



2007 International Property Rights Index (IPRI)

*A Project of the Hernando de Soto Fellowship Program
at the Property Rights Alliance (PRA)*

www.propertyrightsalliance.org

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Study conducted by Alexandra Horst, 2006 Hernando de Soto Fellow



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PRA Hernando de Soto Fellowship



“And what we have to do is make sure that it works for the majority, which it's not. What we see in the West, which is the reason why it works, is that capitalism is essentially all about property rights, rights that can be transacted in a market to further the distribution of work, the division of labor. **And what occurs in at least 80% to 85% of a population of the third world and former communist nations is that that part of the population has assets. They do have assets, as a matter of fact, trillions of dollars, but they're not paper rights in a property rights system, so their value cannot travel and actually insert itself into a diversified market.**”

-Hernando de Soto, *Online Newshour*, October 17, 2000.

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Goals for the 2007 IPR Index

- To develop a measure that categorizes countries according to their protection of private property rights
- To generate a measure that integrates both physical *AND* intellectual property rights
- To fully integrate an annual global ranking for usage by our partners in the United States and around the world



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Our Intention

- Allows us to comparatively rank countries on their physical and intellectual property rights systems
 - Provides the basis for future studies that analyze countries according to their property rights' strengths and weaknesses
 - Will assist countries in identifying flaws in their existing property rights policies and legal structure



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Other International Indices

- Heritage's Index of Economic Freedom
- Fraser's Economic Freedom of the World Index



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The IPR Index Distinction

- IPR Index emphasizes the inter-related role of physical AND intellectual property rights in the global community
- Combines the knowledge of existing indices/data sets
- Works collaboratively with our global partners



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Structure

Three Pillars:

1. Legal and political environment (LP)
2. Physical property rights (PPR)
3. Intellectual property rights (IPR)



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1. Legal and Political Environment (LP)

- Judicial Independence
- Confidence in Courts
- Political Stability
- Corruption



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2. Physical Property Rights (PPR)

- Protection of PR
- Registering Property
- Access to Loans



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3. Intellectual Property Rights (IPR)

