

National Governance Indicators

Relevance for the Regulation of the Trade in Illegal Timber

This paper builds on the use of national governance indicators to develop a new relative governance ranking.

The relative governance ranking seeks to provide an entry point for buyers of timber products, particularly those in regulated markets such as the EU and USA, who wish to undertake a risk assessment process for forest products sourced from countries where credible reports on incidences of illegal logging are lacking.

Introduction

New legislation in the global forest sector requires companies to assess the risk of illegal wood entering their supply chains.¹ Effective risk assessment requires information about levels of illicit harvesting and other illegalities in source countries, which is not always available. Timber products are also often traded via, and subject to processing in, multiple countries before they enter regulated markets, increasing the information required to fully assess supply chain risks.

Where consistent information about illegality in national forests is unavailable, the quality of national governance can be used as an indicator of the likelihood of illegal logging or mixing of illegal wood into processed products. Specifically, it has been accepted that the complicity of government officials in corruption in many states undermines enforcement of laws and regulations relating to forest protection and management, as well as the reliability of chain of custody systems. Most of the forest crimes identified by Interpol and UNEP² result from the inabilities of state forest administrations to enforce laws that regulate timber harvesting and trade, and there is now a growing body of literature showing these links.³

Forest Trends therefore compared 12 national-level political, governance, business, economic and corruption indexes to determine their level of consistency in country assessments. This has resulted in the development of a new relative governance ranking for 211 countries.

Companies should interpret a consistently negative assessment of governance as a signal that they will need to invest significant resources in forest-specific risk assessment and mitigation.

The rankings cannot be used in isolation or as an alternative to seeking out detailed assessments of forest crime, which is necessary in order to undertake a full and meaningful risk assessment for a specific supply chain.

¹ The EU Timber Regulation creates a requirement for any natural or legal person 'first placing' regulated products on the EU market to exercise Due Diligence. In the regulation these actors are known as 'Operators'. For further information on "Operators", "Due Diligence" requirements and the language used in the European Union Timber Regulation, see <http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:295:0023:0034:EN:PDF>

² UNEP and Interpol identified more than 30 types of forest crime in their 2012 report which suggested that the most common illegalities include falsification of permits, bribes to obtain logging permits, logging beyond concessions, hacking government websites to obtain transport permits for higher volumes, laundering illegal timber by establishing roads, ranches, palm oil or forest plantations and mixing with legal timber during transport or in mills.

³ See examples of the links between government corruption and illegal logging in Gore ML, Ratsimbazafy J, Lute ML. Rethinking corruption in conservation crime: insights from Madagascar. Conservation Letters. 2013; doi: 10.1111/conl.12032. For a summary of the scope and result of studies on corruption and illegality in forest management see Sundstorm, A. 2016, Understanding illegality and corruption in forest management: A literature review, Working paper series, The Quality of Government Institute (QOG), 2016.

Due to an absence of information about forest crime in many countries, Transparency International's Corruption Perception Index (CPI) has been used to indicate the relative risk of corruption in a particular country of harvest. A number of private organizations such as Economist Intelligence Unit's Illicit Trade Environment Index have also recently begun to consider other global sets of indexes when calculating the risk of illicit trade.

The CPI and other indexes have been a useful tool, creating a basis for risk assessment in source countries where forest crime is less well-documented. The CPI methodology, which was updated in 2012 so that new scores could be comparable across years, is internationally recognized and has a broad geographical scope. However, any single data point, especially if generated by an NGO, can be subject to critique.

The CPI ranks all countries by perceived public sector corruption levels. Corruption is not a perfect proxy for overall governance risk, but is one component of a risk assessment, which is highly correlated with the failure of a country's public sector to enforce relevant laws or regulate industries effectively (Lawson and MacFaul 2010). Nearly half of the world's forest is in nations with what Transparency International calls 'rampant' corruption (Sundstorm 2016).

This paper therefore seeks to build on the use of the CPI and data from other sources to develop a risk assessment ranking that is based on a broader set of data and greater consensus among a large group of national and international experts.

The Problem of Illegal Logging: Global Impacts

'Illegal logging,' defined as the harvesting of timber in contravention of the national laws and regulations of the country of harvest, presents serious challenges to global objectives of addressing climate change and worldwide poverty. Corruption and poor governance, associated with illegal logging and the trade of illegally sourced wood products, are undermining economic and social development by weakening the rule of law and the institutional foundation upon which sustainable economic growth depends.

Furthermore, illegal logging and trade is estimated to result in resource losses of at least US\$50.7 billion to \$152 billion per year - revenue that could be spent on national education, health, environmental and other government programs (Nellemann et al 2016). Illegal logging and corruption have a symbiotic relationship, and together open the way to lucrative organized criminal activities, which in many countries are associated with violence and conflict. As a result, the long-term impacts of illegal logging on local communities and social dislocation can be enormous.

Legislation Controlling the Trade of Illegally Sourced Wood Products

A number of countries, most notably the member states of the European Union (EU), the USA and Australia, and more recently Japan and Canada, now have legislation that requires companies to trade only in legally harvested timber. In the EU, Australia and Japan, the legislation requires regulated companies to establish a Due Diligence System (DDS) and be able to document how they assess and mitigate their risk of selling illegal wood at any point within their product supply chains. In the United States, penalties for violations of a prohibition on the import, export, transport, sell, receive, acquire and purchase of illegal wood vary based on the violator's ability to demonstrate that "due care" was taken, or whether the company did everything possible to determine that a product was legal.

Companies and enforcement officials therefore require more information about the likelihood of illegal logging in all source countries in order to establish an effective DDS (see Box 1).

Box 1: What Is Due Diligence for Timber Products? Guidance from the European Commission

The EU legislation regulating illegal timber, the EU Timber Regulation (EUTR), published by the European Commission defines Due Diligence as a three-stage process of:

1. Information gathering: The type of information that must be recorded includes details of the product and supplier, the country of harvest and compliance with applicable national legislation.
2. Risk assessment: Operators are required to follow assessment procedures that take into account information gathered about the product as well as broader relevant risk criteria – such as the incidence of illegal harvesting in the country of harvest, the complexity of a given supply chain or the availability of appropriate third-party certification and verification schemes. A key element of the newest iteration of European Commission guidance is the risk of corruption, relating to the possibility that government paperwork attesting to the legality of forest products may have been attained on the basis of fraud or forgery.
3. Risk mitigation: If the risk assessment suggests there is a risk that the product contains illegally harvested timber, mitigation procedures must be put in place.

The European Commission released further guidance on the EUTR in 2013, providing additional information on European expectations of a robust risk assessment. The guidance specifies that:

“The level of risk can only be assessed on a case-by-case basis as it depends upon a number of factors. Although there is not a single accepted system for risk assessment, as a general rule however, the Operator will have to address the following questions:

- Where was the timber harvested?
- Is the level of governance a concern?
- Are all documents indicating compliance with applicable legislation made available by the supplier, and are verifiable?
- Are there indications of involvement of any company in the supply chain in practices related to illegal logging?
- Is the supply chain complex?”

Risk Assessment Questions and the Information Gap on Illegal Wood Products

In general, forest crimes and illegal logging in many source countries are not well documented. By its very nature, as an illicit act, the extent and nature of illegal logging is difficult to systematically monitor and efforts are taken to hide it. Due to corruption and often ill-equipped public agencies, enforcement is difficult and prosecution can be even more challenging, so information about prosecution or sanction is rarely made public. While forest crimes and incidents of illegal logging have been scrutinized (typically by international and national environmental organizations (NGOs), but occasionally by international organizations such as the World Bank, the UN Office on Drugs and Crime (UNODC), the United Nations Environment Programme (UNEP), the UN Food and Agricultural Organization (FAO) and Interpol, the information available is compromised in a number of ways:

- Accounts are for the most part published as individual reports -- snapshots in time -- rather than systematic (near) real-time monitoring;
- Generally, only a small number of high profile countries are the focus of these reports, leaving an information gap for many countries with a significant number of producers and traders in timber products;
- NGO case studies, in particular, can be criticized (rightly or wrongly) for apparent bias, oversimplification and/or misrepresentation, especially those from advocacy groups with a strong emphasis on attracting media coverage;
- Formal reports from Independent Forest Monitoring organizations⁴ are invaluable in providing systematic assessments of forest crime, but operate in fewer and fewer source countries and require the commitment of significant funds and forest administrations that are willing to accept high levels of scrutiny and accountability.

