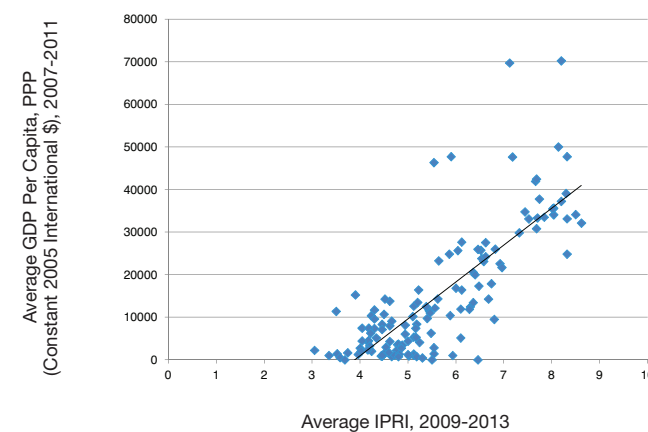


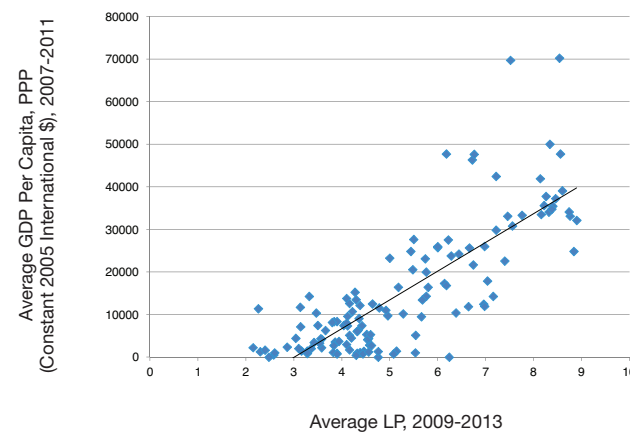
## IPRI and Economic Outcomes

**Figure 3-6** shows the relationship between the IPRI scores (index and related components) and GDP per capita. Overall, the relationships are strong and significant. In particular, the correlation coefficient between IPRI values and GDP per capita values is 0.79 ( $p < 0.001$ ). With regard to the individual components, the strongest relationship is reported for LP whose correlation coefficient is 0.80 ( $p < 0.001$ ). PPR and IPR correlate with GDP per capita with correlation coefficients of 0.70 ( $p < 0.001$ ) and 0.71 ( $p < 0.001$ ) respectively. We can conclude that there is a positive, strong, and significant relationship between fortitude of property rights system and individual level measure of country performance, such as GDP per capita.

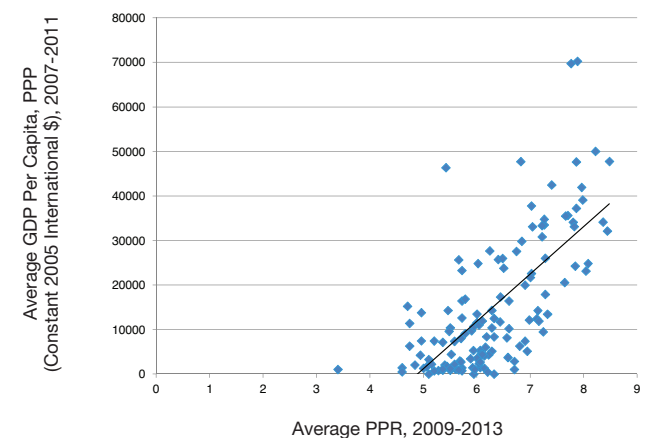
**Figure 3: Relationship Between IPRI and GDP Per Capita**



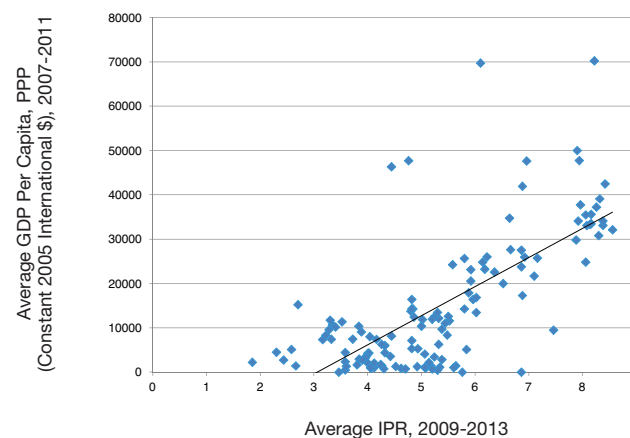
**Figure 4: Relationship Between LP and GDP Per Capita**



