This appendix complements the data tables by providing, for each of the 81 indicators included in the Global Innovation Index (GII) this year, its title, its description, its definition, and its source. For each indicator for each country/economy, the most recent value within the 10-year period 2007–16 was used (with four exceptions: indicators 2.2.2, 5.1.2, 6.2.5, and 7.2.4, for which time periods were extended to 2006, and are noted in this appendix). Further details are explained in Appendix IV Technical Notes. The single year given next to the description corresponds to the most frequent year for which data were available; when more than one year is considered, the period is indicated at the end of the indicator’s source in parentheses.

Some indicators received special treatment in the computation. A few variables required scaling by some other indicator to be comparable across countries, or through division by gross domestic product (GDP) in current US dollars, purchasing power parity GDP in international dollars (PPP$ GDP), population, total exports, total trade, and so on. Details are provided in this appendix. The scaling factor was in each case the value corresponding to the same year of the particular indicator. In addition, 35 indicators that were assigned half weight are singled out with an ‘a’. Finally, indicators for which higher scores indicate worse outcomes, commonly known as ‘bads’, are differentiated with a ‘b’ (details on the computation can be found in Appendix IV Technical Notes).

A total of 57 variables are hard data; 19 are composite indicators from international agencies, distinguished with an asterisk (*); and 5 are survey questions from the World Economic Forum’s Executive Opinion Survey (EOS), singled out with a dagger (†).
1 Institutions

1.1 Political environment

1.1.1 Political stability and absence of violence-terrorism

Political stability and absence of violence-terrorism index | 2015

Index that measures perceptions of the likelihood of political instability and/or politically motivated violence, including terrorism. Scores are standardized.


1.1.2 Political environment

Political environment index | 2015

Indicators that measure perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government’s commitment to such policies. Scores are standardized.


1.2 Regulatory environment

1.2.1 Regulatory quality

Regulatory quality index | 2015

Index that measures perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. Scores are standardized.


1.2.2 Rule of law

Rule of law index | 2015

Index that reflects perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government’s commitment to such policies. Scores are standardized.


1.2.3 Cost of redundancy dismissal

Cost of redundancy dismissal (in salary weeks, averages for workers with 1, 5, and 10 years of tenure, with a minimum threshold of 8 weeks) | 2016

Doing Business has historically studied the flexibility of regulation of employment specifically as it relates to the areas of hiring, working hours, and redundancy. Over the period from 2007 to 2011 improvements were made to align the methodology for the labour market regulation indicators (formerly the employing workers indicators) with the letter and spirit of the International Labour Organization (ILO) conventions. Redundancy cost measures the cost of advance notice requirements and severance payments due when terminating a redundant worker, expressed in weeks of salary. The average value of notice requirements and severance payments applicable to a worker with 1 year of tenure, a worker with 5 years, and a worker with 10 years is also considered. One month is recorded as 4 and 1/3 weeks. If the redundancy cost adds up to 8 or fewer weeks of salary, a value of 8 is assigned but the actual number of weeks is published. If the cost adds up to more than 8 weeks of salary, the score is the number of weeks. Assumptions about the worker: the worker is a cashier in a supermarket or grocery store, age 19, with one year of work experience; is a full-time employee; is not a member of the labour union, unless membership is mandatory. Assumptions about the business: the business is a limited liability company (or the equivalent in the economy); operates a supermarket or grocery store in the economy’s largest business city (for 11 economies the data are also collected for the second largest business city); has 60 employees; is subject to collective bargaining agreements if such agreements cover more than 50% of the food retail sector and they apply even to firms that are not party to them; abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation, or (if applicable) collective bargaining agreements.


