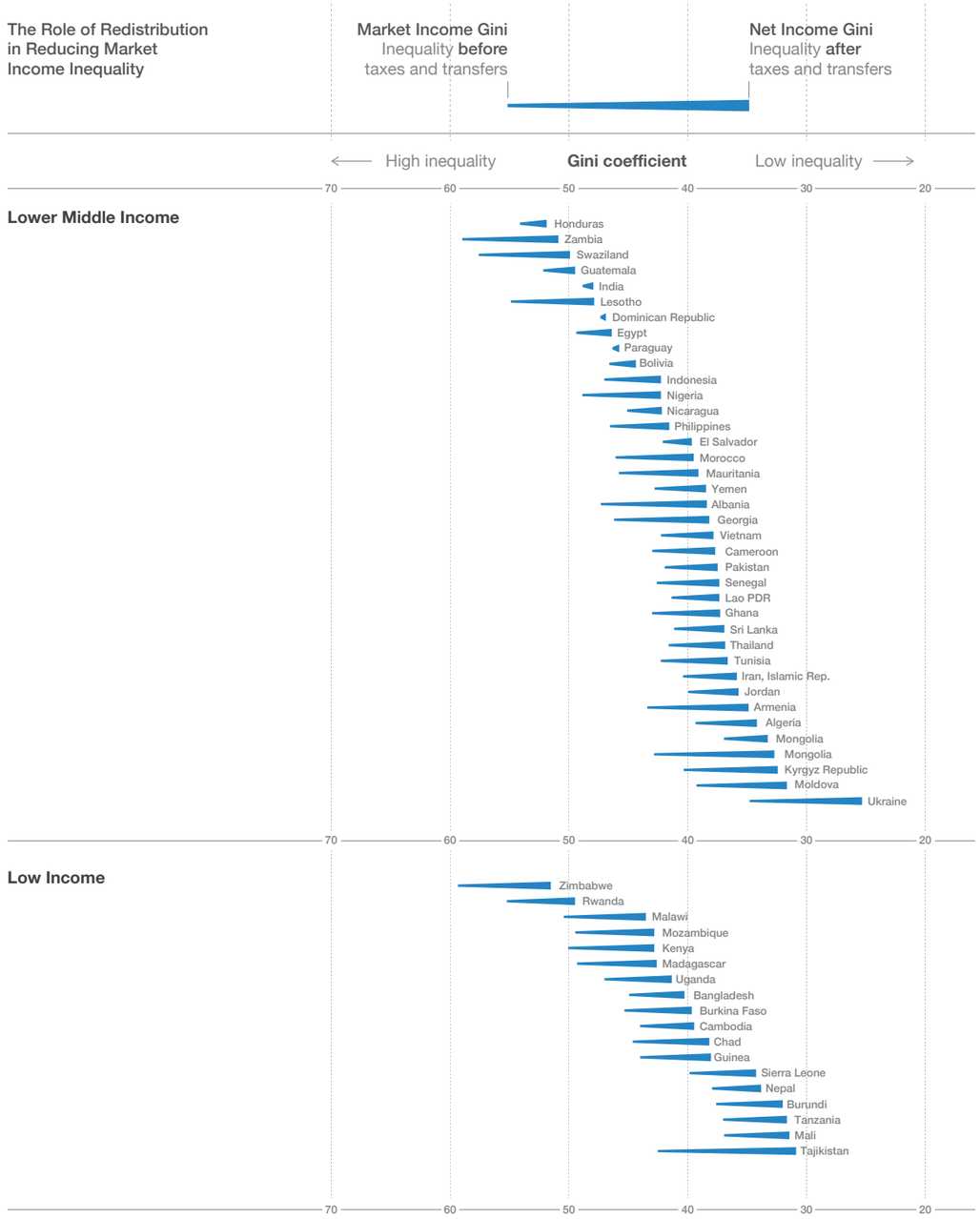
At the same time, since the focus of this exercise is inclusive growth and development rather than social inclusion *per se*, the set of policies and institutions it highlights and the specific benchmarking indicators it chooses must be consistent with the promotion of economic dynamism and growth. An inclusive

Figure 6: The Varying Role of Redistribution in Reducing Inequality



Source: The Standardized World Income Inequality Database, 2012 or most recent

Figure 6: The Varying Role of Redistribution in Reducing Inequality (cont'd.)



Source: The Standardized World Income Inequality Database, 2012 or most recent

growth strategy can only be effective if it reinforces, or at least does not undermine, incentives to work, save, and invest. This is a further reason why the Framework concentrates in large part, though by no means exclusively, on policy levers that influence relative incentives within the private sector rather than those that effect direct transfers through the public sector.

Given the breadth and complexity of this policy ecosystem as well as the important role each country's particular political economy plays in shaping it, there is no single ideal policy mix for the pursuit of inclusive growth. It is most important to view the entire spectrum of the Framework as an *integrated system* that merits deliberate cultivation as an integral part of the growth and development process with periodic upgrading to address weaknesses revealed in one part of the ecosystem or another.

A culture of continuous improvement is required with respect to this policy and institutional ecosystem informed by evidence and experience. Indeed, as discussed in the presentation of these results below, no country excels across all 15 domains of the Framework. All have room for improvement and learning from peers. For this reason, the Framework weights all sub-pillars and pillars evenly, and refrains from providing rolled-up scores across the pillars.

Figure 6 shows one facet of the considerable variation in emphasis by countries within this policy and institutional ecosystem. It illustrates the relative weight placed on pre- and post-transfer mechanisms (pillars 1-6 or pillar 7, respectively). Countries with comparable Gini ratios often achieve them through very different means, including very different levels of redistribution through the tax code and social insurance programs.

Among the patterns and conclusions that emerge from the Policy and Institutional Indicator data are:

- **Larger fiscal transfers are not necessarily incompatible with long-term growth and competitiveness, but neither are they always the primary or most effective available option for broadening socioeconomic inclusion.** Many of the world's most competitive economies have high levels of social protection and the significant tax burdens these imply. However, other countries achieve moderate or low Gini ratios mainly because their pre-transfer level of inequality is comparatively modest to begin with rather than due to the significance of their transfers.
- **There is no inherent trade-off in economic policymaking between the promotion of social inclusion and that of long-term economic growth and competitiveness**; it is possible to be pro-equity and pro-growth at the same time. Several of the strongest performers in the Forum's Global Competitiveness Index (GCI) also have a relatively strong inclusive-growth and development profile.
- **Policies and institutions supporting social inclusion are not solely a luxury of high-income countries.** There is extensive overlap in absolute scores across at least three of the four income groups of countries in the sub-pillars of Business and Political Ethics, Tax Code, Financial System Inclusion, Intermediation of Business Investment, Productive Employment, Concentration of Rents, and Educational Quality and Equity.
- **More fundamentally, when seen from a practical, evidence-based perspective,the current debate on inequality and social inclusion is unduly narrow and unnecessarily polemicized. It is possible, indeed essential, to be pro-labor and pro-business, to advocate a strengthening of both social inclusion and efficiency of markets through a stronger focus on institutions**. The inequality debate focuses almost exclusively on up-skilling of labor and redistribution – when it moves beyond problem identification. For many countries, these may be among the most appropriate responses to widening dispersion of incomes, but they represent only a minority of the policy options available. To focus only on them is to miss the fuller opportunity to adapt or "structurally adjust" one's economy to the challenge of strengthening the contribution of economic growth to broad-based progress in living standards in the face of forces such as technological change and global economic integration that can pull in the opposite direction.

Other actionable options that are not traditionally thought of as equity-enhancing because they concern strengthening the enabling environment for real economy business investment and entrepreneurship can be just as critical to a country's success in expanding employment, boosting wages, and widening asset ownership, which are central to advancing progress in living standards. The scaling and leveling effects of technology are increasing returns to capital and innovation. But while digitization in particular will continue to create enormous challenges for employment in many industries and countries, it also has the potential to create extensive opportunities for new entrepreneurs and small businesses by reducing barriers to entry and transaction costs as well as disintermediating and unbundling existing activities performed by larger organizations, including in international trade.

Moreover, as manufacturing productivity improves and societies age, the market for services – many of which are less tradable across borders than goods – will expand, creating further opportunities for small-business ownership and asset building. Improving the regulatory and financial environment for running and investing in a small business can help a larger proportion of the working population to capture a larger share of these gains through the profits and equity appreciation that can accompany business ownership.

Similarly, in today's more internationally competitive and technologically dynamic environment, the effectiveness of private investment in the real economy is a critical determinant of a country's ability to support productive industrial employment. This includes the cost, patience, and range of risk capital available for long-term investment in productive capacity and productivity improvements. Other critical determinants of the number and quality of employment opportunities include the quality and cost of infrastructure and basic services that link goods to markets and equip people for jobs, as well as the extent of deadweight losses to economic efficiency and innovation in the form of corruption and rents. A strategy to improve the enabling environment in these areas must be considered just as integral to the construction of a more inclusive model of economic growth as efforts to improve skills or fiscal transfers.

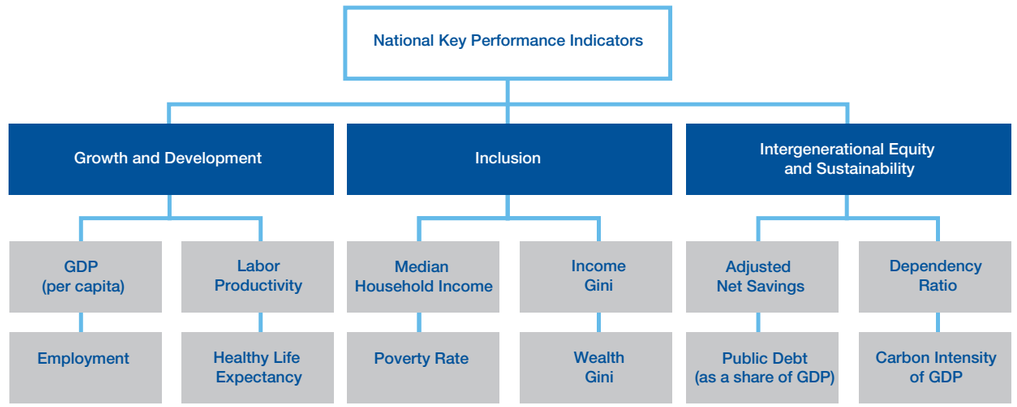
Section 3: Performance Metrics – National Key Performance Indicators and Inclusive Development Index

The policy framework presented above provides a practical guide for thinking about how to achieve greater synergy between economic growth and social inclusion through the cultivation of a fuller ecosystem of relevant structural policies and institutions. The corresponding *policy* metrics provide a tool to gauge the level of policy effort in the different subdomains of the Framework in specific countries. These Policy and Institutional Indicators (PIIs) illustrate the extent of institutional strength or policy space utilization in this regard relative to peers.

But if the ultimate measure of national economic performance is not the "top-line" concept of GDP growth but rather the "bottom-line" one of broad-based and sustained progress in living standards, new and expanded *performance* metrics are also required.

How should countries track their performance on inclusive growth and development? Given the multidimensional nature of living standards – and the systemic nature of the strategy needed to achieve and sustain them – a wider set of Key Performance Indicators (KPIs) is needed than Gross Domestic Product per capita, which is the conventional metric used to measure countries' level of economic development. The Dashboard of National KPIs presented here includes GDP as well as the best available cross-country measures of other

Figure 7: National Key Performance Indicators



important facets of sustained, broad-based progress in living standards. Four such indicators have been chosen within each of the three pillars: growth and development; inclusion; and intergenerational equity and sustainability.

Growth and Development

The first pillar captures four core metrics of economic growth and development: GDP per capita; labor productivity, which underpins wages that in turn account for the overwhelming majority of household income; employment, a proxy for the breadth of economic opportunity and ultimately family security; and healthy-life expectancy, a measure of the quality of life.

Inclusion

The second pillar includes four core measures of social inclusion: median household income, perhaps the single best proxy for the breadth of progress in living standards; poverty rate, a measure of the extent to which progress occurs at the bottom of the income scale; income Gini, the standard international measure of inequality; and wealth Gini, the analogous measure of wealth concentration.

Intergenerational Equity and Sustainability

The third pillar incorporates four measures of intertemporal equity and sustainability for the reason that growth and gains in living standards are not truly socially-inclusive if they are generated in a manner that unduly and unsustainably burdens younger and future generations. These are: adjusted net saving, which measures the true rate of saving in an economy after taking into account investments in human capital, depletion of natural resources, and damage caused by pollution; public indebtedness as a share of GDP, which roughly illustrates the scale of borrowing by the current generation against the capacities of future ones; the dependency ratio or proportion of retirees and youth (under 15 years of age) to the working-age population, which is also a leading indicator of likely future pressure on a nation's finances; and carbon intensity of economic output, an indicator of the country's relative performance on climate change.

A detailed definition of each indicator is presented in Part 3. As with the Policy and Institutional Indicators (PIIs) in the preceding section, the National KPI data has been compiled in tables comparing the pillar and sub-pillar scores of each country via a traffic-light shading scheme that ranks countries relative to their group. Red corresponds to the lowest relative performance within a group, yellow to the median, and dark green to the best. Since this color scheme ranks countries only within their respective comparator groups, colors are not comparable across the two groups of advanced and developing countries.

Inclusive Development Index

In addition to the National KPI Dashboard showing each country's performance on each *individual* key performance indicator, a composite index has been calculated ranking countries based on their *combined* scores: the Inclusive Development Index (IDI). The IDI provides composite scores and international rankings for both the absolute level of performance and the most recent five-year trend.[54] Countries are separated into two groups, advanced economies and developing economies, due to differences in the definitions of poverty between them. The result is an index that captures a more integrated picture of the relative state of economic development than that provided by GDP alone, particularly if the ultimate objective of development is understood to be sustained, broad-based advancement of *living standards* rather than increased *production* of goods and services, *per se*.

If the IDI absolute ranking of a country illustrates its level (or accumulated achievement) of inclusive development, then its trend ranking provides a window *on recent performance* (generally the average rate over the past five years). This is the metric most useful for governments and stakeholders seeking to assess the effect of changes in policy in the medium term, i.e., within a typical political cycle. In this sense, the trend IDI ranking and underlying KPI data are the closest analogy to the key performance indicators that business and other organizations typically use to track the effectiveness of strategy implementation.

Tables 1-3 present IDI country rankings and illustrate how this new composite indicator compares with the traditional ranking of countries by GDP per capita. It is not surprising that there is a high correlation – of 0.75 – between the two measures, particularly given that the IDI includes GDP per capita as one of its 12 indicators. Indeed, Germany and Sweden have exactly the same rank for both (12 and 6, respectively) and five countries only differ by one rank, namely Australia, Austria, Denmark, Norway, and Switzerland. These are the countries whose broader inclusive growth performance is highly consistent with their growth in national output more specifically.

However, three advanced countries have a rank that is at least 10 positions higher in the IDI than in the basic GDP per capita measure, namely the Czech Republic, New Zealand, and the Slovak Republic. These are countries where, despite comparatively low output per capita, much is in place for an inclusive and sustainable growth process as they move forward. The United States presents a striking counterexample. It ranks ninth in terms of GDP per capita but a very low 23rd

Figure 8: Inclusive Development Level and Trend for Advanced Economies

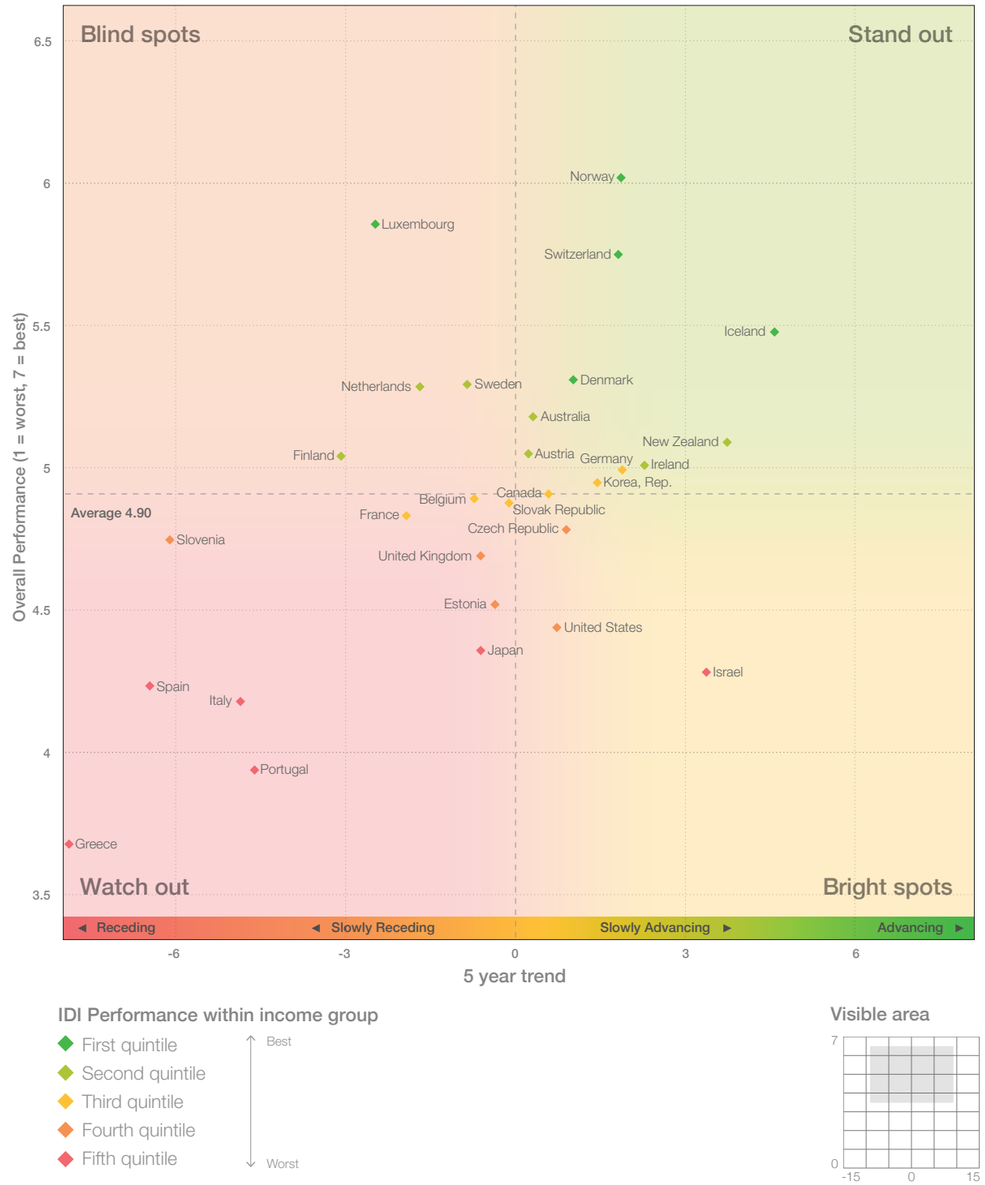
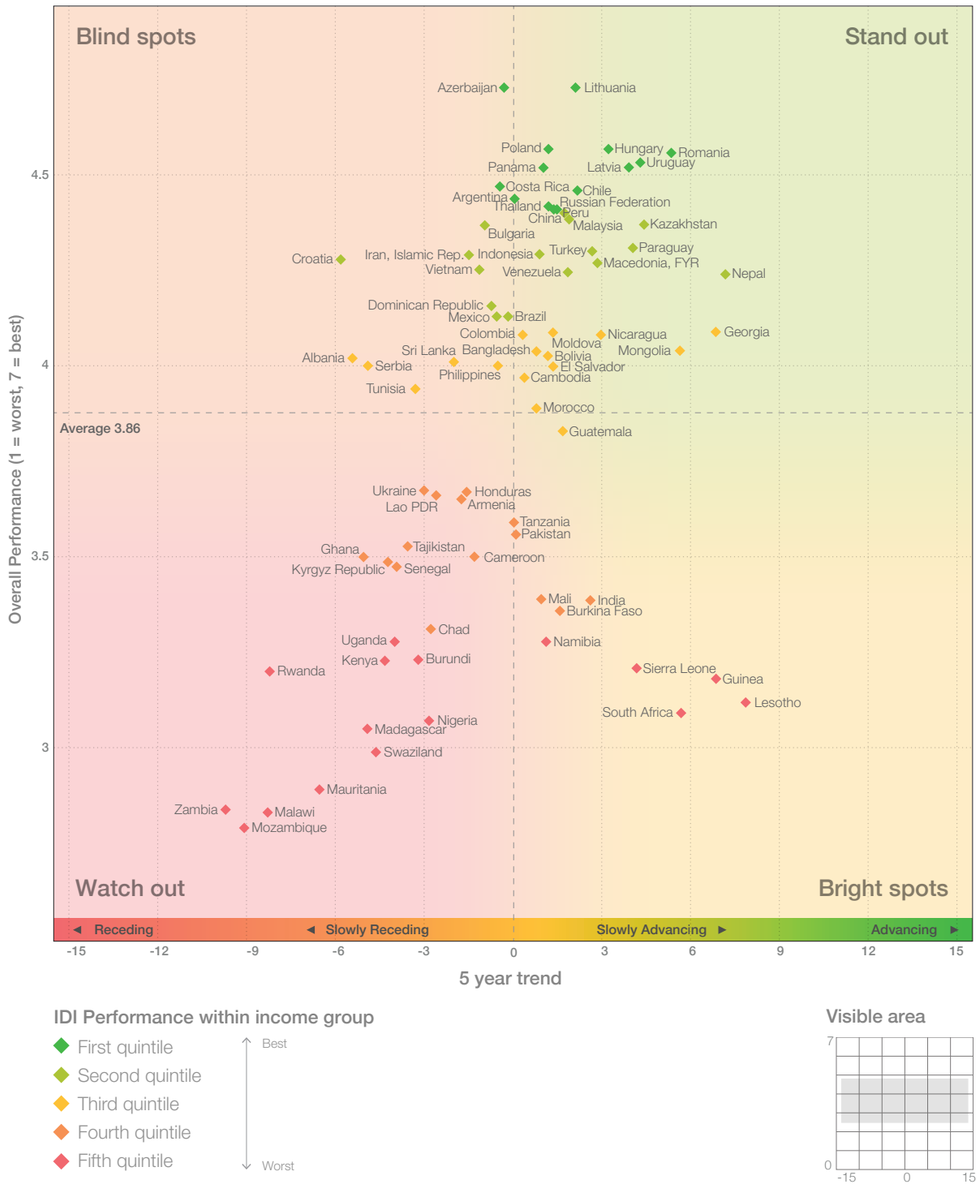


Figure 9: Inclusive Development Level and Trend for Developing Economies



Box 6: Alternative Weighting of IDI Indicators and Pillars

The Inclusive Development Index presented in this report has been calculated by giving equal weight to the three pillars – growth, inclusion, and intergenerational equity – as well as the 12 indicators therein. However, if the bottom-line measure of national economic performance is sustained, broad-based progress in living standards, then a case could be made that the indicator or indicators that most closely approximate this concept should be weighted more heavily.

As measured by household surveys, median household income is attracting growing interest as an alternative to GDP per capita, the more commonly cited measure of a country's material wellbeing.[1] One drawback with GDP per capita is that it takes no account of distribution: it simply divides a nation's income by the size of its population. If inequality in that country is very high, the resulting figure will provide a misleadingly optimistic suggestion of living standards for most individuals.

Analysis of the 12 Key Performance Indicators that comprise the Inclusive Development Index, alongside the seven pillars of Policy and Institutional Indicators, suggests that median household income is indeed a reasonable proxy for inclusive growth and development as a whole even though it captures only one of the four dimensions of broad-based progress in living standards – income; opportunity; security, and quality of life – emphasized in the Report. Of all the 12 KPIs, median household income correlates most closely with overall performance on the seven PII pillars (0.89).

If the Index were recalculated increasing by a factor of three the weight given to median household income, countries ranking better would include the United Kingdom, Canada, France and Belgium. Doubling the weight given to both median household income and the poverty rate, which would capture not only income-based progress at the median but also at among the poorest of society, would see countries such as Brazil, Colombia, Mauritania, Mozambique and South Africa rise up the rankings and countries like China, Romania and Bangladesh decline somewhat. Table 8 (in Part 2) shows how the Index would look if recalculated in this manner.

Readers interested in making their own adjustments to weightings given to different pillars can explore the interactive online tool at wef.ch/igd17.

[1] L. Nancy Birdsall and Christian J. Meyer. 2014. "The Median Is the Message: A Good-Enough Measure of Material Well-Being and Shared Development Progress." CGD Working Paper 351. Washington, DC: Center for Global Development.

on the IDI, the largest difference by far of all advanced economies, indicating that what looks like healthy growth is in fact characterized by significant shortcomings in terms of the inclusiveness and sustainability of the growth process.

Table 3 (in Part 2) shows the difference for a selection of developing countries. Here the correlation between GDP per capita and the IDI is a bit lower at 0.73, although for many countries the relationship is quite strong, for example, for Lithuania and Hungary. However, 18 out of 82 developing countries display an IDI score that is nine places or more higher than their GDP per-capita ranking. Six of these – Azerbaijan, Nicaragua, Vietnam, Cambodia, Bangladesh, and Nepal – register IDI scores that are 20 or more places higher than their GDP per capita rankings, suggesting that their development model is considerably more balanced and inclusive than that of countries with a comparable national income per capita. By contrast, 16 of 82 countries register an IDI ranking that is nine places lower than their GDP per capita standing. Six of these – South Africa, Namibia, Swaziland, Nigeria, Zambia, and Mauritania – have IDI ranks that are 20 or more places lower than their GDP per capita standing.

Section 4: Implications for National Policy and International Economic Cooperation – Toward a New Global Growth and Development Agenda

The policy framework, policy metrics (Policy and Institutional Indicators), and performance metrics (National KPI Dashboard and related Inclusive Development Index) presented above are intended to provide countries with tools that can help turn the goal of inclusive growth into a practical and measurable plan of action. To be certain, these metrics have their own limitations, and the decision about which elements are more important than others is left to the user insofar as the tables presented above weight each indicator equivalently. But while they do not purport to tell everything about national economic performance, they do provide a more integrated and complete picture than the conventional metric of GDP per capita, particularly if the overriding objective is the one stated so often by so many stakeholders in recent years: achieving a more socially-inclusive model of economic growth and development. In addition, the interactive version of the Index presented at wef.ch/igd17 enables the user to vary the weighting of the indicators in the Index to emphasize the elements they think are most important for their country's circumstances. See Table 8 (in Part 2) for one such scenario.

Several important implications for national policymaking and international economic cooperation flow from this policy framework and benchmarking data. Action on them by major economies would offer a path for the world economy out of its current predicament of slowing growth, rising in-country inequality, and eroding public support for international integration.

National Policy

Many countries have significant unexploited potential to simultaneously increase economic growth and social equity. But activating the virtuous circle of inclusive growth more fully will require them to:

1) Reconceptualize domestic structural reform as an ongoing *systemic* process encompassing a multidisciplinary set of demand- and supply-side factors that together support the *diffusion* of economic opportunity and national income, thereby deepening the foundations and broadening the base of growth itself.

2) Place as much emphasis on the construction of this wider structural policy and institutional ecosystem as they traditionally do on macroeconomic, finance and trade supervision policies, which influence mainly the *efficiency* and *level* of economic activity.

Rebalancing policy priorities in this manner would imply a profound change for many countries and indeed for the "growth model" that has been posited for a generation by much of the economic policy establishment, including key international organizations.

The wider ecosystem of structural policies and institutional capacities described in this Report underpins the capacity of modern market economies to diffuse the gains from growing national income throughout society in the form of broad-based progress in living standards. It is the "income-distribution system" of a modern market economy writ large. Its robustness as a whole determines how effective government is in shaping the inclusivity of growth. Fiscal transfers and tertiary education are important, but they are just two of a much larger set of relevant policy levers.

This ecosystem has deteriorated or has been inert in many advanced countries over the past two decades as the forces propelling secular dispersion – technological change, global integration, domestic deregulation, and increased immigration – have intensified. For their part, many developing countries have lagged in constructing its basic elements as they have begun to industrialize and integrate into the global economy, missing an opportunity to include more of their populations in the growth process and its benefits, in addition to rendering their economies more vulnerable to fluctuations in exports and commodity prices.

Efficient markets and macroeconomic stability are essential to economic growth. But how well growth benefits society as a whole depends on the framework of rules, incentives, and institutional capacities that shape the quality and equity of human capital formation; the level and patience of real economy investment; the pace and breadth of innovation; the effectiveness and flexibility of worker protections; the coverage and adequacy of social insurance systems; the quality and breadth of access to infrastructure and basic services; the probity of business and political ethics; and the breadth and depth of household asset building.

This recognition and the resulting rebalancing of policy priorities is what is required for governments to respond more effectively to decelerating growth and rising inequality – to take seriously the social frustrations increasingly being expressed through the ballot box and on the street. These frustrations have an essential validity. The implicit income distribution system of many countries is in fact severely underperforming or relatively underdeveloped, but this is due to a lack of attention rather than an iron law of capitalism. Inequality is largely an endogenous rather than exogenous challenge for policymakers and needs to be recognized and prioritized as such in order to sustain public confidence in the capacity of technological progress and international economic integration to support rising living standards for all.

For many countries, a reimagined process of structural reform aimed at broadening the base and benefits of growth may also be the best hope for accelerating its rate in the current context. For example, in advanced countries experiencing diminishing returns from extraordinary monetary policy measures, limited fiscal space, and unfavorable demographic trends (e.g., Japan, USA, and the EU, to different degrees), a mixture of demand- and supply-side structural reforms could boost consumption and job creation in the short term while raising the economy's longer term growth potential through lasting improvements in labor productivity, household finances, real economy investment, and innovation.

In middle-income countries experiencing weak exports and commodity prices, monetary policy constrained by the risk of currency depreciation and capital flight, and limited fiscal space (e.g., most of the BRICS), a structural reform agenda of this nature is precisely what could rebalance their growth model toward more robust domestic consumption. Similarly, for lower-income countries with extensive social marginalization – due to poor resourcing of, and inequitable access to, basic services, education, and infrastructure, as well as weak legal, tax, and investment climate institutions – a reform strategy with a sharper focus on these basic building blocks could help boost growth and social equity simultaneously.

In sum, strengthening the policy and institutional ecosystem supporting inclusive growth deserves to be a top policy priority for countries, whether they are experiencing slow growth, elevated inequality, or both. This is an imperative for countries seeking to thrive in the Fourth Industrial Revolution. The debate about how countries can preempt the further job losses and concentration of wealth that may otherwise accompany the proliferation of robots, artificial intelligence, and other technologies has quickly gravitated to the idea of a universal basic income. Some version of a universal basic income may form part of an appropriate policy response. But it is unlikely to be effective or feasible by itself, whether due to the fiscal burden it may create or the aspects of social inclusion it may not fully address, such as the sense of dignity and fulfillment that comes from being *part of* the growth process by having a good job or the opportunity to start a business. Here again, a systemic rather than silver-bullet approach is likely to be most effective.

Specifically, five dimensions of workforce development and security merit particular attention in industrial countries seeking to keep pace with the labor market challenges accompanying the Fourth Industrial Revolution. Policy and Institutional Indicator (PII) data suggest that few countries, if any, are performing well across all five.

1) **Active labor-market policies:** As the pace of change accelerates in the economy, the enabling environment for worker adjustment and training becomes more vital. The Policy and Institutional Indicator (PII) data suggest that some countries such as Denmark, Sweden, and Finland have kept pace thus far. Others, notably the US, Israel, and Japan, are lagging substantially behind. For example, the US invests only 0.11% of GDP in active labor-market policies (training and job search assistance) compared with an OECD average of 0.6% and levels of 1% or more among top performers. A gap such as this predisposes countries to skills mismatches, long-term under- and unemployment, eroding labor force participation rates, and persistent geographical pockets of social exclusion, that is to say lower economic growth and social inclusion.

2) **Equity of access to quality basic education:** Inequitable educational opportunity is another source of avoidable under- and unemployment and suppressed human and economic potential. The policy indicator data reveal large variations in country performance, suggesting that some countries can learn a considerable amount from the practices of others. Across several measures of the

impact of socioeconomic status on educational performance,Luxembourg, France, Belgium, Czech Republic, Israel, Slovak Republic, Sweden, Austria, and Greece exhibit the greatest weakness, with Japan, Estonia, Finland, and Canada leading the way. Laggards in this area risk locking-in higher levels of inequality and social exclusion across generations.

3) **Gender parity:** It is generally recognized that redressing major disparities in the participation of women in the workforce can be one of the most effective ways to raise rates of economic growth and progress in broad living standards. East Asian economies have particular room for improvement in this area, with Japan and Korea having among the widest gender gap in labor participation within the OECD (i.e., female rates of less than 80% of men). However, other countries such as Italy, Greece, Singapore, Ireland, and the Czech Republic would also benefit from greater initiative in this area. Gender gaps in income are even more pronounced – with female workers earning an estimated 60% or less of the level earned by men – in the United Kingdom, Korea, Netherlands, Japan, Italy, Austria, Greece, Ireland, Israel, and the Slovak Republic. Rates in top-performing countries, by contrast, are 80% or more.

4) **Non-standard work benefits and protections:** Almost half of the jobs created between 1995 and 2007 in OECD countries were temporary, part-time, or involved self-employment.[55] As sharing, on-demand, and care-economy jobs expand along with the digital economy and employers seek to remain as flexible as possible in the global market, this part of the labor sector is likely to expand further. Because self-employed, temporary, and/or part-time workers tend to experience weaker statutory benefits and protections in many countries, there is a risk that inequality will expand as a result of the changing nature of work. Most such rules were crafted in an earlier era, and updating them should be a priority in the Fourth Industrial Revolution. Figure 10 illustrates the gaps and variability in rules across OECD countries.

5) **School-to-work transition:** Many advanced economies have made great progress in raising the proportion of student population that goes on to attain a tertiary education degree. Others still have a considerable way to go in making university education broadly accessible, with Canada, Switzerland, the United Kingdom, and Slovak Republic having enrollment rates below 60%, compared with 80% or above in the top-12 OECD countries. At the same time, some advanced countries appear to be significantly underinvesting in technical, software, and skilled trades. In six countries – Canada, Singapore, Republic of Korea, Japan, Ireland, and reportedly the US (for which official data are incomplete) – fewer than a third of secondary students enroll in vocational programs.

Figure 10: Statutory Benefit Differences between Non-standard and Standard Work, by Benefit, 2010[56]

	PART TIME[1]					TEMPORARY WORKER					SELF-EMPLOYED				
ECONOMY GROUPING	OLD AGE, DISABILITY AND SURVIVORS	SICKNESS AND MATERNITY	WORK INJURY	UN-EMPLOY-MENT	FAMILY ALLOW-ANCES	OLD AGE, DISABILITY AND SURVIVORS	SICKNESS AND MATERNITY	WORK INJURY	UN-EMPLOY-MENT	FAMILY ALLOW-ANCES	OLD AGE, DISABILITY AND SURVIVORS	SICKNESS AND MATERNITY	WORK INJURY	UN-EMPLOY-MENT	FAMILY ALLOW-ANCES
Australia	0	0	0	0	0	0	0	0	0	0	-2	0	-1	0	0
Austria	0	0	0	0	0	0	0	0	0	0	1	1	0	-2	0
Belgium	0	0	0	0	0	0	0	0	0	0	1	1	-2	-2	1
Canada	0	0	0	0	0	1	0	0	0	0	0	-1	-2	-2	0
Chile	0	0	0	0	0	0	1	0	1	0	-1	1	0	-2	-2
Czech Republic	0	1	0	0	0	0	0	0	0	0	0	1	-2	0	0
Denmark	1	0	0	1	0	0	0	0	0	0	-1	0	-1	0	0
Estonia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Finland	0	0	0	0	0	0	0	0	0	0	0	0	-1	1	0
France	0	0	0	0	0	0	0	0	0	0	1	1	1	-2	0
Germany	0	0	0	0	0	0	0	0	1	0	-1	-2	-2	-1	0
Greece	0	0	0	0	0	0	0	0	0	0	-2	-2	-2	-2	-2
Hungary	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Iceland	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ireland	0	1	0	-2	0	0	0	0	0	0	1	1	-2	-2	0
Israel	0	0	0	0	0	0	0	0	1	0	0	0	0	-2	0
Italy	0	0	0	0	0	0	0	0	0	0	1	1	0	-2	1
Japan	0	0	0	4[2]	0	0	0	0	0	0	1	1	-2	-2	0
Korea	0	0	1	-2	0	0	0	0	0	0	0	0	-1	-1	0
Luxembourg	0	0	0	0	0	0	0	0	0	0	0	1	0	1	0
Mexico	0	0	0	5[3]	0	0	1	0	5[3]	0	-1	-1	-1	5[3]	-2
Netherlands	0	0	0	0	0	0	0	0	0	0	0	0	0	-2	0
New Zealand	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Norway	0	0	0	0	0	0	0	0	0	0	0	1	-1	-2	0
Poland	0	0	0	0	0	0	0	0	0	0	0	-1	0	-2	0
Portugal	0	0	0	0	0	0	0	0	0	0	1	-1	0	-2	0
Slovak Republic	0	0	0	0	0	0	0	0	0	0	1	0	-2	-1	0
Slovenia	0	0	0	0	0	0	0	0	0	0	0	0	0	-1	0
Spain	0	0	0	0	0	0	0	0	0	0	1	1	-1	-2	0
Sweden	0	0	0	0	0	0	0	0	0	0	0	0	0	-2	0
Switzerland	0	0	0	0	0	0	0	0	0	0	-1	0	-1	-2	0
Turkey	0	0	0	0	0	0	0	0	0	0	1	0	1	-2	0
United Kingdom	0	0	0	0	0	0	0	0	0	0	1	1	-2	1	0
United States	0	0	0	0	0	0	0	-2	-2	0	1	0	-2	-2	0

NO BENEFIT | OPTIONAL ENROLMENT | SAME RULES AS THE GENERAL SCHEME | DIFFERENT RULES FROM STANDARD WORKERS

[1]. Part-time workers are excluded if working less than nine hours a week.
[2]. In Japan, part-time workers are entitled to unemployment benefit if working more than 20 hours per week.
[3]. There is no unemployment benefit in Mexico. Labour law requires employers to pay dismissed employees a lump sum.

Source: Social Security Administration (2010), Social Security Programs Throughout the World: Asia and the Pacific, Government Printing Office; Social Security Administration. (2010), Social Security Programs Throughout the World: Europe, Government Printing Office; Social Security Administration (2011), Social Security Programs Throughout the World: The Americas, Government Printing Office.

A universal basic income is no substitute for these five crucial institutional underpinnings of a well-functioning labor market. It may serve as a useful complement at some point, but countries seeking to prepare their workforces for the Fourth Industrial Revolution would do well to invest in the strength of this ecosystem as a whole. Countries lagging in a majority of these domains should set a discrete national target and public-private implementation strategy for increasing investment in their people across these areas.

Increased infrastructure investment has also emerged as an important policy option for responding to slow growth and rising inequality. But this, too, is not a panacea. Countries at various stages of development have chronically underinvested in infrastructure. In advanced countries, particularly, the principal rationale being offered to reverse this trend is a macroeconomic one: to provide a relatively short-term stimulus to employment creation and aggregate demand. While this could indeed be a helpful and appropriate contribution of increased infrastructure investment in some countries – particularly as part of a strategy to provide central banks with additional policy space to normalize interest rates – it should generally be a secondary rationale. A well-structured and sustained program of infrastructure investment is fundamentally about raising the growth potential and quality of life within an economy. It boosts economic efficiency, reduces deadweight losses in productivity, and improves human well-being over time. It can also create macroeconomic benefits or risks in the short term depending on prevailing economic conditions.

But first and foremost, infrastructure investment should be considered a structural element of a strategy to generate sustained improvements in economic efficiency and broad living standards over time, rather than merely a tactic to stimulate the economy and boost output in the near term.

International Economic Cooperation

Reconceptualizing domestic structural reform as an ongoing *systemic* process encompassing a wider range of demand- and supply-side factors that influence the *pattern* of growth and the d*iffusion* of its benefits – and according such a continual process of institutional deepening as much weight as macroeconomic, financial supervision and trade policy – would imply a profound change in the "growth model" that has shaped the thinking of much of the economic-policy establishment for an entire generation, including in key international organizations. This reimagining of structural economic policy holds the key to translating inclusive growth from global aspiration into global action.

How could international cooperation help individual countries and the world economy as a whole move in this direction?

First, major economies could undertake a coordinated effort to boost global growth by identifying and implementing the structural reforms that are most needed to activate the virtuous circle of inclusive growth in their economies. Governments could use the Framework and the metrics presented here as a starting point for an examination of whether their structural policy enabling environment for inclusive growth has been optimized, i.e., whether, on the basis of the experience and practices of their peers, they have unutilized policy space in one or more of the 15 sub-domains. They could then draw upon the structural policy analyses of other international economic organizations, particularly the OECD which has a wealth of deep analysis and prescription in these domains, as well as the World Bank, ILO, and others, to develop an action agenda tailored to their circumstances. The World Economic Forum and these organizations could provide further support by organizing public-private, interdisciplinary input into and support for the agendas that emerge. Such a global effort in 2017 to reinvigorate global growth by broadening its base and strengthening its long-term foundations – making it less dependent on short-term macroeconomic measures and export demand – is precisely what the world economy needs to combat the cyclical and secular pressures weighing on growth. The process undertaken by the Canadian government, as described in Box 7, to develop a new inclusive-growth strategy provides a constructive example for other countries.