**Figure 5: Relationship Between PPR and GDP Per Capita**



**Figure 6: Relationship Between IPR and GDP Per Capita**



## IPRI Case Studies

### Case study on Tunisia - The Arab Spring: A Massive Clamor for Access to Property and Business Rights by Dr. Ana Lucía Camaïora

The study describes ILD's research on the Arab Spring — especially in Tunisia — and shows the economic roots as well as the legal discrimination/exclusion behind the revolution. It was sparked by the self-immolation of a Tunisian street fruit vendor; the revolution then spread throughout the Middle East and North Africa (MENA), toppling dictators and fighting for opportunities to provide the poor with the same rights as those people with formal property rights and businesses in those countries. The study shows the magnitude of informality in Tunisia, as well as the obstacles and costs of an inadequate legal system — in this and other countries in the region — that do not give the majority of its informal entrepreneurs access to the legal tools needed to succeed in the national and global markets. Additionally, the study assesses the reasons why the governments in these countries have not done what is necessary to remove the economic constraints affecting their citizens, and concludes that only those politicians, who understand that their informal entrepreneurs are already working in the market and comprise a huge constituency, will be able to change the status quo and channel the Arab Spring towards sustainable growth and peace for their nations.

### Case study on Venezuela - Status of Property in Venezuela by Prof. Luis Alfonso Herrera and Prof. Felipe Benítez

Since roughly 2005, but with greater emphasis beginning in 2007 (when the Venezuelan government attempted to reform the Constitution), there has been a systematic state policy -- rather than general, continued, and gradual -- implemented which dismisses tangible and intangible property rights. This policy is expressed in actions such as: laws which reserve the State the ownership of agrarian lands; laws that declare urban lands in the public interest open for seizures; decrees on rescue of agrarian and urban lands; laws that declare all production goods in public interest; use of seizure as administrative penalty; discriminatory seizures without compensation; permanent exchange regulations and unlimited discretionary acts of government; decrees on takeover and use of private companies; and refusal to register and protect intangible property rights; among others. Due to the decrees, laws, and regulations issued between 2007 and 2012, Venezuela's legal system is  $\pm$  85% against property rights. For this reason, short and medium-term recommendations have been made based on endpoints to stop said policy, reassert ownership, and lay a legal framework based on respect for property rights.

### Case Study on China- Protection of Property Rights as a Key to Economic Success in China by Prof. Xingyuan Feng, Prof. Christer Ljungwall, and Prof. Yeliang Xia

China is now the world's second largest economy in terms of GDP and a new member of the middle-income economies. However, a number of political, economic, and social problems have created a bottleneck in maintaining sustainable economic growth. This can result in a "middle-income trap". Since China's reform and opening-up in 1978, the resurgence and development of the private sector has been the key to China's economic success. Entrepreneurs in non-state enterprises were initially suppressed, but then gradually tolerated and ultimately recognized by the government. Another source of private sector development is the level of privatization that has taken place in China. Since 2006, renationalization sped up a government policy of creating mega SOEs by the merging of existing SOEs that could be global players. At the same time, the government has relied too much on increases in fiscal spending to maintain high economic growth. Renationalization and excessive fiscal spending not only led to the crowding out of private investment and private sector development, it also delayed the adjustment of ownership and industrial structures in the Chinese economy. In addition, Chinese urbanization is pressing forward at the expense farmers' property rights. In summary, the only way out of an all-out crisis is to boost private sector development and better protect the property rights of farmers and private entrepreneurs.