1.3 Business environment

1.3.1 Ease of starting a business

Ease of starting a business (distance to frontier) | 2016

The ranking of economies on the ease of starting a business is determined by sorting their distance to frontier scores for starting a business. These scores are the simple average of the distance to frontier scores for each of the component indicators. Doing Business records all procedures officially required, or commonly done in practice, for an entrepreneur to start up and formally operate an industrial or commercial business, as well as the time and cost to complete these procedures and the paid-in minimum capital requirement. These procedures include obtaining all necessary licenses and permits and completing any required notifications, verifications, or inscriptions for the company and employees with relevant authorities. To make the data comparable across economies, several assumptions about the business and the procedures are used. The business: is a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the limited liability form most common among domestic firms is chosen. Information on the most common form is obtained from incorporation lawyers or the statistical office; the business operates in the economy’s largest business city. For 11 economies the data are also collected for the second largest business city; the business is 100% domestically owned and has five owners, none of whom is a legal entity; has start-up capital of 10 times income per capita; performs general industrial or commercial activities, such as the production or sale to the public of products or services. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It is not using heavily polluting production processes; leases the commercial plant or offices and is not a proprietor of real estate; the amount of the annual lease for the office space is equivalent to 1 times income per capita; the size of the entire office space is approximately 929 square meters (10,000 square feet); does not qualify for investment incentives or any special benefits; has at least 10 and up to 50 employees one month after the commencement of operations, all of them domestic nationals; has a turnover of at least 100 times income per capita; has a company deed 10 pages long. The distance to frontier score shows the distance of an economy to the ‘frontier’, which is derived from the most efficient practice or highest score achieved on each indicator.

1.3.2 Ease of resolving insolvency

Ease of resolving insolvency (distance to frontier)* 2016

The ranking of economies on the ease of resolving insolvency is determined by sorting their distance to frontier scores for resolving insolvency. These scores are the simple average of the distance to frontier scores for the recovery rate and the strength of insolvency framework index. The recovery rate is recorded as cents on the dollar recovered by secured creditors through reorganization, liquidation, or debt enforcement (foreclosure or receivership) proceedings. The calculation takes into account the outcome: whether the business emerges from the proceedings as a going concern or the assets are sold piecemeal. Then the costs of the proceedings are deducted (1 cent for each percentage point of the value of the debtor’s estate). Finally, the value lost as a result of the time the money remains tied up in insolvency proceedings is taken into account, including the loss of value due to depreciation of a hotel’s furniture. Consistent with international accounting practice, the annual depreciation rate for furniture is taken to be 20%. The furniture is assumed to account for a quarter of the total value of assets. The recovery rate is the present value of the remaining proceeds, based on end-2015 lending rates from the International Monetary Fund’s International Financial Statistics, supplemented with data from central banks and the Economist Intelligence Unit. If an economy had zero cases a year over the past five years involving a judicial reorganization, judicial liquidation, or debt enforcement procedure (foreclosure or receivership), the economy receives a ‘no practice’ mark on the time, cost, and outcome indicators. This means that creditors are unlikely to recover their money through a formal legal process. The recovery rate for ‘no practice’ economies is zero. In addition, a ‘no practice’ economy receives a score of 0 on the strength of insolvency framework index even if its legal framework includes provisions related to insolvency proceedings (liquidation or reorganization). The strength of insolvency framework index is based on four other indices: commencement of proceedings index, management of debtor’s assets index, reorganization proceedings index, and creditor participation index. To make the data on the time, cost, and outcome of insolvency proceedings comparable across economies, several assumptions about the business and the case are used: the business is a limited liability company; operates in the economy’s largest business city. For 11 economies the data are also collected for the second largest business city; the business is 100% domestically owned with the founder, who is also chair of the supervisory board, owning 51% (no other shareholder holds more than 5% of shares); has downtown real estate, where it runs a hotel, as its major asset; has a professional general manager; has 201 employees and 50 suppliers, each of which is owed money for the last delivery; has a 10-year loan agreement with a domestic bank secured by a mortgage over the hotel’s real estate property. A universal business charge (an enterprise charge) is also assumed in economies where such collateral is recognized. If the laws of the economy do not specifically provide for an enterprise charge, but contracts commonly use some other provision to that effect, this provision is specified in the loan agreement; the business has observed the payment schedule and all other conditions of the loan up to now; has a market value, operating as a going concern, of 100 times income per capita or $200,000, whichever is greater. The market value of the company’s assets, if sold piecemeal, is 70% of the market value of the business. Refer to indicator 1.3.1 for details regarding the distance to frontier measure.