In addition, civil society operates in an increasingly hostile political context in a number of regions, with those seeking to shed light on forest crime often facing significant personal risk. Every week throughout 2014, at least two environmental activists

⁴ An “independent forest monitor” is an international, independent third party, which, with the agreement of state authorities, monitors the range of official processes relating to forest management.

were murdered in South and Central America, with logging one of the main issues of contention (Global Witness 2015). In China, a new law restricts the ability of international NGOs, or national NGOs financed with international funding, to operate. This could reduce their ability to monitor the flow of illegally harvested wood through the Chinese processing industry and pass that information on to European Operators and enforcement officials.⁵ Similarly, for almost a decade, Russia has been cracking down on NGO activities, making it very difficult for those who had been documenting criminal activities in the forests of the Russian Far East and subsequent trade into China.

Methodology

To assess the consistency in existing country rankings, Forest Trends compared 12 political, governance, business, economic and corruption indexes (see Box 2). The 12 indexes have been developed by both public institutions (NGO, multilateral, think tank) and private companies. They all draw on a broad range of relevant underlying data from credible international agencies, aggregated government data, independent surveys, and other primary data collected by civil society in-country.

The methodologies and sub-indicators of the 12 indexes were first compared to better understand the data supporting the various index results. Data was then downloaded and countries were ranked from lowest score to highest score before being converted to a percentile rank for comparison. An average across all the indexes reporting a score or rank for a country was then calculated.

The results presented in Table 1 show a relative percentile rank or continuum of national governance scores ranging between 1 and 100. A lower rank or placement in the list suggests that the country has relatively less corruption and fewer governance challenges compared to countries ranked with higher scores in the table.

The standard deviation of the data was then assessed to measure consistency across the index results and to determine where the indexes showed variation in national scores.⁶ It was assumed that high levels of variation might suggest that the indices could not alone offer a robust assessment of national governance, and these countries are flagged in the table below. The flagged countries were then cross-checked with timber export statistics from UN Comtrade, helping to narrow the list to those that also play a role in the global timber trade. The countries highlighted in Table 1 therefore represent source countries for timber products traded internationally, where there is less consensus around their levels of national governance.

Box 2: Indexes Reviewed

1. Bertelsmann Transformation Index (BTI)
2. Fragile State Index (FSI)
3. Corruption Perceptions Index (CPI)
4. Economist Intelligence Unit operational risk country rankings (EIU)
5. Ibrahim Index of African Governance (IIAG)
6. Heritage Foundation Index of Economic Freedom (IEF)
7. ND Gain Country Readiness Ranking (ND GAIN)
8. Political Risk Index (PRI)
9. TRACE Matrix (TRACE)
10. World Bank Ease of Doing Business (EDB)
11. World Justice Project Rule of Law Index (WJP)
12. Worldwide Governance Indicators (WGI)

⁵ Administrative Law on Activities of Overseas Non-government Organizations within the Territory of the People's Republic of China places stringent constraints on the registration, operation and funding of foreign NGOs in the name of protecting national security. It is estimated that 7,000 foreign groups and organizations with existing operations in China will be affected and it will be increasingly difficult for new NGOs to become established. See Shira and Associates, 2016. China's New NGO Law: Navigating the Restrictions and Application Procedures available <http://www.china-briefing.com/news/2016/05/12/chinas-new-ngo-law-navigating-restrictions-application-procedures.html>

⁶ Countries were flagged with a standard deviation exceeding 15, representing a significant variation in the overall ranking or placement in the Table.

What We Found

Comparing the methodologies and relative country rankings across the different indexes highlights three important findings:

1. National indexes use a diverse set of credible, evidence-based underlying data to support a national level comparative score or ranking.

The indexes draw on a broad range of relevant underlying data from the World Bank, African Development Bank, Asian Development Bank, Inter-American Development Bank, International Fund for Agriculture Development's programming criteria, United Nations (UN) and governmental aggregated data, as well as primary data collected by civil society in country.

Annex 1 shows the underlying sources of data for the 12 indexes assessed in this report. It is immediately clear that the indexes use different approaches and are based on a wide range of different underlying data sources.

The most commonly referenced underlying data source is Freedom House's Nations in Transit for criteria related to political rights, freedom of expression and civil liberties. For example, Transparency International's CPI draws on Freedom House answers to the following questions:

- Has the government implemented effective anti-corruption initiatives?
- Is the government free from excessive bureaucratic regulations, registration requirements, and other controls that increase opportunities for corruption?
- Are there adequate laws requiring financial disclosure and disallowing conflict of interest?
- Does the state enforce an effective legislative or administrative process—particularly one that is free of prejudice against one's political opponents—to prevent, investigate, and prosecute the corruption of government officials and civil servants?

A number of indexes are also using their own data collection or in-country assessment to rate countries. The World Justice Project 'Rule of Law' Index, for example, gathers primary data from over 100,000 household and additional expert surveys to measure the extent to which rule of law is experienced in everyday life around the world.⁷ This type of index (which collects primary data) plays an important role in supplementing information and data, but tends to focus on fewer countries.

2. Despite diverse underlying data, the results show striking consistency in the relative governance score or ranking given to a country.

Across the 12 indexes,⁸ the analysis shows a high degree of consistency in countries' assigned relative score or ranking.⁹ It is important to note that the results show relative governance rather than a definitive or absolute country score. Thus, a country's score or placement on the list shows that some countries have greater governance challenges relative to other listed countries. It does not categorically show all corruption and governance issues in all countries, and it does not show the degree of difference between countries or percentile ranks.

The highlighted countries in Annex 2 represent the countries where standard deviation is significant,¹⁰ suggesting considerable variation in the governance score given by the various indexes. This means that a number of countries with lower ranks in Table 1 (suggesting low corruption and fewer governance challenges) may actually have significant variation across sectors including forest management, or conversely may have forest sectors that are relatively well-governed compared with the national context (see Box 3). It is therefore important that the national governance rankings are seen as one part of efforts to address core risk assessment questions, and deviation in scores is also considered as part of the risk assessment process.

⁷ To read more about the individual indexes assessed in this information brief, a summary document is available as Annex 3.

⁸ 11 in the global comparison and 12 in the regional Africa comparison.

⁹ Annex 2 shows the results of the global analysis and Table 1 shows the African comparison, drawing in addition on the Ibrahim Index of African Governance.

¹⁰ Countries were flagged with a standard deviation exceeding 15, representing a significant variation in the overall ranking or placement in the table.

Box 3: Anomaly Countries

The indexes considered in this report assess countries against governance, political, corruption, economic and business indicators and score at the national level. However, for some countries there is less consensus in the conclusion of these assessments than others. Countries where there is a significant deviation in measurements across the indexes are highlighted in Annex 2. These include a number of countries where detailed analysis suggests that the level of forest governance is at odds with the national aggregate average – either the sector is disproportionately affected by poor governance or has benefitted from governance improvements that have not been achieved to date in other sectors in the country.

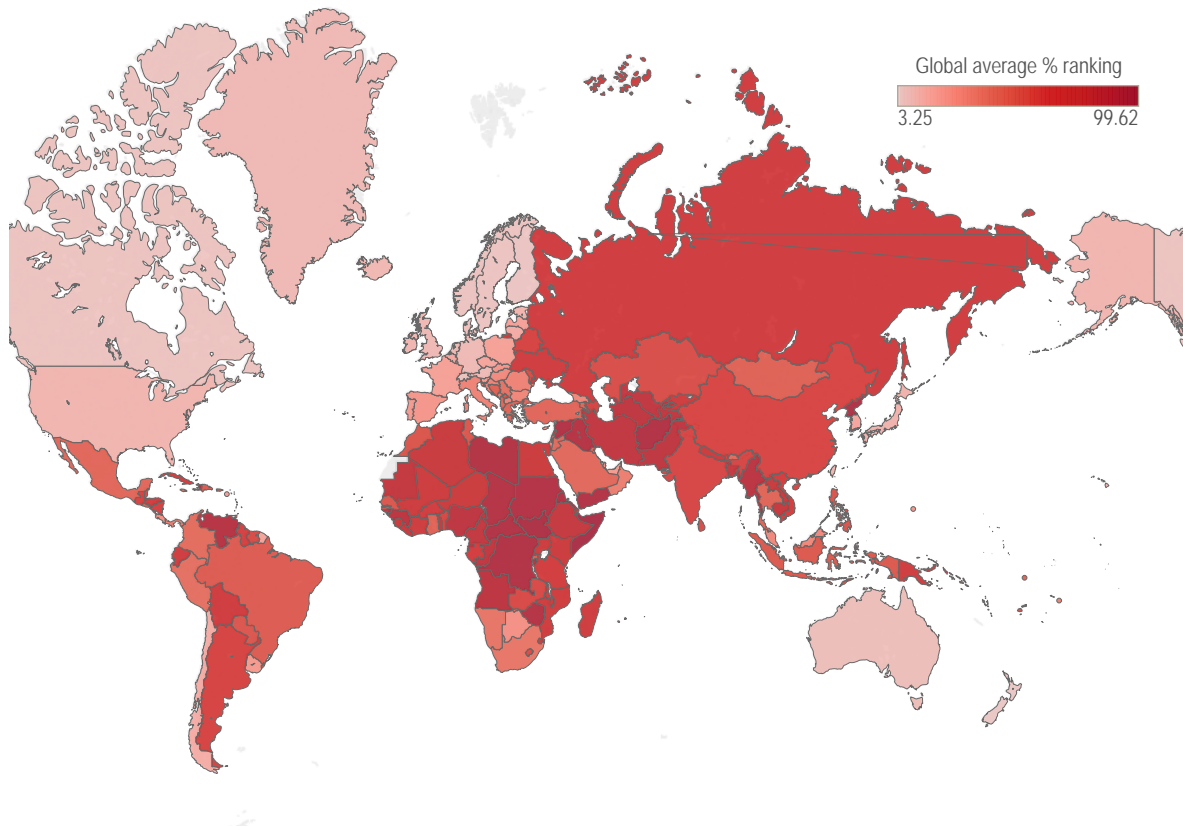
Peru: The average percentile rank for Peru places it at the 40th percentile, between 1 (lower corruption and fewer governance challenges) and 100 (highest corruption and most governance challenges). However, there have been well-documented examples of systemic failings in forest governance compounded by perverse incentives for law enforcement endemic in the relationship between national and regional government. More than 35% of all shipments with Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) permits exported from Peru to the US between January 2008 and May 2010 allegedly contained illegally logged CITES wood (EIA 2012).