Box 7: Canada's Approach to Inclusive and Sustainable Growth

Following the election of a new government in 2015, Canada has embarked on a plan to spur economic growth while creating conditions that allow the largest possible proportion of its population to share in the benefits that a growing economy brings.[1] Canada's commitment to inclusive growth and its ambitious plan to revitalize its economy, foster long-term growth, and strengthen the middle class now provides a model for the international community.[2] Central to this plan is Canada's continued commitment to diversity, immigration, and global investment.

Canada's approach to inclusive and sustainable growth recognizes that there are no quick and easy solutions to fostering durable and broadly-shared growth. That is why the Government of Canada is using a broad set of policy levers. It began by taking steps to create fairer income distribution through provision of direct income support. Benefits for low- and middle-income families with children were increased, which is expected to reduce the number of children living in poverty by roughly 40%. Income taxes have also been reduced for nearly nine million middle-class Canadians.

Further, the government has taken steps to reinvigorate growth, starting with increased investment in public infrastructure; redoubling of efforts to attract foreign capital through the establishment of a new agency, the Invest in Canada Hub; and changes to Canada's immigration system to provide faster access to top talent globally. New investments in infrastructure totaling $95 billion will boost economic growth and social inclusion by reducing traffic congestion and commute times, and by providing more affordable housing. A new institution, the Canada Infrastructure Bank, will be set up to focus on attracting private capital to spur innovative funding and financing for infrastructure projects. This bank will work with governments and investors to provide better results for middle-class Canadians by identifying potential projects and investment opportunities that contribute to larger economic, social, and environmental returns.

The government is also taking steps to ensure that Canadians have the tools they need to succeed in the modern economy. New measures have been enacted to make post-secondary education more affordable, the employment insurance system more inclusive, and the retirement income system more secure.

In addition, recognizing that transitioning to a green economy will be essential to sustained economic growth, the government is investing $5 billion over the next five years in green infrastructure and in providing incentives for families and firms to reduce emissions. In partnership with subnational governments, the federal government will implement carbon pricing and establish meaningful environmental targets for green infrastructure projects. These changes will lead to reduced energy consumption and improved water quality in Canada's lakes and rivers. Ultimately, there will be better outcomes for communities facing threats from climate change.

The Government of Canada has also introduced important measures to advance gender equality. Budget 2016 included new investments in Status of Women Canada – a government agency that promotes equality for women and their full participation in the economic, social and democratic life of the country[3] – to enhance its capacity to provide government-wide support on the gender-based analysis of programs, policies, and legislation.

On the economic front, a new "Canada Child Benefit" was introduced to provide families with more support for raising children, directly assisting women's labor market attachment and their long-term economic security. The Government of Canada also increased the "Guaranteed Income Supplement" top-up benefits in order to lift low-income single seniors, many of whom are women, out of poverty.

[1] Government of Canada, "A Plan for Middle Class Progress – Fall Economic Statement 2016" (2016); Growing the Middle Class – Budget 2016" (2016), http://www.budget.gc.ca/2016/docs/plan/toc-tdm-en.html; Advisory Council on Economic Growth, "The Path to Prosperity – Resetting Canada's Growth Trajectory" (October 20, 2016).
[2] "Canada's Example to the World: Liberty Moves North," *The Economist* (October 29, 2016); Christine Lagarde, "Statement at Conclusion of Visit to Canada" (September 14, 2016), http://www.imf.org/en/news/articles/2016/09/14/pr16405-statement-by-imf-managing-director-christine-largarde-at-the-conclusion.
[3] http://www.swc-cfc.gc.ca/index-en.html.

Part 1. Rising to the Challenge of Inclusive Growth and Development

Box 7: Canada's Approach to Inclusive and Sustainable Growth (cont'd.)

On the international stage, Canada is committed to strengthening its place in the world, and recognizes the importance of international assistance. The ongoing review of Canada's international assistance will help to refocus policy and programming on supporting fragile states and helping the poorest and the most vulnerable – focusing particularly on women and girls. In this effort, Canada will also encourage multilateral institutions to place gender equality at the core of their work.

Canada is also changing the way it looks at the performance of its economy by adopting a new lens that measures progress differently by placing greater weight on broad-based gains rather than strict economic measurements that might miss the bigger picture. This new perspective combines metrics like job creation with equally important outcomes like quality of life, job satisfaction, poverty reduction, and access to opportunities.

This is being put into practice through a new emphasis on data and measurement. This approach, termed the "results and delivery" approach, was inspired by the UK model of "Deliverology." Developing and monitoring an appropriate set of indicators is a key component of this approach. Building from Canada's participation in the working group that developed and refined the indicators in this Report, the results and delivery approach will help Canada with its own efforts to track progress on inclusive growth.

Canada recognizes that to be at the forefront of the changes in the global economy, the public and private sectors must work together to help create conditions for success. In March 2016, Canada's Minister of Finance announced the creation of the Advisory Council on Economic Growth to focus on policy actions that generate strong and sustained long-term economic growth that is shared across income groups. The Council has used the World Economic Forum's Framework for Inclusive Growth to evaluate the implications of its recommendations for inclusiveness. Informed by advice and recommendations from the Council, Canada will continue to develop its long-term plan to boost growth in the face of challenges like those posed by an aging population.

The G20 Enhanced Structural Reform Agenda, launched during China's recent presidency, provides an opening for such a coordinated international initiative. G20 Finance Ministers and Central Bank Governors "committed to further enhancing the structural reform agenda, including by developing a set of priorities and guiding principles as a reference for G20 reform efforts, as well as by creating an indicator system to further improve assessing and monitoring of the progress of structural reforms and their adequacy to address structural challenges, taking into account the diversity of country circumstances." This process, which lists inclusive growth as the last of nine focus areas, could be sharpened and infused with a sense of urgency by leaders during the German G20 presidency.

Second, international organizations and their major shareholder governments should spearhead a movement to increase the social inclusivity of growth around the world by embracing this reformulation and reprioritization of structural economic policy in their public signaling, country advice, and development cooperation programs. They could jointly and explicitly state that broad-based progress in living standards is the ultimate measure of national economic performance (as opposed to expansion of national output, per se) and that the structural and institutional factors which shape pre- and post-transfer levels of social inclusion are as important as the traditional focus of chief economic advisers and finance ministers on macroeconomic, financial, and trade policy.

The drivers of economic efficiency described by the so-called Washington Consensus remain important, but they represent an incomplete and therefore unbalanced agenda. Cultivation of the structural policy ecosystem that underpins the diffusion of living standards within a modern market economy requires parallel and equal attention. This rebalancing of the growth and development process is part of the unfinished business of recovery from the financial crisis as well as an important lesson to be drawn from the social backlash against globalization in some countries. By virtue of their public profile and intimate relationship with the economic ministries of governments, the major international economic organizations have a vital role to play in the establishment and scaled application of this new and more inclusive growth model. See Box 8 with a perspective from the International Monetary Fund.

Third, major improvements are needed in three specific areas of international economic cooperation in order for inclusive growth to scale across the world economy:

— Increase the absolute amount and relative share of development assistance devoted to helping countries implement demand- and supply-side structural and institutional improvements that broaden social participation in the process and benefits of growth.

— Shift the emphasis of development finance institutions from direct lending to catalyzing much larger amounts of blended, public-private financing for development, particularly for sustainable infrastructure.

— Reset the priorities of international trade and investment cooperation.

Increasing development assistance to support economic institution building: As indicated above, the path to a more inclusive and resilient growth model begins with a deeper appreciation of the important role that legal frameworks and institutional enforcement capacities play in the development process in such areas as tax administration; competition; investment; anti-corruption: judiciary; labor; environment; social protection; and business-government relations. This is an important, if somewhat neglected, lesson of the Western and East Asian industrial development experience, judging by the low absolute and relative amount of development assistance dedicated to this purpose. The policy advice given by the international financial institutions (IFIs) should reprioritize institution-building in these areas of structural economic policy, while bilateral donors and multilateral development banks should significantly increase (perhaps double or triple from a very low base) related capacity-building assistance. This will require a significant shift in resourcing and skills within these international institutions.

Scaling public-private financing of sustainable infrastructure: There is widespread agreement on the opportunity for global economic growth and social inclusion presented by increased infrastructure investment. A similar consensus exists on the central importance of infrastructure for the implementation of both the Sustainable Development Goals, for which it represents an estimated 70% to 80% of the total required incremental financing, and the climate change targets set in the Paris Accord of the United Nations' 21st Conference of Parties (COP 21).

The infrastructure intensity of the sustainable development goals (SDGs) and climate agendas suggests that they could provide much of the impetus for global growth over the coming 10-15 years, especially if combined with a broader structural shift of economies toward inclusive growth as outlined above. The IMF has estimated that a 1% increase in spending on well-planned and well-executed infrastructure can yield an increase in a country's economic output by up to 2.6% over four years.[57]

Box 8: To Save Globalization, Its Benefits Must Be Shared More Broadly

Economists tend to be advocates of globalization. The benefits of specialization and exchange are evident within a country's borders; no one would seriously suggest that impeding the flows of goods, labor, and capital within a country would raise national welfare. Globalization extends the possibilities of specialization beyond national boundaries. Recent work suggests, however, that while globalization is great in theory, vigilance is needed about it in practice.

The three main components of globalization – goods, labor, and capital – are associated with different costs and benefits. The preponderance of the evidence suggests that trade has positive impacts on aggregate incomes, but many people do lose out. The economic benefits of migration are very high, but it also has distributional consequences and impacts on social cohesion.

The case for globalization is weakest when it comes to financial globalization – the free flow of capital across national boundaries. It has not yielded efficiency benefits as expected, but has been associated with increased inequality. Financial globalization also interacts with other policies, in particular domestic fiscal policy, which has distributional effects.

Aggregate and Distributional Effects of Financial Globalization: Capital account liberalization can allow the international capital market to channel world savings to their most productive uses across the globe. Developing countries with little capital can borrow to finance investment and promote economic growth without requiring sharp increases in their own savings. But equally, there is little doubt about the existence of genuine hazards of openness to foreign financial flows.

The link between financial globalization and economic growth is complex.[1] While some capital flows such as foreign direct investment boost long-run growth, the impact of other flows is weaker and critically dependent on a country's other institutions as well as on how openness is sequenced relative to other policy changes.

Moreover, openness to capital flows has increased economic volatility and the frequency of crises in many emerging markets and developing economies. About 20 per cent of the time, surges end in a financial crisis, of which one-half are also associated with large output declines.[2] The ubiquity of surges and crashes gives credence to the claim by Harvard economist Dani Rodrik that "boom-and-bust cycles are hardly a sideshow or a minor blemish in international capital flows; they are the main story."

While the drivers of surges and crashes are many, increased capital account openness consistently figures as a risk factor – it raises the probability of a surge and a post-surge crash. In addition to raising the odds of a crash, openness raises inequality, especially when a crash ensues.[3]

Financial globalization also interacts with other policies, notably fiscal policy. The desire to attract foreign capital can trigger a race to the bottom in effective corporate tax rates, lowering governments' ability to provide essential public goods. Fiscal consolidation has been shown to increase inequality.

Such direct and indirect distributional effects could set up an adverse feedback loop: the increase in inequality might itself undercut growth, which is what globalization is meant to increase in the first place. There is now strong evidence that inequality lowers both the level and the durability of growth.[4]

[1] J.D. Ostry, A. Prati, and A. Spilimbergo, "Structural Reforms and Economic Performance in Advanced and Developing Countries," IMF Occasional Paper No. 268 (2009).
[2] Atish Ghosh, J.D. Ostry, and M. Qureshi, "When Do Capital Inflow Surges End in Tears?" *American Economic Review 106*, No. 5 (2016).
[3] J.D. Ostry, P. Loungani, and D. Furceri, "Neoliberalism: Oversold?" *Finance and Development 53*, No. 2 (2016).
[4] J.D. Ostry, A. Berg, and C. Tsangarides, "Redistribution, Inequality and Growth," IMF Staff Discussion Note 14/02 (2014).

Box 8: To Save Globalization, Its Benefits Must Be Shared More Broadly (cont'd.)

The way forward: These findings suggest several steps to redesign globalization. The first is to recognize the flaws in globalization, especially in relation to financial globalization. The adverse effects of financial globalization on macroeconomic volatility and inequality should be countered. Among policymakers today, there is increased acceptance of controls to restrict foreign capital flows that are viewed as likely to lead to – or compound – a financial crisis. While not the only tools available, capital controls may be the best option when it is borrowing from abroad that is the source of an unsustainable credit boom.[5]

Beyond this, in the short run, the extent of redistribution could be increased. This can be done through some combination of higher tax rates (greater progressivity in income taxes and increased reliance on wealth and property taxes, for instance) and programs to help those who lose out from globalization.

In the case of trade, programs of adjustment assistance do exist. That they have not always worked well in the past is an argument for fixing, not discarding, them. In the case of migration, too, compensation to potential losers could be expanded by targeting areas that witness more entry of foreign workers. This can be done by providing generous unemployment insurance benefits and allocating more resources to active labor-market policies aimed at matching displaced workers with jobs.

In the longer run, the solutions lie not in redistribution but in mechanisms that achieve "pre-distribution." More equal access to health, education, and financial services ensures that market incomes are not simply a function of peoples' starting point in life. This does not ensure that everyone will end up at the same point. But the provision of opportunities to do well in life regardless of initial income level, combined with the promise of redistribution for those who fall behind, is more likely to build support for globalization than will simply ignoring the discontent with it.

[5] J.D. Ostry, A. Ghosh, M. Chamon, and M. Qureshi, "Tools for Managing Financial-Stability Risks from Capital Inflows," Journal of International Economics 88 (2012): 407-21.

But the gap between the current level of infrastructure investment and that which is implied by the SDGs and climate targets is very large – to the order of 100% or an estimated $1-1.5 trillion per year. To close this gap and achieve the goals of higher growth, faster and more inclusive development, and a peak and then accelerating decline of global GHG emissions, the traditional source of most infrastructure financing – public spending – will need to be supplemented. Governmental budgets and international financial institutions' (IFI) capital are limited and unlikely to see much enhancement in the foreseeable future. The only plausible solution is a big boost in co-financing from the private sector, and this is where international economic cooperation can play a critical role.

A mere 1.6% of the approximately $106 trillion in funds managed by private institutional investors worldwide is invested in infrastructure.[58] Yet a recent investment community survey found that over 65% of respondents wished to increase their allocations to infrastructure, with a third indicating a desire to do so in developing countries.[59] The primary obstacles are a perception that the risks of infrastructure investment often do not correspond to the returns (including with respect to recent regulatory capital requirements for certain financial institutions) and a lack of well-prepared investment project proposals.

Multilateral development banks (MDBs) and bilateral development finance institutions can be instrumental in solving both of these problems, but will have to make a major shift in their strategies, capital allocation, and staff skill-sets as advocated over the years by several expert reports.[60] Most of their leadership recognize the need for a strategic shift in their role from direct lending (usually to sovereigns) to catalyzing much larger multiples of domestic and international private investment through the expanded use of co-investment, risk mitigation, aggregation, and project development technical assistance. However, their boards and staff are not yet fully supportive of or equipped for this shift. As a result, the pace of change remains incremental, and the international community risks missing a critical opportunity to boost growth, enhance social inclusion, and accelerate progress toward the SDGs and climate change targets.

Governments and the business community must mobilize to seize this opportunity and increase public-private financing of sustainable infrastructure in the next few years. They should do so by engaging in collective work at both the C-suite and working levels to surmount impediments that have been identified in terms of risk-return, project development pipeline, aggregation, and regulatory capital. Leaders from governments, DFIs, and other institutional investors, banks, and infrastructure-related firms should join a process along these lines aimed at scaling public-private financing of sustainable infrastructure, including to support well-prepared projects that implement the climate change-related Nationally Determined Contributions of developing countries. This process could link and build upon several recent initiatives to support specific, complementary elements of this agenda, including the Sustainable Investment Partnership[61] Convergence,[62] Global Infrastructure Hub,[63] Global Infrastructure Facility,[64] and Africa50 Infrastructure Fund.[65] The public-private infrastructure investors' summit that takes place at the Annual Meeting of the World Economic Forum as part of its Long-term Investing, Infrastructure and Development System Initiative could provide a platform for Ministers, MDB presidents, and CEOs to oversee and energize this process, including by setting specific goals for the system as a whole.

<u>Refocusing trade and investment cooperation:</u> International trade and investment have been frequently blamed for rising inequality in recent years. However, they have the potential to contribute much more to global growth and social inclusion, provided the right approaches are taken. See Box 9 with a perspective from the World Trade Organization.

A more inclusive approach to international trade and investment cooperation will require a shift in policymakers' emphasis from the negotiation of formal new norms such as free trade agreements to the facilitation of trade and investment activity *within as well as among* countries. Such an approach will necessitate convergence of effort around best practices and standards to reduce frictions and enhance social impact, on the one hand, and substantially increase capacity-building assistance for this purpose, on the other.

Promising opportunities in this respect have been identified through an extensive multistakeholder strategic review of trade policy and institutional arrangements co-organized by the Forum and the International Center for Trade and Sustainable Development, the E15 Project, launched in 2011. Four sets of recommendations in its January 2016 report, "Strengthening the Global Trade Investment System in the 21st Century,"[66] are particularly relevant for inclusive growth by virtue of their potential to: a) greatly expand trade-related sales and employment by small-business; b) facilitate not only a reduction in barriers to trade in services (which are often labor-intensive) but also an increase in investments in industrial value chains (in which relatively few developing countries participate extensively); c) catalyze a leveling up of social and environmental practices within these international production networks so as to maximize their payoff for inclusive and sustainable growth in developing countries, as well as minimize fears in developed countries of a global race to the bottom in social protections; and d) modernize and harmonize international investment

and regional trade agreements in order to strengthen their contribution to sustainable development, simplify the conduct of business across multiple jurisdictions, and reduce discrimination against small countries, particularly those that are not part of major regional agreements. Specifically:

Scaling internet-enabled small-business trade

- Create comprehensive, online, single points of enquiry for cross-border service providers to learn about the regulatory, licensing, and other administrative requirements in the host country.
- Establish higher, standardized *de minimis* customs levels to facilitate cross-border flows of small packages supplied by Internet-enabled retail services providers, especially small and medium enterprises (SMEs), for example by adopting a $100 (or even $200) minimum common threshold for developing countries and a higher threshold, such as $800, for advanced countries.
- Adopt interoperable, digitally-enabled single windows for customs and border compliance with open application program interfaces (APIs) that allow developers to create digital platforms which seamlessly link SMEs with various countries' single windows.
- Establish clear rules pertaining to electronic transmission of data and related services by aligning rules with eading practices regarding intermediary liability, privacy, intellectual property, consumer protection, electronic signature, and dispute settlement; and by allowing the free flow of data across borders subject to an exceptions provision based on Article XIV of the General Agreement on Trade in Services (GATS) concerning the right of countries to protect the privacy of personal data as long as such right is not used to circumvent the provisions of the agreement.
- Initiate negotiations to establish a plurilateral digital trade agreement among a forward-looking group of countries from various regions, incorporating a comprehensive set of policies and multistakeholder practices such as those outlined above in order to maximize the growth and employment potential of Internet-enabled trade. If such a group included, among other countries, the United States, China, and the European Union, its provisions could be extended on a most-favored-nation basis to all countries as a "critical mass" agreement under WTO rules, thereby serving as a powerful stimulus to global growth and employment, particularly in the SME sector.

Facilitate reductions in barriers to trade in services and to investment in industrial value chains

- Develop a comprehensive WTO Framework for Trade Facilitation in Services, with both capacity-building and graduated normative elements as in the recent WTO Trade Facilitation Agreement to support the inclusion of developing countries.
- Establish a *Global Value Chain Partnership*, a public-private platform to improve the cross-country inclusivity and social responsibility of global supply chains. The platform would facilitate cooperation between governments seeking to integrate their economies with international supply chains and the companies and experts who could be their partners. The action orientation of the partnership would be underpinned by important new analytical efforts to map existing value chains and impediments to their expansion in new geographies. It would also assemble examples of good practice that can inform the strategies of developing countries to maximize the objective of sustainable development from their participation in these production networks.

Catalyze the leveling up of social and environmental standards

- A group of like-minded governments could catalyze the scaling of responsible supply-chain practices by multinational and other companies around the world by forming an open club that establishes a common floor for such standards. They would assist other countries to join them by offering trade preferences and substantial capacity-building assistance. The 2014 German G7 initiative to spread responsible supply-chain practices and the Sweden-led Global Deal to promote social dialogue could be building blocks for such a coordinated international effort to promote best practice, benchmarking, and consistent reporting by multinational companies regarding the contribution of their operations in developing countries on the key dimensions of sustainable development.
- The recent partnership between the World Bank and the World Economic Forum to create an "Inclusive Development Hub" to facilitate the contribution of responsible value chains to inclusive development could provide a platform to facilitate progress in this respect in cooperation with the International Trade Center's supply-chain traceability project, the ILO-administered Vision Zero Fund, and other capacity-building programs that aim to strengthen developing countries' labor ministries.

Part 1. Rising to the Challenge of Inclusive Growth and Development

Box 9: WTO: Trade has Reduced Global Poverty and Made Development More Inclusive

In 2016, a rise in anti-globalization sentiment put the spotlight on trade agreements. Trade plays a pivotal role in supporting growth and lifting people out of poverty around the world. However, it is clear that more can be done to foster inclusiveness in the trading system and ensure that the benefits of trade are more widely shared. It is useful to look at this at three levels: countries, companies, and people.

Countries: In recent decades, developing countries have become increasingly integrated into the global economic and trading system. As a result, they have experienced rapid economic growth, resulting in convergence towards income levels found in developed countries. Between 2000 and 2015, the share of developing economies in world output increased from 42% to 57% (based on purchasing-power parity). Their share in world trade (i.e. merchandise exports) also rose from 33% to 47% during the same period. This integration has been accompanied by a dramatic reduction in the number of poor people in the developing world, which more than halved from 1.7 billion in 1999 to 766 million in 2013.

However, this convergence appears to have stalled recently. The world is in a period of low growth and trade, and projections suggest this is set to continue (see Chart 1). Actions to reduce trade costs could improve prospects for convergence. Implementing the WTO Trade Facilitation Agreement (TFA) would be an important step here. WTO research suggests that implementing the TFA would benefit all countries, with the largest gains accruing to developing and least-developed countries.[1] If the TFA is fully and speedily implemented, developing countries would see their exports rise by over 3.5% per annum – nearly double the expected increase in the exports of developed countries. This would allow developing countries' exports to surpass those of developed countries a full decade earlier than would have been the case without the TFA.[2]

Companies: Small and medium-sized enterprises (SMEs) continue to have more difficulties than larger firms in overcoming trade barriers and costs. Recent evidence suggests that both fixed costs (those that do not change with the size of shipment) and variable costs (those that increase with the size of shipment) impede participation in trade of SMEs more than that of larger firms. Hence any initiative that reduces these costs is bound to allow many more SMEs to engage in trade.

Burdensome procedures and customs and trade regulations are major sources of fixed costs for SMEs. By reducing delays in export time, the TFA has the capacity to boost SMEs' role in exports.3 Evidence shows that micro, small, and medium-sized firms are far more likely than large firms to export, and to increase their export shares, when the requirements to clear exports are reduced.

People: Open trade favors poor consumers more than rich consumers because they spend relatively more on sectors that are traded while high-income individuals consume more services, which are traded less. For the bottom 10th percentile of the income distribution, the increase in real incomes from opening up of trade is 63%, while it is only 28% for the top 90th percentile.[4]

The importance of addressing the tariff barriers faced by the poor is also clear from the analysis of the 2001 US-Vietnam Bilateral Trade Agreement. Between 2002 and 2004, the provinces in Vietnam that experienced the largest tariff cuts in the US market also experienced the biggest declines in poverty.[5] The reallocation of workers from the informal to the formal sector, induced by the agreement, played an important role in this outcome.[6] Having joined the WTO in 2007, Vietnam has gone on to make great strides in its development, fueled in large part by trade.

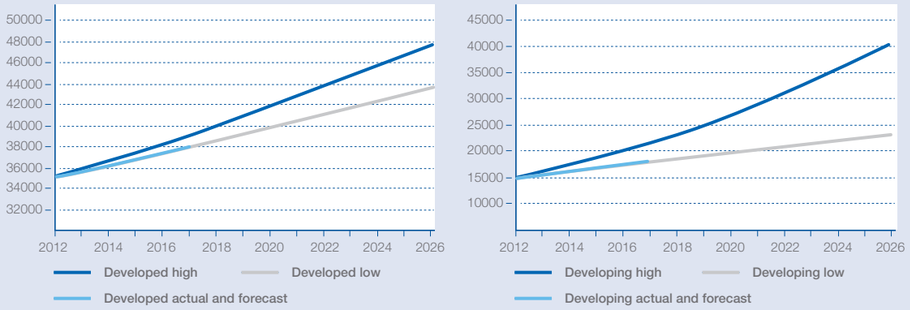
[1] World Trade Organization, "World Trade Report 2015: Speeding up Trade: Benefits and Challenges of Implementing the WTO Trade Facilitation Agreement" (2015), https://www.wto.org/english/res_e/booksp_e/world_trade_report15_e.pdf.
[2] L. Fontagné, J. Fouré, and A. Keck, "Simulating World Trade in the Decades Ahead: Driving Forces and Policy Implications" (World Trade Organization, 2016), https://www.wto.org/english/res_e/reser_e/ersd201405_e.pdf.
[3] "World Trade Report 2016: Levelling the Playing Field for SMEs" (World Trade Organization, 2016), https://www.wto.org/english/res_e/booksp_e/world_trade_report16_e.pdf.
[4] Pablo D. Fajgelbaum and Amit K. Khandelwal, "Measuring the Unequal Gains from Trade," *Quarterly Journal of Economics 131*, No. 3, (2016): 1113-80.
[5] Brian McCaig, "Exporting Out of Poverty: Provincial Poverty in Vietnam and U.S. Market Access," *Journal of International Economics 85*, No. 1 (Elsevier, 2011): 102-113.
[6] Brian McCaig and N. Pavcnik, "Export Markets and Labour Reallocation in Low-Income Countries," NBER Working Paper No. 20455 (2014).

Box 9: Trade has Reduced Global Poverty and Made Development More Inclusive (cont'd.)

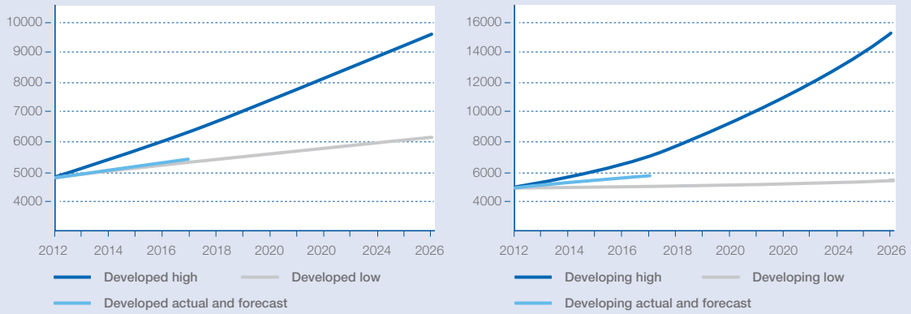
More recent research on poverty also shows that tariffs and non-tariff barriers are higher for the poor, which limits their chance to access international markets. In India, for example, tariffs faced in destination markets are increasingly higher for goods produced by individuals in lower-income groups (see Chart 2). Households in rural areas face an average tariff 10.9 percentage points higher than their urban counterparts. This underlines that the poor are likely to pay the highest penalty if countries stall in their efforts to reduce barriers to trade, or worse, begin to roll back the reforms that have been achieved to date.

Chart 1: Projected GDP and Exports 2012-26 (by country group)
(US$ billion, constant 2004)

GDP



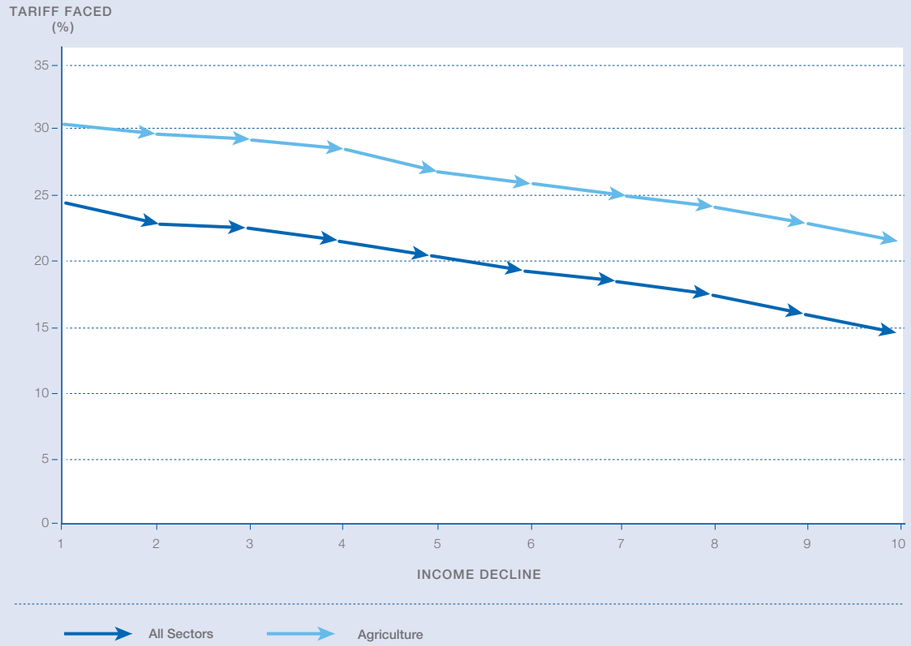
Exports



Sources: L. Fontagné, J. Fouré, and A. Keck, "Simulating World Trade in the Decades Ahead: Driving Forces and Policy Implications," WTO (2016), https://www.wto.org/english/res_e/reser_e/ersd201405_e.pdf; "World Trade Report 2015: Speeding up trade: benefits and challenges of implementing the WTO Trade Facilitation Agreement," World Trade Organization (2015), https://www.wto.org/english/res_e/book-sp_e/world_trade_report15_e.pdf; "Factors Shaping the Future of World Trade: World Trade Report 2013," World Trade Organization (2013)

Box 9: Trade has Reduced Global Poverty and Made Development More Inclusive (cont'd.)

Chart 2: Average Tariff in Export Markets Faced by Indian Workers and Producers
(by income deciles)



Source: Gaurav Nayyar, Adelina Mendoza, and Roberta Piermartini, "Are the Poor Getting 'Globalized'?" (presentation, 2016), http://pubdocs.worldbank.org/en/714181480467902499/1-Piermartini.pdf.

- A more integrated effort across these initiatives, combined with an appeal by governments to their multinational enterprises to apply to overseas operations the basic worker rights and pollution-control practices that they apply at home, could transform global supply-chain practices over the next few years.

Modernize and harmonize international investment and regional trade agreements

- A public-private process to create a Model Investment Agreement, using the G20 Guiding Principles for Global Investment Policymaking and UNCTAD Investment Policy Framework for Sustainable Development as starting points, could seek to build common ground on various facets of investment agreements, including state and investor obligations. Formulated as a best practice open for voluntary adoption, this model framework would be a bottom-up way to spur modernization and harmonization across the more than 3,200 existing international investment agreements.
- Similarly, a comprehensive, open-information platform, an RTA (regional trade agreement) Exchange, would enhance transparency and understanding about the similarities and differences among the more than 400 existing RTAs, encouraging a dynamic of learning, best-practice adoption, and cooperation to enable the alignment and even multilateralization of subsets of various rules in a way that reduces the de facto discrimination and trade diversion experienced by developing countries that are not members of the world's major regional free-trade blocs.

Section 5: Conclusion and Next Steps for Public-Private Cooperation

A new global growth agenda to counteract secular stagnation and dispersion is possible. This strategy must primarily be a structural one that rebalances the growth model that has guided the international community for a generation by fostering a renewed appreciation of the crucial role that a wide ecosystem of both demand- and supply-side structural policies and institutions plays in diffusing opportunity, income, security, and quality of life while strengthening the resilience and even rate of growth.

This more systemic approach to combating inequality requires not only a new growth strategy but also a broader set of metrics that capture the bottom-line objective of national economic policy: sustained, broad-based progress in living standards. Three complementary sets of metrics – Policy and Institutional Indicators illustrating relative institutional strength and policy effort; National Key Performance Indicators; and an Inclusive Development Index providing an alternative ranking of countries' levels of development and recent progress – have been developed for this purpose as part of this Report. All of this data has been compiled in individual Country Profiles, which are available online.

This new growth and development agenda requires a commitment to action at the national and international levels. Governments should use this new framework and metrics to develop national programs to address identified weaknesses with the support of international organizations and other stakeholders, particularly with respect to expanded investment in workforce productivity, compensation, and security. The international community should buttress these national efforts by funding a major increase in institution-building assistance for developing countries in the corresponding policy domains. It should also reform development finance institutions to support a scaling of blended, public-private financing of sustainable infrastructure to promote worldwide implementation of the Paris Agreement and progress toward the SDGs. And the international community should reset the priorities of trade and investment cooperation to facilitate commerce and investment in several new respects that would boost global economic growth and social equity.

A coordinated global initiative along these lines is what is required to transform inclusive growth from aspiration into action – into an agenda that places people and living standards at the center of national economic policy and international economic integration. Such an effort to reshape the assumptions and priorities of the way modern market economies organize themselves to generate socioeconomic progress can only be realized with the engagement of all stakeholders. This calls for a collective commitment to greater responsiveness and responsibility in economic leadership by government and business leaders.

The World Economic Forum's System Initiative on Economic Growth and Social Inclusion provides a platform for such multistakeholder commitment and engagement. Recognizing the high degree of interest around the world in innovative, evidence-based solutions that are replicable in different contexts, the Initiative works with its partners to distill and disseminate positive examples of public policy and business practice that promote inclusive growth. It then enables their application in specific countries and regions by leveraging the Forum's platform to stimulate direct cooperation for this purpose among governments, international organizations, companies, civil society, and experts.

The Initiative's role as an enabling platform to facilitate direct cooperation (i.e., action) on inclusive growth and development by multiple relevant stakeholders, including other international organizations, is reflected in the design and recommendations of this Report. Important policy contributions have been provided by the IMF, OECD, ILO, World Bank, WTO, Finance Ministry of Canada, and McKinsey Global Institute. Valuable lessons in the practice of inclusive growth at the corporate level have been contributed by Microsoft and Barclays. The Report's central recommendation is that countries eager to improve social inclusion and economic growth should assemble a much wider structural economic reform strategy than has been the norm, drawing from the considerable expertise available within the international community, particularly in the OECD, ILO, World Bank, and other international organizations specializing in these areas.

This practical, action-oriented platform approach is reflected as well in the Initiative's work program, which has three interrelated dimensions: developing new policy frameworks and metrics (of which this Report is a principal manifestation); identifying and disseminating best practice in terms of both public policy and corporate practice; and facilitating multistakeholder engagement in the development of national and regional strategies by governments on the one hand, and of corporate strategies by firms on the other. The Initiative's multistakeholder platform is available to facilitate policy support and stakeholder engagement.

Examples include the Initiative's multistakeholder regional projects in Latin America in cooperation with the Inter-American Development Bank[67] and in Europe with Brussels-based economic think-tank Bruegel and the European Investment Bank (EIB).[68] They also include its global collaboration with the World Bank Group and the International Development Research Centre (IDRC) to support the development, launch, and implementation of innovative public-private collaboration programs to make economies and societies more inclusive while moving the needle on achieving the SDGs. (See Box 10 on Sustainable Value Chains.) This will include a virtual platform offering a publicly-accessible diagnosis of opportunities for targeted action, a series of innovation labs, as well as global and regional symposia and roundtables to present the best ideas and identify how the diagnosis can be turned into practice. This partnership is intended to facilitate the sharing of best policy and corporate practices such as those described in Box 12 on Innovation to Deliver Shared Growth and Box 11 on how Microsoft is advancing a technological revolution for all. The Initiative is also developing a new long-term policy benchmarking framework on Future Preparedness[69] related to its ongoing Global Risks Report, and produces the Forum's *Global Competitiveness Report* publications as well as a number of related specialized regional and sector reports produced in cooperation with partners.[70]

All of this activity helps to shape the World Economic Forum's meetings and communities around the world, including its Annual Meetings, Regional Summits, and National Strategy Meetings. It will inform as well the development of the Forum's new Center on the Fourth Industrial Revolution in San Francisco, California, which will examine governance considerations related to emerging technologies, including cross-cutting societal issues such as those addressed by this Report. Through this System Initiative, the Forum seeks to contribute to a better appreciation within societies of how to make inclusive growth and development a reality at a time of accelerating change.

Box 10: World Bank: Sustainable Value Chains and Inclusive Growth

An open global economy has been critical in reducing poverty and raising income around the globe, thanks to its key distinguishing feature: the flow of know-how from high-income to lower-income countries. Global Value Chain (GVC) integration brings growth and development, and GVCs can be a powerful engine for economic and social advancement, as evident from the substantial upward income mobility in China and other economies that have embraced GVC-led growth strategies.

Firms that have internationalized have increased their productivity and efficiency by mixing and matching comparative advantages from different locations.[1] In developing countries, GVCs have allowed suppliers to not only increase productivity but also upgrade production into higher-value segments of their respective industries. The process facilitates exports and imports in intra-firm trade, encourages the utilization of network technology, and taps into new sources of capital.[2]

Nevertheless, income growth has not translated into progress in economic and living standards for all. Research shows that GVC integration leads to more net jobs but lower job intensity, especially at the low-skill end, since GVC-related production tends to be more capital-intensive.[3] Workers and smaller firms in both developed and developing countries have been subject to more sudden, less predictable, and less controllable economic shocks than in previous decades due to the ease of movement of knowledge and information.[4] In many developing countries, GVCs have remained delinked from the local context, leading to limited improvements in jobs, living conditions, technology transfers, and knowledge spillovers.[5]

As the world of international production matures, the need for more inclusive and sustainable models of economic progress is becoming apparent.[6] Three enablers will help achieve progress:

- **Financing:** Markets in general provide less financing for SMEs and new entrepreneurs than socially desirable, particularly in emerging markets. Hence, innovative and transnational financial instruments are necessary, as is financing that takes into account the local know-how, pool of talent, distribution channels, business relationships, business models, and access to technology in the assessment of repayment ability.
- **Investment in people**: Education and skills training, active labor-market policies, and social safety nets are key ingredients in an effective package of policies that must complement liberalization.
- I**mproving the policy environment:** This is imperative to encourage investment, public and private measures to upgrade supply-side capabilities, and increase businesses' ability to exploit new market opportunities.

While the needs are clear, concrete policy and business responses are not. To address some such information and coordination failures, the World Bank Group and the World Economic Forum are collaborating on a "New Vision for Development" aimed at advancing public-private collaboration to ensure that firms engaging in global markets can help create more sustainable value chains. By developing a user-friendly virtual platform and incubating a community of champions seeking to advance a more inclusive model of international production, this initiative aims to share and facilitate the adoption of innovative, evidence-based solutions, and connect public and private actors. The aim is to ensure that firms' engagement in global markets – for goods, services, investment, and ideas – generates more inclusive economic growth and more social impact around the world.

[1] Richard Baldwin, "Trade and Industrialization after Globalization's Second Unbundling: How Building and Joining a Supply Chain are Different and Why it Matters," NBER Working Paper 17716 (2011).
[2] Daria Taglioni and Deborah Winkler, *Making Global Value Chains Work for Development* (Washington D.C.: World Bank, 2016).
[3] Cali Massimiliano and Claire Hollweg, "The Labor Content of Exports in South Africa: A Preliminary Exploration" (Washington D.C.: World Bank, 2015).
[4] Richard Baldwin, *The Great Convergence: Information Technology and the New Globalization* (Cambridge, MA: The Belknap Press of Harvard University Press, 2016).
[5] Thomas Farole and Deborah Winkler, "The Role of Mediating Factors for FDI Spillovers in Developing Countries: Evidence from a Global Dataset," in *Making Foreign Direct Investment Work for Sub-Saharan Africa: Local Spillovers and Competitiveness in Global Value Chains*, eds. T. Farole and D. Winkler: 56-86 (Washington, D.C.: World Bank, 2014).
[6] Cusolito Ana Paula, Raed Safadi, and Daria Taglioni, *Inclusive Global Value Chains: Policy Options for Small and Medium Enterprises and Low Income Countries* (Washington D.C.: World Bank Group and Organization for Economic Cooperation and Development, 2016).

Part 1. Rising to the Challenge of Inclusive Growth and Development

Box 11: Microsoft: Advancing a Technology Revolution for All

A new industrial revolution is under way. The world has entered an era of rapid transformation with amazing potential to not only serve business but also help address the most pressing issues of the day.[1] At the heart of this revolution is cloud computing, where innovations are enabling the collection, storage, and analysis of data at breathtaking speed and scale. Such breakthroughs will surely help serve humankind, though society must remain conscious of technology's disruptive potential. One question that must be asked is: How can society ensure that the benefits of the cloud are universally accessible and equitably shared?