1.3.3 Ease of paying taxes

Ease of paying taxes (distance to frontier)* 2016

The ranking of economies on the ease of paying taxes is determined by sorting their distance to frontier scores for paying taxes. These scores are the simple average of the distance to frontier scores for each of the component indicators, with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax rate. The ‘threshold’ is defined as the total tax rate at the 15th percentile of the overall distribution of the total tax rate indicator for all years included in the analysis up to and including Doing Business 2015. The threshold is set at 26.1%. All economies with a total tax rate below this threshold receive the same score as the economy at the threshold. The threshold is not based on any economic theory of an ‘optimal tax rate’ that minimizes distortions or maximizes efficiency in an economy’s overall tax system. Instead, it is mainly empirical in nature, set at the lower end of the distribution of tax rates levied on medium-size enterprises in the manufacturing sector as observed through the paying taxes indicators. To make the data comparable across economies, several assumptions about the business and the taxes and contributions are used. The business is a limited liability, taxable company. If there is more than one type of limited liability company in the economy, the limited liability form most common among domestic firms is chosen. The most common form is reported by incorporation lawyers or the statistical office; the business started operations on 1 January 2014. At that time the company purchased all the assets shown in its balance sheet and hired all its workers; it operates in the economy’s largest business city. For 11 economies the data are also collected for the second largest business city; the business is 100% domestically owned and has five owners, all of whom are natural persons; at the end of 2014, it has a start-up capital of 102 times income per capita; performs general industrial or commercial activities. Specifically, it produces ceramic flowerpots and sells them at retail. It does not participate in foreign trade (no import or export) and does not handle products subject to a special tax regime, for example, liquor or tobacco; at the beginning of 2015, it owns two plots of land, one building, machinery, office equipment, computers, and one truck and leases one truck; does not qualify for investment incentives or any benefits apart from those related to the age or size of the company; has 60 employees—4 managers, 8 assistants, and 48 workers. All are nationals, and one manager is also an owner. The company pays for additional medical insurance for employees (not mandated by any law) as an additional benefit. In addition, in some economies reimbursable business travel and client entertainment expenses are considered fringe benefits. When applicable, it is assumed that the company pays the fringe benefit tax on this expense or that the benefit becomes taxable income for the employee. The case study assumes no additional salary for meals, transportation, education, or others. Therefore, even when such benefits are frequent, they are not added to or removed from the taxable gross salaries to arrive at the labour tax or contribution calculation; it has a turnover of 1,050 times income per capita; makes a loss in the first year of operation; has a gross margin (pretax) of 20% (that is, sales are 120% of the cost of goods sold); distributes 50% of its net profits as dividends to the owners at the end of the second year; sells one of its plots of land at a profit at the beginning of the second year; is subject to a series of detailed assumptions on expenses and transactions to further standardize the case. For example, the owner who is also a manager spends 10% of income...
2 Human capital and research

2.1 Education

2.1.1 Expenditure on education

Government expenditure on education (% of GDP) | 2013

Government operating expenditures in education, including wages and salaries and excluding capital investments in buildings and equipment, as a percentage of gross domestic product (GDP).


2.1.2 Government expenditure on education per pupil, secondary

Government expenditure per pupil, secondary (% of GDP per capita) | 2013

Government spending on education divided by the total number of secondary students, as a percentage of GDP per capita. Government expenditure (current and capital) includes government spending on educational institutions (both public and private), education administration, and subsidies for private entities (students/households and other private entities).


2.1.3 School life expectancy

School life expectancy, primary to tertiary education (years) | 2014

Total number of years of schooling that a child of a certain age can expect to receive in the future, assuming that the probability of his or her being enrolled in school at any particular age is equal to the current enrolment ratio for that age.