### Case study on Thailand- Thailand's Titles Project Seen from the Perspective of Economic Development by Prof. Kriengsak Chareonwongsak

Property rights are fundamentally important to capitalism. However, when a property rights system is incomplete and property rights laws are enforced ineffectively, slow economic growth is the result. This leads to a higher incidence of poverty and there is a high incidence of poverty. This article aims to evaluate the completeness of the property rights system in Thailand and the impact of an incomplete property rights system. The framework of this article uses four components of efficient property rights structure; including universality, exclusivity, transferability, and enforceability. The result of this study shows that nearly all public land lacks complete property rights due to unclear boundaries of land ownership. Almost half of all private land titles assign no complete property rights to their landowners. Incomplete property rights to both public and private land impacts Thailand's economic development with such problems as poverty among agriculturists, uneven land distribution, land under-utilization, and the problem of trespass. As to the problems of incomplete property rights, suggestions have been proposed. For example, integrate the country's land management system, change all land title documents to be of the same type, reform land taxation in order to distribute land, establish a National Land Bank for the poor, and other solutions.

# 2013 REPORT



The 2013 edition ranks 131 countries, representing 98 percent of world Gross Domestic Product and 93 percent of world population.

With a special introduction on the Arab Spring and Property Rights by Hernando de Soto

Study conducted by Francesco Di Lorenzo, 2012 Hernando de Soto Fellow



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## INTERNATIONAL PROPERTY RIGHTS INDEX

The IPRI is an annual comparative study that aims to quantify the strength of the property rights – both physical and intellectual – and to rank countries accordingly. The IPRI scores and ranks each country based on 10 factors reflecting the state of its Legal and Political Environment (LP), Physical Property Rights (PPR) and Intellectual Property Rights (IPR). The 2013 edition is based on 131 countries and it explores the last 5 years between 2009 and 2013. This edition represents 98 percent of the world Gross Domestic Product and 93 percent of the world population.

FINLAND 1	8.6	POLAND 44	6.2	GUAYANA 91	4.7
NEW ZEALAND 2	8.4	RWANDA 44	6.2	MAURITANIA 91	4.7
SWEDEN 2	8.4	ITALY 47	6.1	GUATEMALA 91	4.7
NORWAY 4	8.3	JORDAN 48	6.0	BOLIVIA 91	4.7
NETHERLANDS 5	8.2	LITHUANIA 48	6.0	VIETNAM 91	4.7
SWITZERLAND 5	8.2	SLOVENIA 48	6.0	ARGENTINA 96	4.6
LUXEMBURG 7	8.1	COSTA RICA 51	5.9	DOMINICAN REPUBLIC 96	4.6
SINGAPORE 7	8.1	KUWAIT 52	5.8	ARMENIA 96	4.6
DENMARK 9	8.0	LATVIA 53	5.7	MOZAMBIQUE 96	4.6
CANADA 9	8.0	TRINIDAD AND TOBAGO 53	5.7	KENYA 96	4.6
AUSTRALIA 11	7.9	BRUNEI DARUSSALAM 53	5.7	ECUADOR 96	4.6
AUSTRIA 12	7.8	PANAMA 56	5.6	RUSSIA 102	4.5
UNITED KINGDOM (UK) 12	7.8	BRAZIL 56	5.6	AZERBAIJAN 102	4.5
HONG KONG (SAR OF CHINA) 12	7.7	TURKEY 58	5.5	SENEGAL 102	4.5
JAPAN 14	7.7	BULGARIA 58	5.5	KAZAKHSTAN 102	4.5
GERMANY 14	7.7	INDIA 58	5.5	NEPAL 102	4.5
UNITED STATES (USA) 17	7.6	GHANA 58	5.5	SERBIA 107	4.4
BELGIUM 18	7.5	CHINA 58	5.5	ETHIOPIA 107	4.4
IRELAND 18	7.5	GREECE 63	5.4	BOSNIA AND HERZEGOVINA 107	4.4
FRANCE 20	7.3	JAMAICA 63	5.4	NICARAGUA 107	4.4
QATAR 20	7.3	LIBERIA 65	5.3	IRAN, ISLAMIC REPUBLIC OF 111	4.3
ICELAND 22	7.2	MOROCCO 65	5.3	PARAGUAY 113	4.2
UNITED ARAB EMIRATES 22	7.2	ROMANIA 65	5.3	ALBANIA 113	4.2
TAIWAN (CHINA) 22	7.2	CROATIA 68	5.2	LEBANON 113	4.2
MALTA 25	7.0	MEXICO 68	5.2	MADAGASCAR 113	4.2
SOUTH AFRICA 26	6.8	COLOMBIA 68	5.2	GEORGIA 113	4.2
PORTUGAL 26	6.8	GABON 68	5.1	UKRAINE 113	4.2
CHILE 26	6.8	THAILAND 72	5.1	PAKISTAN 119	4.1
ESTONIA 29	6.7	SWAZILAND 72	5.1	MOLDOVA, REPUBLIC OF 119	4.1
ISRAEL 29	6.7	MONTENEGRO 72	5.1	CHAD 121	4.0
OMAN 31	6.6	BURKINA FASO 72	5.1	CÔTE D'IVOIRE 122	3.9
CYPRUS 31	6.6	MALAWI 72	5.1	NIGERIA 122	3.9
CZECH REPUBLIC 33	6.5	BENIN 77	5.0	ZIMBABWE 124	3.8
MALAYSIA 33	6.5	PERU 77	5.0	ALGERIA 125	3.7
SPAIN 33	6.5	SRI LANKA 77	5.0	BANGLADESH 126	3.5
BAHRAIN 33	6.5	PHILIPPINES 77	5.0	LIBYA 127	3.4
SAUDI ARABIA 37	6.4	MALI 81	4.9	HAITI 127	3.4
PUERTO RICO (USA) 37	6.4	TANZANIA, UNITED 81	4.9	BURUNDI 127	3.4
KOREA, REPUBLIC 37	6.4	MACEDONIA (FYROM) 81	4.9	VENEZUELA, BOLIVARIAN 127	3.4
HUNGARY 40	6.3	UGANDA 81	4.9	YEMEN, REPUBLIC OF 131	3.1
BOTSWANA 40	6.3	INDONESIA 81	4.9		
MAURITIUS 40	6.3	ZAMBIA 81	4.9		
SLOVAKIA 44	6.3	SIERRA LEONE 87	4.8		
URUGUAY 44	6.2	EL SALVADOR 87	4.8		
		HONDURAS 87	4.8		
		EGYPT 87	4.8		