The situation calls for a broad-based approach by governments, coupled with shared responsibility and action by the private sector. To ensure technology benefits everyone, collaboration is needed to foster a cloud that is trusted, responsible, and inclusive. In other words, "a cloud for global good."[2]

For this purpose, Microsoft is taking comprehensive action in partnership with governments, non-profits, and other organizations. One example is in the area of affordable Internet access, where there is great disparity between developed and developing countries.[3] To help bridge this divide, the company is utilizing TV white spaces, the unused or underutilized spectrum frequencies, to support more than 20 affordable Internet-access projects in over 15 countries by the end of 2017. In ongoing projects, Microsoft is seeing positive impact including improved educational results, creation of new businesses and jobs, and growth in the number of connected communities.

It is also important to ensure that people everywhere have access to educational opportunities that provide the skills and knowledge needed to thrive in a digital economy. Microsoft Philanthropies is working with non-profits, schools, governments, and other businesses to improve the digital skills of people of all ages, and to make computer science education accessible to more young people around the world. In 2015, Microsoft made a three-year commitment of US$75 million to fund computer-science education programs globally. These programs have reached millions of youth in 60 countries, providing computational thinking and problem-solving skills that can be applied in any career, a greater ability to innovate, and the opportunity to pursue sought-after computer-science jobs.

Bringing the power of cloud computing to the non-profit organizations that are empowering others and addressing vital societal issues is a critical investment for the future. In 2016, Microsoft launched an initiative to donate US$1 billion of cloud services to support 70,000 non-profits worldwide over three years. It has already reached more than half this number, enabling a broad array of non-profits to achieve their missions with increased insight, efficiency, and impact.

While these examples indicate significant steps forward in making the cloud more inclusive, the challenges and solutions are bigger than any one company can attempt. All stakeholders must work together to realize a technology revolution for all.

[1] See, for example, "Deep Shift – Technology Tipping Points and Societal Impact," World Economic Forum Global Agenda Council on the Future of Software & Society Survey Report (September 2015), http://www3.weforum.org/docs/WEF_GAC15_Technological_Tipping_Points_report_2015.pdf.
[2] "A Cloud for Global Good – A Policy Roadmap for a Trusted, Responsible and Inclusive Cloud," Microsoft (2016), http://www.microsoft.com/cloudforgood.
[3] ICT Data and Statistics Division, "ICT Facts & Figures" (International Telecommunication

Box 12: Barclays: Innovating to Deliver Shared Growth

This Report highlights the public policy framework needed to promote inclusive economic growth, but the private sector also has a key role to play. Since 2012, Barclays' Social Innovation Facility (SIF) has been fostering an environment conducive to social innovation across business lines and geographies with the aim of facilitating inclusive, shared growth for all.

SIF incubates products throughout the development period, right from market scoping to commercialization. This enables Barclays to overcome common challenges to successful social innovation such as short-term planning horizons, limited risk appetite, and competing priorities and resources.

The facility identifies and pilots innovative approaches by discovering talent across business lines. It also works with internal product development teams as well as external start-up technologies through Rise, Barclays' open-innovation platform.[1] To date, SIF has funded over 40 projects with an average financial commitment of around £600,000. These projects include financing of agricultural supply chains in Africa and conducting research on investor motivations for impact investing using Behavioral Finance expertise.[2] The insights from this work have informed the development and launch of Barclays' impact-investing proposition. This offering will enable clients to make investments that generate social and environmental impact in addition to financial returns by choosing select investment products and services.

SIF will also incubate the Barclays Women in Leadership Index, which features companies with a female CEO or with more than 25% female representation on corporate boards, with the aim of building awareness of the importance of gender parity in corporate leadership and bolstering relationships with institutional investors (see Chart 1 for a performance overview). In 2016, the Bank of Montreal launched a new mutual fund that tracks the Barclays North American WIL.

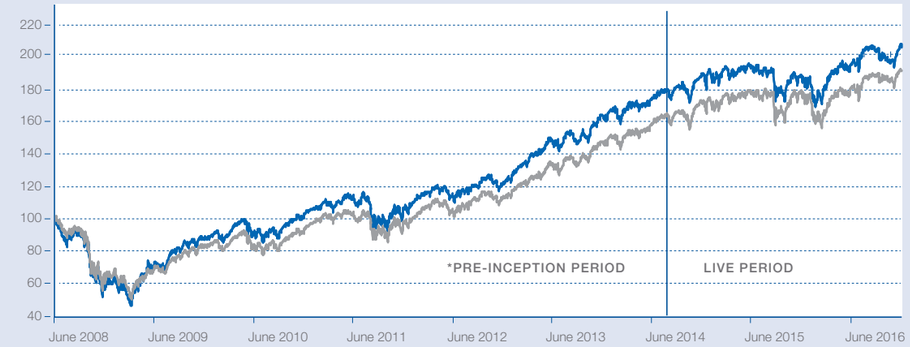
Most recently, in October 2016, Barclays' SIF funded the launch of an "Impact Series" from the Barclays research team, designed to explore the impact of economic, demographic, and disruptive changes on markets, sectors, and society at large. The inaugural report, *Sustainable Investing and Bond Returns*,[3] explores the relationship between environmental, social, and governance (ESG) investing and bond portfolio performance. The research shows that a high-ESG portfolio outperforms a low-ESG portfolio over a seven-year horizon, with the governance score leading to the strongest impact on performance and credit quality.

Barclays also has a range of programs focused on digital empowerment more broadly, which will be a key driver of growth in the future. The Barclays Digital Development Index assesses the outcomes of digital empowerment in 10 markets across the globe, focusing not only on individual empowerment but also on the wider context, attitudes, and policies that can foster confidence in a digital world (see Chart 2 for summary country rankings; detailed Index results and underlying data are available online).[4]

[1] Barclays' open-innovation platform, https://thinkrise.com/.
[2] Barclays Wealth and Investment Management, "The Value of Being Human: A Behavioural Framework for Impact Investing and Philanthropy" (September 2015), https://wealth.barclays.com/content/dam/bwpublic/global/documents/wealth_management/wp-a-behavioural-framework-for-impact-investing-and-philanthropy.pdf.
[3] Barclays Investment Bank, "Sustainable Investing and Bond Returns" (October 2016), https://www.investmentbank.barclays.com/our-insights/esg-sustainable-investing-and-bond-returns.html.
[4] Barclays Bank Plc., "From Inclusion to Empowerment: The Barclays Digital Development Index" (July 2016), https://digitalindex.barclays/.

Box 12: Barclays: Innovating to Deliver Shared Growth (cont'd.)

Chart 1: Barclays Women in Leadership (WIL) Index - Hypothetical Historical Performance



Source: Barclays, Institutional Shareholder Services.
Pre-inception period: Index Base Date is June 2008; Index Live Date is July 2014.
*Historical and hypothetical performance is not indicative of future performance. Performance data reflect all costs/fees incorporated in the index formula, but do not reflect additional fees that may apply to an index-swap transaction.

Chart 2: Barclays Digital Development Index 2016 - Combined Country Rankings

Combined Rank				
=	01	Estonia		6.4
=	01	South Korea		6.4
	03	Sweden		6.1
	04	United Kingdom		6.0
=	05	China		5.9
=	05	United States		5.9
	07	India		5.7
	08	Germany		5.6
	09	Brazil		4.5
	10	South Africa		4.2

Source: Barclays.
For detailed data and the complete index methodology, visit https://digitalindex.uk.barclays/methodology.

Part 1. Rising to the Challenge of Inclusive Growth and Development

Notes

1 International Monetary Fund World Economic Outlook, "Subdued Demand – Symptoms and Remedies" (October 2016): 19, https://www.imf.org/external/pubs/ft/weo/2016/02/pdf/text.pdf.
2 International Monetary Fund, "World Economic Outlook Update" (January 24, 2012), https://www.imf.org/external/pubs/ft/weo/2012/update/01/pdf/0112.pdf.
3 World Trade Organization, "World Trade Report" (2013): 55, https://www.wto.org/english/res_e/booksp_e/wtr13-2b_e.pdf.
4 World Trade Organization, "Trade in 2016 to Grow at Slowest Pace Since the Financial Crisis" (September 27, 2016), https://www.wto.org/english/news_e/pres16_e/pr779_e.htm.
5 Ibid.
6 European Central Bank, "Harmonised Long-Term Interest Rates for Convergence Assessment Purposes" (November 11, 2016), https://www.ecb.europa.eu/stats/money/long/html/index.en.html (last accessed December 8, 2016); Board of Governors of the Federal Reserve System, "Selected Interest Rates (Daily) - H.15," https://www.federalreserve.gov/releases/h15/ (last accessed December 8, 2016); Bank of Japan, "Average Interest Rates Posted at Financial Institutions by Type of Deposit" (December 7, 2016), https://www.boj.or.jp/en/statistics/dl/depo/tento/te161207.pdf (last accessed 8 December 8, 2016); European Central Bank, "Inflation Dashboard," https://www.ecb.europa.eu/stats/prices/hicp/html/inflation.en.html (last accessed December 8, 2016); StatBureau, "Countries by Inflation Rate 2016," https://www.statbureau.org/en/countries-ranked-by-inflation-rate (last accessed December 8, 2016).
7 G. Eggertsson, N. Mehrotra, and L. Summers, "Secular Stagnation in the Open Economy," *American Economics Review, Papers and Proceedings* 106, No. 5 (2016): 503-07; P. Krugman, "Four Observations on Secular Stagnation," in *Secular Stagnation: Facts, Causes and Cures*, eds. Coen Teulings and Richard Baldwin (CEPR Press, 2014).
8 B. Milanovic, "Global Income Inequality in Numbers: In History and Now," Global Policy 4, No. 2 (May 2013); United Nations Department of Economic and Social Affairs, *Inequality Matters: World Social Situation 2013* (New York, 2013): 25, http://www.un.org/esa/socdev/documents/reports/InequalityMatters.pdf.
9 H.L. Sirkin, M. Zinser, and D. Hohner, "Made in America, Again: Why Manufacturing Will Return to the U.S." (Boston Consulting Group, 2011), https://www.bcg.com/documents/file84471.pdf.
10 Tanya Powley, "China Becomes Largest Buyer of Industrial Robots," *Financial Times* (June 1, 2014), https://www.ft.com/content/a5cca8c0-e70c-11e3-aa93-00144feabdc0.
11 While the financial crisis has left many countries with constrained fiscal space, there is room and justification for fiscal expansion in several economies, albeit of limited duration and scale. See "Escaping the Low Growth Trap: Effective Fiscal Initiatives, Avoiding Trade Pitfalls," OECD Economic Outlook, November 2016.
12 T. Piketty, *Capital in the Twenty-First Century* (Paris and Cambridge, MA: Harvard University Press, 2013); G. Standing, *The Corruption of Capitalism: Why Rentiers Thrive and Work Does Not Pay* (London: Biteback Publishing, 2016).
13 See Klaus Schwab, "The Fourth Industrial Revolution" (World Economic Forum, 2016), https://www.weforum.org/about/the-fourth-industrial-revolution-by-klaus-schwab.
14 A. Kraay, "When is Growth Pro-Poor? Evidence from a Panel of Countries," *Journal of Development Economics* 80, No. 1 (2006): 198-227.
15 R. Rajan, Fault Lines: H*ow Hidden Fractures Still Threaten the World Economy* (Princeton, N.J.: Princeton University Press, 2010).
16 A.G. Berg and J.D. Ostry, "Inequality and Unsustainable Growth: Two Sides of the Same Coin?" IMF Staff Discussion Note 11/08 (2011), http://www.imf.org/external/pubs/ft/sdn/2011/sdn1108.pdf; J.D. Ostry et al., "Redistribution, Inequality, and Growth" (2014), http://www.imf.org/external/pubs/ft/sdn/2014/sdn1402.pdf.
17 L. Carvalho and A. Rezai, "Personal Income Inequality and Aggregate Demand," Working Paper 2014-23, Department of Economics, University of São Paulo, São Paulo (2014).
18 "Causes and Consequences of Income Inequality: A Global Perspective" (IMF, 2015), http://www.imf.org/external/pubs/ft/sdn/2015/sdn1513.pdf.
19 Ibid.
20 "Focus on Inequality and Growth" (OECD, December 2014), https://www.oecd.org/social/Focus-Inequality-and-Growth-2014.pdf.
21 Ibid; F. Cingano, "Trends in Income Inequality and Its Impact on Economic Growth," OECD SEM Working Paper No. 163 (2014), www.oecd.org/els/workingpapers.
22 Robert Costanza, Maureen Hart, Stephen Posner, and John Talberth, "Beyond GDP: The Need for New Measures of Progress," *The Pardee Papers No. 4*, January 2009, https://www.bu.edu/pardee/files/documents/PP-004-GDP.pdf.
23 Diane Coyle, *GDP: A Brief but Affectionate History* (Princeton University Press, 2015); Dirk Philipsen, *The Little Big Number: How GDP Came to Rule the World and What to Do about It* (Princeton University Press, 2015).
24 Robert J. Samuelson, "In Praise of the GDP," *Independent Record*, May 16, 2016, http://helenair.com/news/opinion/in-praise-of-the-gdp/article_fa456e06-b95d-55bd-82c9-af6348f8c005.html.
25 See, for example, the case of Nigeria, where a statistical revision of GDP in 2014 meant that the country's economy was calculated 89% bigger, even though its citizens were no wealthier. "How Nigeria's economy grew by 89% overnight," *The Economist*, April 8, 2014, http://www.economist.com/blogs/economist-explains/2014/04/economist-explains-2.
26 Joseph E. Stiglitz, Amartya Sen, and Jean-Paul Fitoussi, "Report by the Commission on the Measurement of Economic Performance and Social Progress," http://library.bsl.org.au/jspui/bitstream/1/1267/1/Measurement_of_economic_performance_and_social_progress.pdf.
27 Professor Sir Charles Bean, Independent Review of UK Economic Statistics, March 2016, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/507081/2904936_Bean_Review_Web_Accessible.pdf.
28 Ibid.; "Communications Market Report" (Ofcom, 2015), https://www.ofcom.org.uk/research-and-data/cmr/cmr15.
29 Diane Coyle, *GDP: A Brief but Affectionate History* (Princeton University Press, 2015); Dirk Philipsen, *The Little Big Number: How GDP Came to Rule the World and What to Do about It* (Princeton University Press, 2015).
30 Diane Coyle, "Digitally Disrupted GDP," *VOX*, February 8, 2016, http://voxeu.org/article/digitally-disrupted-gdp.
31 Stefan Hall and James Pennington, "How Much is the Sharing Economy Worth to GDP?" (World Economic Forum, October 28, 2016), https://www.weforum.org/agenda/2016/10/what-s-the-sharing-economy-doing-to-gdp-numbers/.
32 Peter Coy, "The Rise of the Intangible Economy: U.S. GDP Counts R&D, Artistic Creation," Bloomberg, July 18, 2013, https://www.bloomberg.com/news/articles/2013-07-18/the-rise-of-the-intangible-economy-u-dot-s-dot-gdp-counts-r-and-d-artistic-creation.
33 "Beyond GDP - New Measures for a New Economy" (Demos, 2011), http://www.demos.org/sites/default/files/publications/BeyondGDP_0.pdf.
34 Anna Bernasek, "Income Inequality, and Its Cost," *New York Times*, June 25, 2006, http://www.nytimes.com/2006/06/25/business/yourmoney/25view.html.
35 D. J., Talberth, C. Cobb, et al. "The Genuine Progress Indicator 2006: A Tool for Sustainable Development" (Oakland, California: Redefining Progress, 2007), http://rprogress.org/publications/2007/GPI%202006.pdf.
36 Tim Callen, "Gross Domestic Product: An Economy's All" (IMF, 2012), http://www.imf.org/external/pubs/ft/fandd/basics/gdp.htm.
37 Justin Fox, "The Economics of Well-Being" (Harvard Business Review, 2012), https://hbr.org/2012/01/the-economics-of-well-being.
38 Joseph E. Stiglitz, Amartya Sen, and Jean-Paul Fitoussi, "Report by the Commission on the Measurement of Economic Performance and Social Progress," http://library.bsl.org.au/jspui/bitstream/1/1267/1/Measurement_of_economic_performance_and_social_progress.pdf.
39 "Progress on 'GDP and Beyond' Actions," Commission Staff Working Document (Brussels, European Commission: 2013), http://ec.europa.eu/environment/enveco/pdf/SWD_2013_303.pdf
40 Human Development Index, United Nations Development Programme, http://hdr.undp.org/en/content/human-development-index-hdi.
41 Angus Deaton, "Income, Health, and Well-Being around the World: Evidence from the Gallup World Poll." Journal of Economic Perspectives 22, No. 2: 53-72.
42 http://www.oecdbetterlifeindex.org/.
43 http://happyplanetindex.org/.
44 https://www.weforum.org/agenda/2016/04/five-measures-of-growth-that-are-better-than-gdp/.
45 R. Costanza et al, "Beyond GDP: The Need for New Measures of Progress," *The Pardee Papers Series*, No. 4 (2009); M. Fleurbaey and D. Blanchet, *Beyond GDP: Measuring Welfare and Assessing Sustainability* (Oxford, Oxford University Press: 2013).
46 See, for example: http://www.economist.com/node/17079148, http://www.economist.com/news/finance-and-economics/21636749-what-ebenezer-scrooge-and-tiny-tim-can-tell-us-about-economics-joy-world and http://www.economist.com/news/briefing/21697845-gross-domestic-product-gdp-increasingly-poor-measure-prosperity-it-not-even.
47 See, in particular, Douglass C. North, "Institutions," in *Journal of Economic Perspectives* 5, No. 1 (1991): 97-112; Institutions, Institutional Change and Economic Performance (Cambridge University Press, 1990).
48 More recently, Hall and Jones find that differences in capital accumulation and productivity, and therefore output per worker, are driven by differences in institutions and government policies. See R. Hall and C. Jones, "Why Do Some Countries Produce So Much More Output per Worker than Others?" *The Quarterly Journal of Economics* 114, No. 1 (1999): 83-116; Acemoglu, Johnson, and Robinson show that institutions are robustly related to present-day differences in per-capita incomes. See D. Acemoglu, S. Johnson, and J. Robinson, "The Colonial Origins of Comparative Development: An Empirical Investigation," *American Economic Review* 91, No. 5 (2001): 1369-1401; D. Rodrik, A. Subramanian, and F. Trebbi also find that property rights are more important than either geography or trade in determining income levels around the world. See D. Rodrik, A. Subramanian, and F. Trebbi, "Institutions Rule: The Primacy of Institutions Over Geography and Integration in Economic Development," *Journal of Economic Growth* 9, No. 2 (2004) 9: 131.
49 *The East Asian Miracle* (World Bank, 1993): 13-15, 157-89.
50 *The Growth Report: Strategies for Sustained Growth and Inclusive Development* (World Bank, 2008): 4-5.
51 A. Hicks, *Social Democracy and Welfare Capitalism: A Century of Income Security Politics* (Ithaca, NY: Cornell University Press, 1999). In the UK, the introduction of the welfare state rested largely on the work of John Maynard Keynes, who argued the virtues of full employment and state stimulation of the economy, and William Beveridge and the 1942 Beveridge Report, which spelled out a system of social insurance covering every citizen regardless of income and also resulted in compulsory, free secondary education for all, as well as the birth of the National Health Service. In the United States, from 1933-38, the New Deal ushered in a new era of reform spanning financial regulation, farm subsidies, public works, mortgage protection, union rights, Social Security, and the minimum wage.
52 *Towards Green Growth* (OECD, 2011); Tools for Delivering on Green Growth (OECD, 2011); and *Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication* (UNEP, 2011). The pursuit of a greener model of economic growth begins with a similar rebalancing of national strategy priorities supported by systematic consideration of available policy space across a wide spectrum of relevant policy and institutional domains.
53 R.G. Rajan, *Fault Lines* (Princeton, New Jersey: Princeton University Press, 2010).
54 From an econometrics perspective, the Framework and the Outcome Indicators can loosely be seen as two sides of a regression, with the Outcome Indicators serving as the dependent variable, and the Framework Indicators as the independent variable(s).
55 OECD, "In It Together: Why Less Inequality Benefits All" (May 21, 2015): 29, http://www.oecd.org/social/in-it-together-why-less-inequality-benefits-all-9789264235120-en.htm.
56 Ibid: 181.
57 International Monetary Fund, "Legacies, Clouds, Uncertainties," World Economic Outlook (Washington D.C.: International Monetary Fund, 2014), http://www.imf.org/external/pubs/ft/weo/2014/02/pdf/text.pdf.
58 Christopher Heathcote, "Sending the Right Infrastructure Message," McKinsey & Company Capital Projects and Infrastructure Insights (August 2016), http://www.mckinsey.com/industries/capital-projects-and-infrastructure/our-insights/sending-the-right-infrastructure-message.
59 Frédéric Blanc-Brude, Grace Chen, and Tim Whittaker, "Towards Better Infrastructure Investment Products? A Survey of Investors' Perceptions and Expectations from Investing in Infrastructure" (EDHEC Infrastructure Institute-Singapore and Global Infrastructure Hub, July 2016): 27, http://globalinfrastructurehub.org/content/uploads/2015/10/GI-Hub-EDHECinfra-Investor-Survey-full-report.pdf.
60 "Blended Finance Vol. 1: A Primer for Development Finance and Philanthropic Funders – An Overview of the Strategic Use of Development Finance and Philanthropic Funds to Mobilize Private Capital for Development" (OECD and World Economic Forum, September 2015), http://www3.weforum.org/docs/WEF_Blended_Finance_A_Primer_Development_Finance_Philanthropic_Funders_report_2015.pdf; "Blended Finance Toolkit" (World Economic Forum), https://www.weforum.org/reports/blended-finance-toolkit; "Building on the Monterrey Consensus: The Untapped Potential of Development Finance Institutions to Catalyze Private Investment" (World Economic Forum, 2006), http://siteresources.worldbank.org/INTINFNETWORK/Resources/CatalysingPrivInvestment.pdf; "The Sustainable Infrastructure Imperative" (The New Climate Economy Initiative, 2016), http://newclimateeconomy.report/2016/; "Report to G20 Deputy Finance Ministers and Central Bank Governors on MDB Internal Incentives for Crowding-in Private Investment in Infrastructure" (Global Infrastructure Hub, 2016), http://www.globalinfrastructurehub.org/content/uploads/2015/10/4a-Knowlege-Sharing1.pdf.
61 http://www.sdiponline.org/.
62 https://convergence.finance/.
63 http://globalinfrastructurehub.org/.
64 http://www.worldbank.org/en/programs/global-Infrastructure-facility.
65 https://www.africa50.com/.
66 "Strengthening the Global Trade and Investment System in the 21st Century Synthesis Report"(ITC and World Economic Forum, January 2016), http://e15initiative.org/publications/executive-summary-synthesis-report-full-report/.
67 "Bridging Skills and Innovation Gaps in Latin America: Country Implementation of the Competitiveness Lab" (World Economic Forum, September 2016), https://www.weforum.org/whitepapers/bridging-skills-and-innovation-gaps-in-latin-america-country-implementation-of-the-competitiveness-lab.
68 World Economic Forum and Bruegel (forthcoming).
69 World Economic Forum, White Paper on Future Preparedness (forthcoming).
70 "The Global Competitiveness Report" (World Economic Forum, September 2016), https://www.weforum.org/reports/the-global-competitiveness-report-2016-2017-1; "The Global Information Technology Report 2016" (World Economic Forum, July 2016), https://www.weforum.org/reports/the-global-information-technology-report-2016; "An African Agenda for Africa's Competitiveness" (World Economic Forum, May 2016), https://www.weforum.org/reports/an-action-agenda-for-africa-s-competitiveness; "Travel and Tourism Competitiveness Report" (World Economic Forum, May 2015), https://www.weforum.org/reports/travel-and-tourism-competitiveness-report-2015.

Part 2.
Data Presentation

Selected Country Summaries

Advanced Economies

Countries in the advanced economy category are best positioned to ensure inclusive growth, as they have the greatest financial means and generally sophisticated markets and economic frameworks. Yet the extent to which they succeed varies widely. The Nordic countries, Switzerland, New Zealand, and Canada do comparatively well, while others such as the United States, France, and several countries in Southern and Eastern Europe fall short in many areas.

Australia ranks 8th among all countries on the Inclusive Development Index (IDI), reflecting its strong growth and intergenerational equity. The country is also delivering quite well in terms of intergenerational equity but could do more to broaden the distribution of income and wealth. The Framework indicates that Australia's economy is particularly characterized by strong asset-building, entrepreneurship, and new business creation (ranked 3rd among advanced economies). This is thanks to its supportive regulatory framework and lack of red tape, as well as healthy access to finance for business creation and development. Access to education is excellent, though its quality could be improved, as could the equity of outcomes for students from different income levels. There is also scope to increase the participation of women in the workforce, for example through more affordable child care, which could help to lower the high rates of temporary and involuntary part-time employment. Australia could also make further use of fiscal transfers, improving the generosity of social protection benefits, to ensure more equitable outcomes from growth.

Canada ranks 15th on the IDI, having made modest progress in the last five years. The country benefits from high median living standards, a relatively high employment rate, and a dependency ratio that is favorable at present. On the other hand, income inequality is wider compared with peers, labor productivity has improved slightly, and carbon intensity of GDP is high. The Framework shows that Canada benefits from reasonably strong access to finance for businesses, though they remain relatively small, not managing to scale as in some peer economies. Canada ensures strong equity of educational outcomes for students from all socioeconomic backgrounds, but formal and vocational curricula must continue to be adapted to the needs of a rapidly transforming economy. Canada's tax code – especially property taxes– effectively promotes inclusivity of economic outcomes. Some steps that could further foster inclusivity, and which the government is in many cases exploring, include broadening family-leave policies, making child care more accessible and affordable to increase the participation of women in the workforce,and taking measures to foster greater entrepreneurship for new business creation and scaling.

Denmark is ranked 5th on the IDI, driven by strong environmental stewardship and intergenerational equity. Its social protection system also fosters inclusive outcomes as Denmark makes effective use of fiscal transfers to correct the higher levels of income and wealth inequality delivered by market outcomes. The Framework indicators show that Denmark benefits from low levels of corruption, but the banking sector and some rents are rather concentrated as compared with the situation in its peer countries. It has a strong culture of entrepreneurship and relatively low levels of bureaucracy facing business creation and operations. Wage compensation is equitable, with a high labor share of income and a particularly low gender pay gap. However, it would benefit from higher quality and equity in its education system, as well as greater financial inclusion to encourage business investment.

Finland comes in 11th overall, its IDI score having declined over the last five years in part due to the slow growth of its already-low GDP per capita and a rising dependency ratio. However, it continues to perform exceptionally well across most areas. The Framework shows that Finland makes effective use of market levers to deliver greater social inclusion, ranking 8th in this area. It tops the rankings for education and training, which are characterized by both high quality and inclusiveness of outcomes, with only small differences in educational performance between students at different income levels. It is also ranked 1st for asset-building (in the form of employee stock ownerships and profit-sharing schemes) and does well at fostering entrepreneurship, with businesses facing relatively little red tape. Corruption and rent seeking are low, and workers receive comparatively generous wages. Finland could, however, improve its use of fiscal transfers: although the tax code is progressive and effective at reducing poverty and inequality, it could be less distortionary in terms of incentivizing work and investment.

France is ranked 18th on the IDI, with declines across several areas over the past five years suggesting that efforts to promote social inclusion and equity have not been fully effective. Employment levels are low and the results related to intergenerational equity are of significant concern, with a rising dependency ratio and growing public debt putting future prosperity at risk. The inclusive growth Framework points to more weaknesses than strengths driving these outcomes. Strengths include excellent infrastructure and basic services, particularly transport and healthcare, as well as strong social protection, which is necessary given poor market outcomes. France's weaknesses include significant red tape in creating or growing businesses, which applies brakes on employment creation; and a tax system that distorts incentives to work and invest. These and other factors have led France's youth unemployment levels to be among the highest in advanced economies.

Germany ranks 13th on the IDI with a mostly middling performance across the subdimensions of the Index, but moving modestly in the right direction over the last five years. While its income inequality is somewhat average among advanced economies, wealth inequality is high, ranked 25th. GDP is also highly carbon intensive, an issue the government is actively working to address. The Framework shows that Germany has managed to keep youth unemployment low by European standards, while providing high median living standards and an economy that delivers a high share of income to workers. This is explained in part by the success of its vocational training programs in equipping workers with skills that the market demands. Citizens also benefit from strong social protection, and businesses can access the finance they need to develop, though new business creation remains muted compared with many peers. Other areas requiring attention include increasing participation of women in the workforce, improving the progressivity of the tax mix, and addressing regulations that protect incumbents and concentrate rents (thus stifling new business creation).

Greece ranks lowest out of all 29 advanced economies on the IDI, while also registering the worst five-year trend in scores among this group. Several developing economies manage a higher score, which indicates how urgently reforms must continue as the country struggles to emerge from a deep economic crisis. The Framework indicates the many areas in which Greece must make progress to put in place the drivers of future growth and inclusiveness. Particular priorities include reforming the education and training systems to improve outcomes and narrow the gaps between students from different socioeconomic backgrounds; addressing high levels of corruption and red tape that are holding back business creation and development; and incentivizing companies to move out of the informal sector to create better employment opportunities and widen the tax base needed for the government's coffers.

Italy, a country in the midst of some political instability, ranks 27th out of the 29 advanced economies on the IDI, with its overall score having deteriorated over the last five years. This particularly reflects poor performance in terms of growth, employment, and intergenerational equity, with a high debt-to-GDP ratio potentially weighing on future generations. There are also high levels of exclusion in the economy – Italy ranks a low 21st on levels of poverty and inequality. The Framework shows that Italy's social protection system does not start to address these concerns as it is neither particularly generous nor especially efficient. Italy also suffers from pervasive corruption and concerns about business and political ethics. Entrepreneurship is constrained by poor access to finance – an issue also related to low levels of research and patenting activity – limiting job creation and growth. In this context, unemployment, involuntary part-time work, informality, and vulnerable employment remain high, even as women's participation in the workforce is extremely low and the gender pay gap is high. Further, there is little social mobility, indicated by the high intergenerational persistence in wage differentials.

Japan ranks a low 24th on the IDI among advanced economies. Some of its clear strengths are the longest healthy-life expectancy and relatively low wealth concentration. On the other hand, the country struggles with high poverty, with 16% of households earning less than half the median income. In addition, high debt and an increasingly high dependency ratio – in both cases the worst among advanced economies – point to a lack of intergenerational equity as a major concern. The Framework shows that despite these poor outcomes, Japan still gets a lot of the basics right: education is equitable and of high quality, whose outcomes feed into a highly-skilled workforce that benefits from low levels of informality and unemployment. Areas of concern include the gender gap – more affordable child care could incentivize greater participation of women in the workforce, which will be critical for the country given its growing demographic challenges. Despite having a high level of patenting activity, technological readiness, and private spending on research and development, Japan registers relatively few new businesses – which could be related to administrative barriers, or negative attitudes toward entrepreneurial failure. Promoting a stronger culture of entrepreneurship will also be important for driving more dynamism in the economy.

The **Netherlands** comes in 7th overall on the IDI, with relatively low income inequality and poverty, as well as an ability to provide reasonably high median living standards. The Framework shows that the country benefits from top-notch basic infrastructure and health services, as well as an education and training system that does a reasonably good job of ensuring that student performance is not hindered by socioeconomic background. The country also benefits from strong business creation, which is powered by a culture of entrepreneurship, strong asset-building, and generally good access to finance. While social protection is a strength, the tax system could do more to further inclusivity – notably through a more progressive income tax and a higher capital tax.

New Zealand owes its overall 9th position on the IDI in large part to low level of debt, high employment rate, and a lack of wealth inequality compared with peers. While its level of income inequality is among the worst in all advanced economies (27th rank among 29 countries), this is managed through a strong system of progressive redistribution. The Framework shows that New Zealand's strong points include little red tape around business creation (ranked 1st), strong business and political ethics (2nd), and easy availability of financial intermediation for real economy investment (1st). The country also manages to foster greater inclusivity through its tax code and social protection schemes without distorting the market, ranking 8th on this measure. Opportunities to make growth even more inclusive include a focus on ensuring more equitable outcomes in the education system for students from various socioeconomic backgrounds, and vocational training that is more effective at linking vulnerable people with productive employment opportunities.

Norway tops the IDI, with improvements over the last five years reflecting its success in following a clearly articulated policy to pursue inclusiveness in its growth process. Median living standards are high and rising, while inequality is the lowest among advanced economies after taxes and transfers. The Framework shows that in particular, the country benefits from strong use of market levers to promote equitable outcomes while keeping social protection effective. Norway's strengths include a high degree of social mobility, low unemployment, and high female labor force participation – with generous policies on parental leave and affordable child care that keep talented women and parents in the workforce. Strong collective bargaining protects workers' rights. Nonetheless, even in Norway there is some room for improvement – the education system could do more to prepare the workforce for a rapidly changing economy. Fostering a greater culture of entrepreneurship would inject further dynamism into the economy.

The **Republic of Korea** ranks 14th overall on the IDI with measureable improvements over the last five years, despite recent political turmoil. The country does especially well on intergenerational equity – with high savings rates, significant spending on education, and favorable demographics. However, Korea suffers from elevated poverty rates despite impressive employment levels – potentially related to the low overall number of citizens in the labor force as women's participation is among the lowest in advanced economies. This is also likely related to an exceptionally high pay gap between men and women. Among the country's strengths is its excellent education system which delivers relatively equitable outcomes. Areas of concern include rent-seeking behavior among those in power, and a regulatory system that perpetuates the concentration of rents within a limited number of large, family-run companies. The country could do more to promote inclusiveness through its social protection system, including healthcare.

Singapore is not ranked on the IDI because data is unavailable on poverty and median incomes. On other measures, it scores well on intergenerational equity and recent per-capita growth, but less well on income inequality as well as the extent to which the economy is carbon intensive. The Framework ranks Singapore low among all advanced economies on its use of taxes and transfers to tackle its high levels of income inequality. Singapore has many strengths to build on, however: rigorous business and political ethics (ranked 3rd); an excellent education system (with top scores in PISA Reading and Math)[1] catering well to students from lower-income backgrounds; and strong entrepreneurship supported by excellent access to capital (scoring well on financial intermediation for real economy investment). Unemployment is extremely low at 3%, as is youth unemployment at 7%. However, the country ranks poorly on female participation in the labor force and the economy would benefit from narrowing the gender pay gap. Another priority is finding ways to translate productivity gains into pay rises – the share of national income going to labor, as opposed to capital, is relatively low and declining.

Spain ranks 26th among the 29 advanced economies on the IDI, with a score that has worsened over the last five years. This reflects slow GDP per capita growth as well as high income inequality and poverty, with median living standards worsening in recent years. The Framework shows that the positives for Spain include relatively strong infrastructure and improving basic services, particularly transport and healthcare. Its challenges include a relatively low-quality education system which does little to lift up students from underprivileged socioeconomic backgrounds; high unemployment, particularly among the youth; and a large informal sector. Creating high-quality employment opportunities will depend on making it easier and more financially viable to start new enterprises. Improving access to information technology could help.

[1] Program for International Student Assessment, the triennial international survey which aims to evaluate education systems worldwide by testing the skills and knowledge of 15-year-old students, https://www.oecd.org/pisa/aboutpisa/.

Switzerland follows Norway and Luxembourg on the overall IDI, ranking 3rd on the back of robust growth and employment, high median living standards, strong environmental stewardship, and a fair degree of intergenerational equity. Among Switzerland's many strong points are good basic services and infrastructure, particularly ground transport and healthcare; lack of corruption; and a vigorous vocational education system that contributes to high levels of social mobility. More could be done, however, to reduce inequality and distribute gains from growth more fairly – the country's capital and property taxes help to reallocate income, but its concentration of wealth is among the highest in advanced economies. Other points where improvement could be made include increasing the talent pool by making child care more affordable and narrowing the gender pay gap. The dynamism of the economy would be boosted by greater entrepreneurship through efforts such as improving access to finance for small, non-financial corporations.

The **United Kingdom** comes in 21st on the IDI. Its median living standards have declined over the last several years, and it scores relatively low on health-adjusted life expectancy (24th rank), income inequality (22nd), and measures of intergenerational equity such as adjusted net savings. The UK's efforts to deliver inclusive growth show a mixed picture. Its strengths include relatively vigorous business creation, supported by access to finance – both important drivers of new employment and growth –though it is not yet clear what impact the recent Brexit referendum will have on investment. The country also makes good use of the tax code – including property, inheritance, and progressive income taxes – to make economic outcomes more equitable. However, it needs to improve the education system to better prepare the workforce, address youth unemployment, and fix low levels of social mobility. Ensuring better access to quality healthcare for all is also a priority, as is increasing the participation of women in the labor force, for example through improved labor protection and better access to affordable child care.

The **United States**, despite being a global economic and innovation powerhouse, ranks only 23rd on the IDI. Although the country has grown rather rapidly in recent years, it is among the three advanced economies with the highest levels of poverty and income inequality. Median household income has been on a downward trend, though there has been a slight improvement in the past couple of years. Its high levels of debt call into question its fiscal sustainability. The Framework shows that the US does have some strong foundations for improving inclusiveness – it enables strong asset-building and entrepreneurship, with easy access to capital and other supporting conditions for business creation. However, several areas require attention. Policy reform on parental leave and affordable child care could improve participation of women in the workforce and deepen the talent pool. Higher wages could also help to boost consumption which has been constrained since the financial crisis. While taxes on inheritance, property, and capital have some effect on inequality, the tax code remains comparatively regressive by not levying taxes on those best able to contribute. The United States has a less comprehensive social-safety net than many other advanced economies, constraining not only living standards but also some risk-taking critical for innovation.

Upper-Middle Income Countries

The upper-middle income category includes several countries from Latin America and Eastern Europe, as well as a handful in Asia and Africa. It includes all the BRICS except for India (Brazil, Russia, China, and South Africa). Nearing the income levels of advanced economies, these countries have considerable resources at their disposal, but their growth and development processes vary in the level of inclusiveness.

Argentina ranks 11th out of the 79 developing countries on the Inclusive Development Index (IDI), with its score (4.43 out of 7) representing a slight decrease (0.11%) from five years ago. While GDP per capita remains somewhat low and the poverty rate is relatively high for a country at its level of development, income and wealth inequality indicators show that inequality is not as significant a concern as in many other countries. Looking at the seven areas of the Framework, or the "inputs" into inclusive growth and development, Argentina's strong points include relatively good basic services, especially health; a progressive taxation system; and good social protection. The country has registered small improvements in the quality of education, employment, and labor compensation, as well as in asset-building and entrepreneurship. However, red tape still makes it hard to create companies, while access to finance remains difficult and corruption levels high. Argentina needs to create more new businesses to reduce unemployment, particularly among the youth, and improve its infrastructure.

Brazil is 30th on the IDI, having weakened somewhat over the last five years. Brazil continues to benefit from relatively low unemployment, though formalizing the significant informal sector would bring in more tax revenue that could be spent on basic services and infrastructure – an imperative given that the country ranks close to the bottom on the public debt indicator (68th). Its economy is becoming more carbon intensive, ranking 65th on the trend for developing economies. The Framework indicators show that to make growth more inclusive, the education system must be upgraded, particularly so that young people from poorer socioeconomic backgrounds, currently doing less well, can benefit from a level playing field. Healthcare affordability and access must also be addressed. Corruption remains a major problem, undermining trust in the system and making it more difficult to achieve many development goals.

Chile ranks 10th on the IDI, with its score of 4.46 up by 2.07% in the last five years and reflecting good performance across a range of indicators. It tops the rankings for healthy-life expectancy (70.5 years) in its income group, and comes second only to Lithuania in GDP per capita. It achieves top-10 rankings in labor productivity, median living standards, and debt-to-GDP ratio. The Framework shows that in terms of strengths driving inclusive growth, Chile has been able to develop world-class infrastructure and basic services, and has markedly improved access to education over the years. In order to improve further, it must focus on delivering more equitable education outcomes regardless of socioeconomic background, reduce the extent of market dominance by a handful of firms, and make taxation more progressive and social security more comprehensive.

China comes in 15th among the developing economies on the IDI, but has seen improvements across a number of indicators in the last five years. China's score has increased by 1.65% during this time, placing it 20th among 79 countries in terms of progress, despite relatively strong growth in GDP per capita and labor productivity. China has one of the highest carbon intensities of GDP among developing economies (ranking 67th), and wealth inequality has risen to extremely high levels. The Framework indicates that in terms of strengths, employment outcomes remain strong, thanks to reasonably vigorous competition, entrepreneurship, and business creation. Going forward, key priority areas include investment in productive infrastructure, and improvements in healthcare and access to education. Although the country has seen a significant reduction in poverty over recent decades, China could do more through an enhanced social safety net and targeted fiscal transfers.

Costa Rica is 9th on the IDI among developing economies. It is second only to Chile in terms of healthy-life expectancy (69.8 years), and its median living standard is high. On the other hand, inequality is of concern as the country appears in the bottom 15 developing countries for its income Gini. With regard to the Framework indicators, among the strengths of Costa Rica are the relatively good provision of basic services including sanitation and clean drinking water, and relatively high-quality and accessible healthcare. However, further improvement is needed in upgrading transportation infrastructure and enhancing access to education. The country could also improve incentives to work and invest via a more progressive and less distortionary tax system, while business creation and growth would benefit from more developed financial markets and better access to capital.