- Protection of IPR
- Patent Strength
- Copyright Piracy
- Trademark Protection



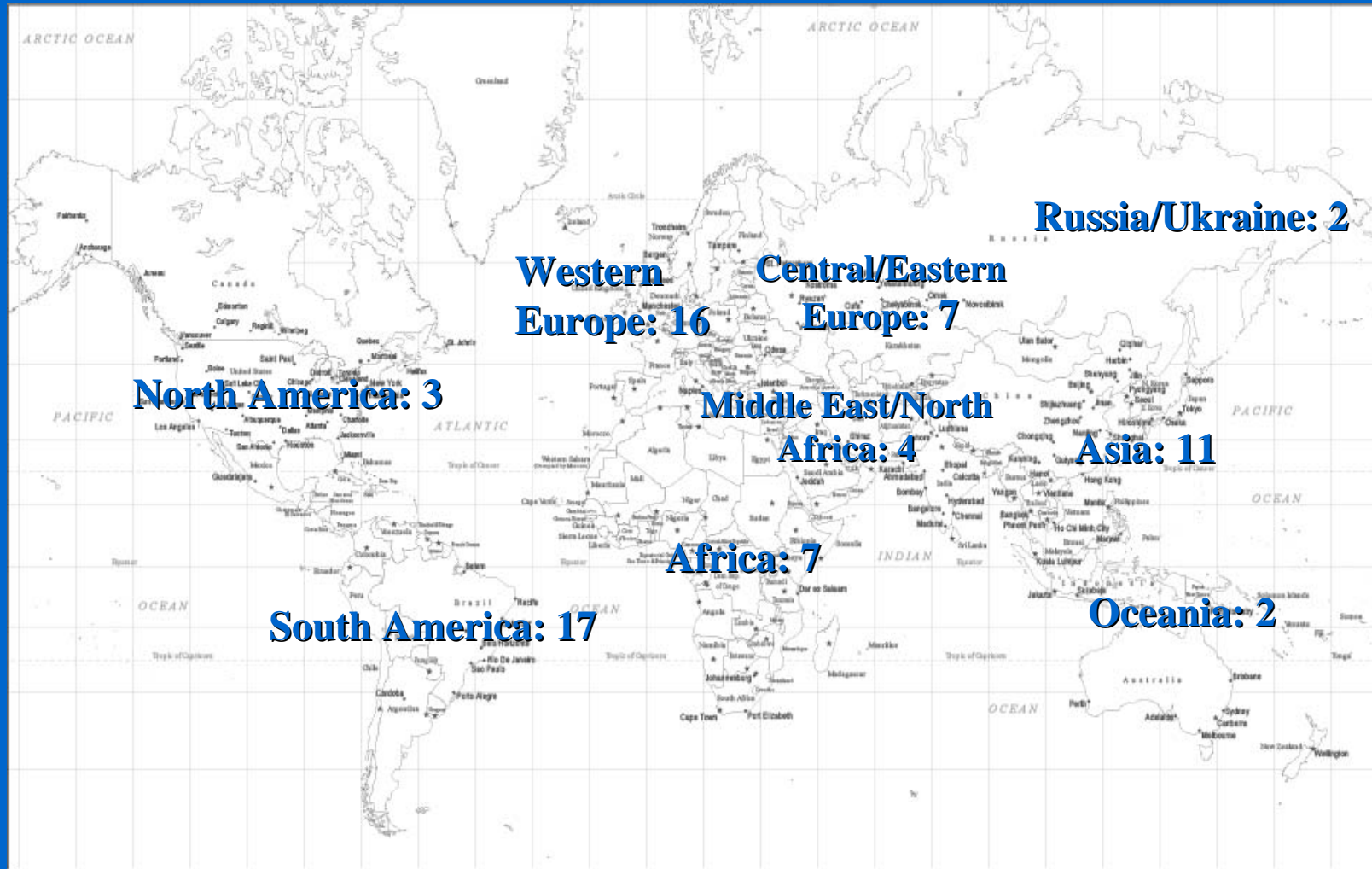