- Finland leads the 2013 ranking with a score of 8.6 out of 10. New Zealand and Sweden place second with a score of 8.4, followed by Norway at 8.3. Singapore shows the best score in the South East Asia area with 8.1. Canada enters in the ranking at #9 with a score of 8.0, along with Denmark, with a distance of 0.4 from United States (7.6) that ranks #17.
- At the bottom of the 2013 ranking there are mainly countries from the Africa and Middle East regions; for example, Yemen (3.1), Burundi (3.4), Nigeria (3.9). However, non-African countries such as, Venezuela (#127), Haiti (#127) and Bangladesh (#126) also have very low IPRI scores.
- **Figure 2** shows that, on average, countries in the top quintile of IPRI scores (i.e. top 20%) show a per capita income approximately seven times that of the bottom quintile countries. Statistics for Figure 2 are based on the averages of the IPRI scores for years 2009–2013 and corresponding data on average GDP per capita in Purchasing Power Parity (PPP) terms for the years 2007–2011. The same relationship is observed when using only the last year of the IPRI scores and high income per capita data.

Income Group	Average GDP Per Capita, PPP (Constant 2005 International \$), 2007-2011
Top 20 Percent	\$38,287.85
2nd Quintile	\$26,680.04
3rd Quintile	\$15,692.88
4th Quintile	\$5,140.91
Bottom 20 Percent	\$5,544.74

To account for gender differences in access to property rights, the IPRI extends the standard index to include a measure of gender equality (GE). When accounting for gender, the IPRI specifically focuses the analysis on non-OECD countries. Data have been collected on Women's Access to Land, Women's Access to Credit, Women's Access to Property Other than Land, Inheritance Practices, and Women's Social Rights. Results show that the top two countries are both in Asia. Singapore tops the ranking for the IPRI(GE) with a score of 9.9, followed by Hong Kong with a score of 9.7. The remaining countries in the top 10 are more geographically dispersed with countries from the Middle East, Africa, and Latin America. Burundi has the lowest IPRI (GE) score at 4.1.