Malaysia ranks 16th on the IDI for developing economies, scoring 4.39. The country benefits from strong labor productivity and relatively high median living standards, though its wealth Gini indicates that inequality is of some concern and the high debt-to-GDP ratio indicates that the country could be putting future prosperity at risk. The Framework indicators show that Malaysia's strong performance is underpinned by quality infrastructure and basic services, including good healthcare on a par with many advanced economies; and by banks and equity markets that provide businesses with reliable access to financial resources, helping boost business development and entrepreneurship. In terms of further enhancing the ability of the country to grow inclusively, the education system should provide quality education to all and the social safety net could be developed further.

Mexico ranks 29th on the IDI with a score of 4.13. This middling result has not changed much in recent years, in part driven by slow growth in GDP per capita and labor productivity since 2011. Inequality remains high, with the country ranked 62nd among developing economies. These and other indicators show that Mexico could do more to achieve a more inclusive growth process. The Framework indicates that youth unemployment, in particular, remains somewhat high at close to 10%, which is more than double the rate for the general population. This emphasizes the need to improve vocational and on-the-job training as well as, more generally, upgrading the education system to ensure greater equity of outcomes regardless of socioeconomic background. Mexico must also do more to boost its resources to invest in these areas, especially as the tax base remains constrained by the large size of the informal sector. Further, corruption and security concerns undermine confidence in the system.

Poland ranks 4th among developing economies on the IDI, its high score of 4.57 reflecting strengths in GDP per capita, labor productivity, healthy-life expectancy, and median living standards, in addition to relatively low poverty and inequality. In terms of Framework results, Poland tops the education and skills pillar: education and training are of comparatively good quality, and outcomes are relatively equitable among students from different income groups. The country also has the strongest social protection system among peers, though its tax system would benefit from reforms to strengthen incentives to work and invest. Investments must also be made in critical areas such as infrastructure and basic services, particularly healthcare.

The **Russian Federation** is ranked 13th among developing economies on the IDI. Its median living standard is relatively high compared with other emerging economies, and its poverty rate is low by developing-country standards. Its unemployment rate is also comparatively low, though youth unemployment is significant and many people are forced to work in the informal sector. The education system is universal and fosters reasonably equitable outcomes, though its quality must be improved to better confront the realities of a rapidly changing economy. Another area for improvement is financial intermediation, especially providing more financing for small and medium enterprises (SMEs), a sector that would benefit likewise from less red tape in starting and growing a business. A more progressive tax code and expanded social safety net would also improve Russia's ability to deliver a more inclusive growth process to its citizens.

South Africa ranks 70th among developing economies on the IDI, despite having the 19th-highest GDP per capita in this group – a difference that represents significant underperformance on other factors key to socioeconomic well-being. Its healthy-life expectancy is just 54.4 years, placing South Africa 66th out of 79 countries, while its employment rate is the lowest of all countries bar Mauritania and Jordan. South Africa also suffers from extremely high income inequality, wealth inequality, and carbon intensity of GDP. Developing talent by improving the low level of tertiary enrollment would help to capitalize on the strength of the highly developed financial system and the country's entrepreneurial culture.

Turkey's score of 4.30 places it 20th on the IDI. It has the highest labor productivity among this group, high GDP per capita and living standards, and low poverty. In terms of Framework indicators these good outcomes are driven by strengths such as relatively high competition among companies, which ensures that large individual firms do not dominate the economy and stifle activity. Turkey also benefits from a fairly sophisticated financial sector, which adds to this business dynamism by providing investment. On the other hand, the unemployment rate is somewhat high, particularly among the young. This points to the continuing need to strengthen the education system, especially to make outcomes more equitable for students from all income groups. Expanding female participation in the labor force is also a priority, alongside reducing the wide gender gap in pay.

Venezuela ranks 26th among the 79 developing economies on the IDI, and its GDP per capita, while still relatively high, is decreasing at one of the fastest rates among developing economies. Venezuela's natural capital is quickly depleting and its labor productivity has not grown in over five years. Additionally, despite much talk about providing more equitable outcomes, wealth inequality in the country is high. In terms of Framework indicators, corruption is widespread, and many Venezuelans have been driven to work in the informal sector. The quality of education is poor, not providing students with the skills needed for an economy undergoing rapid changes. Further, infrastructure is underdeveloped and the country struggles to provide even the most basic services to its citizens. Low levels of business activity reflect bureaucratic barriers and a lack of capital available for investment, even as employment has barely grown in five years.

Lower-Middle Income Countries

Countries in the lower-middle income category have sufficient income to lift much of the population above subsistence level, but only some countries have managed to do so – in many cases, inequality of wealth and income remains a significant challenge. These countries must work both on enhancing productivity to create conditions for growth, and on ensuring that growth is broad-based and inclusive. This category includes several South Asian economies, and a number of countries from sub-Saharan Africa and the Middle East and North Africa (MENA) region.

Egypt has a score of 2.94, placing it 73rd among the 79 developing economies on the IDI. The country struggles with many aspects of inclusive growth. Over five years, its GDP per capita and labor productivity have barely grown. Income and wealth inequality remain high. Unemployment is also high, especially among the young, and the dependency ratio is increasing, meaning that more and more people who are not in the workforce need to be supported by ever fewer workers. Egypt also suffers from an extremely high debt-to-GDP ratio and high carbon intensity of GDP, placing the future at risk. The Framework indicates that the education system does not reach a sufficient proportion of the population and that quality is lacking. Despite a history of entrepreneurship, business and employment creation remain constrained by insufficient finance, poor transport infrastructure, and pervasive corruption. Many workers are in vulnerable employment situations, often in the informal economy.

El Salvador is ranked 41st out of the 79 developing countries on the IDI with a score of 4.00. Even though inequality and poverty rates are lower than many peers, debt levels have been on the rise, putting future growth at risk. The Framework indicators show that to further enhance inclusive growth, it will be critical to upgrade education and provide better healthcare. El Salvador must also urgently work toward increasing the dynamism of its economy, for example by streamlining bureaucratic procedures and improving access to financing.

Ghana's IDI score of 3.50 places it 55th out of 79 developing economies. It has run up an exceedingly high debt-to-GDP ratio in recent years, continues to have a very high poverty rate, and is not sufficiently protecting its natural capital. On the other hand, labor productivity and employment, while still somewhat low, have grown over the last five years. The Framework indicates, however, that youth unemployment remains quite high, pointing to the need for further improving the quality of education as well as the equity of outcomes across socioeconomic backgrounds. Ghana must improve its infrastructure and healthcare system. The country has the advantage of relatively low corruption compared with its peers, and the recently-elected government has vowed to tackle it further. Reductions in the administrative burden on entrepreneurs would also significantly improve the business environment.

India, with a score of only 3.38, ranks 60th among the 79 developing economies on the IDI, despite the fact that its growth in GDP per capita is among the top 10 and labor productivity growth has been strong. Poverty has also been falling, albeit from a high level. On the other hand, its debt-to-GDP ratio is high, raising some questions about the sustainability of government spending. With regard to Framework indicators, educational enrollment rates are relatively low across all levels, and quality varies greatly, leading to notable differences in performance among students from different socioeconomic backgrounds. While unemployment is not as high as in some other countries, the labor force participation rate is low, the informal economy is large, and many workers are in vulnerable employment situations with little room for social mobility. A more progressive tax system would help raise capital for expenditure on infrastructure, healthcare, basic services, and education. India scores well in terms of access to finance for business development and real economy investment. However, new business creation continues to be held back by corruption, underdeveloped infrastructure, and the large administrative burden involved in starting and running companies.

Indonesia has a relatively high IDI score of 4.29, placing it 22nd on the Index. Its performance has benefited from good labor productivity growth and a reduction in poverty, though both income and wealth inequality are high. The country has a low debt-to-GDP ratio compared with its peers. As per the Framework indicators, Indonesia could raise needed revenues for building infrastructure and providing basic services by making its tax system more progressive. The education system offers good quality, though enrollment levels need to be raised. Unemployment is low overall, but youth unemployment is over 30% and women's participation in the labor force remains low, limiting the talent available in the workforce.

The **Islamic Republic of Iran** has seen a decline in the inclusiveness of growth, losing over 1.54% in its score in the last five years, but still ranks 21st among the 79 developing economies on the IDI. The country has strong labor productivity relative to its peers, as well as high healthy-life expectancy, low dependency ratio, and manageable debt-to-GDP. The decline in score has mainly been attributed to drops in GDP per capita and labor productivity, as well as low employment and rising wealth inequality. The middle class remains comparatively large, but has been shrinking. Employment levels are extremely low (rank 76) and Iran's economy has one of the highest levels of carbon intensity in the world (rank 75). The Framework shows that in terms of addressing some of its challenges, Iran makes good use of fiscal transfers for more equitable outcomes, with a progressive taxation system that provides resources needed for the country's relatively high spending on social protection. Priority areas include tackling gender gaps in education, employment, and health; and formalizing informal economic activity, for example by making it easier to start and grow a business.

Jordan ranks 54th among 79 developing economies with an IDI score of 3.50. The country's employment rate is among the lowest globally, and joblessness reaches almost 30% among the youth. Jordan's labor productivity and median living standards are comparatively high; and income and wealth inequality are comparatively low. With regard to the areas measured in the Framework, infrastructure is well-developed; and basic services such as sanitation and healthcare are relatively good. On the other hand, the education system is not accessible for sufficient numbers of young people, and the country should make efforts to bring more female talent into the workforce. In addition, the tax system would be more supportive of inclusive growth if it were more progressive.

Nigeria has the resources and entrepreneurial environment to build an inclusive economy, but has not yet done so, ranking 71st of 79 developing economies on the IDI, with its score on a downward trend over the past five years. Life expectancy is under 48 years – one of the lowest among all countries covered – the poverty rate is high, and living standards are among the lowest in developing economies. Nigeria's dependency ratio is in the bottom 10, with too few workers supporting too many people not in the workforce. Perhaps not surprisingly, the country's economy is becoming highly carbon intensive. The Framework shows that Nigeria faces a number of challenges in addressing these issues. Educational enrollment and quality are poor, and participation in the labor force is quite low, even as the informal sector is large. The country also suffers from poor infrastructure and a lack of basic services, with corruption and diversion of public funds making it difficult for the government to deliver public goods. Despite a relatively entrepreneurial environment, Nigeria is not yet able to ensure growth that is sustainable and broad-based.

The **Philippines** has seen a mild decline in its IDI score over the past five years, with a score of 4.00 placing it 40th among 79 developing economies. GDP per capita and labor productivity are both growing, but poverty and wealth inequalities remain high. The Framework shows that access to education has widened, but the quality of education must be improved. The country could reduce its high levels of inequality by upgrading infrastructure and improving provision of basic services. Corruption and security concerns are also highly problematic for the proper functioning of the economy and for business creation, which is also hindered by burdensome red tape.

Thailand has seen a mild improvement in the inclusiveness of its growth and development, with a score of 4.42 placing it 12th on the IDI. The country has some good foundations in the shape of high employment, low poverty, and good living standards, though wealth inequality is increasing, indicating room to improve market mechanisms for delivering inclusion. The Framework indicates that while the quality of education has declined somewhat, it remains good relative to peers, with high enrollment rates. Female labor force participation is also high, though paid maternity leave could be extended. Efforts should be made to encourage greater entrepreneurship and business creation in order to bring workers from the informal economy into the formal sector. Doing so would widen the tax base that would allow the country to reinforce its social protection system.

Tunisia ranks 44th on the IDI, having seen a decline over the last five years. It ranks well on the equity pillar, given its relatively good outcomes in the areas of poverty elimination, reduction of income and wealth inequality, and improvement in median living standards. On the other hand, its employment rate is low (41.3%), and its adjusted net savings rate signals a need to invest more in the future. The Framework indicates that Tunisia's basic services, in particular its healthcare system, are relatively good for a lower-middle income country. Yet the education system is not delivering sufficiently high-quality outcomes and is failing to reach many young people. This helps to explain why youth unemployment is high. The informal sector remains large, and Tunisia needs to do more to unleash markets to create new businesses and jobs.

Ukraine ranks 47th on the IDI, scoring measurably lower than it did five years ago. Continuing hostilities in the east of the country are possibly rolling back some progress, as they disproportionately affect the least well-off, driving talented people to leave the country for opportunities elsewhere. Ukraine has a low dependency ratio (43.3%), but performs poorly on all other measures of intergenerational equity. It also has one of the highest levels of wealth inequality of all developing countries. On the positive side, it has low income inequality and poverty. The Framework indicates that its education system is supportive of inclusive growth, with high enrollment rates and equitable outcomes for students across socioeconomic levels. The middle class remains large, and good healthcare and unemployment benefits help Ukraine rank first in its income group on social protection. Priorities should include improvement in vocational training, reduction of the administrative burden on new business creation, expansion of finance for entrepreneurs, and enhanced focus on tackling corruption.

Vietnam ranks 25th on the IDI, its performance having deteriorated slightly over the last five years despite a significant reduction in poverty over that time. It benefits from a low dependency ratio and relatively high employment, though youth unemployment is somewhat higher, pointing to the need to improve the quality of education and increase enrollment at all levels. The Framework indicates that it is harder to start a business or enforce a contract in Vietnam than in peer economies, and an underdeveloped financial sector makes it difficult for businesses to obtain financing. Improvements are needed in infrastructure and basic services such as healthcare, where out-of-pocket expenses remain high. Police services also need to be reformed to better tackle security challenges.

Low Income Countries

Most countries in the low income category are in sub-Saharan Africa and South Asia, with a few from other developing regions. Many have relatively low levels of inequality, but also low income overall with living standards for much of the population barely above subsistence level. Efforts are needed in many areas to generate the productivity and growth necessary to underpin inclusive economies, including poverty alleviation and improved public services such as healthcare, education, and training.

Bangladesh ranks 36th out of 79 developing economies on the IDI. It has improved GDP per capita and reduced public debt over the last five years, but wealth inequality has increased substantially. The Framework indicates that one of Bangladesh's strengths is better access to finance from banks and the equity market than most other countries at the same income level. However, business development is held back by red tape and rampant corruption, with many driven to do business in the large informal economy. Infrastructure and basic services are in dire need of improvement, as is the education system – enrollment rates at primary level are low, quality of education is poor, and lower-income students do particularly badly, thereby perpetuating inequality.

Cambodia ranks 43rd on the IDI, with hardly any change on aggregate over the last five years. The country benefits from high employment, though labor productivity remains low, despite some improvement over the last five years. The Framework shows that Cambodia tops its income group on intermediation of business investment, and its basic infrastructure and services are better than most of its peers. However, it spends less on education as a percentage of GDP than most peers, and indeed both enrollment rates and quality of education and vocational training need improvement. Cambodia would also benefit from better infrastructure and basic services, particularly healthcare.

Chad ranks 62nd of 79 developing countries, with its overall performance having deteriorated over the last five years from an already low base. It outperforms other developing countries in one area – carbon intensity of GDP – but severely lags behind in many others, including GDP per capita and the dependency ratio. Healthy-life expectancy, at 46.1 years, is lower than all countries bar Sierra Leone, and 65% of the population lives below the poverty line – though this represents a reduction of almost 20 percentage points over the last five years. The Framework indicates that only half the population has access to drinking water and 12% to sanitation. Education is far from delivering needed benefits: on average, pupils attain only 1.5 years of low-quality schooling, and lack the skills for even basic economic activities. Infrastructure and basic services remain rudimentary. Yet it is not only in the investment-heavy areas where Chad is holding back the inclusiveness of its growth process. With regard to legislation, it is harder to start a business in Chad than almost anywhere, massively constraining business and job growth, and resulting in a large informal economy. The rate of vulnerable employment is among the highest in the world.

Kenya ranks 65th on the IDI, with its performance declining somewhat over 4% in the last five years. Kenya has comparatively low labor productivity and GDP per capita, as well as a high dependency ratio. Wealth inequality has worsened considerably over the years. On the other hand, it has a larger middle class than most countries in this group. The Framework indicates that businesses have relatively good access to bank and equity finance, and the quality of the education system is reasonably good, though it needs to reach more students and generate more equitable outcomes to tackle high unemployment (9.2%) and shrink the informal sector. Access to basic services and infrastructure also needs to be developed: 43% of Kenya's population uses the Internet, but only 23% have access to electricity, 30% to sanitation, and 63% to drinking water. Other priorities include reducing red tape and tackling rampant corruption.

Nepal ranks 27th on the IDI, showing remarkable improvement over the last five years. Notably, its poverty rate has declined by 25 percentage points in this time, and its income inequality (net income Gini) by almost 8 points. It outperforms all others on the intergenerational equity pillar during the most recent year, and has relatively low unemployment, including youth unemployment, and strong female participation in the workforce. However, it does poorly on GDP per capita and labor productivity. The Framework indicates that the informal sector remains large and wages low, leaving many workers in poverty. Priority areas include tackling corruption and administrative barriers to starting and growing a business, as well as continuing to improve infrastructure and basic services including education – particularly the availability and quality of vocational training.

Rwanda has seen a decline in its performance over the last five years, ranking 68th among the 79 developing countries on the IDI. Its scores on GDP per capita, labor productivity, net income and wealth Ginis, poverty rate, and median living standards are low. On the other hand, Rwanda does well in other areas: the employment rate is 85%, second only to Tanzania among developing countries; it has a high female labor force participation rate and good social mobility. The Framework shows that among low-income countries, Rwanda benefits from excellent business and political ethics (ranked 1st), having taken effective measures to combat corruption and bribery. Businesses also have relatively good access to finance. In order to make the economy more inclusive, Rwanda must continue to invest in infrastructure improvements and upgrade the education system to nsure not only access but also quality teaching and equity of outcomes.

Tanzania ranks 51st among the 79 developing countries on the IDI. It has low GDP per capita, low labor productivity, and low median living standards, with much of the population still below poverty level. Healthy-life expectancy is only 54.2 years and the country has a high dependency ratio. However, inequality in net income and wealth is relatively low. The Framework indicates that in its income group, Tanzania outperforms all other countries in asset-building and entrepreneurship. Its unemployment rate is relatively low, and the rate of female participation in the workforce is high while the gender pay gap is narrow. However, corruption and access to finance remain problematic for business development, and many workers are subsisting in vulnerable employment. Access to education is expanding, but quality needs to be improved as differences in performance outcomes persist across income groups, particularly in secondary school. Other priority areas for Tanzania include upgrading infrastructure and basic services.

Zimbabwe ranks 61st among developing countries on the IDI, faring poorly on indicators including GDP per capita, labor productivity, and healthy-life expectancy. The country boasts a high employment rate but will need to create many new jobs for a growing youth bulge. The dependency ratio is striking at 80.4 youth and elderly per 100 workers. The Framework shows that its strengths include a narrow gender gap in education and health, and a nominally progressive tax code. However, use of tax revenues is compromised by corruption, with poor corporate and government ethics and a high concentration of rents accruing to a small elite. The country's net-income Gini is among the world's highest. Zimbabwe does a decent job of getting children into primary school, but secondary and tertiary rates lag behind those of many low-income economies, and the quality of the overall education system is in great need of improvement. Many workers remain entrenched in poverty, and businesses face bureaucratic barriers in accessing finance and getting business done more generally. Much is needed in Zimbabwe to enable a more inclusive growth and development process.

Table 1: The Inclusive Development Index (IDI)

2017 Rankings

TREND — RECEDING | SLOWLY RECEDING | STABLE | SLOWLY ADVANCING | ADVANCING

ADVANCED ECONOMIES

RANK OVERALL	ECONOMY	OVERALL IDI SCORE	5 YEAR TREND IDI OVERALL (%)
1	Norway	6.02	1.87
2	Luxembourg	5.86	-2.49
3	Switzerland	5.75	1.85
4	Iceland	5.48	4.58
5	Denmark	5.31	1.03
6	Sweden	5.30	-0.84
7	Netherlands	5.28	-1.69
8	Australia	5.18	0.29
9	New Zealand	5.09	3.75
10	Austria	5.05	0.28
11	Finland	5.04	-3.10
12	Ireland	5.01	2.28
13	Germany	4.99	1.91
14	Korea, Rep.	4.95	1.44
15	Canada	4.90	0.59
16	Belgium	4.89	-0.71
17	Slovak Republic	4.88	-0.11
18	France	4.83	-1.94
19	Czech Republic	4.78	0.89
20	Slovenia	4.75	-6.13
21	United Kingdom	4.69	-0.61
22	Estonia	4.52	-0.36
23	United States	4.44	0.71
24	Japan	4.36	-0.61
25	Israel	4.28	3.38
26	Spain	4.24	-6.48
27	Italy	4.18	-4.85
28	Portugal	3.94	-4.61
29	Greece	3.68	-7.87
n/a	Singapore	n/a	n/a

DEVELOPING ECONOMIES

RANK OVERALL	ECONOMY	OVERALL IDI SCORE	5 YEAR TREND IDI OVERALL (%)
1	Lithuania	4.73	2.01
2	Azerbaijan	4.73	-0.46
3	Hungary	4.57	3.14
4	Poland	4.57	1.12
5	Romania	4.53	5.17
6	Uruguay	4.53	4.23
7	Latvia	4.52	3.75
8	Panama	4.52	0.99
9	Costa Rica	4.47	-0.58
10	Chile	4.46	2.07
11	Argentina	4.43	-0.11
12	Thailand	4.42	1.12
13	Russian Federation	4.42	1.24
14	Peru	4.41	1.33
15	China	4.40	1.65
16	Malaysia	4.39	1.94
17	Kazakhstan	4.37	4.36
18	Bulgaria	4.37	-1.11
19	Paraguay	4.31	3.97
20	Turkey	4.30	2.62
21	Iran, Islamic Rep.	4.29	-1.54
22	Indonesia	4.29	0.81
23	Croatia	4.28	-5.98
24	Macedonia, FYR	4.27	2.72
25	Vietnam	4.25	-1.34
26	Venezuela	4.25	1.61
27	Nepal	4.24	7.10
28	Dominican Republic	4.14	-0.85
29	Mexico	4.13	-0.72
30	Brazil	4.13	-0.35
31	Georgia	4.09	6.82
32	Nicaragua	4.08	2.85
33	Colombia	4.08	0.18
34	Moldova	4.08	1.43
35	Mongolia	4.04	5.56
36	Bangladesh	4.03	0.77
37	Bolivia	4.02	1.06
38	Albania	4.02	-5.58
39	Sri Lanka	4.01	-2.14
40	Philippines	4.00	-0.52
41	El Salvador	4.00	1.10
42	Serbia	4.00	-5.06
43	Cambodia	3.97	0.27
44	Tunisia	3.94	-3.52
45	Morocco	3.89	0.66
46	Guatemala	3.83	1.55
47	Ukraine	3.67	-3.16
48	Honduras	3.67	-1.76
49	Lao PDR	3.66	-2.75
50	Armenia	3.66	-1.86
51	Tanzania	3.59	-0.09
52	Pakistan	3.56	-0.03
53	Tajikistan	3.52	-3.68
54	Jordan	3.50	n/a
55	Ghana	3.50	-4.97
56	Cameroon	3.50	-1.46
57	Kyrgyz Republic	3.49	-4.48
58	Senegal	3.48	-4.07
59	Mali	3.39	0.83
60	India	3.38	2.50
61	Zimbabwe	3.37	n/a
62	Chad	3.31	-2.90
63	Namibia	3.28	1.07
64	Uganda	3.28	-4.16
65	Kenya	3.23	-4.33
66	Burundi	3.22	-3.23
67	Sierra Leone	3.21	4.10
68	Rwanda	3.20	-8.44
69	Lesotho	3.12	7.80
70	South Africa	3.09	5.50
71	Nigeria	3.07	-2.99
72	Madagascar	3.05	-5.10
73	Egypt	2.94	n/a
74	Mauritania	2.89	-6.74
75	Yemen	2.87	n/a
76	Zambia	2.84	-9.69
77	Malawi	2.83	-8.49
78	Mozambique	2.79	-9.27
n/a	Algeria	n/a	n/a

Note: IDI scores are based on a 1-7 scale: 1=worst and 7=best. Trends are based on percentage change between 2011 and 2015 (using indicators available during both years). Advanced and developing economy IDI scores are not strictly comparable due to different definitions of poverty.

Several countries are not covered due to missing sub-pillar data including Singapore and Algeria as well as Jordan, Zimbabwe, Egypt and Yemen which were missing historic trend data on inclusion related indicators.

Table 2: Comparative Performance: IDI versus GDP

Advanced Economies

DIFFERENCE IN RANK — < -5 | -2 TO -5 | -1 TO 1 | 2 TO 5 | >5

ECONOMY	LEVEL: IDI SCORE	LEVEL: IDI RANK	LEVEL: GDP PER CAPITA RANK	RECENT PERFORMANCE: IDI TREND	RECENT PERFORMANCE: IDI TREND RANK	RECENT PERFORMANCE: GDP PER CAPITA TREND RANK
Norway	6.02	1	2	1.87	6	18
Luxembourg	5.86	2	1	-2.49	23	17
Switzerland	5.75	3	3	1.85	7	21
Iceland	5.48	4	13	4.58	1	6
Denmark	5.31	5	4	1.03	9	25
Sweden	5.30	6	6	-0.84	20	13
Netherlands	5.28	7	10	-1.69	21	23
Australia	5.18	8	7	0.29	13	14
New Zealand	5.09	9	20	3.75	2	8
Austria	5.05	10	12	0.28	14	19
Finland	5.04	11	14	-3.10	24	27
Ireland	5.01	12	5	2.28	4	2
Germany	4.99	13	15	1.91	5	7
Korea, Rep.	4.95	14	24	1.44	8	3
Canada	4.90	15	11	0.59	12	15
Belgium	4.89	16	16	-0.71	19	24
Slovak Republic	4.88	17	29	-0.11	15	4
France	4.83	18	18	-1.94	22	22
Czech Republic	4.78	19	28	0.89	10	12
Slovenia	4.75	20	25	-6.13	27	20
United Kingdom	4.69	21	19	-0.61	17	9
Estonia	4.52	22	30	-0.36	16	1
United States	4.44	23	9	0.71	11	11
Japan	4.36	24	17	-0.61	18	16
Israel	4.28	25	22	3.38	3	10
Spain	4.24	26	23	-6.48	28	26
Italy	4.18	27	21	-4.85	26	29
Portugal	3.94	28	27	-4.61	25	28
Greece	3.68	29	26	-7.87	29	30
Singapore	n/a	n/a	8	n/a	n/a	5

Table 3: Comparative Performance: IDI versus GDP

Developing Economies

DIFFERENCE IN RANK: < -12 | -2 TO -12 | -1 TO 1 | 2 TO 12 | > 12

	LEVEL			RECENT PERFORMANCE		
ECONOMY	IDI SCORE	IDI RANK	GDP PER CAPITA RANK	IDI TREND	IDI TREND RANK	GDP PER CAPITA TREND RANK
Lithuania	4.73	1	1	2.0	18	12
Azerbaijan	4.73	2	24	-0.5	42	63
Hungary	4.57	3	4	3.1	12	53
Poland	4.57	4	3	1.1	27	37
Romania	4.53	5	16	5.2	6	39
Uruguay	4.53	6	6	4.2	8	32
Latvia	4.52	7	5	3.7	11	14
Panama	4.52	8	13	1.0	31	4
Costa Rica	4.47	9	18	-0.6	44	41
Chile	4.46	10	2	2.1	17	40
Argentina	4.43	11	15	-0.1	40	69
Thailand	4.42	12	28	1.1	26	47
Russian Federation	4.42	13	11	1.2	25	66
Peru	4.41	14	26	1.3	24	30
China	4.40	15	23	1.7	20	2
Malaysia	4.39	16	12	1.9	19	24
Kazakhstan	4.37	17	14	4.4	7	33
Bulgaria	4.37	18	20	-1.1	47	50
Paraguay	4.31	19	39	4.0	10	27
Turkey	4.30	20	9	2.6	15	44
Iran, Islamic Rep.	4.29	21	27	-1.5	50	78
Indonesia	4.29	22	38	0.8	33	18
Croatia	4.28	23	7	-6.0	69	68
Macedonia, FYR	4.27	24	30	2.7	14	48
Vietnam	4.25	25	54	-1.3	48	13
Venezuela	4.25	26	8	1.6	21	77
Nepal	4.24	27	72	7.1	2	36
Dominican Republic	4.14	28	22	-0.9	46	26
Mexico	4.13	29	17	-0.7	45	59
Brazil	4.13	30	10	-0.3	41	72
Georgia	4.09	31	34	6.8	3	3
Nicaragua	4.08	32	51	2.8	13	22
Colombia	4.08	33	21	0.18	0.2	37
Moldova	4.08	34	50	1.43	1.4	23
Mongolia	4.04	35	36	5.56	5.6	4
Bangladesh	4.03	36	66	0.8	34	11
Bolivia	4.02	37	48	1.1	30	25
Albania	4.02	38	32	-5.6	68	51
Sri Lanka	4.01	39	41	-2.1	53	8

Table 3: Comparative Performance: IDI versus GDP

Developing Economies (cont'd.)

DIFFERENCE IN RANK: < -12 | -2 TO -12 | -1 TO 1 | 2 TO 12 | > 12

	LEVEL			RECENT PERFORMANCE		
ECONOMY	IDI SCORE	IDI RANK	GDP PER CAPITA RANK	IDI TREND	IDI TREND RANK	GDP PER CAPITA TREND RANK
Philippines	4.00	40	46	-0.5	43	17
El Salvador	4.00	41	37	1.1	28	58
Serbia	4.00	42	29	-5.1	66	65
Cambodia	3.97	43	64	0.3	36	6
Tunisia	3.94	44	33	-3.5	59	70
Morocco	3.89	45	42	0.7	35	46
Guatemala	3.83	46	43	1.6	22	57
Ukraine	3.67	47	44	-3.2	57	76
Honduras	3.67	48	49	-1.8	51	55
Lao PDR	3.66	49	56	-2.7	54	5
Armenia	3.66	50	40	-1.9	52	21
Tanzania	3.59	51	70	-0.1	39	29
Pakistan	3.56	52	60	0.0	38	54
Tajikistan	3.52	53	68	-3.7	60	16
Jordan	3.50	54	35	n/a	n/a	74
Ghana	3.50	55	53	-5.0	65	9
Cameroon	3.50	56	58	-1.5	49	43
Kyrgyz Republic	3.49	57	65	-4.5	64	35
Senegal	3.48	58	63	-4.1	61	64
Mali	3.39	59	69	0.8	32	10
India	3.38	60	52	2.5	16	7
Zimbabwe	3.37	61	71	n/a	n/a	20
Chad	3.31	62	67	-2.9	55	61
Namibia	3.28	63	25	1.1	29	31
Uganda	3.28	64	74	-4.2	62	52
Kenya	3.23	65	61	-4.3	63	42
Burundi	3.22	66	79	-3.2	58	75
Sierra Leone	3.21	67	76	4.1	9	38
Rwanda	3.20	68	73	-8.4	71	15
Lesotho	3.12	69	59	7.8	1	34
South Africa	3.09	70	19	5.5	5	67
Nigeria	3.07	71	47	-3.0	56	56
Madagascar	3.05	72	78	-5.1	67	73
Egypt	2.94	73	45	n/a	n/a	71
Mauritania	2.89	74	57	-6.7	70	45
Yemen	2.87	75	62	n/a	n/a	79
Zambia	2.84	76	55	-9.7	74	49
Malawi	2.83	77	77	-8.5	72	62
Mozambique	2.79	78	75	-9.3	73	19
Algeria	n/a	n/a	31	n/a	n/a	60

Table 4: The Inclusive Development Index: Level

Advanced Economies

			GROWTH		INCLUSION		INTERGENERATIONAL EQUITY	
ECONOMY	RANK OVERALL	SCORE OVERALL	SCORE	RANK	SCORE	RANK	SCORE	RANK
Norway	1	6.02	6.36	1	5.67	2	6.03	1
Luxembourg	2	5.86	6.11	4	5.47	4	6.00	3
Switzerland	3	5.75	6.13	3	5.43	6	5.68	5
Iceland	4	5.48	5.51	5	5.77	1	5.17	14
Denmark	5	5.31	5.33	9	5.11	11	5.49	8
Sweden	6	5.30	5.34	8	4.96	14	5.59	7
Netherlands	7	5.28	5.28	11	5.27	9	5.29	11
Australia	8	5.18	5.43	6	4.72	16	5.40	9
New Zealand	9	5.09	4.94	16	4.64	18	5.67	6
Austria	10	5.05	5.15	13	5.01	12	4.98	17
Finland	11	5.04	4.83	19	5.36	7	4.91	19
Ireland	12	5.01	5.26	12	4.63	19	5.13	15
Germany	13	4.99	4.98	15	4.91	15	5.06	16
Korea, Rep.	14	4.95	4.60	22	4.23	23	6.00	2
Canada	15	4.90	5.32	10	4.68	17	4.70	21
Belgium	16	4.89	4.76	20	5.45	5	4.47	24
Slovak Republic	17	4.88	3.80	29	5.62	3	5.22	13
France	18	4.83	4.73	21	5.31	8	4.44	25
Czech Republic	19	4.78	4.07	26	4.99	13	5.28	12
Slovenia	20	4.75	4.09	25	5.25	10	4.92	18
United Kingdom	21	4.69	4.88	17	4.63	20	4.55	23
Estonia	22	4.52	4.02	27	3.69	27	5.86	4
United States	23	4.44	5.35	7	3.53	28	4.44	26
Japan	24	4.36	5.02	14	4.34	22	3.73	29
Israel	25	4.28	4.84	18	3.09	29	4.91	20
Spain	26	4.24	4.17	24	3.97	24	4.58	22
Italy	27	4.18	4.24	23	4.36	21	3.94	28
Portugal	28	3.94	3.99	28	3.87	25	3.96	27
Greece	29	3.68	3.64	30	3.80	26	3.58	30
Singapore	n/a	n/a	6.24	2	n/a	n/a	5.40	10

Table 5: The Inclusive Development Index: Trend

Advanced Economies

			GROWTH		INCLUSION		INTERGENERATIONAL EQUITY	
ECONOMY	RANK OVERALL IDI TREND	5 YEAR TREND (%)	5 YEAR TREND (%)	RANK	5 YEAR TREND (%)	RANK	5 YEAR TREND (%)	RANK
Iceland	1	4.6	2.5	13	-2.4	19	16.3	1
New Zealand	2	3.8	3.4	8	5.5	2	2.7	4
Israel	3	3.4	7.2	2	1.3	8	1.1	7
Ireland	4	2.3	3.3	10	-7.5	26	11.8	2
Germany	5	1.9	4.0	5	-1.8	18	3.7	3
Norway	6	1.9	1.3	19	1.9	5	2.5	5
Switzerland	7	1.8	1.7	18	9.0	1	-4.1	24
Korea, Rep.	8	1.4	4.8	4	3.3	3	-2.2	15
Denmark	9	1.0	0.9	21	1.6	7	0.7	8
Czech Republic	10	0.9	3.6	6	0.9	10	-1.1	11
United States	11	0.7	3.6	7	-2.5	20	0.0	9
Canada	12	0.6	2.7	11	1.7	6	-2.7	16
Australia	13	0.3	1.9	16	2.3	4	-2.9	18
Austria	14	0.3	1.8	17	1.2	9	-2.1	14
Slovak Republic	15	-0.1	4.8	3	-0.2	13	-3.4	19
Estonia	16	-0.4	12.2	1	-13.5	29	1.6	6
United Kingdom	17	-0.6	3.4	9	-1.5	17	-3.8	22
Japan	18	-0.6	2.3	15	-0.2	13	-4.7	25
Belgium	19	-0.7	1.0	20	0.4	11	-3.8	23
Sweden	20	-0.8	2.6	12	-1.4	16	-3.4	20
Netherlands	21	-1.7	-0.2	24	-3.8	21	-1.1	10
France	22	-1.9	0.7	22	-1.1	15	-5.6	26
Luxembourg	23	-2.5	0.5	23	-5.4	22	-2.7	17
Finland	24	-3.1	-0.5	25	-0.3	14	-8.3	28
Portugal	25	-4.6	-2.2	29	-7.9	27	-3.6	21
Italy	26	-4.9	-1.6	27	-7.1	24	-5.7	27
Slovenia	27	-6.1	-1.5	26	-7.1	23	-8.6	29
Spain	28	-6.5	-1.9	28	-7.3	25	-9.6	30
Greece	29	-7.9	-8.6	30	-12.5	28	-1.5	13
Singapore	n/a	n/a	2.4	14	n/a	n/a	-1.2	12

Table 6: The Inclusive Development Index: Level

Developing Economies

			GROWTH		INCLUSION		INTERGENERATIONAL EQUITY	
ECONOMY	RANK OVERALL	SCORE OVERALL	SCORE	RANK	SCORE	RANK	SCORE	RANK
Lithuania	1	4.73	3.70	10	4.80	4	5.70	12
Azerbaijan	2	4.73	3.65	18	4.69	10	5.84	6
Hungary	3	4.57	3.48	23	5.18	1	5.06	37
Poland	4	4.57	3.67	16	4.69	8	5.35	24
Panama	8	4.52	3.97	3	3.77	29	5.80	8
Romania	5	4.53	3.38	25	4.45	15	5.76	9
Uruguay	6	4.53	3.93	5	4.67	12	4.98	42
Latvia	7	4.52	3.69	11	4.69	9	5.17	32
Malaysia	16	4.39	3.82	8	4.13	22	5.21	30
Costa Rica	9	4.47	3.67	17	3.99	25	5.74	11
Chile	10	4.46	4.00	2	3.76	30	5.62	13
Argentina	11	4.43	3.51	22	4.73	7	5.07	36
Thailand	12	4.42	3.94	4	3.96	28	5.38	23
Russian Federation	13	4.42	3.69	12	4.14	21	5.43	20
Peru	14	4.41	3.87	7	3.62	40	5.74	10
China	15	4.40	3.91	6	3.24	53	6.04	2
Kazakhstan	17	4.37	4.09	1	4.27	18	4.75	50
Bulgaria	18	4.37	3.09	44	4.73	6	5.27	27
Paraguay	19	4.31	3.62	19	3.75	31	5.57	15
Turkey	20	4.30	3.23	32	4.09	23	5.57	16
Iran, Islamic Rep.	21	4.29	2.83	57	5.01	2	5.03	39
Indonesia	22	4.29	3.34	27	3.57	43	5.94	3
Croatia	23	4.28	3.30	29	4.99	3	4.55	56
Macedonia, FYR	24	4.27	2.73	59	4.50	13	5.57	14
Vietnam	25	4.25	3.68	13	3.97	27	5.09	35
Venezuela	26	4.25	3.68	14	3.75	32	5.30	26
Nepal	27	4.24	3.35	26	3.25	51	6.11	1
Dominican Republic	28	4.14	3.26	31	3.66	37	5.50	18
Mexico	29	4.13	3.68	15	3.55	45	5.17	33
Brazil	30	4.13	3.80	9	3.58	42	5.01	40
Georgia	31	4.09	3.19	36	3.66	36	5.42	21
Nicaragua	32	4.08	3.13	40	3.64	39	5.49	19
Colombia	33	4.08	3.51	21	3.51	48	5.22	29
Moldova	34	4.08	2.29	74	4.68	11	5.27	28
Mongolia	35	4.04	3.21	34	4.49	14	4.41	61
Bangladesh	36	4.03	3.32	28	2.88	61	5.90	4
Bolivia	37	4.02	3.54	20	3.65	38	4.87	46
Albania	38	4.02	2.94	53	4.35	16	4.76	49
Sri Lanka	39	4.01	3.11	43	3.75	33	5.18	31

Table 6: The Inclusive Development Index: Level

Developing Economies (cont'd.)