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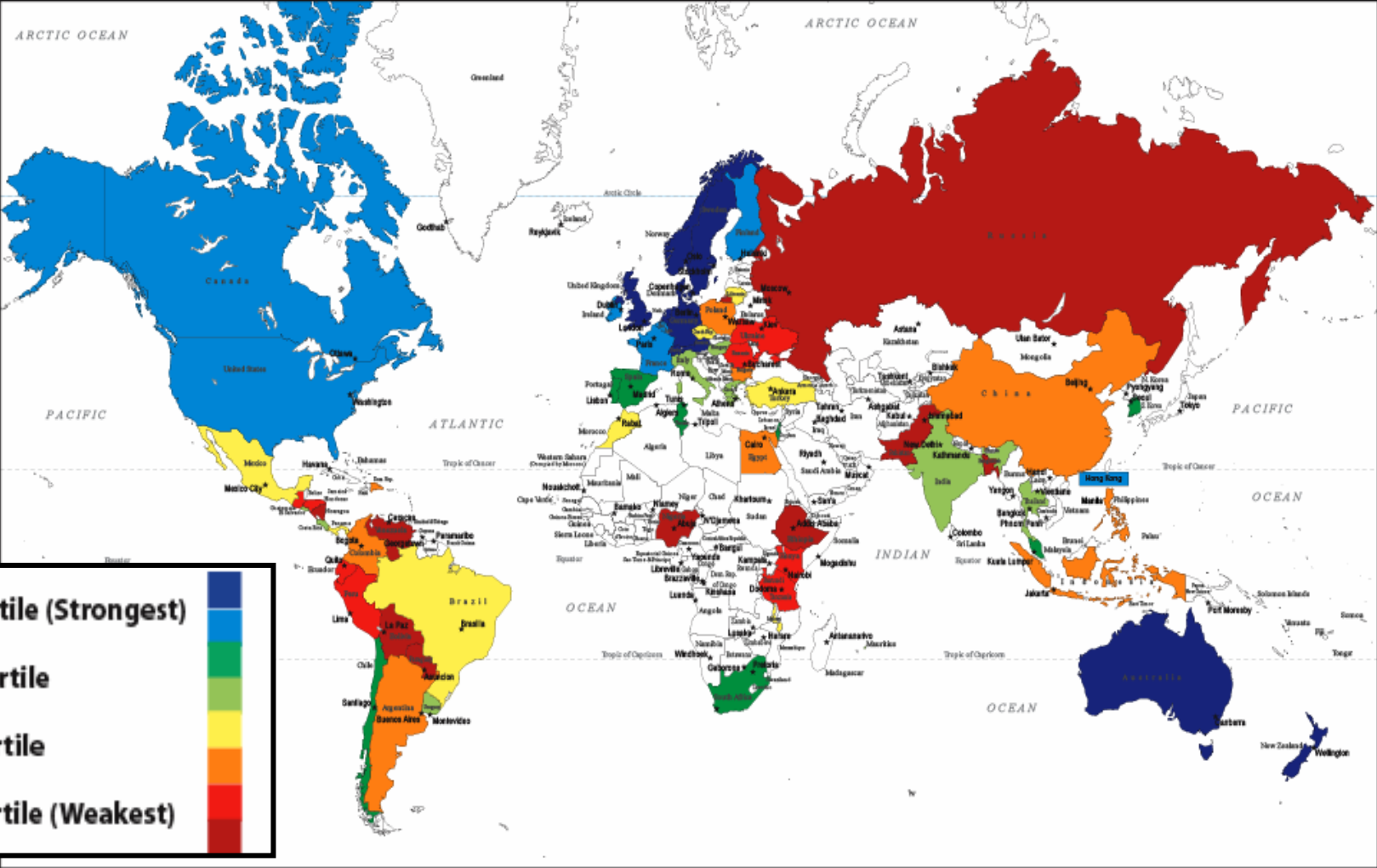