Liberia: Across the various indexes, Liberia's average score falls at the 78th percentile. While national governance challenges clearly remain, there have been well-documented improvements in the management of the forest sector following the transition to peace, and recognition of the role that the timber sector played in financing the Civil War. Following public concerns relating to the number of private-use permits for timber extraction granted as Liberia emerged out of conflict, the government placed a moratorium on the issuing of new permits in 2012 and suspended felling and export of logs under those it had already granted. Liberia also investigated several allegations of fraud, with forestry officials taken to trial for their role in the affair, suggesting that the national Government is serious about tackling corruption and that prosecution and judicial institutions are relatively effective (EU FLEGT Facility 2015).

3. Several significant producers and exporters of timber products rank high for corruption and significant governance challenges

The average ranking for governance across the 11 global indexes is shown in Figure 1, which demonstrates that a significant number of key timber product producers and exporters rank relatively high for governance challenges and corruption

Figure 1: Map of Average Relative Country Governance Percentile Ranks across the Indexes



While it is possible to buy legal wood in a country that ranks high for corruption and governance challenges, these findings suggest that under the Due Diligence guidance requirements of regulations like the EUTR, Australian ILPA and the new Japanese legislation, Operators would need to undertake significant risk mitigation measures to ensure that a product is legal.

It is also important to note that it is possible to source illegal wood from a well-governed state. However, the highest possible levels of further risk assessment and subsequent mitigation should be undertaken for timber sourced from countries ranking higher for corruption and governance challenges.

Box 4: Caveats

It is also important that the national governance rankings are seen in the context of the following caveats:

Time-Lag

These governance assessments are not live. The indexes and underlying data are updated based on a range of different timeframes. A number of the private indexes measuring economic, business and credit indicators update their analysis every quarter but other indexes measuring political, governance and corruption indicators only update annually or bi-annually which means the data used here is drawn from 2015 in most instances (see Tables 1 and Annex 2 for the different years based on the index). As such it is important to complement any understanding of country governance with more recent relevant articles and news reports.

Rural Governance Challenges

Rural areas often see poorer governance and greater challenges in enforcing policies and laws even where robust systems theoretically exist at the national level. The example of the Russian Far East highlights the importance of considering regional variance in governance when assessing source country context in relation to the risk of buying illegal wood. While the Russian west has relatively high levels of certification and effective forest law enforcement, documented levels of illegal logging and organized crime in the Russian Far East are higher, relating to the production of both hard and softwoods.

Challenges of Multi-Country Supply Chains

In addition, it is important to consider the country of production as well as country of harvest in assessing a national governance context. Sourcing processed timber and wood products such as furniture from a country of origin with a lower rank for corruption and fewer governance challenges, may hide the fact that the raw materials were harvested in a country with ineffective rule of law. For example, the aggregation of country governance rankings rates the most significant global wood processor, China at the 59th percentile in terms of relative governance (0=lowest corruption, fewest governance challenges, 100= highest corruption most significant governance challenges). However, China imports significant volumes of timber and wood products from some of the countries ranking highest in the world for corruption and the most significant governance challenges, such as Myanmar, the Democratic Republic of Congo and Gabon.

Conclusions

This analysis has demonstrated where there are consistent findings across the wide set of governance indexes, including their credible sources of underlying data (in terms of scope and nature) that allow for a reliable country governance ranking. The governance ranking has been developed to provide an entry point for Operators undertaking a risk assessment process for forest products from source countries where NGO or media reports on incidences of illegal logging are less frequent or absent. The ranking has been specifically designed to help Operators understand how the level of governance in a particular country might impact the likely level of illegal logging and the reliability of compliance documents, and as such speaks to the risk that corruption and poor governance undermines rule of law in the forest sector.

All of the underlying data and the overall assessments are essentially a measurement of a State's capability to govern. Despite the well-documented links between national governance and the management of forest resources, enforcement of the relevant policies and regulations generally take place a long way from a country's capital. Rural areas often see poorer governance and greater challenges in enforcing policies and laws even where robust systems theoretically exist at the national level. Land tenure, forest management and harvesting laws also often vary within a country, making it difficult to rank or score an entire country. To understand the full complexity of governance and fill the information gap on forest governance, would specifically require a sub-national/provincial analysis which is currently outside the scope of the national indexes (although some include data from IFAD's Rural Sector Performance Assessments) which partially assesses the variation between urban and rural governance by incorporating separate indicators for levels of rural corruption and governance as part of the overall rating.¹¹

¹¹ IFAD's Rural Sector Performance Assessments provide data to inform indicators on policy and legal framework for rural organizations, dialogue between government and rural organizations, access to land, access to water for agriculture, enabling conditions for rural financial services development, investment climate for rural businesses, access to agricultural input and produce markets, allocation and management of public resources for rural development, as well as accountability, transparency and corruption in rural areas.

This data therefore offers insight into one of the questions that Operators will need to consider as part of an effective risk assessment, and should not be used in isolation or as an alternative to seeking out detailed assessments of forest crime in order to undertake meaningful risk assessment. Rather, this ranking can signal that in countries with greater corruption and governance challenges, it is critical that Operators invest significant resources in forest-specific risk assessment and mitigation.

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The authors are grateful for comments provided by peer reviewers Tina Schneider of WRI, Emily Unwin of Client Earth, Alison Hoare of Chatham House, Vincent Naturel of the French Ministère de l'Agriculture and Stuart Hogan of the Australian Department of Agriculture and Water Resources. We are also grateful for all comments provided at the October 2016 Timber Regulation Enforcement Exchange Meeting in Paris.

Other policy and information briefs can be found at www.forest-trends.org

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Annex 1: Underlying Sources of Data for the Indexes Assessed in this Report