			GROWTH		INCLUSION		INTERGENERATIONAL EQUITY	
ECONOMY	RANK OVERALL	SCORE OVERALL	SCORE	RANK	SCORE	RANK	SCORE	RANK
Philippines	40	4.00	3.08	45	3.04	57	5.88	5
El Salvador	41	4.00	3.17	38	3.99	26	4.83	47
Serbia	42	4.00	2.68	63	4.79	5	4.52	57
Cambodia	43	3.97	3.22	33	3.53	46	5.17	34
Tunisia	44	3.94	2.70	61	4.17	19	4.94	44
Morocco	45	3.89	2.66	64	3.68	35	5.32	25
Guatemala	46	3.83	3.40	24	3.09	55	4.99	41
Ukraine	47	3.67	2.99	51	4.28	17	3.74	75
Honduras	48	3.67	3.20	35	2.77	65	5.04	38
Lao PDR	49	3.66	3.26	30	3.30	49	4.43	60
Armenia	50	3.66	3.06	46	4.04	24	3.89	71
Tanzania	51	3.59	3.00	48	3.07	56	4.69	52
Pakistan	52	3.56	2.45	71	3.55	44	4.68	53
Tajikistan	53	3.52	2.99	49	3.52	47	4.06	69
Jordan	54	3.50	2.50	69	3.62	41	4.38	63
Ghana	55	3.50	3.03	47	3.25	52	4.21	66
Cameroon	56	3.50	2.73	60	3.26	50	4.51	58
Kyrgyz Republic	57	3.49	3.17	39	4.16	20	3.13	79
Senegal	58	3.48	3.18	37	2.90	60	4.36	64
Mali	59	3.39	2.44	72	3.02	59	4.71	51
India	60	3.38	2.59	65	2.61	67	4.95	43
Zimbabwe	61	3.37	2.89	54	3.03	58	4.17	67
Namibia	63	3.28	2.57	66	1.89	76	5.39	22
Chad	62	3.31	2.47	70	2.86	62	4.61	55
Uganda	64	3.28	2.99	50	2.60	68	4.26	65
Kenya	65	3.23	2.70	62	2.62	66	4.38	62
Burundi	66	3.22	2.88	55	2.79	64	4.00	70
Sierra Leone	67	3.21	2.30	73	2.83	63	4.51	59
Rwanda	68	3.20	3.11	42	1.71	77	4.78	48
Lesotho	69	3.12	1.72	78	2.09	73	5.55	17
South Africa	70	3.09	2.19	75	2.44	70	4.64	54
Nigeria	71	3.07	2.06	76	2.28	71	4.88	45
Madagascar	72	3.05	3.11	41	2.24	72	3.80	72
Egypt	73	2.94	2.55	67	2.50	69	3.76	74
Mauritania	74	2.89	1.63	79	3.70	34	3.33	78
Yemen	75	2.87	1.96	77	3.18	54	3.48	77
Zambia	76	2.84	2.98	52	1.46	78	4.07	68
Malawi	77	2.83	2.84	56	2.08	74	3.59	76
Mozambique	78	2.79	2.53	68	2.06	75	3.78	73
Algeria	n/a	n/a	2.76	58	n/a	n/a	5.82	7

Table 7: The Inclusive Development Index: Trend

Developing Economies

			GROWTH		INCLUSION		INTERGENERATIONAL EQUITY	
ECONOMY	RANK IDI TREND	5 YEAR TREND (%)	5 YEAR TREND (%)	RANK	5 YEAR TREND (%)	RANK	5 YEAR TREND (%)	RANK
Lesotho	1	7.8	13.0	6	10.9	3	5.2	6
Nepal	2	7.1	1.6	50	14.7	1	6.5	4
Georgia	3	6.8	10.2	11	7.3	5	4.6	7
Mongolia	4	5.6	14.8	4	-0.5	39	6.0	5
South Africa	5	5.5	21.2	1	8.1	4	-1.7	45
Romania	6	5.2	5.0	26	2.1	24	7.8	2
Kazakhstan	7	4.4	8.6	13	1.4	29	3.6	12
Uruguay	8	4.2	2.8	41	11.4	2	-0.6	37
Sierra Leone	9	4.1	-6.0	77	-1.2	42	14.2	1
Paraguay	10	4.0	3.2	39	3.9	12	4.5	9
Latvia	11	3.7	14.8	3	-0.6	41	0.9	23
Hungary	12	3.1	7.0	15	-0.6	40	4.5	8
Nicaragua	13	2.8	-2.2	73	6.0	8	3.8	10
Macedonia, FYR	14	2.7	5.8	19	1.7	28	2.1	16
Turkey	15	2.6	1.0	55	3.2	17	3.1	13
India	16	2.5	4.8	29	3.3	16	0.9	22
Chile	17	2.1	6.1	18	1.9	25	-0.5	34
Lithuania	18	2.0	12.3	7	-0.3	35	-1.9	46
Malaysia	19	1.9	4.7	30	2.2	22	-0.2	29
China	20	1.7	4.9	27	2.6	21	-1.0	40
Venezuela	21	1.6	-0.1	68	6.5	6	-0.5	33
Guatemala	22	1.6	1.6	51	1.0	30	1.9	18
Moldova	23	1.4	11.2	9	1.9	26	-2.7	49
Peru	24	1.3	-2.8	74	6.5	7	1.1	21
Russian Federation	25	1.2	6.8	16	-0.5	38	-1.0	41
Thailand	26	1.1	2.7	43	2.9	19	-1.3	42
Poland	27	1.1	4.7	31	-2.0	48	1.5	19
El Salvador	28	1.1	0.4	60	5.2	11	-1.6	44
Namibia	29	1.1	12.1	8	-8.6	63	0.1	27
Bolivia	30	1.1	0.3	64	3.9	14	-0.4	31
Panama	31	1.0	5.2	23	3.9	13	-3.4	58
Mali	32	0.8	0.3	62	-0.4	36	1.9	17
Indonesia	33	0.8	2.7	44	-1.6	46	1.2	20
Bangladesh	34	0.8	5.1	24	-6.9	58	2.6	15
Morocco	35	0.7	4.0	36	5.3	10	-3.8	62
Cambodia	36	0.3	-0.9	69	0.7	33	0.7	25
Colombia	37	0.2	0.3	63	5.4	9	-3.1	54
Pakistan	38	0.0	5.3	22	-7.7	60	3.8	11
Tanzania	39	-0.1	1.6	52	-1.4	45	-0.3	30

Table 7: The Inclusive Development Index: Trend

Developing Economies (cont'd.)

			GROWTH		INCLUSION		INTERGENERATIONAL EQUITY	
ECONOMY	RANK IDI TREND	5 YEAR TREND (%)	5 YEAR TREND (%)	RANK	5 YEAR TREND (%)	RANK	5 YEAR TREND (%)	RANK
Argentina	40	-0.1	0.5	58	3.0	18	-3.3	55
Brazil	41	-0.3	2.2	46	3.4	15	-4.6	64
Azerbaijan	42	-0.5	7.9	14	-9.4	64	2.7	14
Philippines	43	-0.5	1.7	49	-1.9	47	-0.9	39
Costa Rica	44	-0.6	0.3	61	2.2	23	-3.0	51
Mexico	45	-0.7	2.0	47	-2.3	50	-1.5	43
Dominican Republic	46	-0.9	-1.3	70	1.8	27	-2.3	48
Bulgaria	47	-1.1	1.9	48	-2.1	49	-1.9	47
Vietnam	48	-1.3	1.3	53	-4.7	54	-0.5	35
Cameroon	49	-1.5	1.0	56	-0.2	34	-3.7	60
Iran, Islamic Rep.	50	-1.5	5.0	25	-3.4	52	-3.0	52
Honduras	51	-1.8	4.0	35	-4.9	55	-3.4	57
Armenia	52	-1.9	10.6	10	-3.8	53	-8.1	68
Sri Lanka	53	-2.1	3.9	37	-8.6	62	-0.5	36
Lao PDR	54	-2.7	3.0	40	-7.7	61	-2.8	50
Chad	55	-2.9	-3.9	75	0.9	31	-4.6	63
Nigeria	56	-3.0	-8.2	78	-2.5	51	-0.8	38
Ukraine	57	-3.2	4.6	32	2.7	20	-13.9	77
Burundi	58	-3.2	-2.0	72	-7.5	59	-0.2	28
Tunisia	59	-3.5	0.0	66	0.7	32	-8.5	70
Tajikistan	60	-3.7	2.5	45	-17.7	70	7.4	3
Senegal	61	-4.1	2.7	42	-11.2	66	-3.6	59
Uganda	62	-4.2	6.3	17	-14.9	69	-3.4	56
Kenya	63	-4.3	4.8	28	-14.5	68	-3.0	53
Kyrgyz Republic	64	-4.5	9.5	12	-1.3	43	-18.6	79
Ghana	65	-5.0	4.6	33	-9.6	65	-7.5	66
Serbia	66	-5.1	1.3	54	-0.5	37	-12.6	76
Madagascar	67	-5.1	4.5	34	-13.0	67	-7.2	65
Albania	68	-5.6	0.6	57	-6.2	57	-8.5	69
Croatia	69	-6.0	-1.5	71	-6.1	56	-8.9	71
Mauritania	70	-6.7	-9.9	79	-1.3	44	-10.7	72
Rwanda	71	-8.4	0.0	67	-29.0	73	-3.8	61
Malawi	72	-8.5	5.6	20	-23.2	72	-8.0	67
Mozambique	73	-9.3	5.4	21	-19.6	71	-11.4	73
Zambia	74	-9.7	13.1	5	-33.0	74	-11.5	74
Algeria	n/a	n/a	3.4	38	n/a	n/a	-0.4	32
Egypt	n/a	n/a	0.2	65	n/a	n/a	-11.7	75
Jordan	n/a	n/a	-5.1	76	n/a	n/a	0.8	24
Yemen	n/a	n/a	0.5	59	n/a	n/a	-15.2	78
Zimbabwe	n/a	n/a	15.1	2	n/a	n/a	0.4	26

Table 8: Alternative Weighting of IDI Indicators and Pillars

Alternative Rankings

DIFFERENCE IN RANK <-6 -2 TO -5 -1 TO 1 2 TO 5 >6

ADVANCED ECONOMIES

ECONOMY	ORIGINAL IDI RANK	2X MEDIAN INCOME AND 2X POVERTY	DIFFERENCE IN RANK
Norway	1	1	0
Switzerland	2	2	0
Luxembourg	3	3	0
Iceland	4	4	0
Denmark	5	5	0
Sweden	6	6	0
Netherlands	7	7	0
Australia	8	10	-2
New Zealand	9	n/a	n/a
Austria	10	9	1
Finland	11	8	3
Ireland	12	12	0
Canada	13	13	0
Germany	14	11	3
Korea, Rep.	15	n/a	n/a
Czech Republic	16	16	0
Belgium	17	15	2
Slovak Republic	18	17	1
France	19	14	5
Slovenia	20	18	2
United Kingdom	21	19	2
Estonia	22	21	1
United States	23	20	3
Japan	24	22	2
Israel	25	25	0
Spain	26	24	2
Italy	27	23	4
Portugal	28	26	2
Greece	29	27	2
Singapore	n/a	n/a	n/a

DEVELOPING ECONOMIES

ECONOMY	ORIGINAL IDI RANK	2X MEDIAN INCOME AND 2X POVERTY	DIFFERENCE IN RANK
Lithuania	1	1	0
Azerbaijan	2	2	0
Hungary	3	3	0
Poland	4	4	0
Panama	5	6	-1
Romania	6	9	-3
Uruguay	7	5	2
Latvia	8	7	1
Malaysia	9	8	1
Costa Rica	10	12	-2
Chile	11	11	0
Argentina	12	n/a	n/a
Thailand	13	13	0
Russian Federation	14	10	4
Peru	15	16	-1
China	16	19	-3
Kazakhstan	17	14	3
Bulgaria	18	15	3
Paraguay	19	20	-1
Turkey	20	18	2
Iran, Islamic Rep.	21	n/a	n/a
Indonesia	22	n/a	n/a
Croatia	23	17	6
Macedonia, FYR	24	21	3
Vietnam	25	22	3
Venezuela	26	23	3
Nepal	27	35	-8
Dominican Republic	28	24	4
Mexico	29	27	2
Brazil	30	25	5
Georgia	31	36	-5
Nicaragua	32	31	1
Colombia	33	28	5
Moldova	34	26	8
Mongolia	35	29	6
Bangladesh	36	44	-8
Bolivia	37	33	4
Albania	38	32	6
Sri Lanka	39	37	2

ECONOMY	ORIGINAL IDI RANK	2X MEDIAN INCOME AND 2X POVERTY	DIFFERENCE IN RANK
Philippines	40	41	-1
El Salvador	41	34	7
Serbia	42	30	12
Cambodia	43	39	4
Tunisia	44	38	6
Morocco	45	40	5
Guatemala	46	42	4
Ukraine	47	43	4
Honduras	48	46	2
Lao PDR	49	48	1
Armenia	50	45	5
Tanzania	51	54	-3
Pakistan	52	49	3
Tajikistan	53	52	1
Jordan	54	n/a	n/a
Ghana	55	51	4
Cameroon	56	50	6
Kyrgyz Republic	57	47	10
Senegal	58	55	3
Mali	59	56	3
India	60	n/a	n/a
Zimbabwe	61	n/a	n/a
Namibia	62	53	9
Chad	63	60	3
Uganda	64	57	7
Kenya	65	59	6
Burundi	66	64	2
Sierra Leone	67	62	5
Rwanda	68	63	5
Lesotho	69	65	4
South Africa	70	58	12
Nigeria	71	66	5
Madagascar	72	67	5
Egypt	73	n/a	n/a
Mauritania	74	61	13
Yemen	75	n/a	n/a
Zambia	76	68	8
Malawi	77	69	8
Mozambique	78	70	8
Algeria	n/a	n/a	n/a

Table 9: Dashboard of National Key Performance Indicators: Levels

Advanced Economies

Rank
Bottom 20% — Top 20%

	GROWTH & DEVELOPMENT				INCLUSION				INTERGENERATIONAL EQUITY & SUSTAINABILITY			
	GDP PER CAPITA, $	LABOR PRODUCTIVITY, $	HEALTHY LIFE EXPECTANCY, YRS	EMPLOYMENT, %	NET INCOME GINI	POVERTY RATE, %	WEALTH GINI	MEDIAN INCOME, $	ADJUSTED NET SAVINGS*, %	CARBON INTENSITY, KG PER $ OF GDP	PUBLIC DEBT, %	DEPENDENCY RATIO, %
Norway	89741	124555	72.0	62.6	22.9	7.8	79.8	60.4	21.1	16.3	27.9	52.2
Switzerland	75551	93491	73.1	65.0	29.7	8.6	72.1	56.1	15.0	11.8	45.7	48.8
Luxembourg	106409	201748	71.8	53.9	28.4	8.4	75.4	58.8	12.8	32.5	21.5	43.7
Iceland	45411	70671	72.7	70.1	23.4	4.6	72.0	41.9	11.4	21.2	67.6	51.6
Denmark	58208	87167	71.2	58.3	24.9	5.4	89.3	43.4	14.6	18.2	45.5	55.9
Sweden	54989	87961	72.0	58.9	25.5	8.8	83.2	45.2	18.9	14.2	43.4	59.3
Netherlands	50925	85121	72.2	59.7	25.3	8.4	74.3	44.0	17.1	38.9	65.1	53.3
Australia	54718	86972	71.9	61.2	31.8	12.8	68.2	44.3	8.8	57.1	37.6	50.9
New Zealand	36464	65440	71.6	63.9	36.0	9.9	69.1	n/a	14.0	36.2	29.9	54.0
Austria	47668	87198	72.0	57.9	28.8	9.0	78.5	47.5	11.9	22.6	86.2	49.2
Finland	45289	82025	71.0	54.3	25.0	6.8	76.6	43.5	6.5	27.6	62.5	58.3
Ireland	56054	103880	71.5	53.4	29.1	8.9	80.0	34.7	16.3	19.5	78.7	53.7
Canada	50001	82524	72.3	61.5	31.4	12.6	73.2	47.6	7.3	54.5	91.5	47.3
Germany	45270	84050	71.3	56.9	29.5	9.1	78.9	45.9	13.5	58.9	71.0	51.8
Korea, Rep.	25023	68416	73.2	58.8	29.8	14.4	71.9	n/a	19.2	68.8	37.9	37.2
Czech Republic	20956	55940	69.4	55.9	24.5	6.0	76.0	23.8	6.3	69.5	40.3	49.5
Belgium	44863	98644	71.1	48.8	24.4	10.0	64.1	43.6	10.0	40.1	106.1	54.2
Slovak Republic	18508	59746	68.1	51.6	25.7	8.4	49.0	26.5	1.7	49.5	52.9	40.8
France	41330	89701	72.6	50.2	26.8	8.0	72.0	43.8	6.8	17.7	96.1	60.3
Slovenia	23896	61022	71.1	52.1	26.7	9.5	58.5	30.3	11.1	49.3	83.1	48.7
United Kingdom	40933	76161	71.4	58.2	32.7	10.4	73.2	38.4	3.8	21.8	89.0	55.1
Estonia	17762	53118	69.0	57.3	34.3	16.3	65.6	19.2	17.3	48.6	9.7	53.5
United States	51486	109314	69.1	58.5	37.0	17.5	86.2	48.9	6.8	46.4	105.2	50.9
Japan	44657	72523	74.9	56.9	30.8	16.1	63.1	34.8	3.6	31.9	248.0	64.5
Israel	32828	76834	72.8	59.1	36.6	18.6	77.2	24.0	15.5	68.9	64.1	64.1
Spain	30588	82548	72.4	44.4	34.1	15.9	68.0	31.3	6.8	29.7	99.3	50.8
Italy	33705	87013	72.8	43.1	32.7	13.3	68.7	34.1	3.7	24.0	132.7	56.5
Portugal	21961	56078	71.4	51.7	33.2	13.6	71.3	20.5	2.6	33.2	129.0	53.5
Greece	22648	72824	71.9	39.1	33.7	15.1	67.0	19.5	-5.5	46.6	176.9	56.2
Singapore	51855	138815	73.9	65.6	40.9	n/a	74.0	n/a	37.0	129.5	104.7	37.4

Table 10: Dashboard of National Key Performance Indicators: 5 Year Trend

Advanced Economies

Rank
Bottom 20% — Top 20%

	GROWTH & DEVELOPMENT				INCLUSION				INTERGENERATIONAL EQUITY & SUSTAINABILITY			
	GDP PER CAPITA GROWTH, %	LABOR PRODUCTIVITY GROWTH, %	HEALTHY LIFE EXPECTANCY TREND, YRS	EMPLOYMENT TREND, %	NET INCOME GINI TREND	POVERTY TREND, %	WEALTH GINI TREND	MEDIAN INCOME TREND, $	ADJUSTED NET SAVINGS TREND*, %	CARBON INTENSITY TREND, KG PER $ OF GDP	PUBLIC DEBT TREND, %	DEPENDENCY RATIO TREND, %
Norway	0.5	0.9	1.4	-0.7	-1.2	0.3	2.0	5.8	5.1	-0.2	-0.9	1.2
Switzerland	0.3	0.3	1.4	0.2	-0.4	-0.9	-8.1	3.0	-6.6	-0.6	-0.4	1.6
Luxembourg	0.6	0.5	1.2	-0.6	1.1	0.3	5.9	-2.2	-7.1	-3.8	2.3	-2.0
Iceland	1.8	0.7	0.2	1.2	-1.2	-1.6	4.2	-9.0	11.7	-5.4	-27.5	1.9
Denmark	0.2	0.6	1.7	-1.2	0.1	-1.0	0.7	-0.1	2.0	-5.2	-0.9	2.4
Sweden	1.1	1.1	0.5	0.9	-0.1	0.1	3.9	2.3	0.3	-2.5	6.5	5.5
Netherlands	0.2	0.2	1.7	-2.0	-0.4	1.2	2.0	-1.4	2.2	-1.4	3.5	3.6
Australia	1.1	1.9	0.7	-1.0	-1.3	-1.6	4.2	0.6	1.3	-10.4	13.4	2.3
New Zealand	1.6	1.3	1.3	0.6	0.5	-1.1	-2.6	n/a	5.8	-3.0	-1.6	3.0
Austria	0.4	0.8	1.6	0.0	-0.6	-0.6	0.9	-0.1	-1.4	-3.5	4.0	0.8
Finland	-0.4	0.1	1.3	-0.9	-1.1	-0.4	5.1	2.3	-3.7	-6.0	14.0	6.6
Ireland	3.1	-0.1	0.7	0.9	-0.3	0.0	8.4	-4.8	7.2	-3.9	-30.9	5.5
Canada	1.1	1.0	1.5	0.2	-0.2	-0.4	0.5	1.6	2.1	-0.7	10.0	2.7
Germany	1.6	0.7	1.2	1.8	0.9	0.1	1.9	0.7	1.8	-6.7	-7.3	0.0
Korea, Rep.	2.5	1.8	2.0	0.7	-0.7	-0.5	-0.6	n/a	-1.4	2.3	6.4	-0.2
Czech Republic	1.2	-0.4	1.2	1.8	-0.9	-0.1	0.4	0.3	1.9	-8.4	0.5	6.1
Belgium	0.2	0.6	1.2	-0.6	-0.7	0.0	1.3	1.5	-2.5	-3.3	3.7	2.5
Slovak Republic	2.3	1.4	1.4	1.1	-0.1	0.5	4.3	1.5	-0.8	-9.3	9.6	2.4
France	0.3	0.4	1.4	-0.7	-1.8	0.5	3.1	0.6	-0.6	-3.4	10.9	4.5
Slovenia	0.4	0.8	1.3	-2.9	2.2	1.1	4.8	-1.5	3.8	-1.9	36.7	3.7
United Kingdom	1.3	0.5	1.0	1.2	-0.8	-0.8	5.4	-0.5	-0.5	-4.8	7.7	3.1
Estonia	4.0	1.3	2.0	6.3	2.0	5.1	-2.5	-0.8	5.7	-1.0	3.8	4.1
United States	1.3	0.7	1.2	1.1	0.3	0.1	1.5	-0.7	3.6	-4.9	6.2	2.0
Japan	0.8	0.9	1.3	-0.2	0.2	0.1	-0.4	n/a	-1.3	0.0	16.3	6.2
Israel	1.3	-0.1	1.4	5.6	-0.8	-2.3	0.4	0.8	2.7	8.3	-4.7	3.1
Spain	-0.1	0.8	0.5	-2.8	0.7	1.0	1.7	-4.8	-0.2	-2.3	29.8	3.3
Italy	-1.2	-0.6	1.1	-1.1	0.2	1.3	3.5	-3.0	0.2	-4.8	16.2	3.2
Portugal	-0.5	0.2	1.6	-3.5	0.8	2.0	1.4	-1.6	4.6	0.5	17.6	2.2
Greece	-3.3	0.2	1.2	-8.2	0.3	2.2	0.8	-10.7	1.6	-1.2	4.8	4.8
Singapore	2.2	1.0	0.7	0.5	-1.3	n/a	2.3	n/a	-4.6	-5.8	3.7	1.6

Table 11: Dashboard of National Key Performance Indicators: Levels

Developing Economies

Rank
Bottom 20% — Top 20%

	GROWTH & DEVELOPMENT				INCLUSION				INTERGENERATIONAL EQUITY & SUSTAINABILITY			
	GDP PER CAPITA, $	LABOR PRODUCTIVITY, $	HEALTHY LIFE EXPECTANCY, YRS	EMPLOYMENT, %	NET INCOME GINI	POVERTY RATE, %	WEALTH GINI	MEDIAN INCOME, $	ADJUSTED NET SAVINGS*, %	CARBON INTENSITY, KG PER $ OF GDP	PUBLIC DEBT, %	DEPENDENCY RATIO, %
Lithuania	15228	54296	66.1	54.3	34.6	2.0	66.5	16.5	20.4	63.7	42.8	50.1
Azerbaijan	6116	34886	64.7	63.2	30.9	2.5	68.3	8.5	18.4	145.4	28.3	38.0
Hungary	14375	56301	67.4	47.9	29.3	0.5	62.5	16.7	11.3	48.3	75.3	47.9
Poland	14581	53737	68.7	51.3	31.6	0.3	73.0	14.2	10.6	82.9	51.3	43.8
Panama	10751	43690	68.1	62.6	46.8	8.4	76.6	13.5	24.6	65.0	38.8	53.4
Romania	9527	37818	66.8	52.8	32.1	4.1	73.0	7.9	22.1	81.8	39.3	48.9
Uruguay	13944	40529	67.9	61.2	36.9	1.3	69.9	19.2	8.3	33.9	64.3	55.9
Latvia	14244	48647	67.1	54.8	35.6	2.6	67.0	14.9	0.5	49.6	34.9	52.2
Malaysia	10877	54169	66.5	58.4	38.4	2.7	80.0	14.1	12.9	113.8	57.4	44.7
Costa Rica	9130	30871	69.8	57.8	46.2	3.9	73.4	14.3	14.8	31.6	42.4	45.4
Chile	14626	47811	70.5	58.0	47.1	2.1	80.5	14.4	4.4	57.3	17.5	45.2
Argentina	10515	31735	67.6	55.9	38.9	4.3	78.7	n/a	10.5	75.4	52.1	56.5
Thailand	5775	23853	66.8	71.5	37.0	0.9	85.9	11.2	12.9	163.1	43.1	39.2
Russian Federation	11039	46903	63.4	60.5	32.8	0.5	92.3	18.8	13.1	213.5	16.4	43.1
Peru	5974	22259	65.7	73.1	45.1	9.0	80.7	10.3	13.6	40.9	24.0	53.2
China	6416	21630	68.5	68.0	50.0	11.1	81.9	6.6	35.7	201.1	42.9	36.6
Kazakhstan	10547	46769	63.3	69.7	27.2	0.3	89.2	10.6	4.6	285.1	21.9	50.3
Bulgaria	7502	40287	66.4	47.2	33.7	4.7	65.8	13.2	11.7	164.3	26.3	51.9
Paraguay	3825	17444	65.2	67.2	46.1	7.0	77.4	11.7	10.2	34.9	24.2	56.6
Turkey	11525	56666	66.2	44.8	36.4	2.6	83.2	13.0	11.2	57.5	32.9	49.7
Iran, Islamic Rep.	5937	50217	66.5	39.6	36.0	0.7	77.9	n/a	8.9	313.4	15.9	40.2
Indonesia	3834	21183	62.1	63.5	42.3	36.4	84.0	n/a	27.1	126.6	27.3	49.0
Croatia	13807	53602	69.4	42.7	30.7	2.2	64.5	15.0	3.4	55.3	86.7	51.1
Macedonia, FYR	5094	37182	67.5	39.9	32.8	8.7	68.2	8.3	14.4	123.9	38.0	41.4
Vietnam	1685	8914	66.6	75.9	37.9	12.0	74.8	6.6	16.2	196.2	58.3	42.5
Venezuela	12794	39440	65.2	59.5	36.4	14.9	83.7	8.5	15.1	120.7	41.5	52.4
Nepal	690	4229	61.2	81.0	33.8	48.4	80.4	3.2	33.0	39.5	28.0	61.8
Dominican Republic	6494	30509	65.1	55.1	47.1	9.1	n/a	8.2	15.0	49.6	34.9	57.8
Mexico	9517	39053	67.4	58.6	46.1	11.0	77.9	6.9	8.3	48.9	54.0	51.7
Brazil	11159	29170	65.5	65.0	46.0	7.6	82.9	12.0	7.5	57.0	73.7	44.7
Georgia	4010	16292	66.4	56.6	38.8	25.3	75.0	5.1	9.9	82.7	41.5	45.7
Nicaragua	1849	11122	63.8	60.3	42.1	17.1	76.7	6.5	12.2	76.1	29.4	54.1
Colombia	7448	28119	65.2	60.7	48.5	13.2	76.2	8.8	3.6	43.5	50.6	45.6
Moldova	1971	14230	64.9	39.9	31.8	1.0	68.0	8.2	14.5	249.9	41.5	34.6
Jordan	3976	41085	65.0	37.2	35.8	n/a	73.0	12.2	16.4	111.6	93.4	64.8
Mongolia	3944	22450	62.1	60.3	33.4	2.7	71.5	8.9	10.6	270.1	n/a	47.6
Bangladesh	973	5433	62.4	67.8	40.4	56.8	78.6	2.9	25.6	71.7	33.9	52.5
Bolivia	2373	13276	62.5	70.6	44.5	12.7	77.9	9.5	8.9	137.1	36.2	63.7
Algeria	4794	45664	66.3	40.0	34.2	n/a	71.7	n/a	27.5	167.0	9.1	52.6

Table 12: Dashboard of National Key Performance Indicators: 5 Year Trend

Developing Economies

Rank
Bottom 20% — Top 20%

	GROWTH & DEVELOPMENT				INCLUSION				INTERGENERATIONAL EQUITY & SUSTAINABILITY			
	GDP PER CAPITA GROWTH, %	LABOR PRODUCTIVITY GROWTH, %	HEALTHY LIFE EXPECTANCY TREND, YRS	EMPLOYMENT TREND, %	NET INCOME GINI TREND	POVERTY TREND, %	WEALTH GINI TREND	MEDIAN INCOME TREND, $	ADJUSTED NET SAVINGS TREND*, %	CARBON INTENSITY TREND, KG PER $ OF GDP	PUBLIC DEBT TREND, %	DEPENDENCY RATIO TREND, %
Lithuania	4.9	1.5	1.3	6.0	-0.5	-0.2	-0.5	-2.2	0.5	0.8	5.5	2.1
Azerbaijan	0.9	0.9	2.7	2.3	11.8	2.2	3.8	0.6	7.9	9.7	16.9	-1.2
Hungary	2.0	-0.5	1.8	3.0	1.3	0.4	-2.1	-1.4	4.8	-10.8	-5.4	1.8
Poland	3.0	2.4	1.5	0.7	0.7	-0.7	-1.4	-4.9	2.0	-16.9	-3.1	3.6
Panama	6.1	6.1	0.4	1.4	-0.3	-2.3	-0.9	2.3	-11.8	-39.7	1.5	-1.5
Romania	2.8	2.0	1.7	0.8	0.5	-5.8	-0.9	-0.7	16.7	-3.7	5.4	2.1
Uruguay	3.2	3.7	0.3	0.5	-3.5	-0.3	-6.7	4.2	-0.1	-10.2	6.2	-1.1
Latvia	4.7	1.7	2.1	6.9	-0.4	0.2	-0.9	-2.8	1.2	-13.7	-2.7	3.3
Malaysia	3.7	2.3	0.9	1.3	-1.0	0.4	-1.0	0.9	-2.0	-20.4	4.8	-2.2
Costa Rica	2.7	2.3	-0.3	-0.3	0.4	0.0	-2.4	1.1	-1.4	-3.6	12.5	-1.4
Chile	2.7	1.8	1.1	2.6	-1.7	-2.1	3.1	2.5	-2.2	-8.4	6.4	-0.6
Argentina	0.4	1.5	0.5	0.1	-2.3	-0.7	0.2	n/a	0.1	-4.6	14.1	-0.2
Thailand	2.5	1.9	1.5	-0.2	-4.6	-1.7	4.7	1.6	-1.1	-7.8	4.0	0.3
Russian Federation	0.7	2.0	2.4	2.1	-1.0	0.0	4.5	3.2	-0.3	-13.8	5.5	3.9
Peru	3.4	3.5	-2.9	0.2	-2.0	-4.0	-1.0	1.5	0.1	-12.3	1.0	-1.4
China	7.3	7.2	2.1	0.2	-1.5	-21.9	11.5	n/a	0.0	-37.7	9.8	2.1
Kazakhstan	3.1	4.2	3.0	2.3	-1.0	-2.3	2.9	2.9	7.3	-13.7	12.1	4.6
Bulgaria	2.1	2.5	1.2	-0.7	1.9	1.9	-0.8	-0.6	1.2	-6.3	11.8	4.2
Paraguay	3.6	2.3	0.6	1.3	-0.8	-6.5	2.3	2.8	4.5	-15.0	11.2	-3.8
Turkey	2.7	1.4	-2.0	2.1	-1.3	-2.0	0.2	1.8	1.6	-1.9	-6.2	-1.2
Iran, Islamic Rep.	-1.4	-1.7	2.5	1.4	-3.8	-2.4	10.5	n/a	n/a	33.5	7.0	0.7
Indonesia	4.2	3.9	0.6	0.5	3.7	-9.9	1.7	n/a	1.6	-13.3	4.2	-1.6
Croatia	0.5	1.1	1.9	-3.3	3.7	2.1	-1.5	-6.9	-2.6	4.3	23.0	1.4
Macedonia, FYR	2.2	0.5	0.9	2.1	-2.6	2.2	-0.7	-0.8	7.3	-7.6	10.2	0.1
Vietnam	4.8	3.8	0.7	1.3	0.4	-6.0	9.6	1.1	2.2	-21.9	12.5	-0.2
Venezuela	-1.1	0.0	0.4	0.2	-1.4	-12.9	4.0	3.1	-6.1	-2.6	-9.1	-1.4
Nepal	3.0	2.0	1.0	-0.3	-7.7	-25.3	11.8	1.2	3.4	-4.4	-3.7	-8.8
Dominican Republic	3.6	3.5	-0.2	-1.7	0.0	-2.4	n/a	0.1	-1.4	-1.9	9.2	-1.6
Mexico	1.4	0.6	0.8	0.6	0.5	-1.0	2.3	-0.1	-1.0	-8.1	10.8	-3.3
Brazil	0.1	-0.1	1.4	0.5	-0.4	-5.9	1.5	2.0	-3.1	5.0	12.5	-1.8
Georgia	6.2	4.5	2.4	3.1	-5.0	-13.3	7.0	1.2	8.3	-14.5	5.0	0.1
Nicaragua	4.0	1.3	-4.0	2.7	-4.9	-8.0	5.4	1.2	2.9	-1.9	0.1	-4.6
Colombia	3.6	2.4	-2.0	1.6	0.1	-7.2	-0.7	1.6	0.0	-1.9	14.8	-1.4
Moldova	3.9	3.7	2.5	1.9	0.0	-4.2	0.0	0.7	3.2	11.9	17.3	-1.3
Jordan	-0.4	-1.6	-2.2	0.1	-1.7	n/a	6.9	n/a	5.0	-40.6	22.7	-2.6
Mongolia	8.4	9.8	4.1	3.0	-1.1	-6.0	7.2	2.2	5.0	-27.7	n/a	2.8
Bangladesh	5.1	4.1	2.8	0.3	-0.4	-6.2	10.8	0.3	0.6	-1.5	-1.4	-4.6
Bolivia	3.7	3.0	-0.4	0.7	-2.7	-6.5	3.6	0.9	-3.2	-4.7	1.5	-3.9
Algeria	1.4	0.8	0.3	1.2	-1.1	n/a	4.9	n/a	-0.7	-22.8	-0.4	3.4

Table 11: Dashboard of National Key Performance Indicators: Levels

Developing Economies (cont'd.)

Rank
Bottom 20% — Top 20%

	GROWTH & DEVELOPMENT				INCLUSION				INTERGENERATIONAL EQUITY & SUSTAINABILITY			
	GDP PER CAPITA, $	LABOR PRODUCTIVITY, $	HEALTHY LIFE EXPECTANCY, YRS	EMPLOYMENT, %	NET INCOME GINI	POVERTY RATE, %	WEALTH GINI	MEDIAN INCOME, $	ADJUSTED NET SAVINGS*, %	CARBON INTENSITY, KG PER $ OF GDP	PUBLIC DEBT, %	DEPENDENCY RATIO, %
Albania	4541	25434	68.8	46.3	38.4	6.8	65.0	6.5	-1.2	47.7	73.3	44.8
Sri Lanka	3638	24561	67.0	52.4	37.1	14.6	80.7	5.5	17.5	44.8	76.0	51.2
Philippines	2635	16456	61.1	60.6	41.7	37.6	83.4	4.5	29.0	70.8	34.8	57.6
El Salvador	3853	18405	64.1	58.4	39.8	11.3	72.6	7.3	0.8	40.3	58.7	54.3
Serbia	5659	26574	67.7	40.9	32.8	1.3	65.4	11.3	n/a	235.2	77.4	50.1
Cambodia	1021	5476	58.1	82.2	39.5	21.6	79.5	4.5	3.5	66.3	32.5	55.6
Tunisia	4235	34056	66.7	41.3	36.7	8.4	73.1	7.7	-2.0	60.4	55.7	44.8
Morocco	3238	22028	65.1	45.5	39.6	15.5	79.0	5.7	17.2	57.9	64.1	50.1
Guatemala	3052	18030	62.2	65.9	49.5	24.1	n/a	5.6	2.9	43.3	24.2	70.9
Ukraine	2824	17157	64.1	55.0	25.5	0.1	91.7	11.4	-0.5	347.0	80.1	43.3
Honduras	2329	11394	64.9	60.4	52.0	31.2	n/a	5.0	11.0	101.6	46.8	57.8
Lao PDR	1538	9804	57.9	76.7	37.4	46.9	75.2	3.3	-4.0	39.0	63.0	62.8
Armenia	3793	18376	66.9	52.9	34.9	14.6	74.3	5.4	0.9	899.3	46.9	41.3
Tanzania	842	3640	54.2	86.3	31.7	76.1	73.1	2.0	15.3	41.0	36.5	93.8
Pakistan	1152	13513	57.8	51.7	37.6	36.9	72.7	3.7	14.9	126.4	63.6	65.3
Egypt	2707	36557	62.2	42.8	46.4	n/a	81.1	7.2	3.2	206.5	89.0	62.3
Tajikistan	917	6466	62.1	60.7	31.1	56.7	71.0	2.9	14.7	1104.6	34.1	60.9
Yemen	1097	15608	57.7	40.5	38.5	n/a	73.6	4.3	-10.8	159.3	66.7	75.6
Ghana	1696	9399	55.3	67.8	37.3	49.0	75.0	2.6	2.0	60.0	70.8	73.0
Cameroon	1309	6974	50.3	67.3	37.8	43.5	78.0	3.6	-2.1	27.0	29.0	84.3
Kyrgyz Republic	1017	7610	63.9	62.4	32.4	17.5	71.6	4.6	-4.7	469.2	66.0	55.3
Senegal	1044	5715	58.3	69.0	37.4	66.3	76.4	2.4	13.0	76.9	56.8	87.6
Mali	903	5117	51.1	60.7	31.6	77.7	74.0	2.0	14.9	12.7	30.9	100.2
India	1806	14681	59.6	52.2	47.9	58.0	87.6	n/a	20.3	162.9	69.1	52.4
Zimbabwe	819	3289	52.1	82.0	51.6	45.5	79.4	n/a	n/a	179.6	58.9	80.4
Namibia	6014	30734	57.5	48.4	58.0	45.7	92.5	3.5	17.2	43.5	33.7	67.3
Chad	952	6206	46.1	66.6	38.3	64.8	77.4	2.4	n/a	3.2	42.6	100.7
Uganda	673	3623	54.0	74.5	41.4	65.0	81.4	2.5	3.3	22.4	34.4	102.3
Kenya	1133	6336	55.6	61.2	42.7	58.9	82.7	3.0	4.2	57.9	51.3	80.9
Burundi	210	1779	52.2	77.0	32.2	92.2	74.5	1.2	-8.5	25.3	42.4	89.7
Sierra Leone	498	5163	44.4	65.1	34.4	80.0	75.1	1.9	5.0	50.2	43.8	81.9
Rwanda	690	2938	56.6	85.2	49.4	80.6	89.4	1.6	4.9	19.6	37.3	78.1
Lesotho	1227	8257	46.6	48.9	47.8	77.3	81.5	1.5	30.2	17.4	58.3	67.3
South Africa	7575	44047	54.4	39.4	57.3	34.7	83.0	4.7	3.7	180.3	49.8	52.1
Nigeria	2548	19511	47.7	52.0	42.2	76.5	83.7	1.8	11.2	48.6	11.5	87.7
Madagascar	409	2739	56.9	85.2	42.5	90.5	77.8	1.1	-5.0	215.6	35.5	80.3
Mauritania	1338	10504	55.1	37.3	39.2	22.1	74.8	4.9	-16.4	89.0	91.2	76.1
Zambia	1619	8623	53.7	68.7	50.9	78.9	95.9	1.4	3.7	22.6	56.3	95.4
Malawi	494	1837	51.2	76.8	43.6	87.6	81.7	1.3	2.2	53.0	82.0	94.5
Mozambique	510	3003	49.6	65.1	42.7	87.5	83.5	1.4	8.7	38.8	86.0	94.8

Table 12: Dashboard of National Key Performance Indicators: 5 Year Trend

Developing Economies (cont'd.)