2007 International Property Rights Index Results

Sixty-Nine Countries in Total



Countries By Quartile Ranking



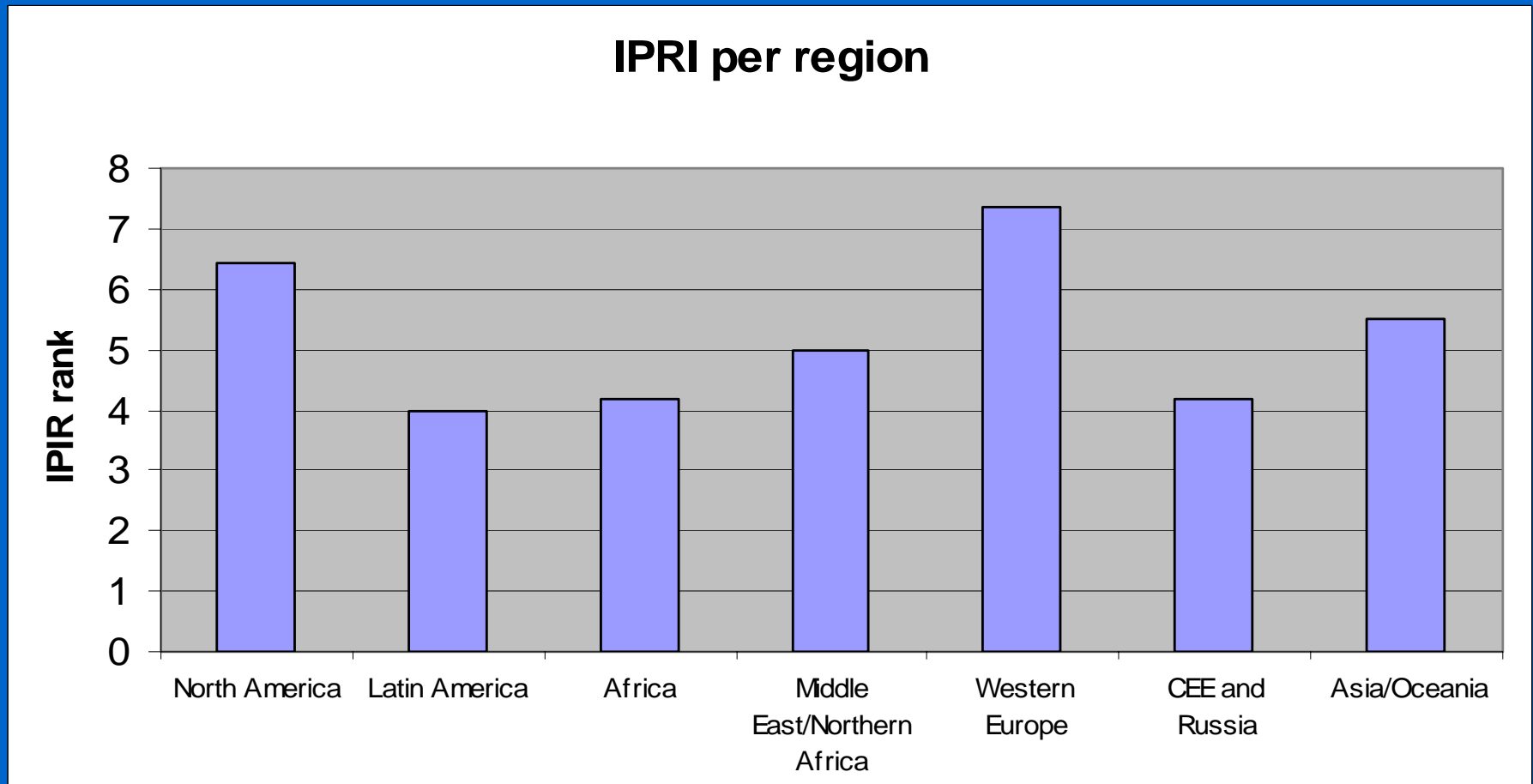
Quartiles

| | Top 25 percent | 2nd quartile | 3rd quartile | Bottom 25 percent |
|------------------|-------------------------|------------------------|------------------------------|--------------------------|
| strongest | Norway (rank 1) | Spain (rank 19) | Lithuania (rank 34) | Tanzania (rank 50) |
| | Netherlands (rank 2) | South Africa (rank 20) | Turkey (rank 37) | Peru (rank 54) |
| | Denmark (rank 3) | Portugal (rank 21) | Czech Republic (rank 38) | Honduras (rank 55) |
| | Sweden (rank 3) | Chile (rank 22) | Panama (rank 38) | Romania (rank 55) |
| | New Zealand (rank 3) | Israel (rank 22) | Malawi (rank 40) | Ukraine (rank 57) |
| | United Kingdom (rank 3) | Korea (rank 24) | Mexico (rank 41) | Kenya (rank 58) |
| | Germany (rank 3) | Malaysia (rank 24) | Morocco (rank 41) | Guatemala (rank 58) |
| | Australia (rank 3) | Tunisia (rank 26) | Brazil (rank 41) | Ecuador (rank 58) |
| | Switzerland (rank 9) | Italy (rank 26) | Colombia (rank 44) | Pakistan (rank 58) |
| | Austria (rank 9) | Greece (rank 28) | China (rank 44) | Russia (rank 62) |
| | Finland (rank 11) | Hungary (rank 29) | Philippines (rank 46) | Nigeria (rank 63) |
| | Singapore (rank 12) | Mauritius (rank 29) | Indonesia (rank 46) | Paraguay (rank 64) |
| | Ireland (rank 13) | Thailand (rank 31) | Poland (rank 48) | Venezuela (rank 65) |
| | Canada (rank 13) | India (rank 32) | Dominican Republic (rank 48) | Nicaragua (rank 66) |
| | United States (rank 13) | Costa Rica (rank 32) | Argentina (rank 50) | Ethiopia (rank 66) |
| | Hong Kong (rank 16) | El Salvador (rank 34) | Egypt (rank 50) | Bolivia (rank 68) |
| | Belgium (rank 17) | Uruguay (rank 34) | Bulgaria (rank 50) | Bangladesh (rank 69) |
| | France (rank 18) | | | |
| | weakest | | | |