Underlying Data Source	BTI	CPI	EDB	EIU	FSI	IEF	Mo I	NDG	PRI	Trace	WGI	WJP
African Development Bank (Governance Ratings & Country Performance Assessments)		✗				✗	✗				✗	
African Electoral Index											✗	
Afrobarometer surveys											✗	
Armed conflict location and event data project							✗					
Asian Development Bank (Country Performance Assessments)						✗					✗	
Bertelsmann Foundation (Sustainable Governance Indicators and the Transformation Index)		✗					✗				✗	
Business Enterprise Environment Survey											✗	
Centre for Law and Democracy and Access Info's Right to Information Index												
Cingranelli Richards Human Rights Database											✗	
Corruption Perception Index						✗						
Country Commercial Guide												
Economist Intelligence Unit (Country Risk Ratings and Democracy Index)		✗				✗	✗				✗	
European Bank for Reconstruction and Development Transition Report											✗	
Freedom House (Nations in Transit, Freedom of the Press and Freedom in the World survey)		✗				✗	✗				✗	
Gallup World Poll											✗	
Ghana Center for Democratic Development							✗					
Global Competitiveness Report							✗				✗	
Global Corruption Barometer Survey											✗	
Global Insight Business Condition and Risk Indicators											✗	
Global Insight Country Risk Rating		✗										
Global Integrity Index							✗				✗	
Heritage Foundation Index of Economic Freedom							✗				✗	
IFAD (Performance-based Allocation System & Rural Sector Performance Assessments)							✗				✗	
iJET Country Security Risk Ratings											✗	
IMD World Competitiveness Yearbook		✗										
Institut de Recherche Empirique en Economie Politique							✗					
Institute for Management & Development World Competitiveness Yearbook											✗	
Institutional Profiles Database											✗	
Inter-agency Group for Child Mortality Estimation							✗					
Inter-Parliamentary Union Women in National Parliament							✗					
Internal Displacement Monitoring Centre							✗					
International Budget Project Open Budget Index											✗	
International Centre for Tax and Development Government Revenue Dataset							✗					
International Finance Corporation												
International Research & Exchanges Board Media Sustainability Index											✗	
International Telecommunication Union World ICT Indicators Database							✗					
Joint UN Programme on AIDS/HIV AIDSinfo Database							✗					
Latinobarometro											✗	
Maternal Mortality Estimation Inter-Agency Group							✗					
Natural Resource Management Index												
OECD Institutions and Development Database						✗	✗					
Office of the High Commissioner for Human Rights							✗					
Office of the U.S Trade Representative						✗						
Office of the United Nations High Commission for refugees							✗					
Own assessment through survey, research and other in-country data collection	✗		✗									✗
Political Economic Risk Consultancy		✗									✗	
Political Risk Services International Country Risk Guide		✗									✗	
Political Terror Scale							✗				✗	
Reporters Without Borders Press Freedom Index							✗				✗	
UNESCO Institute for Statistics							✗					
United Nations E-Government Survey							✗					
United Nations Economic Commission for Latin America						✗						
United Nations Office of Legal Affairs Treaty Body Database							✗					
Unknown				✗	✗				✗	✗		
Uppsala University Conflict Data Program							✗					
US Department of Commerce						✗						
US Department of State						✗						
US State Department Trafficking in People report							✗				✗	
Vanderbilt University's Americas Barometer											✗	
ViewsWire						✗						

Annex 1: Underlying Sources of Data for the Indexes Assessed in this Report

Underlying Data Source	BTI	CPI	EDB	EIU	FSI	IEF	Mo I	NDG	PRI	Trace	WGI	WJP
Women Business and the Law index	-	-	-	-	-	-	-	-	-	-	-	-
World Bank (Country Policy & Inst. Assessments, IDA Resource Allocation Index, Ease of Doing Business)	-	✗	-	-	-	✗	✗	-	-	-	✗	-
World Economic Forum (including the Executive Opinion Survey and Global) Competitiveness Report	-	✗	-	-	-	-	✗	-	-	-	-	-
World Economic Outlook Database	-	-	-	-	-	-	-	-	-	-	-	-
World Health Organisation (WHO/UNICEF Water & Sanitation Database & Global Health Database)	-	-	-	-	-	-	✗	-	-	-	-	-
World Justice Project Rule of Law Index	-	✗	-	-	-	-	-	-	-	-	✗	-
Worldwide Governance Indicators	-	-	-	-	-	-	✗	✗	-	-	-	-

Annex 2: Global Relative Governance Ranking and Comparison of Index Scores

Country	Forest Trends Aggregate Global Average % Ranking (Excluding ILAG)	WGI (2015) % Rank	CPI (2015) % Rank	WJP (2015) % Rank	EIF (2016) % Rank	GAIN (2014) % Rank	EDB (2016) % Rank	FSI (2016) % Rank	EIU (2016) % Rank	TRACE (2014) % Rank	PRS PRI (2015) % Rank	BTI (2016) % Rank
New Zealand	3.2	0.5	2.4	5.9	1.7	0.5	1.1	3.4	4.5	1.5	11.0	ND
Finland	4.6	0.9	1.2	3.9	13.9	1.1	5.3	0.6	3.9	3.0	12.0	ND
Sweden	5.0	2.4	1.8	2.9	15.0	4.2	4.3	1.1	5.6	2.5	10.0	ND
Norway	5.1	1.9	3.0	2.0	17.9	2.6	4.8	2.3	6.1	6.1	4.0	ND
Canada	5.3	3.8	5.4	13.7	3.5	6.3	6.9	6.2	5.0	1.0	1.0	ND
Switzerland	5.4	1.4	4.2	ND	2.3	2.1	13.3	2.8	1.7	8.1	13.0	ND
Singapore	5.8	9.5	4.8	8.8	1.2	1.6	0.5	11.9	0.6	3.6	2.0	19.4
Denmark	6.0	4.3	0.6	1.0	6.9	3.7	1.6	1.7	7.8	10.7	22.0	ND
Hong Kong SAR, China	6.4	8.1	10.7	16.7	0.6	ND	2.7	ND	2.8	ND	3.0	ND
Australia	6.8	5.2	7.7	9.8	2.9	5.8	6.4	5.6	2.2	14.7	8.0	ND
Jersey, Channel Islands	7.6	7.6	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Netherlands	7.8	3.3	3.0	4.9	9.2	5.3	14.4	7.3	8.4	6.6	16.0	ND
Austria	8.4	5.7	9.5	6.9	16.2	7.9	10.6	6.8	3.4	10.2	7.0	ND
Germany	8.8	6.2	6.0	7.8	9.8	6.9	7.4	7.9	10.6	4.6	21.0	ND
United Kingdom	9.0	10.0	6.0	11.8	5.8	9.0	3.2	10.2	10.1	9.6	14.0	ND
Greenland	9.0	8.5	ND	ND	ND	ND	ND	ND	9.5	ND	ND	ND
Iceland	9.5	6.6	7.7	ND	11.6	8.5	9.6	4.5	15.1	12.2	ND	ND
Luxembourg	9.7	2.8	6.0	ND	11.0	3.2	31.9	4.0	6.7	11.7	ND	ND
Liechtenstein	9.9	4.7	ND	ND	ND	4.8	ND	ND	1.1	28.9	ND	ND
Ireland	10.0	7.1	10.7	ND	4.6	7.4	8.5	5.1	14.0	0.5	32.0	ND
Taiwan, China	10.2	15.6	17.9	ND	8.7	ND	ND	ND	13.4	ND	5.0	0.8
United States	10.5	12.8	9.5	18.6	6.4	12.2	3.7	11.3	8.9	5.1	17.0	ND
Estonia	10.8	12.3	13.7	14.7	5.2	10.1	8.0	18.1	12.8	11.2	ND	1.6
Japan	11.7	10.9	10.7	12.7	12.7	9.5	17.6	12.4	11.2	4.1	15.0	ND
Chile	13.8	14.2	13.7	25.5	4.0	11.6	25.0	14.7	11.7	7.6	18.0	6.2
Lithuania	14.2	21.3	19.0	ND	7.5	18.5	10.1	16.9	20.7	9.1	ND	4.7
Andorra	15.2	9.0	ND	ND	ND	10.6	ND	ND	ND	25.9	ND	ND
Belgium	15.3	11.4	8.9	15.7	23.1	11.1	22.3	8.5	12.3	13.2	26.0	ND
Korea, Rep.	16.3	26.5	22.0	10.8	15.6	22.8	2.1	13.0	25.7	8.6	24.0	8.5
Czech Republic	16.4	18.0	22.0	19.6	12.1	18.0	18.6	14.1	20.1	26.4	9.0	2.3
Cayman Islands	17.0	19.4	ND	ND	ND	ND	ND	ND	14.5	ND	ND	ND
Anguilla	17.1	17.1	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
French Guiana	17.4	15.2	ND	ND	ND	ND	ND	ND	19.6	ND	ND	ND
Macao SAR, China	18.2	19.0	ND	ND	ND	ND	ND	ND	17.3	ND	ND	ND
Latvia	18.2	26.1	23.8	ND	20.2	22.2	11.2	20.9	19.0	12.7	ND	7.8
Poland	18.5	20.9	17.9	20.6	20.8	19.6	12.8	15.3	29.6	15.7	27.0	3.9
France	18.7	14.7	13.7	17.6	41.0	13.2	13.8	10.7	15.6	7.1	39.0	ND
Mauritius	18.9	24.2	26.8	ND	8.1	20.6	16.5	19.2	22.9	21.3	ND	10.1
Martinique	19.9	19.9	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Slovenia	20.2	23.7	20.8	27.5	49.7	20.1	14.9	9.0	16.8	13.7	ND	5.4
United Arab Emirates	20.5	29.9	13.7	26.5	14.5	15.3	16.0	20.3	27.4	15.2	6.0	40.3
Portugal	21.0	16.6	16.7	22.5	34.7	16.4	11.7	9.6	17.9	16.2	48.0	ND
Aruba	21.8	11.8	ND	ND	ND	ND	ND	ND	7.3	46.2	ND	ND
Virgin Islands (U.S.)	21.8	21.8	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Uruguay	21.8	17.5	12.5	21.6	21.4	16.9	48.4	13.6	34.6	22.3	28.0	3.1
Cyprus	22.9	16.1	19.0	ND	22.0	14.3	24.5	37.3	26.8	23.4	ND	ND
Spain	23.0	25.1	21.4	23.5	22.5	23.3	17.0	16.4	18.4	18.3	44.0	ND
Slovak Republic	23.1	25.6	29.8	ND	30.1	23.8	15.4	18.6	21.2	28.4	31.0	7.0
Reunion	23.2	23.2	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Monaco	23.3	20.4	ND	ND	ND	17.5	ND	ND	ND	32.0	ND	ND
Malta	23.8	13.3	22.0	ND	29.5	12.7	42.0	15.8	16.2	38.6	ND	ND
San Marino	24.3	10.4	ND	ND	ND	13.8	39.9	ND	ND	33.0	ND	ND
Guam	24.6	24.6	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Botswana	25.1	28.0	16.7	30.4	17.3	21.2	37.8	32.2	28.5	30.5	20.0	13.2

*The highlighted countries represent those where the standard deviation is significant, suggesting considerable variation in the governance score given by the various indexes.