Rank
Bottom 20% — Top 20%

	GROWTH & DEVELOPMENT				INCLUSION				INTERGENERATIONAL EQUITY & SUSTAINABILITY			
	GDP PER CAPITA GROWTH, %	LABOR PRODUCTIVITY GROWTH, %	HEALTHY LIFE EXPECTANCY TREND, YRS	EMPLOYMENT TREND, %	NET INCOME GINI TREND	POVERTY TREND, %	WEALTH GINI TREND	MEDIAN INCOME TREND, $	ADJUSTED NET SAVINGS TREND*, %	CARBON INTENSITY TREND, KG PER $ OF GDP	PUBLIC DEBT TREND, %	DEPENDENCY RATIO TREND, %
Albania	2.1	1.3	1.0	-1.0	7.7	0.7	-1.8	-0.1	-9.0	3.5	13.9	-1.9
Sri Lanka	5.3	6.3	1.2	0.1	-1.0	-2.1	13.8	0.3	-0.9	-3.9	-2.4	2.0
Philippines	4.2	3.3	-0.1	0.6	0.0	1.2	1.6	0.4	-7.7	-3.2	-6.6	-2.4
El Salvador	1.7	-0.2	-0.7	0.9	-1.4	-7.3	0.4	0.9	-2.3	-0.1	8.8	-5.2
Serbia	0.9	1.4	1.6	-1.0	0.3	0.1	0.0	-0.4	n/a	4.1	30.8	2.1
Cambodia	5.5	5.1	-0.8	0.0	-2.7	-16.1	12.2	0.9	1.0	6.0	2.2	-2.4
Tunisia	0.3	1.0	-0.3	0.3	1.6	-4.9	0.4	1.1	-8.6	0.6	12.6	0.6
Morocco	2.5	2.3	1.7	0.0	0.3	-10.2	0.0	1.0	-4.7	-21.0	11.5	-1.1
Guatemala	1.7	0.0	0.1	1.0	0.7	-2.4	n/a	0.4	-0.2	2.0	0.5	-4.9
Ukraine	-0.9	0.5	1.9	1.1	-3.0	-0.1	1.4	1.0	-3.6	-37.2	43.2	0.6
Honduras	2.0	0.0	1.4	1.2	1.5	2.1	n/a	-0.3	-2.6	20.1	14.7	-7.6
Lao PDR	6.0	5.0	1.5	0.2	1.7	-7.9	10.9	0.4	-5.5	-8.4	6.1	-4.4
Armenia	4.0	2.9	2.6	3.0	-0.6	-7.0	10.2	0.8	-7.7	3.0	11.2	-2.4
Tanzania	3.5	3.8	0.8	-0.3	-4.6	-1.8	8.6	0.2	4.3	5.5	8.7	0.5
Pakistan	2.0	1.4	1.8	0.5	5.9	-16.0	10.2	0.3	4.3	-11.8	4.6	-2.5
Egypt	0.3	1.0	1.3	-1.4	2.6	n/a	1.9	n/a	-4.4	15.3	16.1	3.7
Tajikistan	4.3	3.9	0.1	1.3	-1.5	33.2	8.1	0.3	6.8	-221.7	-1.4	-2.0
Yemen	-5.3	-5.4	-0.5	1.0	3.8	n/a	8.0	n/a	-12.2	16.6	20.9	-4.6
Ghana	5.2	5.2	0.0	2.6	-0.7	n/a	8.2	-0.6	-1.1	-19.2	28.2	-0.9
Cameroon	2.7	1.8	0.1	0.3	-3.0	-10.7	10.6	0.8	-5.3	-10.9	15.8	-2.7
Kyrgyz Republic	3.0	3.2	3.8	1.8	-2.4	-3.9	7.0	0.0	-10.9	23.3	16.7	2.7
Senegal	0.9	0.6	2.1	-0.4	1.7	-0.1	9.3	0.0	1.9	0.3	16.1	-0.1
Mali	5.1	-0.3	-0.2	0.3	-6.1	1.6	7.7	0.0	5.8	0.2	6.9	0.2
India	5.4	4.3	3.2	-1.3	0.1	-15.5	6.3	n/a	-2.0	-9.3	-0.6	-3.1
Zimbabwe	4.1	1.6	9.2	0.5	-0.5	n/a	-1.4	n/a	n/a	-31.3	7.1	-0.3
Namibia	3.2	2.1	4.3	0.7	-6.0	-9.0	10.9	0.6	2.8	0.2	10.5	-2.7
Chad	1.3	2.1	-2.2	0.0	-0.3	-19.7	10.9	0.9	n/a	-0.6	12.1	-3.9
Uganda	2.1	1.6	3.5	0.0	3.1	-4.4	12.7	0.2	-1.7	-16.4	10.7	-3.3
Kenya	2.7	1.4	1.6	0.9	-1.5	n/a	12.2	0.3	-2.7	-8.6	8.3	-1.6
Burundi	-0.4	1.2	-1.2	0.6	-3.2	n/a	10.7	0.0	32.4	7.4	2.7	2.0
Sierra Leone	2.9	9.7	-3.5	0.2	-5.4	-0.9	8.9	0.2	16.2	11.6	-1.0	-3.2
Rwanda	4.5	2.4	-0.1	-0.5	3.5	-0.1	17.2	0.0	-3.2	-5.2	14.2	-4.1
Lesotho	3.0	2.2	6.2	1.8	-10.7	-1.6	8.2	0.0	12.5	-21.8	20.3	-3.9
South Africa	0.5	1.0	7.0	0.7	-2.3	-12.2	1.9	0.2	-2.1	-19.1	11.6	-3.6
Nigeria	1.9	2.4	-4.7	0.6	-1.0	-2.1	4.3	0.0	-0.5	9.1	1.3	-0.1
Madagascar	-0.2	-1.1	2.8	-0.6	0.9	0.6	9.3	0.0	-6.8	41.8	3.4	-4.6
Mauritania	2.6	3.0	-4.1	0.4	-0.2	-10.4	7.8	0.6	-10.0	4.3	19.6	-2.5
Zambia	2.1	3.3	7.2	-0.4	-2.4	2.0	24.5	-0.1	n/a	2.8	35.5	-2.5
Malawi	1.0	0.9	3.1	0.0	3.8	-2.4	14.5	0.0	-12.4	21.5	-6.4	-2.7
Mozambique	4.1	5.0	2.9	-0.4	1.9	-4.5	13.4	0.3	4.6	3.4	48.0	-2.0

Table 13: Policy and Institutional Indicators (PIIs)

Advanced Economies

Rank: Bottom 20% – Top 20%

	EDUCATION AND SKILLS				BASIC SERVICES AND INFRASTRUCTURE			CORRUPTION AND RENTS		
	PILLAR	SUB-PILLAR			PILLAR	SUB-PILLAR		PILLAR	SUB-PILLAR	
		ACCESS	QUALITY	EQUITY		BASIC AND DIGITAL INFRA-STRUCTURE	HEALTH SERVICES AND QUALITY OF LIFE		BUSINESS AND POLITICAL ETHICS	CONCENTRATION OF RENTS
Australia	5.73	6.72	5.19	5.28	5.68	5.43	5.93	4.83	5.46	4.21
Austria	5.56	6.66	5.05	4.98	5.61	5.41	5.82	4.91	4.99	4.84
Belgium	5.67	6.64	5.39	4.97	5.30	4.80	5.80	4.94	5.32	4.56
Canada	5.62	5.68	5.37	5.82	5.53	5.35	5.71	4.89	5.27	4.51
Czech Republic	5.29	6.55	4.47	4.84	5.24	5.13	5.34	3.76	3.44	4.08
Denmark	5.88	6.52	5.65	5.48	5.72	5.68	5.76	5.27	5.89	4.64
Estonia	5.72	6.17	4.98	6.01	5.30	5.12	5.49	4.51	5.06	3.97
Finland	6.13	6.54	5.80	6.04	5.88	5.76	6.01	5.42	6.29	4.56
France	5.47	6.27	4.90	5.25	5.48	5.37	5.58	4.75	4.85	4.65
Germany	5.68	6.47	5.20	5.37	5.46	5.31	5.62	4.84	5.08	4.60
Greece	4.85	5.88	3.81	4.86	4.75	4.44	5.06	3.53	3.20	3.87
Iceland	5.68	6.27	5.42	5.36	5.65	5.51	5.80	5.00	5.42	4.57
Ireland	5.66	6.23	5.29	5.47	5.18	5.01	5.36	5.22	5.81	4.64
Israel	5.30	6.29	4.82	4.80	5.14	4.89	5.40	4.27	4.65	3.89
Italy	5.27	6.33	4.32	5.16	4.89	4.56	5.22	3.75	3.18	4.31
Japan	5.57	5.91	4.87	5.94	5.68	5.50	5.86	5.57	5.51	5.63
Korea, Rep.	5.46	5.93	4.78	5.67	5.31	5.16	5.46	4.04	3.56	4.51
Luxembourg	5.02	5.82	4.53	4.71	5.59	5.48	5.69	5.62	5.94	5.30
Netherlands	5.83	6.71	5.44	5.33	5.61	5.46	5.75	5.25	5.88	4.62
New Zealand	5.74	6.39	5.41	5.43	5.45	5.05	5.84	5.36	6.27	4.44
Norway	5.99	6.61	5.69	5.66	5.72	5.46	5.99	5.39	6.01	4.76
Portugal	5.35	5.93	4.75	5.38	5.30	5.03	5.57	3.93	4.09	3.78
Singapore	5.73	5.93	5.52	5.74	6.03	5.84	6.22	5.27	6.21	4.33
Slovak Republic	4.79	5.98	3.88	4.51	4.91	4.93	4.89	3.37	2.68	4.06
Slovenia	5.61	6.57	4.88	5.39	4.98	4.70	5.26	4.22	3.73	4.71
Spain	5.27	6.11	4.38	5.33	5.57	5.40	5.74	4.06	3.55	4.57
Sweden	5.70	6.30	5.41	5.38	5.77	5.69	5.85	5.50	6.14	4.86
Switzerland	5.82	6.53	5.58	5.34	6.06	5.99	6.12	5.32	5.94	4.71
United Kingdom	5.62	6.22	5.07	5.57	5.53	5.39	5.66	5.21	5.58	4.84
United States	5.56	6.40	5.07	5.21	5.50	5.51	5.50	4.86	4.73	4.98

	FINANCIAL INTERMEDIATION OF REAL ECONOMY INVESTMENT			ASSET BUILDING & ENTREPRENEURSHIP			EMPLOYMENT			FISCAL TRANSFERS		
	PILLAR	SUB-PILLAR		PILLAR	SUB-PILLAR		PILLAR	SUB-PILLAR		PILLAR	SUB-PILLAR	
		FINANCIAL SYSTEM INCLUSION	INTERMEDIATION OF BUSINESS INVESTMENT		SMALL BUSINESS OWNERSHIP	HOME AND FINANCIAL ASSET OWNERSHIP		PRODUCTIVE EMPLOYMENT	WAGE AND NON-WAGE COMPENSATION		TAX CODE	SOCIAL PROTECTION
Australia	5.39	5.72	5.07	5.76	5.66	5.86	4.36	4.58	4.13	4.45	4.03	4.88
Austria	4.74	5.89	3.59	4.91	5.10	4.72	5.27	5.41	5.12	4.16	2.65	5.67
Belgium	4.65	5.59	3.71	4.73	5.03	4.43	5.17	5.34	5.00	5.08	4.40	5.75
Canada	5.13	5.63	4.62	5.28	4.90	5.67	4.40	4.66	4.13	4.55	3.86	5.24
Czech Republic	3.62	4.74	2.50	4.21	4.13	4.29	4.50	4.87	4.14	3.72	2.60	4.84
Denmark	4.59	5.32	3.86	5.48	5.63	5.34	5.86	5.83	5.90	4.84	3.67	6.00
Estonia	3.78	4.89	2.67	4.82	5.24	4.41	4.78	5.21	4.36	3.39	2.17	4.60
Finland	4.91	5.45	4.36	5.93	5.61	6.25	5.57	5.49	5.64	4.34	3.35	5.32
France	4.51	5.19	3.83	4.86	5.03	4.70	5.06	5.19	4.93	4.78	4.02	5.54
Germany	4.73	5.91	3.55	4.73	5.41	4.06	5.04	5.51	4.57	3.93	2.57	5.30
Greece	3.50	3.57	3.43	3.61	3.96	3.27	3.66	3.56	3.77	3.58	3.09	4.06
Iceland	4.41	4.11	4.70	5.36	5.73	4.98	5.57	5.35	5.78	4.53	3.87	5.19
Ireland	4.33	5.13	3.53	5.10	5.16	5.04	4.23	4.57	3.90	4.99	4.49	5.48
Israel	4.67	4.69	4.64	5.06	5.18	4.94	4.47	4.64	4.30	4.58	4.09	5.08
Italy	3.26	3.88	2.64	3.78	4.15	3.40	4.33	3.77	4.88	4.09	3.34	4.83
Japan	4.53	5.23	3.83	4.90	5.22	4.59	4.29	4.79	3.80	4.23	3.65	4.82
Korea, Rep.	4.73	4.75	4.71	4.84	5.46	4.21	4.17	4.55	3.79	4.42	4.24	4.59
Luxembourg	5.09	5.93	4.24	5.22	5.24	5.20	5.19	5.69	4.69	4.91	4.31	5.51
Netherlands	4.48	5.41	3.54	5.70	5.68	5.72	5.10	5.46	4.74	4.37	3.11	5.64
New Zealand	5.62	6.03	5.22	5.51	5.85	5.18	4.51	4.87	4.15	4.59	3.95	5.24
Norway	5.40	5.92	4.89	5.19	5.86	4.52	6.12	6.10	6.14	4.52	3.44	5.60
Portugal	3.66	4.33	2.98	4.30	4.60	4.00	4.54	4.38	4.69	4.18	3.27	5.08
Singapore	5.50	5.23	5.78	5.67	5.82	5.52	5.20	5.62	4.79	4.16	4.07	4.24
Slovak Republic	n/a	4.55	n/a	3.93	3.99	3.87	4.26	4.30	4.21	3.31	2.31	4.32
Slovenia	3.94	4.53	3.35	4.50	4.78	4.22	4.64	4.81	4.46	3.86	2.73	4.99
Spain	3.94	5.29	2.60	4.46	4.54	4.39	4.07	3.94	4.19	4.18	3.27	5.08
Sweden	5.39	5.43	5.36	5.39	5.62	5.17	5.59	5.18	5.99	4.11	3.20	5.03
Switzerland	4.85	5.91	3.80	5.53	5.36	5.69	5.05	5.61	4.48	4.68	3.91	5.46
United Kingdom	4.77	5.66	3.88	5.43	5.54	5.32	4.45	4.88	4.02	4.76	4.58	4.94
United States	4.45	5.71	3.18	5.77	5.97	5.57	4.06	4.80	3.33	4.21	3.73	4.69

Note: For Tables 13-16,the traffic light shading indicates performance relative to peer countries belonging to the same income group. Red corresponds to the lowest quintile of performance within the group, orange to the fourth quintile, yellow to the median or middle quintile, light green to the second quintile, and dark green to the best quintile of performers. For low-income countries, a single color calibration has been performed based on the range in scores of the lower-middle income countries.This has been done to highlight the still significant room for improvement even for the best performers within the low income group. Since this color scheme ranks countries only within each comparator group, colors are not comparable across income groups. Pillar and sub-pillar scores are based on 1 to 7 scale, with 1 representing the worst and 7 the best, and are largely comparable across the entire sample of 109 countries.

Table 14: Policy and Institutional Indicators (PIIs)

Upper Middle Income Economies

Rank
Bottom 20% — Top 20%

	EDUCATION AND SKILLS				BASIC SERVICES AND INFRASTRUCTURE			CORRUPTION AND RENTS		
	PILLAR	SUB-PILLAR			PILLAR	SUB-PILLAR		PILLAR	SUB-PILLAR	
		ACCESS	QUALITY	EQUITY		BASIC AND DIGITAL INFRA-STRUCTURE	HEALTH SERVICES AND QUALITY OF LIFE		BUSINESS AND POLITICAL ETHICS	CONCENTRATION OF RENTS
Argentina	4.35	6.12	3.84	3.08	5.08	4.75	5.41	3.25	2.44	4.05
Azerbaijan	n/a	5.10	3.59	n/a	5.31	5.10	5.51	3.78	3.78	3.78
Brazil	4.12	4.86	3.28	4.21	4.98	4.79	5.16	3.03	2.46	3.60
Bulgaria	4.62	6.01	3.56	4.30	4.88	4.63	5.13	3.59	3.17	4.02
Chile	4.72	6.07	4.05	4.05	5.34	4.91	5.77	3.82	4.22	3.42
China	4.93	5.41	4.36	5.02	4.95	5.05	4.84	4.38	4.19	4.57
Colombia	4.23	4.93	3.65	4.11	4.68	4.50	4.87	3.23	2.72	3.74
Costa Rica	4.67	5.37	4.43	4.20	5.37	5.00	5.74	3.91	3.71	4.11
Croatia	4.97	5.83	3.90	5.17	5.32	5.18	5.46	3.33	3.10	3.56
Hungary	4.50	5.46	3.70	4.33	5.19	5.11	5.28	2.97	2.77	3.17
Kazakhstan	4.27	5.31	3.80	3.69	5.14	4.77	5.50	3.97	3.93	4.02
Latvia	5.32	6.05	4.37	5.55	5.39	5.38	5.39	3.87	3.54	4.20
Lithuania	5.15	6.03	4.41	5.02	5.51	5.46	5.56	3.81	3.93	3.69
Malaysia	4.42	5.22	4.77	3.27	5.53	5.07	5.99	4.69	4.63	4.75
Mexico	4.24	4.75	3.68	4.30	5.00	4.78	5.22	3.37	2.69	4.05
Namibia	n/a	3.78	4.13	n/a	3.73	3.44	4.01	3.84	3.92	3.75
Panama	n/a	5.03	3.64	n/a	4.94	4.57	5.30	3.74	3.17	4.30
Peru	4.00	5.48	3.14	3.37	4.27	3.86	4.69	3.32	3.06	3.58
Poland	5.41	6.19	4.45	5.58	5.21	5.14	5.29	4.08	3.72	4.44
Romania	4.49	5.72	3.42	4.34	4.86	4.48	5.25	3.47	3.06	3.88
Russian Federation	5.33	6.27	4.36	5.37	5.12	5.22	5.03	4.08	3.38	4.77
Serbia	n/a	5.68	3.45	n/a	4.87	4.56	5.19	3.46	2.99	3.93
South Africa	n/a	5.01	3.56	n/a	4.66	4.54	4.78	3.87	3.70	4.03
Turkey	4.53	5.31	3.29	4.99	5.27	5.21	5.32	3.98	3.66	4.30
Uruguay	4.58	5.52	3.90	4.34	5.19	4.80	5.58	4.15	4.93	3.36
Venezuela	n/a	5.23	3.92	n/a	4.55	4.08	5.02	2.18	1.86	2.49

	FINANCIAL INTERMEDIATION OF REAL ECONOMY INVESTMENT			ASSET BUILDING & ENTREPRENEURSHIP			EMPLOYMENT			FISCAL TRANSFERS		
	PILLAR	SUB-PILLAR		PILLAR	SUB-PILLAR		PILLAR	SUB-PILLAR		PILLAR	SUB-PILLAR	
		FINANCIAL SYSTEM INCLUSION	INTERMEDIATION OF BUSINESS INVESTMENT		SMALL BUSINESS OWNERSHIP	HOME AND FINANCIAL ASSET OWNERSHIP		PRODUCTIVE EMPLOYMENT	WAGE AND NON-WAGE COMPENSATION		TAX CODE	SOCIAL PROTECTION
Argentina	2.55	3.36	1.74	3.52	3.98	3.07	4.60	4.66	4.53	3.89	3.67	4.11
Azerbaijan	2.80	3.51	2.09	4.55	4.47	4.62	4.71	4.95	4.47	3.62	3.58	3.66
Brazil	3.15	3.60	2.70	3.31	3.15	3.47	4.81	4.97	4.65	3.54	3.20	3.88
Bulgaria	3.25	3.99	2.52	4.16	4.49	3.84	4.46	4.60	4.33	3.82	3.21	4.42
Chile	3.66	4.18	3.14	4.46	4.53	4.40	4.75	5.32	4.17	3.71	3.41	4.02
China	4.38	4.28	4.48	4.26	4.75	3.77	4.78	5.10	4.46	3.53	3.22	3.84
Colombia	2.80	3.40	2.19	3.44	3.86	3.03	4.36	4.48	4.24	3.54	4.00	3.08
Costa Rica	2.96	3.77	2.14	3.63	3.94	3.31	4.62	4.83	4.42	3.70	3.53	3.87
Croatia	3.40	4.30	2.50	3.85	4.28	3.43	4.37	4.01	4.72	3.71	3.21	4.20
Hungary	3.31	4.38	2.23	4.21	4.35	4.07	4.37	4.73	4.02	4.14	3.37	4.91
Kazakhstan	3.09	4.06	2.13	4.43	4.52	4.34	5.25	5.36	5.14	3.23	3.09	3.37
Latvia	3.36	4.27	2.45	4.16	4.92	3.41	4.51	5.04	3.97	3.58	2.79	4.37
Lithuania	3.25	4.23	2.27	4.06	4.62	3.51	4.67	5.13	4.20	3.67	2.82	4.53
Malaysia	4.79	4.76	4.81	4.69	4.54	4.84	4.77	5.60	3.94	3.96	4.40	3.53
Mexico	2.97	3.65	2.30	3.75	3.99	3.51	4.30	4.64	3.97	3.41	3.42	3.40
Namibia	3.53	4.24	2.82	4.42	3.79	5.05	4.36	4.26	4.47	4.23	4.55	3.9
Panama	3.86	4.26	3.46	4.24	4.54	3.94	4.77	5.24	4.31	4.22	5.15	3.28
Peru	3.06	3.37	2.76	3.94	4.15	3.73	4.27	4.84	3.70	3.39	4.05	2.72
Poland	3.65	4.21	3.08	4.02	3.97	4.07	4.22	4.82	3.63	3.69	2.44	4.94
Romania	2.71	3.40	2.02	4.25	4.25	4.24	4.28	4.32	4.25	3.63	2.76	4.51
Russian Federation	3.04	3.73	2.36	4.00	4.67	3.34	5.00	5.25	4.75	3.80	3.09	4.51
Serbia	3.03	4.15	1.92	3.34	3.86	2.81	3.99	3.25	4.74	3.74	3.10	4.38
South Africa	3.57	4.42	2.72	4.41	4.34	4.47	3.88	3.94	3.81	4.67	5.07	4.26
Turkey	3.19	3.76	2.62	3.74	3.96	3.52	3.83	4.24	3.42	3.70	3.37	4.04
Uruguay	3.00	3.71	2.28	4.13	4.17	4.10	4.94	5.10	4.78	3.77	3.45	4.09
Venezuela	2.75	3.79	1.71	3.26	2.81	3.70	4.37	4.17	4.58	3.57	3.57	3.5

Part 2. Data Presentation

Table 15: Policy and Institutional Indicators (PIIs)

Lower Middle Income Economies

Rank: Bottom 20% … Top 20%

	EDUCATION AND SKILLS				BASIC SERVICES AND INFRASTRUCTURE			CORRUPTION AND RENTS		
	PILLAR	SUB-PILLAR			PILLAR	SUB-PILLAR		PILLAR	SUB-PILLAR	
		ACCESS	QUALITY	EQUITY		BASIC AND DIGITAL INFRA-STRUCTURE	HEALTH SERVICES AND QUALITY OF LIFE		BUSINESS AND POLITICAL ETHICS	CONCENTRATION OF RENTS
Albania	4.60	5.45	4.28	4.09	4.81	4.44	5.17	3.27	3.43	3.11
Algeria	n/a	4.87	3.78	n/a	4.29	3.67	4.92	3.09	3.14	3.05
Armenia	5.13	4.92	3.97	6.49	5.19	4.89	5.49	3.88	3.49	4.27
Bolivia	4.41	5.03	4.03	4.16	4.00	3.77	4.24	2.83	2.05	3.62
Cameroon	3.47	3.73	3.77	2.90	3.25	2.61	3.89	3.14	2.78	3.50
Dominican Republic	4.31	4.21	3.77	4.97	4.74	4.69	4.79	2.89	2.35	3.43
Egypt	4.39	4.56	3.17	5.44	4.71	4.64	4.78	3.65	3.72	3.58
El Salvador	4.62	4.86	3.66	5.33	4.12	3.71	4.52	3.15	2.76	3.53
Georgia	5.23	5.07	4.28	6.36	5.07	4.67	5.46	3.69	4.23	3.16
Ghana	3.95	4.37	4.18	3.28	3.88	3.56	4.20	3.87	3.29	4.45
Guatemala	4.05	4.60	4.03	3.52	3.90	3.48	4.32	3.35	2.82	3.89
Honduras	4.27	4.61	4.67	3.55	4.10	3.70	4.49	3.49	2.96	4.03
India	3.94	3.53	3.67	4.62	4.32	4.22	4.42	4.56	4.35	4.77
Indonesia	4.79	4.84	4.72	4.80	4.62	4.24	4.99	4.18	3.82	4.54
Iran, Islamic Rep.	4.85	5.04	3.99	5.52	4.96	4.48	5.44	3.66	3.39	3.93
Jordan	4.81	4.55	4.37	5.49	5.04	4.57	5.51	3.97	4.53	3.40
Kyrgyz Republic	5.05	4.78	4.02	6.34	4.40	3.88	4.92	2.76	2.93	2.59
Lao PDR	3.15	3.53	3.95	1.97	3.90	3.60	4.20	3.70	3.76	3.63
Lesotho	3.69	3.18	4.28	3.62	3.65	2.76	4.53	3.61	3.36	3.86
Macedonia, FYR	4.76	4.73	4.52	5.01	5.05	4.97	5.13	3.84	3.81	3.87
Mauritania	2.29	2.24	2.33	2.31	2.55	1.76	3.34	2.78	2.82	2.75
Moldova	5.18	5.15	4.90	5.49	4.62	4.40	4.84	2.91	2.40	3.41
Mongolia	4.68	5.33	3.91	4.80	4.12	4.13	4.10	2.81	2.80	2.82
Morocco	3.53	4.03	3.53	3.02	5.02	4.86	5.17	3.64	3.68	3.60
Nicaragua	4.11	4.01	3.83	4.48	3.68	2.86	4.50	2.62	2.45	2.80
Nigeria	2.56	2.58	3.30	1.82	3.38	3.06	3.70	3.32	2.52	4.13
Pakistan	3.20	3.05	3.28	3.26	3.95	3.83	4.06	3.58	3.14	4.02
Paraguay	4.62	4.21	3.86	5.78	4.26	3.72	4.79	3.00	2.29	3.72
Philippines	4.35	5.17	3.75	4.12	4.17	3.64	4.71	3.50	3.05	3.96
Senegal	2.98	2.67	3.80	2.45	3.56	2.94	4.18	3.69	3.48	3.89
Sri Lanka	n/a	5.26	3.97	n/a	4.55	4.09	5.02	3.77	3.42	4.11
Thailand	4.85	5.10	4.45	4.99	4.81	4.54	5.08	3.75	3.29	4.21
Tunisia	4.12	4.36	3.88	4.12	5.07	4.81	5.33	3.67	3.51	3.84
Ukraine	5.86	6.10	5.02	6.46	4.75	4.34	5.15	2.81	2.76	2.87
Vietnam	4.57	5.04	4.32	4.35	4.72	4.55	4.88	3.84	3.41	4.27
Yemen	2.70	2.47	2.56	3.08	3.11	2.72	3.51	2.40	2.15	2.66
Zambia	n/a	n/a	3.23	3.43	2.78	2.45	3.12	3.63	3.34	3.93

	FINANCIAL INTERMEDIATION OF REAL ECONOMY INVESTMENT			ASSET BUILDING & ENTREPRENEURSHIP			EMPLOYMENT			FISCAL TRANSFERS		
	PILLAR	SUB-PILLAR		PILLAR	SUB-PILLAR		PILLAR	SUB-PILLAR		PILLAR	SUB-PILLAR	
		FINANCIAL SYSTEM INCLUSION	INTERMEDIATION OF BUSINESS INVESTMENT		SMALL BUSINESS OWNERSHIP	HOME AND FINANCIAL ASSET OWNERSHIP		PRODUCTIVE EMPLOYMENT	WAGE AND NON-WAGE COMPENSATION		TAX CODE	SOCIAL PROTECTION
Albania	2.89	3.16	2.62	3.50	3.90	3.10	4.27	3.80	4.73	3.22	3.24	3.20
Algeria	2.44	3.07	1.80	3.44	4.05	2.83	3.80	3.76	3.85	4.09	4.43	3.75
Armenia	2.88	3.15	2.61	4.28	4.43	4.12	3.97	3.90	4.04	3.80	3.49	4.12
Bolivia	3.02	3.88	2.16	3.21	3.28	3.15	4.42	4.55	4.28	3.23	3.13	3.33
Cameroon	2.74	2.78	2.70	3.19	3.38	3.00	4.09	4.52	3.65	2.91	3.53	2.29
Dominican Republic	3.18	3.89	2.48	3.48	3.54	3.43	4.08	3.93	4.24	2.78	3.19	2.38
Egypt	2.28	2.64	1.92	3.22	3.61	2.83	3.51	3.53	3.50	3.27	3.17	3.37
El Salvador	2.69	3.31	2.06	3.20	3.61	2.79	4.03	4.41	3.66	2.94	3.49	2.39
Georgia	3.50	3.72	3.28	3.73	4.53	2.92	4.28	4.11	4.45	3.82	3.98	3.67
Ghana	2.99	3.37	2.60	3.18	3.89	2.47	4.66	4.78	4.54	3.45	3.90	3.00
Guatemala	3.04	3.74	2.34	3.47	3.70	3.24	4.29	4.72	3.87	3.08	3.69	2.47
Honduras	3.42	3.31	3.53	3.84	3.91	3.77	4.10	4.60	3.59	2.84	3.54	2.14
India	3.78	3.83	3.73	3.40	3.51	3.29	3.70	4.31	3.08	2.85	3.46	2.25
Indonesia	3.46	3.95	2.97	3.60	3.61	3.59	3.93	4.50	3.37	3.44	3.84	3.05
Iran, Islamic Rep.	2.95	4.14	1.76	4.38	4.34	4.41	3.53	3.48	3.57	4.28	4.68	3.88
Jordan	3.52	3.29	3.75	3.62	3.73	3.51	4.20	4.22	4.18	3.56	3.34	3.78
Kyrgyz Republic	2.78	3.31	2.25	3.98	4.12	3.84	3.96	4.32	3.61	3.57	3.25	3.8
Lao PDR	3.76	3.67	3.86	3.03	3.60	2.46	4.24	4.66	3.82	3.16	3.94	2.38
Lesotho	2.27	2.56	1.98	3.21	3.77	2.66	3.84	3.91	3.77	n/a	5.43	n/a
Macedonia, FYR	3.59	4.17	3.00	3.35	4.41	2.29	4.21	3.43	4.99	3.85	3.59	4.10
Mauritania	2.70	2.50	2.90	3.25	4.17	2.32	3.01	2.46	3.56	2.96	3.17	2.76
Moldova	2.62	3.13	2.12	3.10	4.09	2.11	4.70	4.75	4.65	3.57	3.44	3.70
Mongolia	3.22	4.08	2.36	3.49	4.28	2.71	4.52	4.55	4.49	3.69	3.43	3.94
Morocco	2.88	3.19	2.57	3.81	3.93	3.69	3.89	3.88	3.91	3.99	4.73	3.25
Nicaragua	2.96	2.65	3.26	3.81	4.03	3.58	3.89	4.40	3.39	2.74	3.10	2.38
Nigeria	2.26	2.78	1.74	2.97	3.38	2.56	4.26	4.81	3.71	2.87	3.90	1.84
Pakistan	2.23	2.35	2.11	3.56	3.87	3.26	3.49	4.00	2.97	2.88	3.36	2.40
Paraguay	3.02	3.61	2.43	3.41	3.96	2.86	4.17	4.76	3.57	3.48	4.45	2.50
Philippines	3.48	3.75	3.21	3.31	3.55	3.07	4.09	4.63	3.55	3.47	3.83	3.10
Senegal	2.78	2.62	2.95	2.89	3.20	2.59	4.11	4.21	4.02	2.79	3.29	2.30
Sri Lanka	3.71	4.40	3.02	3.68	3.83	3.54	4.24	4.43	4.05	3.23	3.19	3.26
Thailand	4.59	4.53	4.65	3.75	3.90	3.59	4.38	4.95	3.80	3.87	3.70	4.04
Tunisia	3.45	3.27	3.63	3.78	4.30	3.26	3.59	3.63	3.55	3.64	4.19	3.09
Ukraine	2.71	3.41	2.02	3.29	3.85	2.74	4.78	4.52	5.03	3.84	3.06	4.62
Vietnam	3.08	3.55	2.61	3.93	4.11	3.74	4.84	4.99	4.70	3.27	3.59	2.94
Yemen	1.67	1.70	1.65	2.91	3.73	2.09	3.27	3.21	3.34	3.12	3.88	2.36
Zambia	2.72	3.26	2.19	3.19	3.85	2.52	3.83	3.90	3.77	3.40	4.19	2.61

Table 16: Policy and Institutional Indicators (PIIs)

Low Income Economies

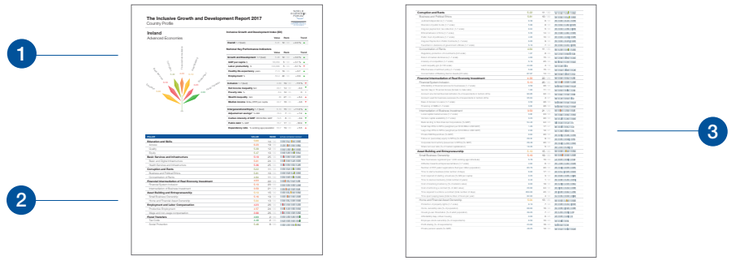
Rank

Bottom 20% — Top 20%

	EDUCATION AND SKILLS				BASIC SERVICES AND INFRASTRUCTURE			CORRUPTION AND RENTS		
	PILLAR	SUB-PILLAR			PILLAR	SUB-PILLAR		PILLAR	SUB-PILLAR	
		ACCESS	QUALITY	EQUITY		BASIC AND DIGITAL INFRA-STRUCTURE	HEALTH SERVICES AND QUALITY OF LIFE		BUSINESS AND POLITICAL ETHICS	CONCENTRATION OF RENTS
Bangladesh	3.30	3.39	3.03	3.47	3.45	3.12	3.78	3.35	2.42	4.29
Burundi	3.31	3.03	3.24	3.65	2.62	1.98	3.26	3.10	2.53	3.67
Cambodia	3.05	3.30	2.95	2.92	3.35	2.86	3.83	3.48	3.17	3.80
Chad	2.39	2.25	2.35	2.55	2.23	1.45	3.01	2.42	2.12	2.73
Kenya	4.37	3.89	4.39	4.84	3.50	3.15	3.85	3.84	3.16	4.52
Madagascar	2.80	2.78	3.25	2.37	2.23	1.55	2.90	2.70	2.61	2.79
Malawi	3.51	3.64	3.27	3.61	2.73	1.89	3.58	2.90	2.88	2.91
Mali	2.65	2.58	3.58	1.80	3.02	2.25	3.79	3.34	3.19	3.50
Mozambique	3.11	2.88	3.51	2.94	2.48	2.11	2.84	2.85	2.73	2.97
Nepal	4.07	3.90	3.77	4.56	3.64	3.33	3.95	3.65	2.92	4.37
Rwanda	3.14	3.46	3.66	2.29	3.55	2.91	4.19	4.71	5.54	3.88
Sierra Leone	2.73	2.65	2.99	2.54	2.55	1.92	3.17	2.62	2.59	2.66
Tajikistan	4.82	4.28	4.22	5.94	4.13	3.55	4.71	3.78	4.24	3.33
Tanzania	3.82	3.57	4.02	3.87	2.81	2.26	3.37	3.65	3.26	4.03
Uganda	3.31	3.29	3.45	3.19	2.93	2.50	3.35	3.33	2.86	3.80
Zimbabwe	4.00	3.74	3.83	4.42	3.34	3.13	3.56	3.07	2.71	3.42

	FINANCIAL INTERMEDIATION OF REAL ECONOMY INVESTMENT			ASSET BUILDING & ENTREPRENEURSHIP			EMPLOYMENT			FISCAL TRANSFERS		
	PILLAR	SUB-PILLAR		PILLAR	SUB-PILLAR		PILLAR	SUB-PILLAR		PILLAR	SUB-PILLAR	
		FINANCIAL SYSTEM INCLUSION	INTERMEDIATION OF BUSINESS INVESTMENT		SMALL BUSINESS OWNERSHIP	HOME AND FINANCIAL ASSET OWNERSHIP		PRODUCTIVE EMPLOYMENT	WAGE AND NON-WAGE COMPENSATION		TAX CODE	SOCIAL PROTECTION
Bangladesh	3.10	3.18	3.02	3.46	3.38	3.54	3.78	4.38	3.19	2.90	3.54	2.25
Burundi	2.38	2.84	1.91	2.72	3.56	1.88	3.78	3.87	3.69	2.68	3.41	1.95
Cambodia	3.56	3.11	4.00	3.23	2.74	3.73	4.26	4.83	3.68	2.88	3.63	2.13
Chad	2.30	2.10	2.50	2.68	2.89	2.47	3.77	4.00	3.55	n/a	3.74	n/a
Kenya	3.16	3.82	2.50	2.78	3.46	2.09	4.46	4.70	4.21	3.31	4.01	2.61
Madagascar	2.45	2.93	1.97	2.68	3.48	1.88	4.55	4.40	4.69	3.42	4.54	2.31
Malawi	2.48	2.50	2.46	3.06	3.14	2.98	4.17	4.94	3.41	3.14	4.35	1.94
Mali	2.63	2.82	2.44	2.99	3.55	2.42	3.90	4.04	3.76	2.92	3.72	2.12
Mozambique	2.72	3.20	2.25	3.14	3.88	2.40	3.91	3.70	4.11	3.34	4.04	2.63
Nepal	3.36	3.52	3.20	3.55	3.75	3.34	4.23	5.06	3.40	3.05	3.92	2.17
Rwanda	3.60	3.39	3.82	3.41	3.48	3.35	5.00	5.41	4.58	3.39	3.86	2.93
Sierra Leone	2.48	2.51	2.44	2.75	3.23	2.27	4.43	4.78	4.08	3.22	4.63	1.81
Tajikistan	2.63	3.17	2.09	3.52	4.28	2.76	4.83	4.68	4.97	2.87	2.89	2.84
Tanzania	2.86	3.18	2.54	3.98	4.33	3.63	4.35	4.74	3.96	2.85	3.47	2.22
Uganda	2.90	3.24	2.57	2.75	3.57	1.94	3.99	4.65	3.34	2.85	3.66	2.04
Zimbabwe	2.78	2.78	2.77	2.64	3.40	1.88	4.15	4.42	3.88	3.36	4.51	2.22

How to read a country profile



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

1 National Key Performance Indicators

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

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

2 Benchmarking Inclusive Growth

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

3 The Inclusive Growth and Development Profiles in More Detail

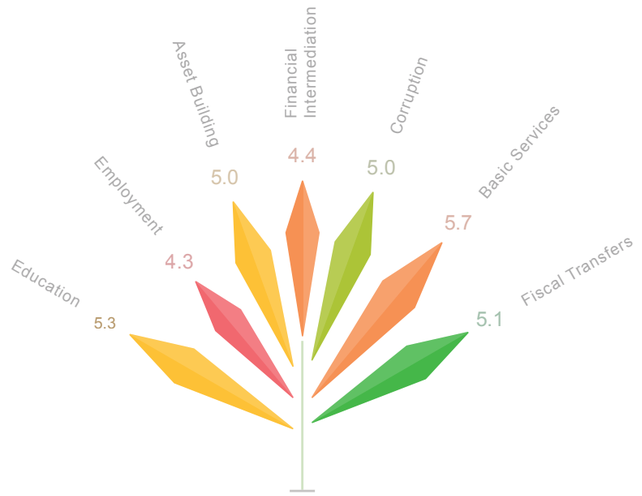
This page details the country's performance on each of the indicators composing the benchmarking tool. Indicators are organized by sub-pillar. Indicators are not presented where data is unavailable "N/A". Indicators with an asterix are not included in the final pillar aggregation and are meant for contextual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

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

Online Data Portal

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

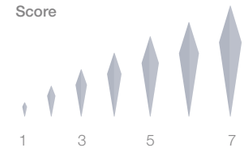
[1] Ireland is used as an illustrative example for the print edition of the Report. All of the 109 profiles can be found online at the following address: http://wef.ch/igd17.



How does it work?

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

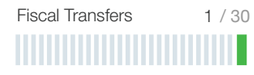
For instance, Ireland on the left scores high in Basic Services, but lower in Employment.



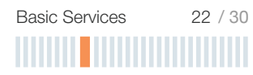
At the same time, to ensure that apples are compared with apples: the **color** of the leaf shows the **rank** of the economy within its peer group.

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

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

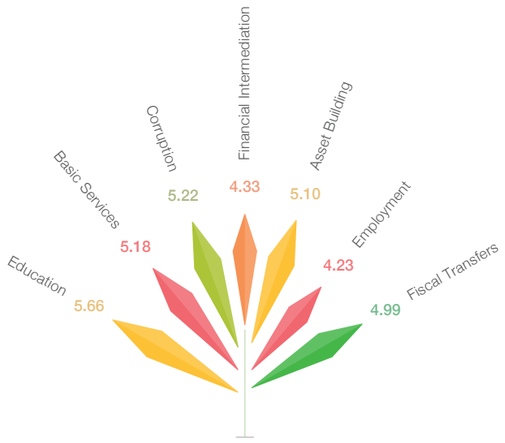


Its score in Basic Services is actually higher, but as the level of scores in this pillar are very high in general (Switzerland leads with 6.27), Ireland lands only in the bottom 40%, resulting in an orange tint.



Ireland

Advanced Economies



Inclusive Growth and Development Index (IDI)

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

National Key Performance Indicators

	Value	Rank	Trend
Growth and Development 1-7 (best)	5.26	12 / 30	+ 3.3 % ▲
GDP per capita $	56,054	5 / 30	+ 3.1 % ▲
Labor productivity $	103,880	5 / 30	- 0.1 % ▼
Healthy life expectancy years	71.5	19 / 30	+ 0.7 ▲
Employment %	53.4	22 / 30	+ 0.9 ▲
Inclusion 1-7 (best)	4.63	19 / 30	- 7.5 % ▼
Net income inequality Gini	29.1	14 / 30	- 0.3 ▼
Poverty rate %	8.9	12 / 30	0 •
Wealth inequality Gini	80	27 / 30	+ 8.4 ▲
Median income $/day (PPP) per capita	34.7	18 / 30	- 4.8 ▼
Intergenerational Equity 1-7 (best)	5.13	15 / 30	+ 11.8 % ▲
Adjusted net savings* % GNI	16.3	7 / 30	+ 7.2 ▲
Carbon intensity of GDP KtCO2/$bn GDP	19.5	6 / 30	- 3.9 ▼
Public debt % GDP	78.7	17 / 30	- 30.9 ▼
Dependency ratio % working age population	53.7	19 / 30	+ 5.5 ▲

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

Pillars In Detail

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

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

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

Methodology of the Benchmarking Framework on Inclusive Growth and Development

The Concept

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

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

The appropriate mix of policies and institutions will depend on country circumstances and preferences. The Framework does not intend to suggest that there is an ideal policy or institutional mix for the pursuit of inclusive growth and development that will apply to all countries. For the same reason, the Benchmarking Framework and the Inclusive Development Index do not assign different weights to the pillars and sub-pillars. Given the data limitations, the complexity of the topic, and the need for further research, the individual indicators should be interpreted as simple proxies for prevailing conditions and the extent to which countries are fully using their policy space. A weak or strong score *in a specific domain relative to its peer group* should thus be seen as a marker or signpost of where a country might explore policy changes or other actions.