2.1.4 Assessment in reading, mathematics, and science

PISA average scales in reading, mathematics, and science | 2015

The Organisation for Economic Co-operation and Development (OECD) Programme for International Student Assessment (PISA) develops triennial international surveys that examine 15-year-old students’ performance in reading, mathematics, and science. The scores are calculated in each year so that the mean is 500 and the standard deviation 100. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem, and Israeli settlements in the West Bank under the terms of international law. B-S-J-G (China) refers to the four PISA-participating China provinces: Beijing, Shanghai, Jiangsu, and Guangdong. CABA (Argentina) refers to the adjudicated region of Ciudad Autónoma de Buenos Aires (CABA). FYROM refers to the Former Yugoslav Republic of Macedonia. Russia refers to the Russian Federation. 2015 scores from the Bolivarian Republic of Venezuela are from Miranda. The results of adjudication and subsequent further examinations showed that the PISA Technical Standards were met in all countries and economies that participated in PISA 2015 except for the following countries: In the West Bank, the PISA assessment was conducted in accordance with the operational standards and guidelines of the OECD. However, because of the ways in which the data were captured, it was not possible to match the data in the test with the data from the student questionnaire. As a result, Argentina cannot be included in analyses that relate students’ responses from the questionnaires to the test results. In Argentina, the PISA assessment was conducted in accordance with the operational standards and guidelines of the OECD. However, there was a significant decline in the proportion of 15-year-olds who were covered by the test, both in absolute and relative numbers. There had been a re-structuring of Argentina’s secondary schools, except for those in the adjudicated region of Ciudad Autónoma de Buenos Aires, which is likely to have affected the coverage of eligible schools listed in the sampling frame. As a result, Argentina’s results may not be comparable to those of other countries or to results for Argentina from previous years. In Kazakhstan, the national coders were found to be lenient in marking. Consequently, the human-coded items did not meet PISA standards and were excluded from the international data. Since human-coded items form an important part of the constructs that are tested by PISA, the exclusion of these items resulted in a significantly smaller coverage of the PISA test. As a result, Kazakhstan’s results may not be comparable to those of other countries or to results for Kazakhstan from previous years. In Malaysia, the PISA assessment was conducted in accordance with the operational standards and guidelines of the OECD. However, the weighted response rate among the initially sampled Malaysian schools (51%) falls well short of the standard PISA response rate of 85%. Therefore, the results may not be comparable to those of other countries or to results for Malaysia from previous years.


2.1.5 Pupil-teacher ratio, secondary

Pupil-teacher ratio, secondary | 2015

The number of pupils enrolled in secondary school divided by the number of secondary school teachers (regardless of...
2.2 Tertiary education

2.2.1 Tertiary enrolment

School enrolment, tertiary (% gross) | 2015

The ratio of total tertiary enrolment, regardless of age, to the population of the age group that officially corresponds to the tertiary level of education. Tertiary education, whether or not at an advanced research qualification, normally requires, as a minimum condition of admission, the successful completion of education at the secondary level.


2.2.2 Graduates in science and engineering

Tertiary graduates in science, engineering, manufacturing, and construction (% of total tertiary graduates) | 2013

The share of all tertiary graduates in science, manufacturing, engineering, and construction out of all tertiary graduates. Because of the change in the International Standard Classification of Education (ISCED) fields of classification and the transition to new questionnaires, when countries did not report detailed data, the UIS was not able to re-assign numbers into new field classifications. As a result, the UIS was not able to produce this indicator for select countries, per recommendation of the UIS, the dataset from the Global Innovation Index 2016 was used.


2.2.3 Tertiary-level inbound mobility

Tertiary-level inbound mobility rate (%) | 2015

The number of students from abroad studying in a given country, as a percentage of the total tertiary enrolment in that country.


2.3 Research and development (R&D)

2.3.1 Researchers

Researchers, full-time equivalence (FTE) (per million population) | 2015

Researchers per million population, full-time equivalence. Researchers in R&D are professionals engaged in the conception or creation of new knowledge, products, processes, methods, or systems and in the management of the projects concerned. Postgraduate PhD students (ISCED97 level 6) engaged in R&D are included.