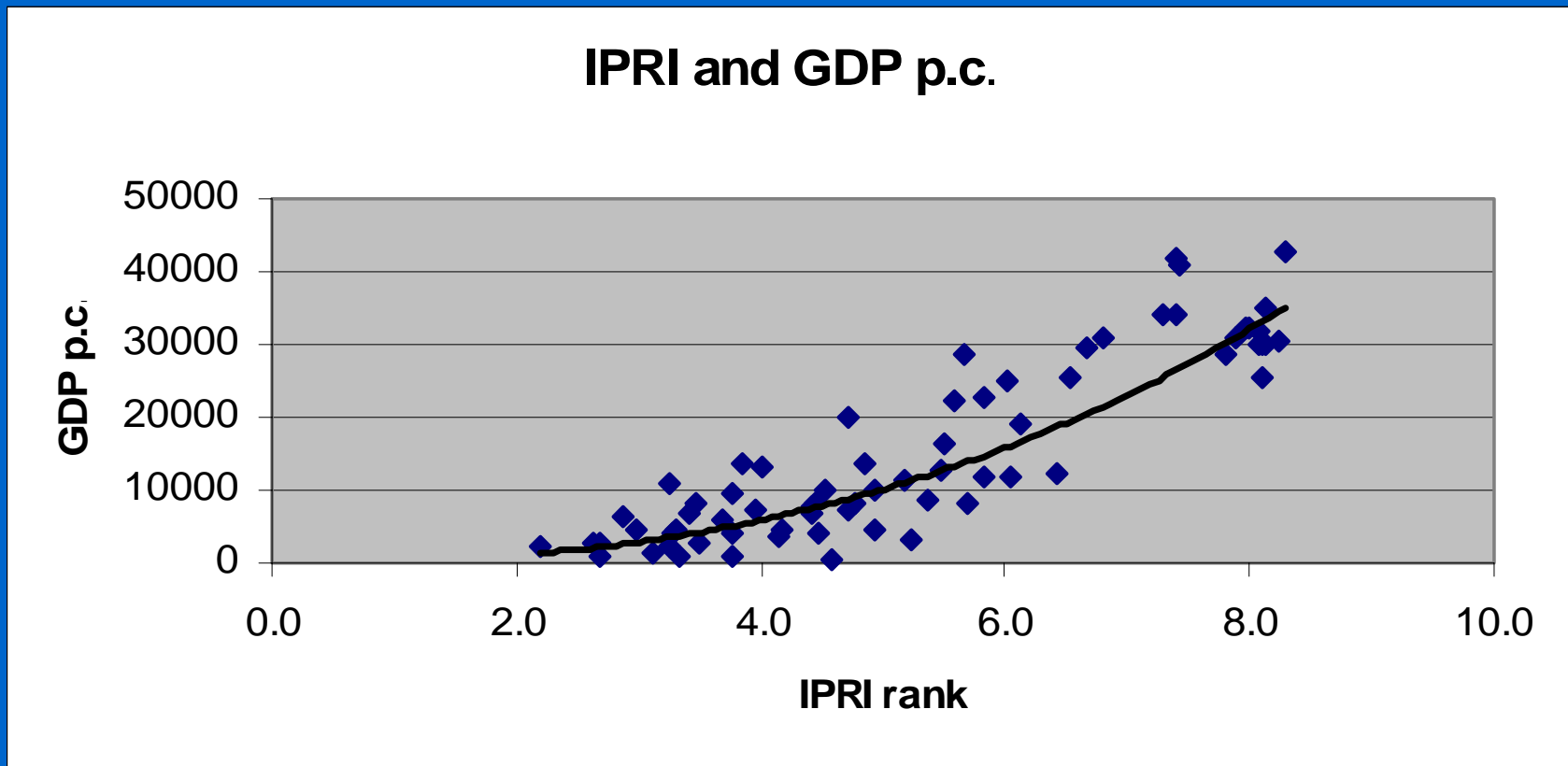
The Strong and the Weak

| | IPRI | LP | PPR | IPR |
|--|-------------|-------------|----------------------|----------------|
| strongest | | | | |
|  | Norway | New Zealand | Norway | Germany |
| | Netherlands | Switzerland | Sweden | Finland |
| | Denmark | Norway | Netherlands | Austria |
| | Sweden | Denmark | United Kingdom | Australia |
| | New Zealand | Sweden | Finland | United Kingdom |
| | | | | |
| | Venezuela | Zimbabwe | Bosnia & Herzegovina | Bangladesh |
| | Nicaragua | Burundi | Suriname | Paraguay |
| | Ethiopia | Chad | Bangladesh | Guatemala |
| | Bolivia | Venezuela | Angola | Ethiopia |
| weakest | Bangladesh | Bangladesh | Uganda | Bolivia |