Country	Forest Trends Aggregate Global Average % Ranking (Excluding ILAG)	WGI (2015) % Rank	CPI (2015) % Rank	WJP (2015) % Rank	EIF (2016) % Rank	GAIN (2014) % Rank	EDB (2016) % Rank	FSI (2016) % Rank	EIU (2016) % Rank	TRACE (2014) % Rank	PRS PRI (2015) % Rank	BTI (2016) % Rank
Costa Rica	25.1	27.0	23.8	24.5	26.6	24.9	30.3	22.0	24.0	25.4	38.0	9.3
Qatar	25.4	31.3	13.1	ND	19.1	15.9	35.6	22.6	24.6	23.9	ND	42.6
Barbados	25.6	13.7	ND	ND	23.7	14.8	62.8	23.2	21.8	19.3	ND	ND
Hungary	28.0	32.2	29.8	36.3	31.2	27.0	21.8	21.5	26.3	22.8	45.0	14.0
Israel	28.3	31.8	19.0	ND	19.7	26.5	27.7	62.7	22.3	20.3	25.0	ND
Malaysia	28.8	33.2	32.1	38.2	16.8	25.4	9.0	34.5	23.5	31.5	36.0	37.2
Georgia*	29.0	35.1	28.6	28.4	13.3	29.6	12.2	65.0	36.9	5.6	ND	34.9
Bulgaria	29.7	41.7	41.1	44.1	32.4	37.6	19.7	26.0	30.2	18.8	23.0	12.4
Bahamas	29.9	22.7	ND	ND	ND	21.7	ND	25.4	31.3	48.2	ND	ND
Croatia	30.7	33.6	29.8	34.3	57.2	30.7	20.7	24.3	35.2	29.4	ND	11.6
Brunei Darussalam	30.8	29.4	ND	ND	27.2	19.0	44.1	30.5	25.1	40.1	ND	ND
Macedonia, FYR	30.8	40.3	39.3	43.1	24.9	33.9	5.9	35.0	44.7	17.3	ND	24.0
Romania	31.3	38.9	34.5	31.4	32.9	34.9	19.1	27.7	30.7	42.1	41.0	10.9
Italy	31.4	32.7	36.3	29.4	47.4	31.2	23.4	17.5	29.1	16.8	50.0	ND
Bermuda	32.0	22.3	ND	ND	ND	ND	ND	ND	ND	41.1	ND	ND
Panama	33.1	41.2	42.9	48.0	35.8	40.2	36.2	27.1	27.9	14.2	33.0	17.1
Montenegro	33.2	39.8	36.3	ND	35.3	37.0	23.9	26.6	46.9	37.1	ND	15.5
American Samoa	33.9	18.5	ND	ND	ND	28.0	50.5	38.4	ND	ND	ND	ND
Oman	33.9	37.4	35.7	ND	27.7	25.9	36.7	24.9	33.0	29.9	19.0	69.0
Puerto Rico	34.7	27.5	ND	ND	ND	ND	29.8	ND	40.8	40.6	ND	ND
Dominica	34.9	28.9	ND	ND	28.3	24.3	47.9	ND	ND	45.2	ND	ND
Seychelles	35.8	39.3	23.8	ND	41.6	35.4	50.0	31.6	31.8	32.5	ND	ND
Bahrain	35.9	46.9	29.8	ND	10.4	36.5	34.0	32.8	41.3	26.9	ND	64.3
St. Vincent & the Grenadines	37.1	28.4	ND	ND	ND	ND	58.5	ND	ND	24.4	ND	ND
South Africa	37.4	38.4	36.3	35.3	43.9	38.1	38.3	35.6	39.1	17.8	68.0	20.2
Namibia	37.7	36.0	26.8	ND	44.5	32.3	53.7	42.9	33.5	49.7	ND	20.2
Jamaica	38.0	44.5	41.1	41.2	25.4	46.6	33.5	33.3	38.0	52.3	43.0	18.6
Antigua and Barbuda	38.0	34.6	ND	ND	ND	27.5	55.3	ND	ND	34.5	ND	ND
Samoa	38.7	30.3	ND	ND	37.6	28.6	51.1	39.0	ND	45.7	ND	ND
Serbia	39.3	44.1	42.3	59.8	42.2	40.7	30.9	44.1	38.5	34.0	ND	16.3
Vanuatu	39.4	40.8	ND	ND	49.1	32.8	49.5	ND	ND	24.9	ND	ND
Peru	40.3	59.2	52.4	62.7	26.0	52.9	26.1	46.3	40.2	19.8	34.0	24.0
Grenada	40.9	36.5	ND	ND	ND	31.7	71.3	33.9	ND	31.0	ND	ND
Tonga	41.1	43.1	ND	ND	52.6	41.3	41.0	ND	ND	27.4	ND	ND
Bhutan	41.6	37.9	16.1	ND	53.8	30.2	37.2	64.4	32.4	60.4	ND	41.9
Colombia	42.1	57.8	49.4	61.8	18.5	55.6	28.2	66.1	43.0	21.8	35.0	26.4
Cabo Verde	42.8	34.1	ND	ND	30.6	29.1	66.5	48.6	34.1	56.9	ND	ND
St. Lucia	43.4	30.8	ND	ND	ND	ND	40.4	ND	ND	58.9	ND	ND
Jordan	43.4	48.3	26.8	40.2	24.3	38.6	59.6	53.1	36.3	46.7	ND	60.5
Saudi Arabia	44.0	51.7	28.6	ND	42.8	39.7	43.1	46.9	35.8	36.5	37.0	77.5
Trinidad and Tobago	44.3	43.6	42.9	ND	39.9	45.0	46.3	29.4	44.1	62.9	ND	ND
Albania	44.4	46.4	52.4	52.0	31.8	44.4	51.6	31.1	49.2	59.4	ND	25.6
Armenia	44.5	58.3	56.5	ND	28.9	50.3	18.1	42.4	52.0	44.2	ND	49.6
Mexico	44.8	56.9	56.5	78.4	33.5	59.8	20.2	41.8	39.7	44.7	30.0	31.8
Kuwait	45.1	51.2	32.7	ND	40.5	43.4	54.3	28.8	37.4	89.8	29.0	44.2
Turkey	45.5	48.8	39.3	79.4	43.4	49.7	28.7	48.0	53.6	35.5	56.0	17.8
Thailand	45.8	55.5	45.2	54.9	36.4	54.5	25.5	55.4	47.5	20.8	40.0	68.2
Greece	46.3	37.0	34.5	32.4	77.5	36.0	31.4	23.7	48.6	64.0	78.0	ND
El Salvador	46.3	50.7	42.9	55.9	34.1	48.7	45.2	44.6	45.3	61.9	58.0	22.5
St. Kitts and Nevis	46.8	35.5	ND	ND	ND	ND	65.4	ND	ND	39.6	ND	ND
Mongolia	47.1	49.3	42.9	46.1	55.5	43.9	29.3	28.2	68.7	79.2	ND	27.9
Rwanda	47.1	45.0	26.2	ND	38.7	33.3	32.4	81.4	55.9	43.7	ND	67.4
Ghana	47.2	46.0	33.3	33.3	39.3	45.5	60.1	40.1	59.8	73.1	65.0	23.3
Tuvalu	47.2	42.2	ND	ND	ND	34.4	ND	ND	ND	65.0	ND	ND
Bosnia & Herzegovina	47.3	53.1	45.2	39.2	60.1	48.1	41.5	52.0	54.2	47.2	ND	32.6
Palau	50.1	47.9	ND	ND	ND	39.2	71.8	ND	ND	41.6	ND	ND
Brazil	50.4	47.4	45.2	45.1	68.2	47.6	61.2	29.9	53.1	75.6	66.0	14.7