2.3.2 Gross expenditure on R&D (GERD)

GERD: Gross expenditure on R&D (% of GDP) | 2015

Total domestic intramural expenditure on R&D during a given period as a percentage of GDP. Intramural R&D expenditure is all expenditure for R&D performed within a statistical unit or sector of the economy during a specific period, whatever the source of funds.


2.3.3 Global R&D companies, average expenditure top 3

Average expenditure of the top 3 global companies by R&D, mn $US* | 2016

Average expenditure on R&D of the top three global companies. If a country has fewer than three global companies listed, the figure is either the average of the sum of the two companies listed or the total for a single listed company. A score of zero is given to countries with no listed companies.


2.3.4 QS university ranking average score of top 3 universities

Average score of the top 3 universities at the QS world university ranking* | 2016

Average score of the top three universities per country. If fewer than three universities are listed in the QS ranking of the global top 700 universities, the sum of the scores of the listed universities is divided by three, thus implying a score of zero for the non-listed universities.


3 Infrastructure

3.1 Information and communication technologies (ICTs)

3.1.1 ICT access

ICT access index* | 2016

The ICT access index is a composite index that weighs five ICT indicators (20% each): (1) Fixed telephone subscriptions per 100 inhabitants; (2) Mobile cellular telephone subscriptions per 100 inhabitants; (3) International Internet bandwidth (bit/s) per Internet user; (4) Percentage of households with a computer; and (5) Percentage of households with Internet access. It is the first sub-index in ITU’s ICT Development Index (IDI).


3.1.2 ICT use

ICT use index* | 2016

The ICT use index is a composite index that weighs three ICT indicators (33% each): (1) Percentage of individuals using the Internet; (2) Fixed (wired)-broadband Internet subscriptions per 100 inhabitants; (3) Active mobile-broadband subscriptions per 100 inhabitants. It is the second sub-index in ITU’s ICT Development Index (IDI).


3.1.3 Government’s online service

Government’s online service index* | 2016

To arrive at a set of Online Service Index (OSI) values for 2016, a total of 111 researchers, including UN experts and online United Nations Volunteers (UNVs) from over 60 countries with coverage of 66 languages assessed each country’s national website in the native language, including the national portal, e-services portal, and e-participation portal, as well
as the websites of the related ministries of education, labour, social services, health, finance, and environment as applicable. The UNVs included qualified graduate students and volunteers from universities in the field of public administration.

Note: The precise meaning of these values varies from one edition of the Survey to the next as understanding of the potential of e-government changes and the underlying technology evolves. Read about the methodology at http://unpan3.un.org/egovkb/en-us/About/Methodology.


3.1.4 Online e-participation
E-Participation Index* | 2016

The E-Participation Index (EPI) is derived as a supplementary index to the UN E-Government Survey. It extends the dimension of the Survey by focusing on the use of online services to facilitate provision of information by governments to citizens (‘e-information sharing’), interaction with stakeholders (‘e-consultation’), and engagement in decision-making processes.

A country’s EPI reflects its e-participation mechanisms that are deployed by the government as compared to all other countries. The purpose of this measure is not to prescribe any particular practice, but rather to offer insight into how different countries are using online tools to promote interaction between citizen and government, as well as among citizens, for the benefit of all. Because the EPI is a qualitative assessment based on the availability and relevance of participatory services available on government websites, the comparative ranking of countries is for illustrative purposes and should serve only as an indicator of the broad trends in promoting citizen engagement. As with the E-Government Development Index (EGDI), the EPI is not intended as an absolute measurement of e-participation, but rather it attempts to capture the e-participation performance of counties relative to one another at a particular point in time. The index ranges from 0 to 1, with 1 showing greater e-participation.

Note: The precise meaning of these values varies from one edition of the Survey to the next as understanding of the potential of e-government changes and the underlying technology evolves.