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

Data and Aggregation Methods

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

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

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

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

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

b. Formally, the equation is:

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

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

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

Data Presentation

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

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

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

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

Table 17: Income Thresholds

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

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

Country Coverage

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

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

Strengthening the World Economic Forum's Framework for Inclusive Growth

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

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

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

Table 18: Indicators per Group

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

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

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

Description of Framework Pillars (PII)

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

Pillar 1: Education and Skills Development

a) Access

b) Quality

c) Equity

Labor is the primary, and in most cases, exclusive, source of income for citizens of rich and poor countries alike. Strong and rising labor productivity across different sectors and geographies is therefore an important cornerstone of any strategy to strengthen broad-based progress in living standards and reduce social marginalization. This is all the more important in the presence of rapid technological change that is automating, dis-intermediating, and enabling remote performance of many functions. Such change both disrupts existing jobs and creates new opportunities for labor income at every stage of economic development, in both cases favoring workers who are able to acquire and adapt skills. The challenge to societies is to create an enabling environment for widespread access to, and steady improvement in, skills acquisition.

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

Pillar 2: Basic Services and Infrastructure

a) Basic and Digital Infrastructure

b) Health-related Services and Infrastructure

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

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

Pillar 3: Corruption and Rents

a) Business and Political Ethics

b) Concentration of Rents

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

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

Pillar 4: Financial Intermediation of Real Economy Investment

a) Financial System Inclusion

b) Intermediation of Business Investment

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

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

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

Pillar 5: Asset Building and Entrepreneurship

a) Small Business Ownership

b) Home and Financial Asset Ownership

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

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

Pillar 6: Employment and Labor Compensation

a) Productive Employment

b) Wage and Non-wage Labor Compensation

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

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

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

Pillar 7: Fiscal Transfers

a) Tax Code

b) Social Protection

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

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

Social safety nets of various sorts can help societies mitigate the effects of external and transitory livelihood shocks as well as to meet the minimum needs of the chronically poor so that they too can participate in and benefit from growth. These include policies and programs to reduce the risks of unemployment, underemployment, or low wages resulting from inappropriate skills or poorly functioning labor markets. Other social insurance programs are designed to cushion risks associated with ill health, disability, work-related injuries, and old age. Social assistance and welfare schemes such as cash or in-kind transfers are intended for the most vulnerable groups that have no other means of adequate support.

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

Technical Notes and Sources

Full indicator list and descriptions

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

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

Dashboard of National Key Performance Indicators

I) Growth and Development

0.01 GDP per capita | 2015

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

Sources: World Development Indicators, World Bank.

0.02 Labor Productivity | 2014

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

Source: World Development Indicators, World Bank.

0.03 Healthy Life Expectancy | 2015

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

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

0.04 Employment | 2014

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

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

II) Inclusion

0.05 Net-Income Gini | 2014 or most recent

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

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

0.06 Poverty Rate | 2014 or most recent

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

0.07 Wealth Gini | 2016

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

Source: Credit Suisse Global Wealth Databook 2016.

0.08 Median Income | 2012 or most recent

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

Source: PovcalNet, World Bank

III) Intergenerational Equity & Sustainability

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

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

Source: World Development Indicators Online, World Bank.

0.10 Carbon Intensity of GDP | 2014 or most recent

Carbon intensity is a measure of how much carbon economies emit for every dollar of GDP they produce. It is expressed in Kilotonnes of CO2/$billion (in 2005 US$). International data for carbon dioxide emissions from the consumption of energy includes emissions due to the consumption of petroleum, natural gas, and coal, and also from natural gas flaring. The five-year trend is based on the change in the carbon intensity of GDP between 2010 and 2014 or most recent year.

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

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

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

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

0.12 Dependency ratio | 2014

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

Sources: World Development Indicators, World Bank.

Framework of Policy and Institutional Indicators

1st Pillar: Education and Skills Development

a) Access

1.01 Mean Years of Schooling | 2013

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

Source: Human Development Index, UNDP.

1.02 Gross Preprimary Enrollment | 2015 or most recent

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

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

1.03 Net Primary Enrollment | 2015 or most recent

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

Source: Data Centre, Institute for Statistics, UNESCO.

1.04 Gross Secondary Enrollment | 2015 or most recent

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

Sources: Data Centre, Institute for Statistics, UNESCO.

1.05 Gross Tertiary Enrollment | 2015 or most recent

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

Sources: Data Centre, Institute for Statistics, UNESCO.

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

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

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

Source: Data Centre, Institute for Statistics, UNESCO.

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

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

Source: Executive Opinion Survey, World Economic Forum.

1.08 Gender Gap in Education | 2015 or most recent

The World Economic Forum's Global Gender Gap in Education sub-index is based on the following indicators:
Ratio of female literacy rate to male literacy rate
Ratio of female net primary enrollment rate to male value
Ratio of female net secondary enrollment rate to male value
Ratio of female gross tertiary enrollment ratio to male value

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

b) Quality

1.09 Quality of Education System | 2015-2016 weighted average

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

Source: Executive Opinion Survey, World Economic Forum.

1.10 Internet Access in Schools | 2015-2016 weighted average

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

Source: Executive Opinion Survey, World Economic Forum.

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

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

Source: Data Centre, Institute for Statistics, UNESCO.

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

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

Source: Data Centre, Institute for Statistics, UNESCO.

1.13 PISA Reading Score | 2015

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

Source: OECD.

1.14 PISA Mathematics Score | 2015
This average standardized test assesses the performance of 15-year-old students to capture their capacity to identify, understand, and engage in mathematics, and make well-founded judgments about the role that mathematics plays in the lives of constructive and engaged citizens. It is available for 65 economies.

Source: OECD.

1.15 Basics in Reading Comprehension | 2013 or most recent
Various tests are used to measure the percentage of children who have achieved a minimum internationally-recognized learning standard in reading – the Progress in International Reading Literacy Study (PIRLS), Southern and Eastern Africa Consortium for Monitoring Educational Quality (SACMEQ), and Programme for the Analysis of Education Systems (PASEC).

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

1.16 Basics in Mathematics | 2013 or most recent
Various international assessments – Trends in International Mathematics and Science Study (TIMSS), SACMEQ, and PASEC – measure the percentage of children who have achieved an internationally-recognized minimum learning standard in mathematics.

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

1.17 Ease of Finding Skilled Employees | 2015-2016 weighted average
The extent to which companies in each country can find people with the skills required to fill their vacancies is rated on a scale from 1 to 7 (1 = not at all; 7 = to a great extent).

Source: Executive Opinion Survey, World Economic Forum.

1.18 Quality of Vocational Training | 2015–2016 weighted average
The quality of vocational training in each country is assessed on a scale of 1 to 7 (1 extremely poor – among the worst in the world; 7 = excellent – among the best in the world).

Source: Executive Opinion Survey, World Economic Forum.

c) Equity

1.19 Resilient Students (socioeconomically disadvantaged scoring in top quarter, %) | 2015
This is measured as the percentage of resilient individuals among disadvantaged students. A student is classified as resilient if he or she is in the bottom quarter of the PISA index of economic, social, and cultural status (ESCS) in the country/economy of assessment and performs in the top quarter of students from all countries/economies after accounting for socioeconomic status.

Source: OECD.

1.20 Social Inclusion (percentage of variation in socioeconomic status between schools) | 2015
This is measured as the percentage of variation in socioeconomic status between schools. The index of social inclusion is calculated as 100*(1-rho), where rho stands for the intra-class correlation of socioeconomic status, i.e. the between-school variation in the PISA index of social, economic, and cultural status of students, divided by the sum of the between-school variation in students' socioeconomic status and the within-school variation in students' socioeconomic status.

Source: OECD.

1.21 PISA Reading Score (by quartile) | 2015
This is a measure of the PISA reading scores attained, expressed as a ratio of the bottom to the top quarter. A value of 0 reflects perfect inequality and a value of 1 reflects perfect equality.

Source: OECD.

1.22 PISA Mathematics Score (by quartile) | 2015
This is a measure of the PISA mathematics scores attained, expressed as a ratio of the bottom to the top quarter. A value of 0 reflects perfect inequality and a value of 1 reflects perfect equality.

Source: OECD.

1.23 Mean Years of Schooling (by quintile) | 2014 or most recent
This is a measure of the average number of years of schooling attained by the 20-24 years age-group, expressed as the ratio Q1/Q5 to capture the difference in attainment between the bottom and top quintile (Q1 and Q5, respectively). A value of 0 reflects perfect inequality and a value of 1 reflects perfect equality.

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

1.24 Primary Completion Rate (by quintile) | 2014 or most recent
This refers to the proportion of children aged 3-7 years above primary school graduation age and young people aged 15-24 years who have completed primary school. Expressed as a ratio, Q1/Q5, it captures the difference in primary education completion between the bottom (quintile 1) and the top (quintile 5). A value of 0 reflects perfect inequality and a value of 1 reflects perfect equality.

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

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

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

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

1.26 Upper-Secondary Completion Rate (by quintile) | 2014 or most recent
This is a measure of the proportion of (i) young people aged 3-5 years above upper secondary school graduation age, and (ii) people aged 20-29 years, who have completed upper secondary school. It is expressed as a ratio, Q1/Q5, to capture the difference in secondary education completion between the bottom quintile (Q1) and the top quintile (Q5). A value of 0 reflects perfect inequality and a value of 1 reflects perfect equality.

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

1.27 Basics in Reading Comprehension (by quintile) | 2013 or most recent
Various assessments such as PISA, PIRLS, SACMEQ, and PASEC are used to calculate the proportion of children who have achieved a minimum internationally-recognized standard of reading ability. The ratio Q1/Q5 captures the difference in learning outcomes between the bottom (quintile 1) and the top (quintile 5) students. A value of 0 reflects perfect inequality and a value of 1 reflects perfect equality.

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

1.28 Basics in Mathematics (by quintile) | 2013 or most recent
Assessments such as PISA, TIMSS, PASEC, and SCAMEQ yield the proportion of children who have achieved an internationally-recognized minimum standard of learning in mathematics. The ratio Q1/Q5 captures the difference in learning outcomes between the bottom (quintile 1) and the top (quintile 5). A value of 0 reflects perfect inequality and a value of 1 reflects perfect equality.

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

2nd Pillar: Basic Services and Infrastructure

a) Basic and Digital Infrastructure

2.01 Quality of Overall Infrastructure | 2015-16 weighted average
Survey participants rate the general state of infrastructure e.g. transport, communications, and energy) in their countries on a scale of 1-7 (1 = extremely underdeveloped – among the worst in the world; 7 = extensive and efficient – among the best in the world).

Source: Executive Opinion Survey, World Economic Forum.

2.02 Efficiency of Ground Transport | 2015-16 weighted average
Participants rated on a scale of 1 to 7 the efficiency (i.e. frequency, punctuality, speed, price) of ground transportation in their respective countries (buses, subways, taxis) (1 = extremely inefficient – among the worst in the world; 7 = extremely efficient – among the best in the world).

Source: Executive Opinion Survey, World Economic Forum.

2.03 Access to Electricity | 2012
This is an indicator of the percentage of a country's population with access to electricity.

Sources: Sustainable Energy for All Database, World Bank; Global Electrification Database.

2.04 Transport Infrastructure | 2011
This is an estimate of the total infrastructure investment and maintenance spending (on rail, road, seaways, and airports) as a percentage of GDP.

Source: OECD.

2.05 Slum Population (Urban) | 2014
To calculate the proportion of urban population living in slums, a slum household is defined as a group of individuals living under the same roof lacking one or more of the following conditions: access to improved water, access to improved sanitation, sufficient living area, durability of housing, and security of tenure.

Source: United Nations Human Settlements Programme (UN-Habitat).

2.06 Dwellings without Basic Facilities | 2012
This indicator refers to the percentage of the population living in a dwelling without an indoor flushing toilet for the sole use of that household. Flushing toilets outside the dwelling are not considered, but flushing toilets in a room where there is also a shower unit or a bath are counted.

Sources: European Union Statistics on Income and Living Conditions (EU-SILC); OECD.

2.07 Internet Users | 2014
This refers to the percentage of individuals using the Internet. "Internet users" refers to the proportion of individuals who used the Internet in the previous 12 months. Data are based on surveys generally carried out by national statistical offices or estimated based on the number of Internet subscriptions.

Source: World Telecommunication/ICT Indicators Database 2015, International Telecommunication Union (ITU), http://www.itu.int/en/ITU-D/Statistics/Pages/publications/wtid.aspx.

2.08 Fixed Broadband Internet Subscriptions | 2015
This refers to the total fixed (wired) broadband internet subscriptions – that is, subscriptions to high-speed Internet, a Transmission Control Protocol/Internet Protocol(TCP/IP) connection – at downstream speeds equal to or greater than 256 kilobits per second (kbps) per 100 people. This indicator relates to the penetration and quality of the Internet and receives 1/2 weighting.

Source: ITU World Telecommunication/ICT Indicators Database 2013, ITU.

2.09 Active Mobile Broadband Subscriptions | 2015
This is a measure of mobile broadband Internet subscriptions per 100 people. This indicator relates to the penetration and quality of the Internet and receives 1/2 weighting.

Source: ITU World Telecommunication/ICT Indicators Database 2013, ITU.

2.10 Mobile Cellular Tariffs, PPP$ | 2014 or most recent
The World Economic Forum Global Information Technology Report 2016 constructs this measure by first taking the average per-minute cost of a local call to another mobile cellular phone on the same network (on-Net) and on another network (off-Net). This amount is then averaged with the per-minute cost of a local call to a fixed telephone line. All the tariffs are for calls placed during peak hours and based on a basic, representative mobile cellular pre-paid subscription service.

In order to account for differences in costs of living, the dollar amounts are converted into international dollars by applying the purchasing power parity (PPP) conversion factor sourced from the World Bank's World Development Indicators (retrieved January 4, 2016).

This indicator receives 1/2 weighting.

Sources: World Economic Forum Global Information Technology Report, based on ITU World; Telecommunication/ICT Indicators Database 2015, ITU; World Development Indicators, World Bank; national sources.

2.11 Fixed Broadband Internet Tariffs, PPP$ | 2014 or most recent

Any dedicated connection to the Internet at downstream speeds equal to, or greater than, 256 kilobits per second is considered fixed (wired) broadband. In order to account for differences in costs of living, the World Economic Forum "Global Information Technology Report 2016" converts the dollar amounts into international dollars by applying the purchasing-power parity (PPP) conversion factor from the World Bank's World Development Indicators.

This indicator receives 1/2 weighting.

Sources: World Economic Forum Global Information Technology Report, based on ITU World; Telecommunication/ICT Indicators Database 2015, ITU; World Development Indicators, World Bank; national sources.

b) Health-related Services and Infrastructure

2.12 Quality of Healthcare Services | 2015-16 weighted average
Survey respondents rate the quality of healthcare – public and private – provided to ordinary citizens in their country on a scale of 1 to 7 (1 = extremely poor – among the worst in the world; 7 = excellent – among the best in the world).

Source: Executive Opinion Survey, World Economic Forum.

2.13 Accessibility of Healthcare Services | 2015-16 weighted average
Survey participants rate the accessibility of healthcare in their country on a scale of 1 to 7 (1 = limited – only the privileged have access; 7 = universal – all citizens have access to healthcare).

Source: Executive Opinion Survey, World Economic Forum.

2.14 Particulate Matter (2.5) Concentration | 2014
This refers to the annual mean concentration of particulate matter of less than 2.5 microns in diameter (PM2.5).

Although invisible to the naked human eye as individual particles, elevated levels of PM2.5 can reduce visibility, cause the air to appear hazy, and adversely affect human health.

Source: Global Health Observatory data repository, World Health Organization (WHO).

2.15 Out-of-Pocket Health Expenses | 2014
This is a measure of household direct payments to public and private providers of healthcare services and non-reimbursable cost-sharing, such as deductibles, co-payments, and fees for services, expressed as a percentage of total health expenditure.

Source: Global Health Expenditure Database, WHO.

2.16 Undernourishment | 2015
The population below a minimum level of dietary energy consumption is measured as a percentage of the population whose food intake is insufficient to meet dietary energy requirements continuously. "2.5" signifies prevalence of undernourishment below 2.5% of the population.

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

2.17 Inequality-adjusted Life Expectancy | 2013
The UNDP's Inequality-adjusted Life Expectancy Index is the HDI life expectancy index adjusted for inequality in distribution of expected length of life.

Source: Human Development Index, UNDP.

2.18 Access to Improved Drinking Water | 2015
This refers to the percentage of the population that uses an improved drinking-water source. WHO/UNICEF define an "improved drinking-water source" as one that, by nature of its construction or through active intervention, is protected from outside contamination, in particular from contamination with fecal matter. This includes piped water on premises (piped household water connection located inside the user's dwelling, plot, or yard), and other improved drinking water sources (public taps or standpipes, tube wells or boreholes, protected dug wells, protected springs, and rainwater collection).

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

2.19 Access to Improved Sanitation | 2015
The share of the population with at least adequate access to excreta-disposal facilities that can effectively prevent human, animal, and insect contact with excreta depends on access to improved facilities ranging from simple but protected pit latrines to flush toilets with a sewerage connection. To be effective, facilities must be correctly constructed and properly maintained. They include flush/pour flush (piped sewer system, septic tank, or pit latrine), ventilated improved pit (VIP) latrine, pit latrine with slab, and composting toilet.

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

2.20 Gender Gap in Health | 2016
The World Economic Forum's Global Gender Gap in Health sub-index is based on the following indicators:

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

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

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

2.21 Stringency of Environmental Regulations | 2015-16 weighted average
The stringency of each country's environmental regulations is assessed on a scale of 1 to 7 (1 = very lax – among the worst in the world; 7 = among the world's most stringent).

Source: Executive Opinion Survey, World Economic Forum.

2.22 Indoor Air Pollution | 2013
This measure refers to the percentage of the population using solid fuels as their primary cooking fuel.

Source: Environmental Performance Index, Yale.

2.23 Reliability of Police Services | 2015-16 weighted average
The extent to which police services in each country can be relied upon to enforce law and order is assessed on a scale of 1 to 7 (1 = not at all; 7 = to a great extent).

Source: Executive Opinion Survey, World Economic Forum.

3rd Pillar: Corruption and Concentration of Rents

a) Business and Political Ethics

3.01 Judicial Independence | 2015-16 weighted average
The level of independence of the judicial system from influences of the government, individuals, or companies is rated on a scale of 1 to 7 (1 = not independent at all; 7 = entirely independent).

Source: Executive Opinion Survey, World Economic Forum.

3.02 Diversion of Public Funds | 2015-16 weighted average
Respondents opine on how common the illegal diversion of public funds to companies, individuals, or groups is on a scale of 1-7 (1 = occurs very commonly; 7 = never occurs).

Source: Executive Opinion Survey, World Economic Forum.

3.03 Irregular Payments in Tax Collection | 2015-16 weighted average
Respondents rate how common it is for companies to make undocumented extra payments or bribes in connection with tax payments on a scale of 1 to 7 (1 = occurs very commonly; 7 = never occurs).

Source: Executive Opinion Survey, World Economic Forum.

3.04 Ethical Behavior of Firms | 2015-16 weighted average
Respondents rate the corporate ethics of companies (ethical behavior in interactions with public officials, politicians, and other firms) on a scale of 1 to 7 (1 = extremely poor – among the worst in the world; 7 = excellent – among the best in the world).

Source: Executive Opinion Survey, World Economic Forum.

3.05 Public Trust in Politicians | 2015-16 weighted average
The ethical standards of politicians are rated on a scale of 1 to 7 (1 = extremely low; 7 = extremely high).

Source: Executive Opinion Survey, World Economic Forum.

3.06 Irregular Payments in Public Contracts | 2015-16 weighted average
Respondents rate how common it is for companies to make undocumented extra payments or bribes in connection with awarding of public contracts and licenses on a scale of 1 to 7 (1 = very common; 7 = never occurs).

Source: Executive Opinion Survey, World Economic Forum.

3.07 Favoritism in Decisions of Government Officials | 2015-16 weighted average
The extent to which government officials show favoritism to well-connected firms and individuals when deciding upon policies and contracts is rated on a scale of 1 to 7 (1 = show favoritism to a great extent; 7 = do not show favoritism at all).

Source: Executive Opinion Survey, World Economic Forum.

b) Concentration of Rents

3.08 Regulatory Protection of Incumbents | 2013
This indicates the scope of legal barriers to entry for new businesses (in 24 manufacturing and service industries), and the existence of antitrust exemptions for public enterprises or government-mandated behavior.

Source: OECD.

3.09 Extent of Market Dominance | 2015-16 weighted average
Participants rate corporate activity on a scale of 1-7 (1 = dominated by a few business groups; 7 = spread across many firms).

Source: Executive Opinion Survey, World Economic Forum.

3.10 Intensity of Competition | 2015-16 weighted average
Respondents rate the intensity of competition in local markets on a scale of 1-7 (1 = not intense at all; 7 = extremely intense).

Source: Executive Opinion Survey, World Economic Forum.

3.11 Land Inequality Gini | 2010 or most recent
This is a measure of the extent of inequality in land holdings in rural areas, among individuals or households. Zero represents perfect equality, while 100 stands for perfect inequality.

Source: Food and Agricultural Organization (FAO).

3.12 Effectiveness of Antitrust Policy | 2015-16 weighted average
The effectiveness of anti-monopoly policies at ensuring fair competition is rated on a scale of 1 to 7 (1 = not effective at all; 7 = extremely effective).

Source: Executive Opinion Survey, World Economic Forum.

3.13 Concentration of Banking-Sector Assets | 2012
This is a measure of the assets of the five largest banks as a share of total commercial banking assets. Total assets include total earning assets, cash and dues from banks, foreclosed real estate, fixed assets, goodwill, other intangibles, current tax assets, deferred tax, discontinued operations, and other assets.

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

4th Pillar: Financial Intermediation of Real Economy Investment

a) Financial System Inclusion

4.01 Affordability of Financial Services | 2015-2016 weighted average
The extent to which the cost of financial services (e.g. insurance, loans, trade finance) impedes business activity is rated on a scale of 1 to 7 (1 = impedes business to a great extent; 7 = not at all).

Source: Executive Opinion Survey, World Economic Forum.

4.02 Gender Gap in Financial Access | 2014
This measure denotes the percentage of respondents above 15 years of age who report having an account (by themselves or together with someone else) at a bank or another type of financial institution. The gender gap is arrived at by dividing the female value by the male value.

Source: Global Findex database, World Bank.

4.03 Account at a Formal Financial Institution of Bottom 40% (%) | 2014
This measure denotes the percentage of respondents aged 15 years and above in the bottom 40% income bracket who have an account (in own name or with someone else) at a bank, credit union, or other financial institution such as a cooperative, a microfinance institution, or the post office (if applicable). It includes those who own a debit card.

Source: Global Findex database, World Bank.

4.04 Account Used for Business Purposes of Bottom 40% (% among age 15+) | 2011
This denotes the percentage of respondents (income in bottom 40%, aged 15 years and above) who reported using their accounts at a formal financial institution for business purposes only or for both business and personal purposes.

Source: Global Findex database, World Bank.

4.05 Ease of Access to Loans | 2015–2016 weighted average
The ease with which businesses can obtain a bank loan is ranked from 1 to 7 (1 = extremely difficult; 7 = extremely easy).

Source: Executive Opinion Survey, World Economic Forum.

4.06 Financing of SMEs | 2015-2016 weighted average
The extent to which small and medium enterprises (SMEs) can access finance they need for their business operations through the financial sector is ranked on a scale from 1 to 7 (1 = not at all; 7 = to a great extent).

Source: Executive Opinion Survey, World Economic Forum.

b) Intermediation of Business Investment

4.07 Local Capital Market Access | 2015-16 weighted average
The extent to which companies can raise money by issuing shares and/or bonds on the capital market is assessed on a scale of 1 to 7 (1 = not at all; 7 = to a great extent).

Source: Executive Opinion Survey, World Economic Forum.

4.08 Venture Capital Availability | 2015-16 weighted average
The ease with which start-up entrepreneurs with innovative but risky projects can obtain equity funding is assessed on a scale of 1 to 7 (1 = extremely difficult; 7 = extremely easy).

Source: Executive Opinion Survey, World Economic Forum.

4.09 Domestic Credit to Private Sector by Banks (% of GDP) | 2015
This refers to the financial resources provided to the private sector by banks and other depository corporations (except central banks) through, for instance, loans, purchases of non-equity securities, trade credits, and other accounts receivable, that establish a claim for repayment. For some countries these claims include credit to public enterprises.

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

4.10 Bank Lending to Non-Financial Corporations (% of GDP) | 2015
The extent to which domestic banks provide credit to the private non-financial sector, which includes non-financial corporations (both private- and public-owned), households, and non-profit institutions serving households.

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

4.11 Private Investment in Infrastructure (total physical assets and payments as % of GDP) | 2013
This is a measure of the total private investment commitments, including physical assets and payments to government, in sectors such as energy, telecommunications, transport, and water and sewerage. Figures are based on 10-year average spending, expressed in current US dollars (millions).

Source: Private Participation in Infrastructure Database, World Bank.

4.12 IPO Issuances (Small Cap) | 2011-2015
This Report uses the GDP-weighted rankings of initial public offerings (IPOs) based on the number of IPOs (domestic listings) with a deal size below $50 million issued between 2009 and 2013 weighted per $100 billion of GDP. IPOs issued by financial corporations and real estate are excluded from this calculation. This indicator is based on a five-year average.

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

4.13 IPO Issuances (Large Cap) | 2011-2015
This Report uses the GDP-weighted rankings of IPO production based on the number of IPOs (domestic listings) with a deal size above $50 million issued between 2009 and 2013 weighted per $100 billion of GDP. IPOs issued by financial corporations and real estate are excluded from this calculation. The indicator is based on a five-year average.

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

4.14 Private R&D Expenditure | 2012
This indicates business enterprise expenditure on research and development (BERD) as a percentage of GDP. Research and development (R&D) covers basic research, applied research, and experimental development.

Source: World Development Indicators, World Bank.

4.15 **Gross Fixed Capital Formation, Private Sector (% of GDP)** | 2015
This measures gross fixed capital formation as a percentage of GDP. Private investment covers gross outlays by the private sector (including private nonprofit agencies) on additions to its fixed domestic assets.

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

4.16 **Follow-on Issuances (% of GDP)** | 2011-2015
A follow-on offering, otherwise known as a subsequent offering, can be understood as a dilutive secondary offering that a company makes on the primary market. Follow-ons issued by financial corporations and real estate are excluded from this calculation. The indicator is based on a five-year average.

Source: Dealogic.

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

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

Source: Dealogic.

4.18 **Share Turnover Ratio (%)** | 2015
Turnover ratio is the value of domestic shares traded divided by their market capitalization. The value is annualized by multiplying the monthly average by 12.

Source: World Federation of Exchanges database.

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

Source: Buybacks Around the World, WorldScope, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2330807.

5th Pillar: Asset Building and Entrepreneurship

a) Small Business Ownership

5.01 **New Businesses Registered** | 2014 or most recent
The number of new limited-liability corporations registered in a calendar year are expressed per 1,000 working individuals (aged 15-64 years).

Source: World Development Indicators, World Bank.

5.02 **Attitudes toward Entrepreneurial Failure** | 2015-2016 weighted average
The extent to which people have an appetite for entrepreneurial risk (1 = not at all; 7 = to a great extent).

Source: Executive Opinion Survey, World Economic Forum.

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

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

5.04 **Time Required to Start a Business** | 2015
The time required to start a business is the number of calendar days needed to complete the procedures to legally operate a business. If a procedure can be speeded up at additional cost, the fastest procedure, independent of cost, is chosen. This indicator receives 1/2 weighting in the pillar aggregation.

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

5.05 **Cost of Starting a Business** | 2015
The cost of registering a business is normalized by presenting it as a percentage of gross national income (GNI) per capita. This indicator receives 1/2 weighting in the pillar aggregation.

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

5.06 **Time Required to Resolve Insolvency** | 2015
The time it takes to resolve insolvency is the number of years from the filing for insolvency proceedings in court until the resolution of distressed assets. This indicator receives 1/2 weighting in the pillar aggregation.

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

5.07 **Cost of Resolving Insolvency** | 2015
The average cost of bankruptcy proceedings is recorded as a percentage of the estate's value. This indicator pertaining to the burden of resolving insolvency receives 1/2 weighting in the pillar aggregation.

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

5.08 **Cost of Enforcing a Contract** | 2015
The cost in court and attorney fees, where the use of attorneys is mandatory or common, is expressed as a percentage of the debt value. This indicator pertaining to the burden of enforcing a contract receives 1/2 weighting in the pillar aggregation.

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

5.09 **Time Required to Enforce a Contract** | 2015
This consists of the number of calendar days from the filing of a lawsuit in court until the final determination and, in appropriate cases, payment. This indicator receives 1/2 weighting in the pillar aggregation.

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

5.10 **Time Required to Prepare and Pay Taxes (in hours)** | 2015
The time needed to prepare and pay taxes is the time, in hours per year, it takes to prepare, file, and pay (or withhold) three major types of taxes: corporate income tax, value added or sales tax, and labor taxes, including payroll taxes and social security contributions.

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

b) Home and Financial Asset Ownership

5.11 Protection of Property Rights | 2015-2016 weighted average
The extent to which property rights, including financial assets, are protected is assessed on a scale of 1 to 7 (1 = not at all; 7 = to a great extent).

Source: Executive Opinion Survey, World Economic Forum.

5.12 Home Ownership Rate | 2015 or most recent
This is the percentage of population living in an owner-occupied dwelling (with or without a mortgage) as opposed to rented dwellings. Dwellings owned by the households that live in them are fixed assets that their owners use to produce housing services for their own consumption. Information on tenure status is more widely available on a cross-country basis and is a good proxy for home-ownership rates.

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

5.13 Housing Loan Penetration | 2011
This indicates the percentage of adult population with an outstanding loan to purchase a home from any provider of housing loans, including regulated financial institutions and microfinance and informal sources.

Source: Global Findex database, World Bank.

5.14 House Price-to-Income Ratio | 2014
This measures the housing affordability gap or the difference between the cost of an acceptable housing unit and what households can afford for housing using no more than 30% of their income. Data is limited to urban areas (2,500 cities) and is aggregated at the country level (weighted by population).

Source: McKinsey Global Institute. For more information, see A Blueprint for addressing the global affordable housing challenge, http://www.mckinsey.com/insights/urbanization/tackling_the_worlds_affordable_housing_challenge, p.180-183.

5.15 Employee Stock Ownership | 2013
This refers to the practice among private companies (with 10 or more employees) to offer employees' share ownership schemes (ESOS), which provide employees with an indirect share in the company's results through receiving dividends and/or appreciation in the share value.

Source: European Working Conditions Survey (EWCS).

5.16 Profit Sharing | 2013
This indicates the practice among private companies (with 10 or more employees) of offering their employees profit-sharing schemes, whereby employees get a share of the profits or wealth created by the company in addition to their regular pay. The payments are explicitly and directly linked to the profits of the company, or some similar measurement of corporate performance in the form of cash bonuses, cash transfers to employees' savings funds, or free equity shares.

Source: EWCS.

5.17 Private Pension Assets (% of GDP) | 2014
A pension fund is any plan, fund or scheme that provides retirement income. Assets are defined as all forms of private investment with a value linked to a pension plan over which ownership rights are enforced by institutional units, individually or collectively. This indicator is measured as a ratio of assets of pension funds to GDP.

Source: OECD.

6th Pillar: Employment and Labor Compensation

a) Economic Participation and Opportunity

6.01 Female Labor Force Participation | 2014
This is the ratio of female labor force participation to male labor force participation.

Source: Key Indicators of the Labour Market, ILO.

6.02 Unemployment Rate | 2014
This refers to the share of the labor force that is without work but available for and seeking employment.

Source: KILM, ILO.

6.03 Youth Unemployment Rate | 2014 or most recent
This measure refers to the share of the labor force aged 15-24 years without work but available for and seeking employment.

Sources: KILM, ILO.

6.04 Vulnerable Employment Rate | 2014 or most recent
This measures the proportion of own-account and contributing family workers in total employment. Vulnerable employment refers to work by unpaid family workers and own-account workers. A contributing family worker is a person who is self-employed in a market-oriented establishment operated by a related person living in the same household, but who cannot be regarded as a partner because the degree of his or her commitment to the operation of the establishment, in terms of working time or other factors determined by national circumstances, is not at a level comparable with that of the head of the establishment.

Source: World Development Indicators Online, World Bank.

6.05 Extent of Informal Economy (undeclared or unregistered activity) | 2015-2016 weighted average
The extent of economic activity estimated to be undeclared or unregistered is recorded on a scale of 1-7 (1 = most economic activity is undeclared or unregistered; 7 = most economic activity is declared or registered).

Source: Executive Opinion Survey, World Economic Forum.

6.06 Country Capacity to Retain Talent | 2015-2016 weighted average
The extent to which each country retains talented people is estimated on a scale of 1 to 7 (1 = not at all – the best and brightest leave to pursue opportunities abroad; 7 = to a great extent – the best and brightest stay and pursue opportunities in the country).

Source: Executive Opinion Survey, World Economic Forum.

6.07 Social Mobility | 2015-2016 weighted average
The extent to which individuals have the opportunity to improve their economic situation through their personal efforts regardless of the socioeconomic status of their parents is assessed on a scale of 1 to 7 (1 = not at all; 7 = to a great extent).

Source: Executive Opinion Survey, World Economic Forum.

6.08 Strictness of Employment Protection | 2015 or most recent
This measures the strictness of regulations on dismissal and use of temporary contracts, incorporating three aspects of dismissal protection: (i) procedural barriers for employers starting the dismissal process, such as notification and consultation requirements; (ii) requirements regarding notice periods and severance pay, which typically vary by the tenure of the employment; and (iii) the difficulty of dismissal, as determined by the circumstances in which it is possible to dismiss workers, as well as the repercussions for the employer if a dismissal is found to be unfair (such as compensation and reinstatement).

Source: OECD.

6.09 Unusual Hours of Work | 2014
This measures the average annual hours worked per worker.

Source: OECD.

6.10 Share in Temporary Employment | 2014
This refers to the share of employed persons in temporary employment as a percentage.

Source: OECD.

6.11 Underemployment Rate | 2015
This marks the share of the labor force that is involved in involuntary part-time employment arrangements (under 30 hours per week) but available for and seeking full-time employment.

Source: OECD.

6.12 **Active Labour-Market Expenditure (% of GDP)** | 2014
This measures the amount of public expenditure on active labor-market policy measures as a percentage of GDP.

Source: OECD.

b) Wage and Non-Wage Compensation

6.13 **Low Pay Rate** | 2015 or most recent
This measure of earnings dispersion refers to the proportion of employees whose hourly earnings at all jobs are less than two-thirds of the median.

Source: ILOSTAT, ILO.

6.14 **Gender Gap in Estimated Earned Income** | 2016
The World Economic Forum Gender Gap Report calculates the ratio of female estimated earned income to male estimated earned income.

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

6.15 **Working Poor** | 2013
This refers to the proportion of employed persons in a household whose members are living below the $2 threshold.

Source: KILM 2012, ILO.

6.16 **Pay Linked to Productivity** | 2015-2016 weighted average
The extent to which pay is related to worker productivity is rated on a scale of 1-7 (1 = not related to worker productivity; 7 = strongly related to worker productivity).

Source: Executive Opinion Survey, World Economic Forum.

6.17 **Wage Dispersion** | 2015
Viewing minimum wage relative to the median provides a better basis for international comparisons of wage dispersion as it accounts for differences in earnings dispersion across countries. However, while full-time workers' median basic earnings (excluding overtime and bonus payments) are, ideally, the preferred measure of average wages for international comparisons of minimum-to-median earnings, they are not available for a large number of non-OECD countries.

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

Source: OECD.

6.18 **Trade Union Density** | 2013 or most recent
This measures the proportion of paid workers who are union members. Trade union density expresses union membership as a proportion of the eligible workforce and can be used as an indicator of the degree to which workers are organized. For the purpose of this indicator, a trade union is defined as an "independent association of workers, constituted for the purposes of furthering and defending workers' interests."

Source: ILOSTAT, ILO.

6.19 **Collective Bargaining Coverage Rate** | 2013 or most recent
This rate conveys the number of workers covered by one or more collective agreements as a percentage of the total number of persons in employment.

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

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

Source: ILOSTAT, ILO.

6.20 **Cooperation in Labor-Employer Relations** | 2015-2016 weighted average
Labor-employer relations in a given country are rated on a scale of 1-7 (1 = generally confrontational; 7 = generally cooperative).

Source: Executive Opinion Survey, World Economic Forum.

6.21 **Workers' Rights** | 2015
This measure uses qualitative information from the International Trade Union Confederation (ITUC)'s Survey of violations of Trade Union Rights (survey.ituc-csi.org). The survey covers violations of the rights to freedom of association, collective bargaining and strike. It assesses the extent to which national legislation complies with international standards and highlights practices through examples of violations.

Source: Global Rights Index, ITUC.

6.22 **Availability of Formal Child Care** | 2013
This is a measure of the average enrollment rate of children under three years of age in formal child care.

Source: OECD.

6.23 **Cost of Child Care** | 2012
Child care fees per two-year-old attending accredited early-years care and education services are expressed as a percentage of the average wage.

Source: OECD.

6.24 **Maternity Leave** | 2013
This refers to the mandatory minimum length of paid maternity leave (in calendar days) that must be paid by the government, the employer, or both, or its full-rate equivalent. The full-rate equivalent is calculated as the duration of leave in weeks multiplied by the payment (as a percentage of the average worker's earnings) received by the claimant. Maternity leave is available only to the mother. This indicator receives 1/2 weighting in the pillar aggregation.

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

6.25 **Parental Leave** | 2013
Parental leave can be paid by the government, the employer, or both, and can even be unpaid as long as the government explicitly mandates some form of parental leave to be shared between the mother and father. Allowances for a fixed number of days per y ear to be applied toward family emergencies or child-related responsibilities are not considered parental leave. It is expressed as total number of days of paid or unpaid leave. This indicator receives 1/2 weighting in the pillar aggregation.

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

7th Pillar: Fiscal Transfers

a) Tax Code

7.01 **Extent and Effect of Taxation on Incentives to Work** | 2015-16 weighted average
Survey respondents rate the extent to which taxes and social contributions reduce the incentive to work on a scale of 1 to 7 (1 = significantly reduce the incentive to work; 7 = do not reduce incentive to work at all).

Source: Executive Opinion Survey, World Economic Forum.

7.02 **Extent and Effect of Taxation on Incentives to Invest** | 2015-2016 weighted average
Respondents rate the extent to which taxes reduce the incentive to invest on a scale of 1 to 7 (1 = significantly reduce the incentive to invest; 7 = do not reduce the incentive to invest at all).

Source: Executive Opinion Survey, World Economic Forum.

7.03 **Total Tax Revenue** | 2014 or most recent
Tax revenue refers to compulsory transfers to the central government for public purposes. Certain compulsory transfers such as fines, penalties, and most social security contributions are excluded. Refunds and corrections of erroneously-collected tax revenue are treated as negative revenue. Total tax revenue is represented as a percentage of GDP.

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

7.04 **Progressivity Index** | 2012
This index is based on average (and marginal) personal income-tax rates and tax wedges for different family types and earnings levels, taking into account statutory tax provisions (i.e. the personal income-tax rate schedule, basic and other tax allowances, tax credits, deductions, employee and employer social security contributions, payroll taxes (if any), and certain cash benefits). Using Taxing Wages models, the average tax rates and tax wedges are calculated for a wide range of incomes (from 50% to 500% of the average wage, which represents the gross earnings a worker in the private sector earns on average in a particular year and country). The income range is divided into various intervals (e.g. 50%-67% of the average worker income interval). Using information on the average tax rate/wedge for the income at the beginning and end level of each income interval, a calculation is made of how the average tax rate/wedge increases over that income interval (i.e. by subtracting the tax rate/wedge at the bottom income level from the tax burden at the top income level, and by dividing the difference by the length of the income interval). This number indicates how the tax burden increases per percentage point increase in income levels (expressed as a multiple of the average wage) over an income interval. These calculations are made for all income intervals, yielding a measure of the progressivity of the tax system within each income interval, as well as how the progressivity changes over the income intervals. The overall progressivity of the tax system is also calculated by comparing the tax burden at 500% of the average wage with the burden at 50% of the average wage. Please note that these are "structural" progressivity measures and do not take the actual income distribution into account.

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

7.05 **Total Tax Wedge (% of labor costs)** | 2013
This indicator reflects the tax wedge for an average country-specific industrial worker in 2012, and is defined as the difference between the salary costs of a single "average worker" to their employer and the amount of net income (take-home pay) that the worker receives. The taxes covered are personal income taxes, compulsory social-security contributions paid by employees and employers, and payroll taxes for the few countries that have them. The amount of these taxes is expressed as a percentage of the total labor costs for firms, i.e. the sum of gross earnings, employers' social security contributions, and payroll taxes.

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

7.06 **Tax on Consumption (goods and services, % of revenue)** | 2014 or most recent
This includes taxes on production, sale, transfer, leasing, and delivery of goods, as well as rendering of services, including: general taxes; value-added taxes; sales taxes; and other general taxes on goods and services. It is expressed as a percentage of total tax revenue.