IPRI Average by Region



IPRI and GDP per capita

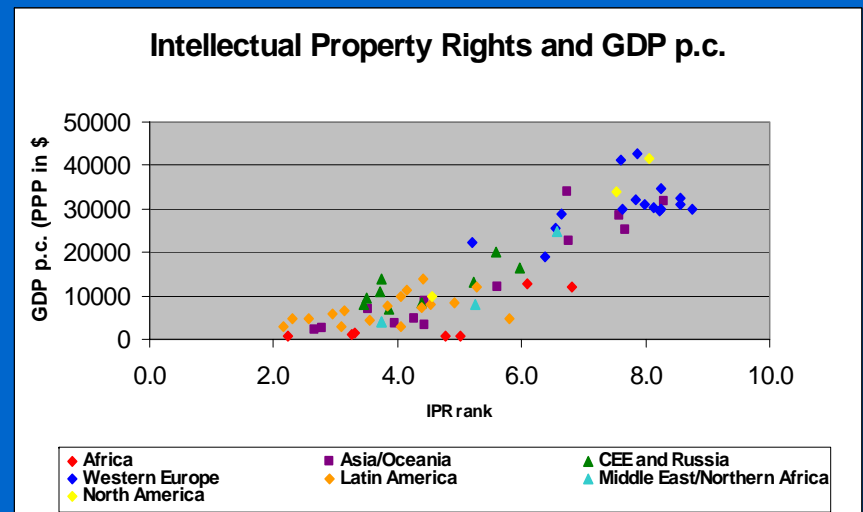
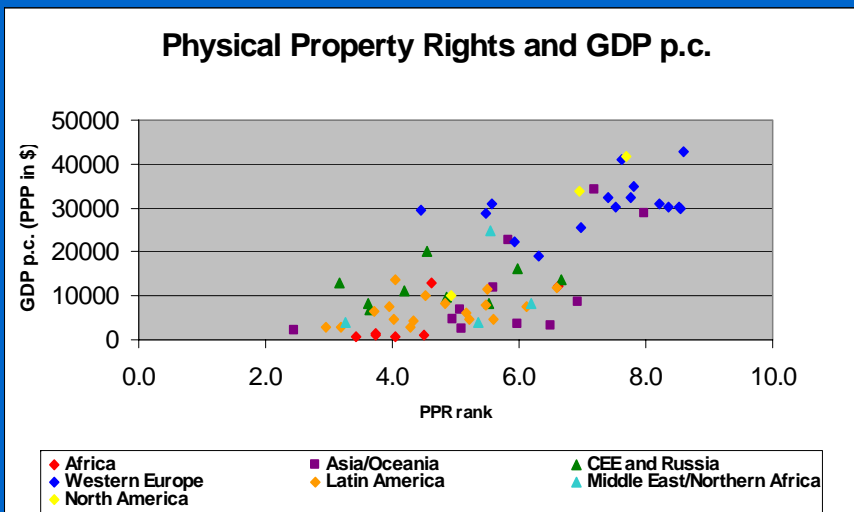
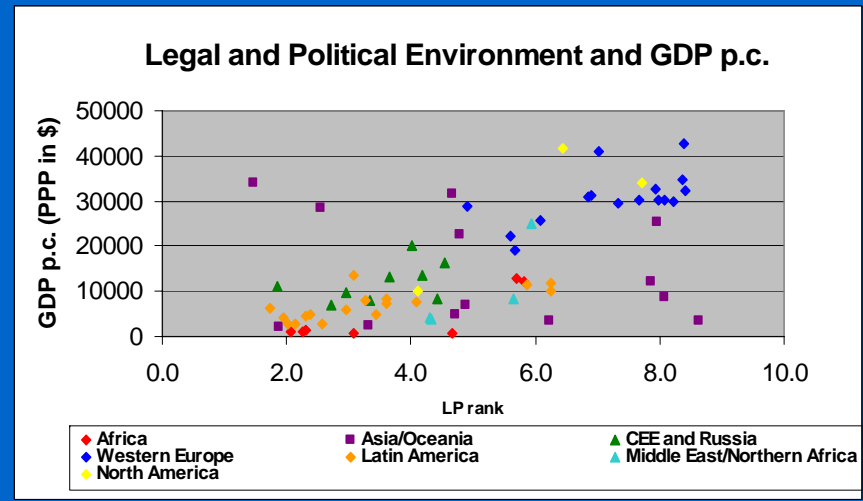
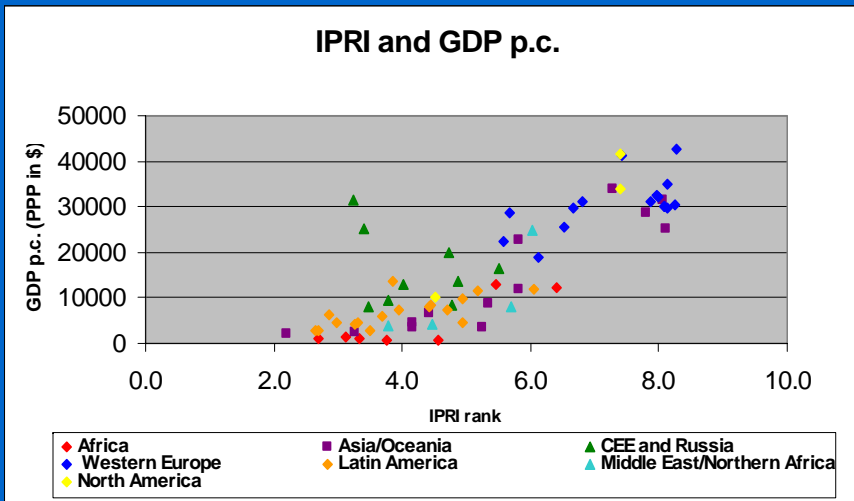