3.2 General infrastructure
3.2.1 Electricity output
Electricity output (kWh per capita) | 2014

Electricity production, measured at the terminals of all alternator sets in a station. In addition to hydropower, coal, oil, gas, and nuclear power generation, this indicator covers generation by geothermal, solar, wind, and tide and wave energy, as well as that from combustible renewables and waste. Production includes the output of electric plants that are designed to produce electricity only as well as that of combined heat and power plants. Electricity output in kWh is scaled by population.


3.2.2 Logistics performance
Logistics Performance Index* | 2016

A multidimensional assessment of logistics performance, the Logistics Performance Index (LPI) ranks 160 countries on six dimensions of trade—including customs performance, infrastructure quality, and timeliness of shipments—that have increasingly been recognized as important to development. The data used in the ranking come from a survey of logistics professionals who are asked questions about the foreign countries in which they operate. The LPI’s six components include: (1) the efficiency of customs and border management clearance (‘Customs’); (2) the quality of trade and transport infrastructure (‘Infrastructure’); (3) the ease of arranging competitively priced shipments (‘Ease of arranging shipments’); (4) the competence and quality of logistics services—trucking, forwarding, and customs brokerage (‘Quality of logistics services’); (5) the ability to track and trace consignments (‘Tracking and tracing’); and (6) the frequency with which shipments reach consignees within scheduled or expected delivery times (‘Timeliness’). The LPI uses standard statistical techniques to aggregate the data into a single indicator that can be used for cross-country comparisons.


3.2.3 Gross capital formation
Gross capital formation (% of GDP) | 2016

Gross capital formation is expressed as a ratio of total investment in current local currency to GDP in current local currency. Investment or gross capital formation is measured by the total value of the gross fixed capital formation and changes in inventories and acquisitions less disposals of valuables for a unit or sector, on the basis of the System of National Accounts (SNA) of 1993.


3.3 Ecological sustainability
3.3.1 GDP per unit of energy use
GDP per unit of energy use (2010 PPPS per kg of oil equivalent) | 2014

Purchasing power parity gross domestic product (PPPS GDP) per kilogram of oil equivalent of energy use. Total primary energy supply (TPES) is made up of production + imports − exports − international marine bunkers − international aviation bunkers +/- stock changes.


3.3.2 Environmental performance
Environmental Performance Index* | 2015

This index ranks countries on 20 performance indicators tracked across policy categories that cover both environmental public health and ecosystem vitality. These indicators gauge how close countries are to established environmental policy goals. The index ranges from 0 to 100, with 100 indicating best performance.

Source: Yale University and Columbia University Environmental Performance Index 2016. (http://eipi.yale.edu/)
4 Market sophistication

4.1 Credit

4.1.1 Ease of getting credit

Ease of getting credit (distance to frontier)* | 2016

The ranking of economies on the ease of getting credit is determined by sorting their distance to frontier scores for getting credit. These scores are the distance to frontier score for the sum of the strength of the legal rights index (range 0–12) and the depth of credit information index (range 0–8). Doing Business measures the legal rights of borrowers and lenders with respect to secured transactions through one set of indicators and the reporting of credit information through another. The first set of indicators measures whether certain features that facilitate lending exist within the applicable collateral and bankruptcy laws. The second set measures the coverage, scope, and accessibility of credit information available through credit reporting service providers such as credit bureaus or credit registries. Although Doing Business compiles data on getting credit for public registry coverage (% of adults) and for private bureau coverage (% of adults), these indicators are not included in the ranking. Refer to indicator 1.3.1 for details regarding the distance to frontier measure.


4.1.3 Microfinance institutions’ gross loan portfolio

Microfinance institutions’ gross loan portfolio (% of GDP) | 2015

Combined gross loan balances per microfinance institution (current US$), divided by GDP (current US$) and multiplied by 100.