Country	Forest Trends Aggregate Global Average % Ranking (Excluding IIAG)	WGI (2015) % Rank	CPI (2015) % Rank	WJP (2015) % Rank	EIF (2016) % Rank	GAIN (2014) % Rank	EDB (2016) % Rank	FSI (2016) % Rank	EIU (2016) % Rank	TRACE (2014) % Rank	PRS PRI (2015) % Rank	BTI (2016) % Rank
Dominican Republic	50.4	57.3	61.3	66.7	48.6	52.4	48.9	47.5	41.9	39.1	60.0	31.0
Marshall Islands	50.9	58.8	ND	ND	ND	42.9	73.9	ND	ND	27.9	ND	ND
Indonesia	51.6	55.0	52.4	51.0	54.9	56.6	57.4	54.2	50.8	36.0	69.0	30.2
Kosovo	51.6	61.6	61.3	ND	46.2	ND	34.6	ND	70.4	53.3	ND	34.1
Senegal	52.7	49.8	36.3	37.3	61.8	46.0	80.9	65.5	54.7	55.3	ND	39.5
Tunisia	52.8	55.9	45.2	42.2	63.6	59.3	38.8	56.5	56.4	52.8	71.0	38.8
Paraguay	53.0	71.1	77.4	ND	45.7	67.2	53.2	43.5	46.4	50.8	42.0	32.6
Morocco	53.4	54.5	52.4	53.9	46.8	49.2	39.4	49.2	52.5	54.3	62.0	72.9
Fiji	53.9	52.1	ND	ND	59.5	47.1	46.8	62.1	ND	55.8	ND	ND
Philippines	54.1	53.6	56.5	50.0	38.2	58.7	54.8	70.6	55.3	77.2	51.0	29.5
Kazakhstan	56.2	64.9	73.2	64.7	37.0	60.3	21.3	37.9	57.5	71.6	64.0	65.9
Lesotho	56.5	56.4	36.3	ND	85.0	50.8	60.6	59.9	48.0	54.8	ND	56.6
Moldova	56.5	60.2	61.3	68.6	65.3	54.0	27.1	50.3	76.0	66.0	ND	36.4
Sri Lanka	56.7	54.0	49.4	57.8	51.4	51.3	56.4	83.6	43.6	74.1	54.0	48.1
Suriname	57.4	52.6	52.4	ND	75.1	53.4	82.4	39.5	45.8	69.0	46.0	ND
Belize	58.1	60.7	ND	65.7	65.9	56.1	63.3	36.2	57.0	59.9	ND	ND
Maldives	58.1	50.2	ND	ND	74.0	41.8	67.6	50.8	ND	64.5	ND	ND
Zambia	58.2	59.7	45.2	72.5	59.0	51.9	52.1	72.9	64.8	53.8	61.0	47.3
Kiribati	59.4	45.5	ND	ND	92.5	42.3	78.7	ND	ND	38.1	ND	ND
Benin	59.5	63.0	49.4	ND	56.1	63.0	83.5	58.2	58.1	68.5	ND	35.7
India	59.6	61.1	45.2	58.8	68.8	64.6	68.6	54.8	51.4	93.9	67.0	21.7
Micronesia, Fed. Sts.	60.4	42.7	ND	ND	ND	ND	78.2	ND	ND	ND	ND	ND
China	60.6	62.1	49.4	70.6	80.9	57.1	44.7	61.6	42.5	69.5	63.0	65.1
Sao Tome and Principe	60.7	64.0	39.3	ND	67.1	60.8	87.8	51.4	63.1	51.8	ND	ND
Guatemala	61.2	73.9	73.2	84.3	45.1	70.9	42.6	63.3	60.9	42.6	57.0	58.9
Argentina	61.2	66.4	63.7	52.9	94.8	70.4	63.8	19.8	65.9	67.5	82.0	26.4
Belarus	61.3	72.5	63.7	49.0	87.9	66.1	22.9	49.7	87.2	37.6	ND	76.7
Azerbaijan	61.4	75.4	70.8	ND	50.3	68.8	33.0	57.1	66.5	71.1	47.0	73.6
Nicaragua	62.4	70.6	77.4	87.3	60.7	65.1	66.0	59.3	63.7	35.0	49.0	52.7
Guyana	62.7	63.5	70.8	ND	71.1	65.6	72.3	41.2	49.7	51.3	79.0	ND
Swaziland	63.9	66.8	ND	ND	52.0	61.4	55.9	71.8	67.0	72.6	ND	ND
Cuba	64.1	64.5	33.3	ND	99.4	55.0	ND	40.7	60.3	57.9	86.0	79.8
Gabon	64.3	69.2	58.9	ND	58.4	62.4	85.6	45.2	62.6	84.8	52.0	ND
Vietnam	64.8	65.4	66.7	63.7	73.4	57.7	47.3	45.8	50.3	95.4	76.0	70.5
Tanzania	66.6	68.2	69.6	71.6	61.3	66.7	73.4	63.8	64.2	78.7	ND	48.1
Honduras	67.6	77.7	66.7	88.2	63.0	72.0	58.0	57.6	79.3	65.5	72.0	43.4
Nauru	67.8	67.8	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Solomon Islands	67.9	62.6	ND	ND	90.2	58.2	59.0	74.0	ND	63.5	ND	ND
Burkina Faso	68.0	67.3	45.2	77.5	57.8	67.7	75.5	78.5	65.4	73.6	ND	71.3
West Bank and Gaza	68.4	68.7	ND	ND	ND	ND	68.1	ND	ND	ND	ND	ND
Ukraine	68.5	77.3	77.4	69.6	90.8	88.4	43.6	36.7	75.4	67.0	87.0	40.3
Lebanon	68.6	76.8	73.2	67.6	54.3	84.7	64.9	74.6	73.7	70.1	ND	45.7
Russian Federation	68.6	74.4	70.8	74.5	85.5	75.7	26.6	52.5	70.9	68.0	93.0	62.8
Papua New Guinea	68.8	70.1	82.7	ND	78.6	69.8	76.6	68.4	72.1	60.9	53.0	55.8
Ecuador	68.9	75.8	63.7	76.5	89.0	76.2	61.7	55.9	77.1	43.1	88.0	50.4
Bolivia	69.4	74.9	58.9	92.2	89.6	77.8	83.0	61.0	79.9	47.7	70.0	28.7
Mozambique	69.8	71.6	66.7	ND	78.0	68.3	70.2	72.3	73.2	70.6	ND	57.4
Gambia	70.1	73.5	73.2	ND	66.5	64.0	79.8	66.7	80.4	56.3	ND	ND
Kyrgyz Republic	70.6	84.8	73.2	75.5	53.2	81.0	35.1	67.8	83.2	81.7	ND	ND
Malawi	70.9	65.9	66.7	60.8	82.1	61.9	74.5	79.1	81.0	86.3	ND	50.4
Madagascar	71.0	82.0	73.2	81.4	48.0	75.1	86.7	67.2	71.5	61.4	ND	63.6
Cote d'Ivoire	71.2	76.3	63.7	73.5	50.9	72.5	75.0	92.7	62.0	81.2	75.0	60.5
Djibouti	72.0	82.9	58.9	ND	69.4	71.4	90.4	75.1	61.5	66.5	ND	ND
Uganda	72.1	73.0	82.7	93.1	56.6	73.5	64.4	88.1	68.2	83.2	ND	38.0
Mali	72.1	80.6	56.5	ND	67.6	83.1	76.1	80.2	74.9	72.1	ND	58.1
Nepal	73.0	78.2	77.4	47.1	84.4	73.0	52.7	81.9	81.6	83.8	ND	69.8
Togo	73.0	83.9	63.7	ND	75.7	74.1	79.3	76.8	74.3	57.4	ND	72.1