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Average GDP p.c. per Quartile

| <i>Quartile</i> | <i>av. GDP p.c.</i> |
|-------------------|---------------------|
| Top 25 percent | \$32,800 |
| 2nd Quartile | \$14,976 |
| 3rd Quartile | \$8,429 |
| Bottom 25 percent | \$4,082 |

Variable Trends



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Key Findings

- **Industrialized nations have stronger IPRI results**
- **Countries utilized in IPR Index represent 85% of world GDP**
- **Positive relationship between property rights strength and GDP per capita**
- **Citizens of countries in the top quartile in the IPRI ranking enjoy a per capita income that is more than eight times as high as their counterparts in the bottom quartile.**



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2007 IPRI Report

- IPRI Report will be released in February
- PRA will also present the IPRI with a consideration for gender equality
- PRA will work in conjunction with third-party advocacy organizations, think tanks and business organizations to disseminate the study
- The full database can be obtained by request from Property Rights Alliance and will be available on www.ipri.org in February 2007



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Future Plans for IPRI

- Each year forward, the Hernando de Soto Fellow will be updating and expanding the International Property Rights Index (IPRI)
- PRA will begin partnering with our allies in the global community to distribute and market the Index each year. *Projected Partners for 2007: 30.*
- Individual country case studies will be developed to further examine private property rights and its effects on the IPR Index



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For More Information:

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Thank you

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Full Table Results

| Country | LP | PPR | IPR | IPRI |
|--------------------|-----------|------------|------------|-------------|
| Argentina | 3.1 | 4.1 | 4.4 | 3.8 |
| Australia | 8.1 | 7.8 | 8.3 | 8.1 |
| Austria | 7.9 | 7.4 | 8.6 | 8.0 |
| Bangladesh | 1.5 | 2.5 | 2.7 | 2.2 |
| Belgium | 6.9 | 5.6 | 8.0 | 6.8 |
| Bolivia | 2.6 | 3.2 | 2.2 | 2.6 |
| Brazil | 3.6 | 4.8 | 4.9 | 4.5 |
| Bulgaria | 3.0 | 4.9 | 3.5 | 3.8 |
| Canada | 7.7 | 7.0 | 7.5 | 7.4 |
| Chile | 6.3 | 6.6 | 5.3 | 6.0 |
| China | 4.7 | 5.1 | 3.5 | 4.4 |
| Colombia | 3.3 | 5.5 | 4.5 | 4.4 |
| Costa Rica | 5.9 | 5.5 | 4.1 | 5.2 |
| Czech Republic | 4.0 | 4.6 | 5.6 | 4.7 |
| Denmark | 8.4 | 7.8 | 8.2 | 8.1 |
| Dominican Republic | 4.1 | 4.0 | 3.8 | 4.0 |
| Ecuador | 1.9 | 4.3 | 3.6 | 3.3 |
| Egypt | 4.3 | 3.3 | 3.7 | 3.8 |
| El Salvador | 3.4 | 5.6 | 5.8 | 4.9 |
| Ethiopia | 2.1 | 3.7 | 2.2 | 2.7 |
| Finland | 6.9 | 8.2 | 8.6 | 7.9 |
| France | 7.3 | 4.5 | 8.2 | 6.7 |