4.2 Investment

4.2.1 Ease of protecting minority investors

Ease of protecting minority investors (distance to frontier)* | 2016

The ranking is the simple average of the distance to frontier scores for the extent of conflict of interest regulation index and the extent of shareholder governance index. The extent of conflict of interest regulation index measures the protection of shareholders against directors’ misuse of corporate assets for personal gain by distinguishing three dimensions of regulation that address conflicts of interest: transparency of related-party transactions (extent of disclosure index), shareholders’ ability to sue and hold directors liable for self-dealing (extent of director liability index), and access to evidence and allocation of legal expenses in shareholder litigation. The extent of shareholder governance index measures shareholders’ rights in corporate governance by distinguishing three dimensions of good governance: shareholders’ rights and role in major corporate decisions (extent of shareholder rights index); governance safeguards protecting shareholders from undue board control and entrenchment (extent of ownership and control index); and corporate transparency on ownership stakes, compensation, audits, and financial prospects (extent of corporate transparency index). The index also measures whether a subset of relevant rights and safeguards are available in limited companies. The data come from a questionnaire administered to corporate and securities lawyers and are based on securities regulations, company laws, civil procedure codes, and court rules of evidence. Refer to indicator 1.3.1 for details regarding the distance to frontier measure.

4.3 Trade, competition, and market scale

4.3.1 Applied tariff rate, weighted mean
Tariff rate, applied, weighted mean, all products (% GDP) | 2015

Weighted mean applied tariff is the average of effectively applied rates weighted by the product import shares corresponding to each country. Data are classified using the Harmonized System of trade at the six- and eight-digit level. Tariff line data were matched to Standard International Trade Classification (SITC) revision 3 codes to define commodity groups and import weights. To the extent possible, specific rates have been converted to their ad valorum equivalent rates and have been included in the calculation of weighted mean tariffs.

Import weights were calculated using the United Nations Statistics Division’s Commodity Trade (Comtrade) database. Effectively applied tariff rates at the six- and eight-digit product level are averaged for products in each commodity group. When the effectively applied rate is unavailable, the most favoured nation rate is used instead.


4.3.2 Intensity of local competition

Average answer to the survey question: In your country, how intense is competition in the local markets? [1 = not intense at all; 7 = extremely intense]† | 2016


4.3.3 Domestic market scale

The domestic market size is measured by gross domestic product (GDP) based on the purchasing-power-parity (PPP) valuation of country GDP, in current international dollars (billions).


5 Business sophistication

5.1 Knowledge workers

5.1.1 Employment in knowledge-intensive services

Employment in knowledge-intensive services (% of workforce) | 2015

Sum of people in categories 1 to 3 as a percentage of total people employed, according to the International Standard Classification of Occupations (ISCO). Categories included are: ISCO-08: 1 Managers, 2 Professionals, and 3 Technicians and associate professionals (years 2007–15); ISCO-88: 1 Legislators, senior officials and managers, 2 Professionals, 3 Technicians and associate professionals (2007–15); ISCO-68: 1 Professional, technical and related workers (category 0 Armed forces is excluded), 2 Administrative and managerial workers, 3 Clerical and related workers (years 2007–08).


5.1.2 Firms offering formal training

Firms offering formal training (% of firms) | 2013

The percentage of firms offering formal training programs for their permanent, full-time employees. The time period of data for Guinea includes 2006 for height-enoned coverage based on this economy’s Gil 2016 data availability.


5.1.3 GERD performed by business enterprise

GERD: Performed by business enterprise (% of GDP) | 2015

Gross expenditure on R&D performed by business enterprise as a percentage of GDP.


5.1.4 GERD financed by business enterprise

GERD: Financed by business enterprise (% of total GERD) | 2015

Gross expenditure on R&D financed by business enterprise as a percentage of total gross expenditure on R&D.


