

MCC Selection Policy Indicators: Short Descriptions

RULING JUSTLY

- 1. Political Rights:** A panel of independent experts rates countries on: the prevalence of free and fair elections of officials with real power; the ability of citizens to form political parties that may compete fairly in elections; freedom from domination by the military, foreign powers, totalitarian parties, religious hierarchies and economic oligarchies; and the political rights of minority groups. Source: Freedom House.
- 2. Civil Liberties:** A panel of independent experts rates countries on: freedom of expression, association and organizational rights, rule of law and human rights, and personal autonomy and economic rights. Source: Freedom House.
- 3. Control of Corruption:** An index of surveys rating countries on: the frequency of “additional payments to get things done”, the effects of corruption on the business environment, “grand corruption” in the political arena and the tendency of elites to engage in “state capture”. Source: World Bank Institute (WBI).
- 4. Government Effectiveness:** An index of surveys rating countries on: quality of public service provision, civil service competency and independence from political pressures, and the government’s ability to plan and implement sound policies. Source: World Bank Institute (WBI).
- 5. Rule of Law:** An index of surveys rating countries on: the extent to which the public has confidence in and abides by rules of society; incidence of violent and non-violent crime; effectiveness and predictability of the judiciary; and the enforceability of contracts. Source: World Bank Institute (WBI).
- 6. Voice and Accountability:** An index of surveys rating countries on: Institutions’ ability to protect civil liberties, extent of citizen participation in government selection, and media independence. Source: World Bank Institute (WBI).

INVESTING IN PEOPLE

- 1. Immunization:** The average of DPT3 and measles immunization rates for the most recent year available. Source: World Health Organization (WHO).
- 2. Public Expenditure on Health:** Total expenditures by government at all levels on health divided by GDP. Source: World Health Organization (WHO).
- 3. Public Expenditure on Primary Education:** Total expenditure by government at all levels on primary education divided by GDP. Source: UNESCO / National Sources.
- 4. Girls’ Primary Completion Rate:** The number of female students completing primary education divided by the population in the relevant age cohort. Source: UNESCO.
- 5. Natural Resource Management:** This revised composite index is comprised of four indicators: Eco-region protection; Access to improved sanitation; Access to improved water; Child mortality. Source: Columbia University’s Center for International Earth Science Information Network / Yale Center for Environmental Law and Policy (CIESIN/Yale).

ECONOMIC FREEDOM

- 1. Regulatory Quality Indicator:** This indicator measures the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development. The indicator is an index combining up to 14 different polls and surveys that rates countries on: the burden of regulations on business, price controls, the government's role in the economy, foreign investment regulation and many other areas. Source: World Bank Institute (WBI).
- 2. Land Rights and Access Indicator:** This index evaluates whether and to what extent governments are investing in secure land tenure, which facilitates long-term investments in land productivity and diminishes the likelihood of short-term actions with negative environmental impacts. This index is calculated as the weighted average of three indicators: access to land, days to register property, cost of registering property. Access to Land is weighted 50% and Days and Cost to Register Property are each weighted 25%. Source: International Fund for Agricultural Development (IFAD) and International Finance Corporation (IFC).
- 3. Business Start-Up Indicator:** The Business Start-Up index is calculated as the average of two indicators: days to start a business, cost of starting a business. Local lawyers and other professionals examine specific regulations that impact the time and cost of opening a new business. Source: International Finance Corporation (IFC).
- 4. Trade Policy:** A measure of a country's openness to International trade based on average tariff rates and non-tariff barriers to trade. Source: Heritage Foundation.
- 5. Inflation:** the most recent 12 month change in consumer process as reported in the IMF's International Finance Statistics or in another public forum by the relevant national monetary authorities. Source: IMF World Economic Outlook (WEO).
- 6. Fiscal Policy:** Overall budget deficit divided by GDP, averaged over a 3 year period. The data is provided directly by the recipient government but is cross checked with other sources and made publicly available. Source: National Sources and IMF.