Country	Forest Trends Aggregate Global Average % Ranking (Excluding IAG)	WGI (2015) % Rank	CPI (2015) % Rank	WJP (2015) % Rank	EIF (2016) % Rank	GAIN (2014) % Rank	EDB (2016) % Rank	FSI (2016) % Rank	EIU (2016) % Rank	TRACE (2014) % Rank	PRS PRI (2015) % Rank	BTI (2016) % Rank
Kenya	73.4	69.7	82.7	83.3	64.2	78.3	56.9	90.4	78.8	80.7	77.0	45.0
Egypt	74.1	85.8	52.4	56.9	69.9	82.0	69.1	82.5	69.8	86.8	85.0	74.4
Niger	74.1	78.7	58.9	ND	72.3	80.4	84.6	89.8	86.6	62.4	ND	53.5
Sierra Leone	76.2	81.0	70.8	85.3	79.8	76.7	77.7	80.8	69.3	85.3	ND	55.0
Lao PDR	76.5	72.0	82.7	ND	86.7	63.5	70.7	68.9	72.6	88.3	ND	82.9
Algeria	76.6	84.4	52.4	ND	86.1	83.6	86.2	60.5	87.7	92.9	73.0	59.7
Liberia	77.6	82.5	49.4	82.4	80.3	79.9	94.7	87.0	76.5	90.9	ND	51.9
Comoros	77.8	81.5	81.0	ND	79.2	74.6	81.4	70.1	ND	76.6	ND	ND
Cambodia	78.9	79.6	89.3	97.1	62.4	69.3	67.0	78.0	67.6	98.0	ND	80.6
Timor-Leste	79.3	79.1	73.2	ND	93.6	77.2	91.5	83.1	58.7	78.2	ND	ND
Bangladesh	79.7	83.4	82.7	91.2	76.9	81.5	92.0	84.2	59.2	88.8	83.0	54.3
Ethiopia	79.8	80.1	61.3	89.2	82.7	79.4	77.1	89.3	78.2	74.6	ND	86.0
Mauritania	81.4	85.3	66.7	ND	71.7	78.8	88.8	84.7	88.3	91.9	ND	76.0
Cameroon	82.6	87.2	77.4	95.1	72.8	86.2	91.0	85.3	82.1	94.9	59.0	77.5
Tajikistan	83.0	88.2	81.0	ND	83.2	82.5	69.7	69.5	96.1	92.4	ND	84.5
Iran	83.1	86.7	77.4	86.3	96.0	86.8	62.2	75.7	77.7	79.7	94.0	91.5
Uzbekistan	83.8	89.6	91.1	80.4	93.1	87.8	45.7	73.4	89.4	98.5	ND	89.1
Congo, Rep.	83.9	88.6	86.9	ND	96.5	84.1	93.1	79.7	84.4	85.8	55.0	85.3
Turkmenistan	84.1	90.5	91.7	ND	97.7	89.9	ND	58.8	95.5	58.4	ND	89.9
Pakistan	84.2	86.3	69.6	96.1	70.5	90.5	72.9	94.9	84.9	87.8	90.0	82.2
Burundi	85.4	87.7	89.3	ND	74.6	85.7	80.3	88.7	89.9	97.0	ND	75.2
Nigeria	85.9	90.0	81.0	94.1	64.7	93.1	89.4	91.0	91.6	100.0	84.0	65.9
Guinea-Bissau	86.3	91.9	94.0	ND	81.5	91.0	94.1	91.5	92.7	75.1	89.0	62.0
Guinea	86.4	91.0	82.7	ND	76.3	88.9	87.2	93.8	93.9	97.5	91.0	62.0
Equatorial Guinea	86.5	95.7	ND	ND	95.4	92.1	95.2	71.2	83.8	76.1	ND	ND
Angola	86.9	89.1	97.0	ND	87.3	85.2	95.7	76.3	86.0	99.0	74.0	79.1
Myanmar	87.8	92.4	87.5	90.2	88.4	89.4	88.3	86.4	82.7	ND	81.0	91.5
Haiti	88.0	91.5	94.0	ND	83.8	87.3	96.3	95.5	85.5	77.7	80.0	88.4
Venezuela	90.9	93.4	94.0	100.0	98.8	94.2	98.4	53.7	98.3	90.4	97.0	81.4
Iraq	92.1	94.3	95.8	ND	ND	96.8	85.1	93.2	93.3	87.3	96.0	86.8
Zimbabwe	92.3	92.9	89.3	98.0	98.3	93.7	81.9	94.4	94.4	89.3	100.0	82.9
Chad	92.4	93.8	87.5	ND	91.9	91.5	96.8	97.2	88.8	96.4	ND	87.6
Libya	93.5	97.6	95.8	ND	ND	98.9	99.5	77.4	97.8	80.2	98.0	96.1
Sudan	93.8	97.2	98.2	ND	ND	96.3	84.0	97.7	95.0	84.3	95.0	96.9
Congo, Dem. Rep.	94.0	96.7	89.3	ND	91.3	95.8	97.3	98.3	97.2	91.4	92.0	90.7
Afghanistan	94.2	96.2	98.8	99.0	ND	97.4	93.6	96.6	90.5	82.7	ND	93.0
Eritrea	94.5	95.3	91.7	ND	97.1	92.6	100.0	87.6	92.2	94.4	ND	99.2
Central African Republic	94.7	98.1	86.3	ND	94.2	97.9	97.9	98.9	91.1	93.4	ND	94.6
Syria	94.8	98.6	91.7	ND	ND	98.4	92.6	92.1	100.0	82.2	99.0	98.4
Yemen	94.9	94.8	91.7	ND	ND	94.7	89.9	96.0	98.9	99.5	ND	93.8
Korea, Dem. Rep.	96.3	99.1	99.4	ND	100.0	95.2	ND	85.9	96.6	ND	ND	97.7
South Sudan	97.8	99.5	97.0	ND	ND	ND	98.9	100.0	ND	95.9	ND	95.3
Somalia	99.6	100.0	99.4	ND	ND	99.5	ND	99.4	99.4	ND	ND	100.0

ACRONYMS

BTI	Bertelsmann Transformation Index	IEF	Heritage Foundation Index of Economic Freedom
CPI	Corruption Perceptions Index	ND	No data available
EDB	Ease of Doing Business	PRS PRI	PRS Group Political Risk Index
EIU	Economist Intelligence Unit	TRACE	TRACE Matrix (of TRACE Anti-Bribery Compliance Solutions)
FSI	Fragile State Index	WGI	Worldwide Governance Indicators
GAIN	ND Gain Country Readiness Ranking	WJP	World Justice Project Rule of Law Index

Annex 3: Summary of Indexes Reviewed

Type of Risk	Title of Index and Source	Description	Indicators Assessed	Coverage and Methodology
Political (focus on transformation)	BTI Transformation Index Bertelsmann Stiftung http://www.bti-project.org/en/index/	The BTI analyzes and evaluates the quality of democracy, a market economy and political management in developing and transition countries. It measures successes and setbacks on the path toward a democracy based on the rule of law and a socially responsible market economy.	Assesses political transformation (stateness, political participation, rule of law, stability and democratic institutions, political and social integrations), economic transformations (level of socioeconomic development, organization of the market and competition, currency and price stability, private property, welfare regime, economic performance, sustainability), and transformation management (level of difficulty, steering capability, resource efficiency, consensus building, international cooperation).	<p>The BTI covers 129 developing and transition countries and is based on a qualitative expert survey which is then converted to a numerical rating and examined in a multi-stage review process so as to make them comparable both within and across regions. This method allows, for example, a distinction to be made between rights granted de jure and their de facto implementation.</p> <p>A standardized codebook serves as the foundation of the survey process. The first expert drafts a detailed report on the basis of the criteria outlined in the codebook, referencing the qualitative indicators associated with each criterion. The second expert reviews, comments on and adds to this country report. In addition, in the course of answering 11 of the 49 questions (indicators), the country experts are required to draw upon a set of quantitative indicators (ranging from inflation rates to education spending). Independently of one another, the two country experts translate the assessment into a numerical rating on a scale of one (the lowest value) to 10 (highest value), structured by four levels of score-based categories contained in the codebook.</p>
Fragility and conflict	Fragile State Index (FSI) Fund for Peace http://fsi.fundforpeace.org/rankings-2016	The FSI makes political risk assessment and early warning of conflict accessible to policy-makers and the public at large.	Assesses: Demographic pressures, refugees and internally displaced persons, group grievance, human flight and brain drain, uneven economic development, poverty and economic decline, state legitimacy, public services, human rights and rule of law, security apparatus, factionalized elites, external intervention.	<p>The Fragile States Index is an annual ranking of 178 nations based on their levels of stability and the pressures they face.</p> <p>The FSI is based on The Fund for Peace's Conflict Assessment System Tool (CAST) analytical platform. Scores are awarded for every country based on twelve political, social and economic indicators (which in turn include over 100 sub-indicators). The Fund for Peace's software performs content analysis on this collected information and uses various algorithms to convert this into a score representing the significance of each of the various pressures for a given country.</p> <p>The content analysis is further cross-referenced with quantitative analysis and qualitative data on major events in the countries examined.</p>