Source: Government Finance Statistics Yearbook, IMF.

7.07 **Tax on Property (% of GDP)** | 2014
Property taxes include: recurrent taxes on immovable property; recurrent taxes on net wealth (individual and corporate); estate, inheritance, and gift taxes; taxes on financial and capital transactions; and other non-recurrent taxes on property. Tax revenue is expressed as a percentage of GDP.

Source: OECD.

7.08 **Tax on Capital (% of GDP**) | 2014
Taxes on financial and capital transactions are expressed as a percentage of GDP.

Source: OECD.

7.09 **Tax on Inheritance (% of GDP)** | 2014
Estate, gift, and inheritance tax revenue is expressed as a percentage of GDP.

Source: OECD.

b) Social Protection

7.10 **Efficiency in Public Goods and Services Provision** | 2015-2016 weighted average
The government's efficiency in providing public goods and services is rated on a scale of 1 to 7 (1 = extremely inefficient; 7 = extremely efficient).

Source: Executive Opinion Survey, World Economic Forum.

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

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

Source: Executive Opinion Survey, World Economic Forum.

7.12 **Benefit-to-Cost Ratio (poorest quintile)** | 2014 or most recent
This measures the reduction in poverty obtained for each dollar spent on social protection and labor (SPL) programs. The indicator is estimated for the entire population and by program type. Specifically, the benefit-cost ratio is estimated as: (poverty gap before transfer – poverty gap after transfer) / total transfer amount.

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

Source: ASPIRE Database, World Bank, http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/280558-1353009461419/ASPIRE_Programs_Classification.pdf.

7.13 **Adequacy of Social Insurance** | 2014 or most recent
The total transfer amount received by all beneficiaries in a quintile is represented as a share of the total welfare beneficiaries in that quintile. The indicator is estimated by program type (pensions and social security) for the entire population and by quintiles of both post- and pre-transfer welfare distribution. Specifically, the adequacy of benefits is estimated from the amount of transfers received by a quintile divided by the total income or consumption of beneficiaries in that quintile.

Source: ASPIRE Database, World Bank, http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/280558-1353009461419/ASPIRE_Programs_Classification.pdf.

7.14 **Adequacy of Social Assistance** | 2014 or most recent
This represents the total transfer amount received by all beneficiaries in a quintile as a share of the total welfare beneficiaries in that quintile. The indicator is estimated by program type (cash or in-kind transfers) for the entire population, and by quintiles of both the post- and pre-transfer welfare distribution. Specifically, the adequacy of benefits is calculated as: the amount of transfers received by a quintile divided by the total income or consumption of beneficiaries in that quintile.

Source: ASPIRE Database, World Bank, http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/280558-1353009461419/ASPIRE_Programs_Classification.pdf.

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

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

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

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

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

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

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

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

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

7.18 **Progressivity of Pensions** | 2013

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

Source: OECD.

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

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

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

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

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

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

7.21 **Net Pension Replacement Rate** | 2014

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

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

Source: OECD.

7.22 **Unemployment Insurance** | 2014

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

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

Source: OECD.

Part 3: Methodology and Acknowledgements

Bibliography

Acemoglu, D., S. Johnson, and J.A. Robinson. “The Colonial Origins of Comparative Development: An Empirical Investigation.” American Economic Review, Vol. 91, No. 5 (2001).

Advisory Council on Economic Growth, Government of Canada. “The Path to Prosperity – Resetting Canada’s Growth Trajectory.” Advisory Council on Economic Growth, Government of Canada, October 20, 2016.

Andrews, Dan, Chiara Criscuolo, and Peter N. Gal. “Frontier Firms, Technology Diffusion and Public Policy: Micro Evidence from OECD Countries.” *The Future of Productivity: Main Background Papers*. OECD, 2015. Available at http://www.oecd.org/eco/growth/Frontier-Firms-Technology-Diffusion-and-Public-Policy-Micro-Evidence-from-OECD-Countries.pdf.

Baldwin, Richard. The Great Convergence: Information Technology and the New Globalization. Cambridge, MA: The Belknap Press of Harvard University Press, 2016.

Baldwin, Richard. “Trade and Industrialization after Globalization’s Second Unbundling: How Building and Joining a Supply Chain are Different and Why it Matters.” NBER Working Paper 17716. Cambridge, MA: National Bureau of Economic Research, 2011.

Bank of Japan. “Average Interest Rates Posted at Financial Institutions by Type of Deposit.” Bank of Japan, December 7, 2016. Available at https://www.boj.or.jp/en/statistics/dl/depo/tento/te161207.pdf.

Barber, M., Paul Kihn, and Andy Moffit. *Deliverology 101: A Field Guide for Educational Leaders*. Thousand Oaks, CA: Corwin Press Inc., 2010.

Barclays Bank Plc. “From Inclusion to Empowerment: The Barclays Digital Development Index.” Barclays Bank Plc., July 2016. Available at https://digitalindex.barclays/

Barclays Wealth and Investment Management. “The Value of Being Human: A Behavioural Framework for Impact Investing and Philanthropy.” Barclays Wealth and Investment Management, 2015. Available at https://wealth.barclays.com/content/dam/bwpublic/global/documents/wealth_management/wp-a-behavioural-framework-for-impact-investing-and-philanthropy.pdf.

Bean, C. Independent Review of UK Economic Statistics, March 2016. Available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/507081/2904936_Bean_Review_Web_Accessible.pdf.

Berg, A.G. and J.D. Ostry. “Inequality and Unsustainable Growth: Two Sides of the Same Coin?” Staff Discussion Note 11/08. IMF, 2011. Available at http://www.imf.org/external/pubs/ft/sdn/2011/sdn1108.pdf.

Bernasek, Anna. “Income Inequality, and Its Cost.” New York Times, June 25, 2006. Available at http://www.nytimes.com/2006/06/25/business/yourmoney/25view.html.

Blanc-Brude, Frédéric, Grace Chen, and Tim Whittaker. “Towards Better Infrastructure Investment Products? A Survey of Investors’ Perceptions and Expectations from Investing in Infrastructure.” EDHEC Infrastructure Institute-Singapore and Global Infrastructure Hub, July 2016. Available at http://globalinfrastructurehub.org/content/uploads/2015/10/GI-Hub-EDHECinfra-Investor-Survey-full-report.pdf.

Board of Governors, Federal Reserve System. “Selected Interest Rates (Daily) - H.15.” Federal Reserve System, December 2016. Available at https://www.federalreserve.gov/releases/h15/.

Callen, Tim. “Gross Domestic Product: An Economy’s All.” IMF, 2012. Available at http://www.imf.org/external/pubs/ft/fandd/basics/gdp.htm.

Carvalho, L. and A. Rezai. “Personal Income Inequality and Aggregate Demand.” Working Paper 2014-23. Department of Economics, University of São Paulo, São Paulo, 2014.

Cingano, F. “Trends in Income Inequality and Its Impact on Economic Growth.” SEM Working Paper No. 163. OECD, 2014. Available at www.oecd.org/els/workingpapers.

Costanza, Robert, Maureen Hart, Stephen Posner, and John Talberth. “Beyond GDP: The Need for New Measures of Progress.” *The Pardee Papers No. 4*, January 2009. Available at https://www.bu.edu/pardee/files/documents/PP-004-GDP.pdf.

Coy, Peter. “The Rise of the Intangible Economy: U.S. GDP Counts R&D, Artistic Creation.” Bloomberg, July 18, 2013. Available at https://www.bloomberg.com/news/articles/2013-07-18/the-rise-of-the-intangible-economy-u-dot-s-dot-gdp-counts-r-and-d-artistic-creation.

Coyle, Diane. “Digitally Disrupted GDP.” *VOX*, February 8, 2016. Available at http://voxeu.org/article/digitally-disrupted-gdp.

Coyle, Diane. *GDP: A Brief but Affectionate History*. Princeton University Press, 2015.

Dabla-Norris, Era, Kalpana Kochhar, Nujin Suphaphiphat, Frantisek Ricka, and Evridiki Tsounta. “Causes and Consequences of Income Inequality: A Global Perspective.” International Monetary Fund, 2015. Available at http://www.imf.org/external/pubs/ft/sdn/2015/sdn1513.pdf.

Deaton, Angus. “Income, Health, and Well-Being around the World: Evidence from the Gallup World Poll.” *Journal of Economic Perspectives*, Vol. 22, No. 2 (2008): 53-72.

Demos. “Beyond GDP - New Measures for a New Economy.” Demos, 2011. Available at http://www.demos.org/sites/default/files/publications/BeyondGDP_0.pdf.

Desclee, Albert, Lev Dynkin, Jay Hyman, and Simon Polbennikov. “Sustainable Investing and Bond Returns.” Barclays Investment Bank, October 2016. Available at https://www.investmentbank.barclays.com/our-insights/esg-sustainable-investing-and-bond-returns.html.

Eggertsson, G., N. Mehrotra, and L. Summers. “Secular Stagnation in the Open Economy.” *American Economics Review, Papers and Proceedings*, Vol. 106, No. 5 (2016).

European Central Bank. “Harmonised Long-Term Interest Rates for Convergence Assessment Purposes.” ECB, November 11, 2016. Available at https://www.ecb.europa.eu/stats/money/long/html/index.en.html.

European Commission. “Progress on ‘GDP and Beyond’ Actions.” Brussels, European Commission: 2013. Available at http://ec.europa.eu/environment/enveco/pdf/SWD_2013_303.pdf.

——— . “Inflation Dashboard.” Available at https://www.ecb.europa.eu/stats/prices/hicp/html/inflation.en.html.

Fajgelbaum, Pablo D. and Amit K. Khandelwal. “Measuring the Unequal Gains from Trade.” *Quarterly Journal of Economics*, Vol. 131, No. 3 (Oxford University Press, 2016).

Farole, Thomas and Deborah Winkler. “The Role of Mediating Factors for FDI Spillovers in Developing Countries: Evidence from a Global Dataset.” *In Making Foreign Direct Investment Work for Sub-Saharan Africa: Local Spillovers and Competitiveness in Global Value Chains*, edited by T. Farole and D. Winkler. Washington, D.C.: World Bank, 2014.

Fleurbaey, M. and D. Blanchet, Beyond GDP: *Measuring “Welfare and Assessing Sustainability* (Oxford, Oxford University Press: 2013).

Fontagné, L., J. Fouré, and A. Keck. “Simulating World Trade in the Decades Ahead: Driving Forces and Policy Implications.” WTO, 2016. Available at https://www.wto.org/english/res_e/reser_e/ersd201405_e.pdf.

Fox, Justin. “The Economics of Well-Being.” Harvard Business Review, 2012. Available at https://hbr.org/2012/01/the-economics-of-well-being.

Francese, M. and C. Mulas-Granados. “Functional Income Distribution and Its Role in Explaining Inequality.” Working Paper WP/15/244. Washington, D.C.: IMF, 2015.

Gereffi, Gary, John Humphrey, and Timothy Sturgeon. “The Governance of Global Value Chains.” *Review of International Political Economy*, Vol. 12, No. 1 (2005).

Ghosh, Atish, J.D. Ostry, and M. Qureshi. “When Do Capital Inflow Surges End in Tears?” *American Economic Review*, Vol. 106, No. 5 (2016).

Government of Canada. “A Plan for Middle Class Progress – Fall Economic Statement.” Government of Canada, November 1, 2016.

——— . “Growing the Middle Class – Budget 2016.” Government of Canada, March 2016. Available at http://www.budget.gc.ca/2016/docs/plan/toc-tdm-en.html.

Hall, R.E. and C.I. Jones. “Why Do Some Countries Produce So Much More Output per Worker than Others?” *The Quarterly Journal of Economics*, Vol. 114, No. 1 (1999).

Hall, Stefan and James Pennington. “How Much is the Sharing Economy Worth to GDP?” World Economic Forum, October 28, 2016. Available at https://www.weforum.org/agenda/2016/10/what-s-the-sharing-economy-doing-to-gdp-numbers/.

Heathcote, C. “Sending the Right Infrastructure Message.” Capital Projects and Infrastructure. McKinsey & Company, August 2016. Available at http://www.mckinsey.com/industries/capital-projects-and-infrastructure/our-insights/sending-the-right-infrastructure-message.

Herrmann, M. ***Consequential Omissions: How Demography Shapes Development – Lessons from the MDGs for the SDGs***. New York: UNFPA, 2015.

Hicks, A. S*ocial Democracy and Welfare Capitalism: A Century of Income Security Politics*. Ithaca, NY: Cornell University Press, 1999.

“How Nigeria’s economy grew by 89% overnight.” *The Economist*, April 8, 2014. Available at http://www.economist.com/blogs/economist-explains/2014/04/economist-explains-2.

ICT Data and Statistics Division. “ICT Facts & Figures.” International Telecommunication Union, May 2015.

International Labour Office. “Global Wage Report 2016/17: Wage Inequality in the Workplace.” Geneva: ILO, 2016. Available at http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_537846.pdf.

——— . “Global Wage Report 2012/13: Wages and Equitable Growth.” Geneva: ILO, 2012. Available at http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms_194843.pdf.

——— . “Growth, Employment and Decent Work in the Least Developed Countries.” Geneva: ILO, 2011. Available at http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms_153868.pdf.

——— . “World Social Protection Report 2014/15: Building Economic Recovery, Inclusive Development and Social Justice.” Geneva: ILO, 2014. Available at http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_245201.pdf.

International Labour Organization. “Minimum Wage Policy Guide.” Geneva: ILO, December 2016. Available at www.ilo.org/minimumwage.

International Monetary Fund. “Is It Time for an Infrastructure Push? The Macroeconomic Effects of Public Investment.” Chapter 3 in *World Economic Outlook*. Washington D.C.: IMF, October 2014. Available at http://www.imf.org/external/pubs/ft/weo/2014/02/pdf/c3.pdf.

——— . “Legacies, Clouds, Uncertainties.” *World Economic Outlook*. Washington D.C.: IMF, 2014. Available at http://www.imf.org/external/pubs/ft/weo/2014/02/pdf/text.pdf.

——— . “Subdued Demand – Symptoms and Remedies.” *World Economic Outlook*. Washington D.C.: IMF, October 2016. Available at https://www.imf.org/external/pubs/ft/weo/2016/02/pdf/text.pdf.

——— . “World Economic Outlook Update.” Washington D.C.: IMF, January 24, 2012. Available at https://www.imf.org/external/pubs/ft/weo/2012/update/01/pdf/0112.pdf.

Jacobson, M. and F. Occhino. “Labor’s Declining Share of Income and Rising Inequality.” Cleveland, O.: Federal Reserve Bank of Cleveland, 2012. Available at https://www.clevelandfed.org/newsroom-and-events/publications/economic-commentary/2012-economic-commentaries/ec-201213-labors-declining-share-of-income-and-rising-inequality.aspx.

Karabarbounis, L. and B. Neiman. “The Global Decline of the Labor Share.” *Quarterly Journal of Economics*, Vol. 129, No. 1 (2014).

Kochhar, Rakesh and Russ Oates. “A Global Middle Class Is More Promise than Reality.” Pew Research, 2015. Available at www.pewresearch.org.

Kraay, A. “When is Growth Pro-Poor? Evidence from a Panel of Countries.” *Journal of Development Economics*, Vol. 80, No. 1 (2006).

Krugman, P. “Four observations on Secular Stagnation.” *In Secular Stagnation: Facts, Causes and Cures*, edited by Coen Teulings and Richard Baldwin. Washington D.C.: Centre for Economic Policy Research Press, 2014.

Lagarde, Christine. “Statement at Conclusion of Visit to Canada.” September 14, 2016. Available at http://www.imf.org/en/news/articles/2016/09/14/pr16405-statement-by-imf-managing-director-christine-largarde-at-the-conclusion.

Massimiliano, Cali and Claire Hollweg. *The Labour Content of Exports in South Africa: A Preliminary Exploration*. Washington D.C.: World Bank, 2015.

Mauro, B., Victor Kummritz, Gianluca Santoni, Daria Taglioni, and Deborah Winkler. “Overcoming the Middle Income Trap: The Role of Global Value Chain Integration for Climbing Up the Income Ladder.” World Bank Policy Research Working Paper. Forthcoming 2017.

McCaig, Brian. “Exporting Out of Poverty: Provincial Poverty in Vietnam and U.S. Market Access.” *Journal of International Economics*, Vol. 85, No. 1 (2011).

McCaig, Brian and N. Pavcnik. “Export Markets and Labour Reallocation in Low-Income Countries.” NBER Working Paper No. 20455. 2014.

McKinsey Global Institute. “Bridging Global Infrastructure Gaps.” McKinsey Global Institute, June 2016. Available at http://www.mckinsey.com/industries/capital-projects-and-infrastructure/our-insights/bridging-global-infrastructure-gaps.

——— . “Secular Stagnation and Low Investment: Breaking the Vicious Cycle.” McKinsey Global Institute, April 2016. Available at http://www.mckinsey.com/global-themes/europe/secular-stagnation-and-low-investment-breaking-the-vicious-cycle.

——— . McKinsey Global Institute. “A Window of Opportunity for Europe.” McKinsey Global Institute, June 2015. Available at http://www.mckinsey.com/global-themes/europe/a-window-of-opportunity-for-europe.

Microsoft. “A Cloud for Global Good – A Policy Roadmap for a Trusted, Responsible and Inclusive Cloud.” Microsoft, 2016. Available at http://www.microsoft.com/cloudforgood.

Milanovic, Branko. “Global Income Inequality in Numbers: In History and Now.” Global Policy, Vol. 4, No. 2 (2013).

Mindestlohnkommission. “Erster Bericht zu den Auswirkungen des gesetzlichen Mindestlohns.” 2016. Available at http://www.mindestlohn-kommission.de/EN/Home/home_node.html;jsessionid=2889EE652E4619024938473B84DEFC17.1_cid353.

New Economics Foundation. “Happy Planet Index.” Available at http://happyplanetindex.org/.

North, Douglass C. “Institutions.” *Journal of Economic Perspectives*, Vol. 5, No. 1 (1991).

——— . *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press, 1990.

Organisation for Economic Co-operation and Development. “Focus on Inequality and Growth.” OECD, December 2014. Available at https://www.oecd.org/social/Focus-Inequality-and-Growth-2014.pdf.

——— . “Better Life Index.” Available at http://www.oecdbetterlifeindex.org/.

——— . “Escaping the Low Growth Trap: Effective Fiscal Initiatives, Avoiding Trade Pitfalls.” OECD Economic Outlook, November 2016.

——— . “In It Together: Why Less Inequality Benefits All.” Paris: OECD, May 21, 2015. Available at http://www.oecd.org/social/in-it-together-why-less-inequality-benefits-all-9789264235120-en.htm.

——— . *The Productivity-Inclusiveness Nexus*. Paris: OECD Publishing, 2016.

——— . “Tools for Delivering on Green Growth.” Paris: OECD, May 2011. Available at https://www.oecd.org/greengrowth/48012326.pdf.

——— . “Towards Green Growth.” Paris: OECD, May 2011. Available at https://www.oecd.org/greengrowth/48012345.pdf.

Ofcom. “The Communications Market Report 2015.” Ofcom, 2015. Available at https://www.ofcom.org.uk/research-and-data/cmr/cmr15.

OECD and World Economic Forum. “Blended Finance Vol. 1: A Primer for Development Finance and Philanthropic Funders – An Overview of the Strategic Use of Development Finance and Philanthropic Funds to Mobilize Private Capital for Development.” September 2015. Available at http://www3.weforum.org/docs/WEF_Blended_Finance_A_Primer_Development_Finance_Philanthropic_Funders_report_2015.pdf.

Ostry, J.D., A. Berg, and C. Tsangarides. “Redistribution, Inequality and Growth.” IMF Staff Discussion Note 14/02. Washington, D.C.: International Monetary Fund, 2014.

Ostry, J.D., A. Ghosh, M. Chamon, and M. Qureshi. “Tools for Managing Financial-Stability Risks from Capital Inflows.” *Journal of International Economics*, Vol. 88 (2012).

Ostry, J.D., A. Prati, and A. Spilimbergo. *Structural Reforms and Economic Performance in Advanced and Developing Countries*. Washington, D.C.: International Monetary Fund, 2009.

Ostry, J.D., P. Loungani, and D. Furceri. “Neoliberalism: Oversold?” Finance and Development, Vol. 53, No. 2 (2016).

Paula, C.A., Raed Safadi, and Daria Taglioni. *Inclusive Global Value Chains: Policy Options for Small and Medium Enterprises and Low Income Countries*. Washington D.C.: World Bank Group and OECD, 2016.

Philipsen, Dirk. *The Little Big Number: How GDP Came to Rule the World and What to Do about It.* Princeton University Press, 2015.

Piketty, T. *Capital in the Twenty-First Century*. Paris and Cambridge, M.A.: Harvard University Press, 2013.

Powley, Tanya. “China Becomes Largest Buyer of Industrial Robots.” Financial Times, June 1, 2014. Available at https://www.ft.com/content/a5cca8c0-e70c-11e3-aa93-00144feabdc0.

Rajan, R.G. *Fault Lines: How Hidden Fractures Still Threaten the World Economy*. Princeton, N.J.: Princeton University Press, 2010.

“Report to G20 Deputy Finance Ministers and Central Bank Governors on MDB Internal Incentives for Crowding-in Private Investment in Infrastructure.” Global Infrastructure Hub, 2016. Available at http://www.globalinfrastructurehub.org/content/uploads/2015/10/4a-Knowlege-Sharing1.pdf.

Rodrik, D., A. Subramanian, and F. Trebbi. “Institutions Rule: The Primacy of Institutions Over Geography and Integration in Economic Development.” *Journal of Economic Growth*, Vol. 9, No. 2 (2004).

Samans, Richard, Ricardo Melendez-Ortiz, Harsha V. Singh, and Sean Doherty. “Strengthening the Global Trade and Investment System in the 21st Century Synthesis Report.” ITC and World Economic Forum, January 2016. Available at http://e15initiative.org/publications/executive-summary-synthesis-report-full-report/.

Schwab, Klaus. “The Fourth Industrial Revolution.” World Economic Forum, 2016. Available at https://www.weforum.org/about/the-fourth-industrial-revolution-by-klaus-schwab.

Sirkin, H.L., M. Zinser, and D. Hohner. “Made in America, Again: Why Manufacturing Will Return to the U.S.” Boston Consulting Group, 2011. Available at https://www.bcg.com/documents/file84471.pdf.

Standing, G. *The Corruption of Capitalism: Why Rentiers Thrive and Work Does Not Pay*. London: Biteback Publishing, 2016.

StatBureau. “Countries by Inflation Rate 2016.” StatBureau, 2016. Available at https://www.statbureau.org/en/countries-ranked-by-inflation-rate.

Stiglitz, Joseph E., Amartya Sen, and Jean-Paul Fitoussi. “Report by the Commission on the Measurement of Economic Performance and Social Progress.” Available at http://library.bsl.org.au/jspui/bitstream/1/1267/1/Measurement_of_economic_performance_and_social_progress.pdf.

Taglioni, Daria and Deborah Winkler. *Making Global Value Chains Work for Development*. Washington D.C.: World Bank, 2016.

“Canada’s Example to the World: Liberty Moves North.” *The Economist*, October 29, 2016.

The New Climate Economy Initiative. “The Sustainable Infrastructure Imperative.” The Global Commission on the Economy and Climate, 2016. Available at http://newclimateeconomy.report/2016/.

Trapp, K. “Measuring the Labor Share of Developing Countries: Learning from Social Accounting Matrices.” WIDER Working Paper 2015/041. Summary available at http://www1.wider.unu.edu/inequalityconf/sites/default/files/posters/Trapp-poster.pdf.

United Nations Department of Economic and Social Affairs. *Inequality Matters*. UN-DESA, 2013. Available at http://www.un.org/esa/socdev/documents/reports/InequalityMatters.pdf.

United Nations Development Programme. “Human Development Index.” Available at http://hdr.undp.org/en/content/human-development-index-hdi.

United Nations Economic Commission for Africa and African Union Commission. “Creating and Capitalizing on the Demographic Dividend for Africa.” UNECA, 2013. Available at http://gatesinstitute.org/sites/default/files/Issues%20Paper%20-%20Creating%20and%20Capitalizing%20on%20the%20Demographic%20Dividend%20for%20Africa_En.pdf.

United Nations Environment Programme. “Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication.” UNEP, 2011. Available at https://sustainabledevelopment.un.org/index.php?page=view&type=400&nr=126&menu=35.

United Nations Population Division. “World Population Prospects, the 2015 Revision.” 2015. Available at https://esa.un.org/unpd/wpp/.

United Nations Population Fund. “Population Dynamics in the Least Developed Countries: Challenges and Opportunities for Development and Poverty Reduction.” UNFPA, 2011. Available at https://www.unfpa.org/sites/default/files/pub-pdf/CP51265.pdf.

United Nations Population Fund, United Nations Department of Economic and Social Affairs, United Nations Human Settlements Programme, International Organization for Migration. “Population Dynamics in the Post-2015 Development Agenda: Report of the Global Thematic Consultation on Population Dynamics.” UNFPA, UNDESA, UN-HABITAT, IOM, 2013. Available at https://www.iom.int/files/live/sites/iom/files/What-We-Do/docs/Outcome-Report-Pop-dynamic-and-post-2015-dev-agenda-14-March-2013.pdf.

Wallis, Stewart. “Five Measures of Growth that Are Better than GDP.” World Economic Forum, April 2016. Available at https://www.weforum.org/agenda/2016/04/five-measures-of-growth-that-are-better-than-gdp/.

World Bank. The East Asian Miracle: Economic Growth and Public Policy. World Bank, 1993. Available at http://documents.worldbank.org/curated/en/975081468244550798/Main-report.

——— . “The Growth Report: Strategies for Sustained Growth and Inclusive Development.” World Bank, 2008.

World Economic Forum. “An African Agenda for Africa’s Competitiveness.” Geneva: World Economic Forum, May 2016. Available at https://www.weforum.org/reports/an-action-agenda-for-africa-s-competitiveness.

——— . “Blended Finance Toolkit.” Geneva: World Economic Forum. Available at https://www.weforum.org/reports/blended-finance-toolkit.

——— . “Bridging Skills and Innovation Gaps in Latin America: Country Implementation of the Competitiveness Lab.” Geneva: World Economic Forum, September 2016. Available at https://www.weforum.org/whitepapers/bridging-skills-and-innovation-gaps-in-latin-america-country-implementation-of-the-competitiveness-lab.

——— . “Building on the Monterrey Consensus: The Untapped Potential of Development Finance Institutions to Catalyze Private Investment.” Geneva: World Economic Forum, 2006. Available at http://siteresources.worldbank.org/INTINFNET-WORK/Resources/CatalysingPrivInvestment.pdf.

——— . “Deep Shift Technology Tipping Points, and Societal Impact.” Global Agenda Council on the Future of Software & Society Survey Report. Geneva: World Economic Forum, September 2015. Available at http://www3.weforum.org/docs/WEF_GAC15_Technological_Tipping_Points_report_2015.pdf.

——— . “The Global Competitiveness Report.” Geneva: World Economic Forum, September 2016. Available at https://www.weforum.org/reports/the-global-competitiveness-report-2016-2017-1.

——— . “The Global Information Technology Report 2016.” Geneva: World Economic Forum, July 2016. Available at https://www.weforum.org/reports/the-global-information-technology-report-2016.

——— . “Travel and Tourism Competitiveness Report.” Geneva: World Economic Forum, May 2015. Available at https://www.weforum.org/reports/travel-and-tourism-competitiveness-report-2015.

——— . “White Paper on Future Preparedness.” Geneva: World Economic Forum, Forthcoming.

“World Telecommunication/ICT Indicators Database 2015.” International Telecommunication Union, 2015. Available at http://www.itu.int/en/ITU-D/Statistics/Pages/publications/wtid.aspx.

World Trade Organization. “Trade in 2016 to Grow at Slowest Pace Since the Financial Crisis.” WTO, September 27, 2016. Available at https://www.wto.org/english/news_e/pres16_e/pr779_e.htm.

——— . “World Trade Report 2016: Levelling the Playing Field for SMEs.” WTO, 2016. Available at https://www.wto.org/english/res_e/booksp_e/world_trade_report16_e.pdf.

——— . “World Trade Report 2015: Speeding Up Trade: Benefits and Challenges of Implementing the WTO Trade Facilitation Agreement.” WTO, 2015. Available at https://www.wto.org/english/res_e/booksp_e/world_trade_report15_e.pdf.

——— . “World Trade Report.” WTO, 2013. Available at https://www.wto.org/english/res_e/booksp_e/wtr13-2b_e.pdf.

Part 3: Methodology and Acknowledgements

About the Authors

Richard Samans

Richard Samans is a Member of the Managing Board of the World Economic Forum (WEF). He is responsible for the Forum's action and policy oriented multistakeholder initiatives on major global challenges, relations with intergovernmental and civil society organizations and portfolio of public-private cooperation projects. From 2011 to 2013, he served as Director-General of the Global Green Growth Institute, where he led the organization's transformation from a start-up non-governmental organization to a treaty-based intergovernmental institution active in over 20 countries. Before an earlier stint at the World Economic Forum from 2001 to 2011, Samans served in the US White House as Special Assistant for International Economic Policy to President Bill Clinton and Senior Director for International Economic Affairs at the National Security Council. Prior to that, he was Economic Policy Adviser to US Senate Democratic Leader Thomas A. Daschle and served in a range of roles in other public, private, and research institutions. Since 2007, he has also served as Chairman of the Climate Disclosure Standards Board, a consortium of business and environmental organizations that has established a common framework for reporting of carbon-related corporate performance and risks in mainstream reports to the investment community.

Jennifer Blanke

Jennifer Blanke is Chief Economist at the World Economic Forum, overseeing economic research activities and leading the Global Initiative on Economic Growth and Social Inclusion. She joined the World Economic Forum in 1998 as Senior Programme Manager, responsible for developing the business, management and technology section of the annual meeting in Davos. In 2002 she became a member of the Global Competitiveness and Benchmarking Network before becoming team head in 2007, and then taking on her current role in 2012. She also sits on the Canadian Government's Council on Economic Growth and holds a number of not-for-profit board positions. Dr Blanke has written and lectured extensively on issues related to national competitiveness and has served as lead editor on a number of regional and topical reports related to economic growth and development. Her expertise centres on economic growth and development, national competitiveness and political economy. Prior to joining the Forum she was a Paris-based management consultant at Eurogroup, Mazars Group, where she specialised in banking and financial market organization. She has a Master's in International Affairs from Columbia University; and a Master's and PhD in International Economics from the Graduate Institute of International and Development Studies in Geneva.

Gemma Corrigan

Gemma Corrigan is a Practice Lead on the Economic Growth and Social Inclusion Team at the World Economic Forum. She is responsible for the development of a new benchmarking tool, which measures how well countries deliver inclusive outcomes from growth, and is a lead author of the Inclusive Growth Report 2017. She has also co-authored the Global Competitiveness Report 2014-15 and the Global Risk Report 2014. Prior to joining the World Economic Forum, she worked in the Division of Country Programmes at the International Trade Centre (UNCTAD/WTO) in Geneva, where she focused on export strategies and issues related to trade competitiveness. Her research interests include new institutional economics and applying behavioural science to tackle poverty and inequality. She holds a Bachelor's degree in Economics and History from Barnard College, Columbia University, New York, and a Master's in Political Economy from the London School of Economics, UK.

Margareta Drzeniek Hanouz

Margareta Drzeniek Hanouz is Head of the Global Competitiveness and Risks Team at the World Economic Forum. She leads the Forum's work on national competitiveness and global risks and is lead author or editor of a number of regional and topical reports and papers, including The Global Competitiveness Report and the Global Risks Report series. Before joining the Global Competitiveness and Risks Team, Dr Drzeniek Hanouz was in charge of the economics section of the Forum's Annual Meeting in Davos. Prior to that she worked with the International Trade Centre in Geneva, Switzerland, where she was in charge of relations with Central and Eastern European countries. Dr Drzeniek Hanouz has a Diploma in Economics from the University of Münster and holds a PhD in International Economics from the University of Bochum, both in Germany.

Acknowledgements

The World Economic Forum's System Initiative on Shaping the Future of Economic Growth and Social Inclusion aims to accelerate public-private collaboration towards more competitive and inclusive economies around the world. *The Inclusive Growth and Development Report* 2017 integrates the insights, ideas and contributions of many individuals whose input has made this Report far richer.

The project was led at the World Economic Forum by Gemma Corrigan and T*he Inclusive Growth and Development Report 2017* team including Jennifer Blanke, Margareta Drzeniek Hanouz, Stefan Hall and Aditi Sara Verghese. The team is also grateful to Roberto Crotti, Jonathan Eckart and Thierry Geiger, as well as the wider Competitiveness and Risks team for their ongoing work within the System Initiative on Shaping the Future of Economic Growth and Social Inclusion. Finally, we would also like to thank Charlie Samuda, Masters in Public Policy Candidate at the Harvard Kennedy School, for his collaboration with the team.

The World Economic Forum would particularly like to thank the following individuals and organizations for their guidance, input and support in the development of this *Report*. Within the advisory groups listed below, those denoted with a * deserve special mention for their help in advancing the Key Performance Indicators. Here, we also wish to recognize Ailish Campbell, Claude Lavoie and Julie Turcotte, all of the Department of Finance of Canada, as well as Nisha Chatani-Rizvi, from the United Nations Population Fund, and Vedant Walia, from Barclays.

Contributing Authors

Box 1: Benoit Kalasa and Michael Herrmann, United Nations Population Fund

Box 2: Dr. Jan Mischke, McKinsey Global Institute

Box 3: Patrick Belser and Christina Behrendt, International Labor Organization

Box 4: Shaping the Future of Economic Growth and Social Inclusion Initiative Team, World Economic Forum

Box 5: Gabriela Ramos and Shaun Reidy, Organisation for Economic Co-operation and Development

Box 6: Shaping the Future of Economic Growth and Social Inclusion Initiative Team, World Economic Forum

Box 7: William Francis Morneau, Department of Finance of Canada

Box 8: Jonathan Ostry, International Monetary Fund

Box 9: Marc Bacchetta, Alexander Keck, Coleman Nee, Roberta Piermartini and Robert Teh, World Trade Organization

Box 10: Daria Taglioni, World Bank

Box 11: Mary Snapp, Microsoft Philanthropies

Box 12: Emily Fry, Mark Thain and Vedant Walia, Barclays

Shaping the Future of Economic Growth and Social Inclusion Stewardship Board

Akinwumi Ayodeji Adesina, President, African Development Bank

Platon Antoniou, Photographer, The People's Portfolio

Winnie Byanyima, Executive Director, Oxfam International

Alicia Bárcena Ibarra, Executive Secretary, United Nations Economic Commission for Latin America and the Caribbean

*John Evans, General Secretary, Trade Union Advisory Committee to the OECD

Claver Gatete, Minister of Finance and Economic Planning, Ministry of Finance and Economic Planning of Rwanda

Angel Gurría, Secretary-General, Organisation for Economic Co-operation and Development

Ricardo Hausmann, Director, Center for International Development, Harvard Kennedy School of Government

Richard Haythornthwaite, Chairman, MasterCard

Werner Hoyer, President, European Investment Bank

Badr Jafar, Chief Executive Officer, Crescent Enterprises

Jean Lebel, President, International Development Research Centre

Nora Lustig, Samuel Z. Stone Professor of Latin American Economics; Director, Commitment to Equity, Tulane University

Azman Mokhtar, Managing Director, Khazanah Nasional Berhad

William Francis Morneau, Minister of Finance, Department of Finance of Canada

Babatunde Osotimehin, Executive Director, United Nations Population Fund

Charlotte Petri Gornitzka, Director-General, Swedish International Development Cooperation Agency

Xavier Sala-i-Martin, Professor, Economics Department, Columbia University

Benedikt Sobotka, Chief Executive Officer, Eurasian Resources Group

*A. Michael Spence, William R. Berkley Professor in Economics and Business, NYU Stern School of Business

Gene B. Sperling, Founder and Advisory Board Chair, Center for Universal Education, The Brookings Institution

James Staley, Chief Executive Officer, Barclays

*Joseph E. Stiglitz, Professor, School of International and Public Affairs, Columbia University

Stanley M. Bergman, Chairman of the Board and Chief Executive Officer, Henry Schein Inc.

*Stewart Wallis, Senior Advisor, New Economics Foundation

Lynette Wallworth, Artist, Studio Wallworth

Mark Weinberger, Global Chairman and Chief Executive Officer, EY

Justin Welby, Archbishop of Canterbury, Lambeth Palace

Shaping the Future of Economic Growth and Social Inclusion Senior Working Group

Ruchi Bhowmik, Director, Strategic Initiatives, Office of the Chairman, EY

Diane Eshleman, Managing Director and Global Head, Citizenship and Reputation, Barclays

Deborah Goldfarb, Managing Director, Head of Global Community Investment / Philanthropy, Barclays

*Michaela Grimm, Senior Economist, Allianz SE

Arjan de Haan, Program Leader, Inclusive Growth, International Development Research Centre (IDRC)

*Lori Harnick, General Manager, Citizenship and Public Affairs, Microsoft Corporation

*Harriet Jackson, General Director, Economic and Fiscal Policy Branch, Department of Finance of Canada

*Benoit Kalasa, Director of the Technical Division, United Nations Population Fund (UNFPA)

Lamia Kamal-Chaoui, Senior Advisor to the Secretary-General, Organisation for Economic Co-operation and Development (OECD)

Nicholas Khaw Hock-Lu, Assistant Vice President, Khazanah Research & Investment Strategy, Khazanah Nasional Berhad

Edward Lauer, Head of Portfolio Development, Eurasian Resources Group Sàrl (ERG)

Max Lawson, Head of Global Policy and Campaigns, Oxfam International

Gerard Meuchner, Chief Global Communications Officer, Henry Schein, USA

Estuardo Moran, CEQ Institute, Tulane University

Jack Palmer, Adviser, Social and Public Affairs, Office of the Archbishop of Canterbury

Bettina Schaller, Head, Group Public Affairs, Adecco Group

True Schedvin, Chief Economist, Swedish International Development Cooperation Agency (Sida)

Abebe Shimeles, Acting Director, Development Research Department, African Development Bank, African Development Bank (AfDB)

Shamina Singh, President, MasterCard Center for Inclusive Growth, MasterCard

Tushar Singhvi, Vice-President, Corporate Development and Investments, Crescent Enterprises

Romain Zivy, Deputy Chief of Office, United Nations Economic Commission for Latin America and the Caribbean (ECLAC)

Global Future Council on Shaping the Future of Economic Growth and Social Inclusion

Diana Farrell, Chief Executive Officer and President, JPMorgan Chase Institute (Co-Chair)

Frannie Léautier, Senior Vice-President, African Development Bank (Co-Chair)

Yonatan Adiri, Founder and Chief Executive Officer, Healthy.io

Ruchi Bhowmik, Director, Strategic Initiatives, Office of the Global Chairman and Chief Executive Officer, EY

Martin Burt, Founder and Chief Executive Officer, Fundación Paraguaya

Vincent Chin, Senior Partner and Managing Director, The Boston Consulting Group

Diane Coyle, Professor, University of Manchester

Shanthi Flynn, Chief Human Resources Officer, Adecco Group

Simón Gaviria Muñoz, Minister of National Planning, National Planning Department of Colombia

Sergei Guriev, Chief Economist, European Bank for Reconstruction and Development

Tom Hulme, General Partner, Google Ventures

Mohamad Al-Ississ, Director, Economic and Social Development Office of His Majesty King Abdullah Fu Jun, Academic Dean and Professor, School of Nannan, Peking University

Caroline Kende-Robb, Executive Director, Africa Progress Panel

Danny Leipziger, Managing Director, The Growth Dialogue

Achankeng Leke, Director, McKinsey & Company

Abdulla Nasser Lootah, Director-General, The Federal Competitiveness and Statistics Authority

Catherine Mann, Chief Economist and G20 Finance Deputy, Organisation for Economic Co-operation and Development

Linah K. Mohohlo, Governor and Chairman of the Board, Bank of Botswana

Dambisa Moyo, Author

Jonathan D. Ostry, Deputy Director, Research Department, International Monetary Fund

Edmund S. Phelps, Director, The Center on Capitalism and Society, Columbia University

Douglas A. Rediker, Non-Resident Senior Fellow, The Brookings Institution

Shamina Singh, President, Mastercard Center for Inclusive Growth, Mastercard

Tushar Singhvi, Vice-President, Corporate Development and Investments, Crescent Enterprises

Helle Thorning-Schmidt, Chief Executive Officer, Save the Children International

Lord J. Adair Turner, Chairman, The Institute for New Economic Thinking of Jordan

Maya Tudor, Associate Professor in Public Policy, Blavatnik School of Government, University of Oxford, United Kingdom (Fellow)

WORLD ECONOMIC FORUM

COMMITTED TO IMPROVING THE STATE OF THE WORLD

The World Economic Forum, committed to improving the state of the world, is the International Organization for Public-Private Cooperation.

The Forum engages the foremost political, business and other leaders of society to shape global, regional and industry agendas.

World Economic Forum
91-93 route de la Capite
CH-1223 Cologny/Geneva
Switzerland

Tel +41 (0) 22 869 1212
Fax +41 (0) 22 786 2744

contact@weforum.org
www.weforum.org