| Country | LP | PPR | IPR | IPRI |
|----------------|-----------|------------|------------|-------------|
| Germany | 8.0 | 7.5 | 8.8 | 8.1 |
| Greece | 5.6 | 5.9 | 5.2 | 5.6 |
| Guatemala | 2.4 | 5.2 | 2.3 | 3.3 |
| Honduras | 2.1 | 4.3 | 4.0 | 3.5 |
| Hong Kong | 7.9 | 7.2 | 6.7 | 7.3 |
| Hungary | 4.5 | 6.0 | 6.0 | 5.5 |
| India | 4.8 | 6.5 | 4.4 | 5.2 |
| Indonesia | 2.5 | 6.0 | 4.0 | 4.2 |
| Ireland | 7.0 | 7.6 | 7.6 | 7.4 |
| Israel | 5.9 | 5.5 | 6.6 | 6.0 |
| Italy | 4.9 | 5.5 | 6.6 | 5.7 |
| Kenya | 2.3 | 4.5 | 3.2 | 3.3 |
| Korea | 4.9 | 5.8 | 6.8 | 5.8 |
| Lithuania | 4.2 | 6.7 | 3.7 | 4.9 |
| Malawi | 4.7 | 4.0 | 5.0 | 4.6 |
| Malaysia | 6.2 | 5.6 | 5.6 | 5.8 |
| Mauritius | 5.7 | 4.6 | 6.1 | 5.5 |
| Mexico | 4.1 | 4.9 | 4.5 | 4.5 |
| Morocco | 4.3 | 5.4 | 3.7 | 4.5 |
| Netherlands | 8.1 | 8.5 | 8.1 | 8.2 |
| New Zealand | 8.6 | 8.0 | 7.7 | 8.1 |
| Nicaragua | 2.0 | 2.9 | 3.1 | 2.7 |
| Nigeria | 2.3 | 3.7 | 3.3 | 3.1 |
| Norway | 8.4 | 8.6 | 7.9 | 8.3 |

| Country | LP | PPR | IPR | IPRI |
|----------------|-----|-----|-----|------|
| Pakistan | 1.9 | 5.1 | 2.8 | 3.3 |
| Panama | 3.6 | 6.1 | 4.4 | 4.7 |
| Paraguay | 2.3 | 4.0 | 2.6 | 3.0 |
| Peru | 2.9 | 5.2 | 2.9 | 3.7 |
| Philippines | 3.3 | 5.0 | 4.3 | 4.2 |
| Poland | 3.7 | 3.2 | 5.2 | 4.0 |
| Portugal | 5.7 | 6.3 | 6.4 | 6.1 |
| Romania | 3.3 | 3.6 | 3.4 | 3.5 |
| Russia | 1.9 | 4.2 | 3.7 | 3.2 |
| Singapore | 7.9 | 8.0 | 7.6 | 7.8 |
| South Africa | 5.8 | 6.6 | 6.8 | 6.4 |
| Spain | 6.1 | 7.0 | 6.6 | 6.5 |
| Sweden | 8.2 | 8.5 | 7.6 | 8.1 |
| Switzerland | 8.4 | 7.8 | 7.8 | 8.0 |
| Tanzania | 3.1 | 3.4 | 4.8 | 3.8 |
| Thailand | 4.7 | 6.9 | 4.4 | 5.4 |
| Tunisia | 5.6 | 6.2 | 5.3 | 5.7 |
| Turkey | 4.4 | 5.5 | 4.4 | 4.8 |
| Ukraine | 2.7 | 3.6 | 3.9 | 3.4 |
| United Kingdom | 7.7 | 8.4 | 8.3 | 8.1 |
| United States | 6.4 | 7.7 | 8.0 | 7.4 |
| Uruguay | 6.2 | 4.5 | 4.0 | 4.9 |
| Venezuela | 1.7 | 3.7 | 3.1 | 2.9 |

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Thank you for your attention



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