Corruption	<p>Corruption Perceptions Index (CPI)</p> <p>Transparency International</p> <p>http://www.transparency.org/cpi2015</p>	<p>The CPI scores and ranks countries/territories based on how corrupt a country's public sector is perceived to be. It is a composite index, a combination of surveys and assessments of corruption, collected by a variety of institutions.</p>	<p>Assesses perception of the level of corruption explicitly in the public sector, including the "type" of corruption (e.g., specifically petty corruption), and where appropriate, the effectiveness of corruption prevention.</p>	<p>The CPI was established in 1995. The methodology was changed in 2012 and now allows a comparison of scores over time, which was not methodologically possible prior to 2012.</p> <p>The number of countries included in the index changes each year but 168 countries/territories were covered for 2015.</p> <p>The methodology follows 4 basic steps: selection of source data, rescaling source data, aggregating the rescaled data and then reporting a measure for uncertainty. Source data comes from 12 data sources and is based on expert opinion and peer discussion.</p>
Business risk	<p>EIU operational risk country rankings</p> <p>Economist Intelligence unit</p> <p>http://viewswire.eiu.com/site_info.asp?info_name=VW2_RISK_nib&page=rk&page_title=Risk%20table</p>	<p>EIU quantifies the risks to business profitability in each of the countries covered, taking into account present conditions and expectations for the coming two years.</p>	<p>Assesses: Security risk, political stability risk, government effectiveness risk, legal & regulatory risk, macroeconomic risk, foreign trade & payments risk, financial risk, tax policy risk, labor market risk, infrastructure risk.</p>	<p>The EIU operational risk country rankings cover 181 countries and are updated quarterly.</p> <p>Limited information is publicly available on the scope of the methodology.</p>
Governance	<p>Ibrahim Index of African Governance (IIAG)</p> <p>Mo Ibrahim Foundation</p> <p>http://mo.ibrahim.foundation/iiag/</p>	<p>The IIAG provides an annual assessment of the quality of governance in every African country.</p>	<p>The IIAG consists of more than 90 indicators built up into 14 sub-categories, four categories and one overall measurement of governance performance. The four main categories for assessing governance are: Safety and rule of law, participation and human rights, sustainable economic opportunity, and human development.</p>	<p>The IIAG is published annually and covers 54 African countries. The 2016 IIAG was calculated using data from more than 30 independent, external data sources. To award the scores, the IIAG completes the following steps:</p> <ul style="list-style-type: none"> • Indicators that are consistent with the Foundation's definition of governance and meet the inclusion criteria are selected and positioned within the IIAG structure. Missing data values are estimated. • Data is then rescaled so that scores can be meaningfully compared and combined. • Once the 93 indicators are on a common scale, data is aggregated and averaged to produce an overall country score.

Economic	<p>Index of Economic Freedom (IEF)</p> <p>The Heritage Foundation</p> <p>http://www.heritage.org/index/explore</p>	<p>The IEF measures the impact of liberty and free markets around the globe with an overall assessment based on 10 freedom indicators.</p>	<p>Assesses: Property rights, freedom from corruption, fiscal freedom, government spending, business freedom, labor freedom, monetary freedom, trade freedom, financial freedom, investment freedom.</p>	<p>The Heritage Foundation Index of Economic Freedom covers 186 countries and measures economic freedom based on 10 quantitative and qualitative factors, grouped into four broad categories, or pillars, of economic freedom which include:</p> <ul style="list-style-type: none"> • Rule of law (property rights, freedom from corruption); • Limited government (fiscal freedom, government spending); • Regulatory efficiency (business freedom, labor freedom, monetary freedom); and • Open markets (trade freedom, investment freedom, financial freedom). <p>Each of the ten economic freedoms within these categories is graded on a scale of 0 to 100. The overall score for a country is derived by averaging the ten economic freedoms, with equal weight given to each.</p>
Governance risk (focus on climate vulnerability)	<p>Country Readiness Ranking</p> <p>ND Gain</p> <p>http://index.gain.org/ranking/readiness/governance</p>	<p>The score of governance readiness captures the institutional factors that enhance application of investment for adaptation. Indicators include: political stability and non-violence, control of corruption, regulatory quality, and rule of law.</p>	<p>Assesses: Political stability and non-violence, control of corruption, regulatory quality, and rule of law.</p>	<p>ND-GAIN surveys literature and consults scholars, adaptation practitioners, and global development to develop an aggregate score 192 countries. The ND Gain seeks to assess both a country's vulnerability to climate change as well as it's readiness to address the change. Governance is a core component of the readiness score.</p> <p>Once initial scores have been awarded for the indicators, ND-GAIN follows a "proximity-to-goalpost" approach re-scaling scores between 0 and 1. For each indicator that measures vulnerability, the indicator score shows a country's distance from a target of zero (the lowest possible score). Similarly, for each indicator that measures readiness, the indicator score shows how far a country is from a target readiness of one (the highest possible score).</p>
Political	<p>Political Risk Index (PRI)</p> <p>PRS group</p> <p>https://www.prsgroup.com/category/risk-index</p>	<p>Measures the overall political risk for a given country, calculated by using 17 risk components.</p>	<p>Assesses: Turmoil, financial transfer, direct investment, and export markets.</p>	<p>The PRI covers 140 countries and reports annually with data available for the 2010 to 2015 period.</p> <p>Limited information is publicly available on the scope of the methodology.</p>

<p>Business risk (corruption/ bribery risk)</p>	<p>TRACE Matrix</p> <p>Rand corporation</p> <p>https://www.traceinternational.org/trace-matrix/</p>	<p>The TRACE Matrix measures business bribery risk in all countries.</p>	<p>Assesses countries across four domains – Business Interactions with Government (contact with government, expectations of paying bribes, regulatory burden), anti-bribery laws and enforcement, government and civil service transparency (availability of government budgets publicly, existence of conflict of interest regulations for civil servants), and the Capacity for civil society oversight, including the role of the media – as well as nine sub-domains.</p>	<p>The TRACE Matrix is updated every two years and covers 197 countries.</p> <p>Limited information is publicly available on methodology.</p>
<p>Business risk</p>	<p>Ease of Doing Business (EDB)</p> <p>World Bank</p> <p>http://data.worldbank.org/indicator/IC.BUS.EASE.XQ</p>	<p>The EDB provides objective measures of business regulations and their enforcement across 189 economies. Each economy is ranked according to 10 sets of indicators. These are combined into an overall “ease of doing business” ranking.</p>	<p>The EDB index is meant to measure regulations directly affecting businesses and does not directly measure more general conditions such as a nation's proximity to large markets, quality of infrastructure, inflation, or crime. It assesses: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency.</p>	<p>The World Bank’s Ease of Doing Business covers 185 countries with annual results reported between 2006 and 2016.</p> <p>The EDB rankings ranges from 1 to 189. The ranking of economies is determined by sorting the aggregate “distance to frontier scores”. The “distance to frontier” score is the gap between an economy’s performance and a measure of best practice across the entire sample of 36 indicators for 10 Doing Business topics (the labor market regulation indicators are excluded). First, scores are awarded for each of the sub-categories based the distance from the best performing economy. In the second step for calculating the “distance to frontier” score, the scores obtained for the individual indicators are aggregated through simple averaging into one “distance to frontier score”, first for each topic and then across all 10 topics.</p>
<p>Corruption</p>	<p>World Justice Project Rule of Law Index (WJP)</p> <p>World Justice Project</p> <p>http://data.worldjusticeproject.org/</p>	<p>The WJP measures how the rule of law is experienced in everyday life based on 100,000 household and 2,400 expert surveys worldwide.</p>	<p>Assesses: Informal justice, criminal justice, civil justice, regulatory enforcement, open government, fundamental rights, order and security, absence of corruption, constraints on government powers.</p>	<p>The WJP Rule of Law Index 2015 covers 102 countries and presents information on eight composite factors that are further disaggregated into 44 specific sub-factors. Each score of the Index is calculated using a large number of questions drawn from two original data sources collected by the World Justice Project in each country: a General Population Poll (GPP) and a series of Qualified Respondents’ Questionnaires (QRQs).</p>

				These two data sources collect up-to-date firsthand information that is not available at the global level. They capture the experiences and perceptions of citizens and in-country professionals concerning the performance of the state and its agents and the actual operation of the legal framework in their country. The country scores and rankings presented are built from more than five hundred variables drawn from the assessments of more than 100,000 citizens and legal experts.
Corruption and governance	<p>Worldwide Governance Indicators (WGI)</p> <p>World Bank and Brookings</p> <p>http://info.worldbank.org/governance/wgi/index.aspx#reports</p>	<p>WGI uses a data aggregation approach to combine data source on corruption and governance. Governance includes the process by which governments are selected, monitored and replaced; the capacity of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them.</p>	<p>Assesses the following dimensions: voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, control of corruption.</p>	<p>WGI report on six broad dimensions of governance for 215 countries over the period 1996-2015.</p> <p>Each of the six aggregate WGI measures are constructed by averaging together data from the underlying sources that correspond to the concept of governance being measured. Preliminary rescaling of the individual source data to run from 0 to 1 then takes place with higher values corresponding to better outcomes. The final step in the WGI methodology involves using a statistical tool known as an Unobserved Components Model (UCM) to make the 0-1 rescaled data comparable across sources, and then to construct a weighted average of the data from each source for each country</p> <p>The WGI reports scores for each of the six dimensions but does not aggregate to an overall score.</p>