5.1.5 Females employed with advanced degrees

Females employed with advanced degrees, % total employed (25+ years old) | 2015

The percentage of females employed with advanced degrees out of total employed. The employed comprise all persons of working age who, during a specified brief period, were in one of the following categories: (1) paid employment (whether at work or with a job but not at work); or (2) self-employment (whether at work or with an enterprise but not at work). Data are disaggregated by level of education, which refers to the highest level of education completed, classified according to the International
5.2 Innovation linkages

5.2.1 University/industry research collaboration
Average answer to the survey question: In your country, to what extent do businesses and universities collaborate on research and development (R&D)? (1 = do not collaborate at all; 7 = collaborate extensively) 2016

5.2.2 State of cluster development
Average answer to the survey question on the role of clusters in the economy: In your country, how widespread are well-developed and deep clusters (geographic concentrations of firms, suppliers, producers of related products and services, and specialized institutions in a particular field)? (1 = nonexistent; 7 = widespread in many fields) 2016

5.2.3 GERD financed by abroad
GERD: Financed by abroad (% of total GERD) 2015
Percentage of gross expenditure on R&D financed by abroad—i.e., with foreign financing.

5.2.4 Joint venture/strategic alliance deals
Joint ventures/strategic alliances: Number of deals, fractional counting (per billion PPPS GDP) 2016
Thomson Reuters data on joint ventures/strategic alliances deals, per deal, with details on the country of origin of partner firms, among others. For each year, each participating nation of each company in a deal (n countries per deal) gets, per deal, a score equivalent to 1/n (with the effect that all country scores add up to the number of deals reported that year). The data are reported per billion PPPS GDP.

5.2.5 Patent families filed in two offices
Number of patent families filed by residents in at least two offices (per billion PPPS GDP) 2015
A ‘patent family’ is a set of interrelated patent applications filed in one or more countries or jurisdictions to protect the same invention. Patent families containing applications filed in at least two different offices is a subset of patent families where protection of the same invention is sought in at least two different countries. In this report, ‘patent families data’ refers to patent applications filed by residents in at least two IP offices; the data are scaled by PPPS GDP (billions). A ‘patent’ is a set of exclusive rights granted by law to applicants for inventions that are new, non-obvious, and commercially applicable. A patent is valid for a limited period of time (generally 20 years), during which patent holders can commercially exploit their inventions on an exclusive basis. In return, applicants are obliged to disclose their inventions to the public in a manner that enables others, skilled in the art, to replicate the invention. The patent system is designed to encourage innovation by providing innovators with time-limited exclusive legal rights, thus enabling them to appropriate the returns from their innovative activity.

5.3 Knowledge absorption

5.3.1 Intellectual property payments
Charges for use of intellectual property n.e.i., payments (% of total trade) 2015
Charges for the use of intellectual property not included elsewhere payments (% of total trade) according to the Extended Balance of Payments Services Classification EBOPS 2010—that is, code SH Charges for the use of intellectual property not included elsewhere as a percentage of total trade. ‘Total trade’ is defined as the sum of total imports code G goods and code SOX commercial services (excluding government goods and services not included elsewhere) plus total exports of code G goods and code SOX commercial services (excluding government goods and services not included elsewhere), divided by 2. According to the sixth edition of the International Monetary Fund’s Balance of Payments Manual, the item ‘Goods’ covers general merchandise, net exports of goods under merchanting and nonmonetary gold. The ‘commercial services’ category is defined as being equal to ‘services’ minus ‘government goods and services not included elsewhere’. Receipts are between residents and nonresidents for the use of proprietary rights (such as patents, trademarks, copyrights, industrial processes and designs including trade secrets, franchises), and for licenses to reproduce or distribute (or both) intellectual property embodied in produced originals or prototypes (such as copyrights on books and manuscripts, computer software, cinematographic works, and sound recordings) and related rights (such as for live performances and television, cable, or satellite broadcast).

5.3.2 High-tech imports
High-tech net imports (% of total trade) 2015
High-technology imports minus re-exports (% of total trade). The list of commodities contains technical products with a high intensity of R&D, based on the Eurostat classification, itself based on SITC Rev.4 and the Organisation for Economic Co-operation and Development (OECD) definition. Commodities belong to the following sectors: aerospace; computers & office machines; electronics, telecommunications; pharmacy; scientific instruments; electrical machinery; chemistry; non-electrical machinery; and armament.
price, and the private non-profit institutions mainly serving them; the core of this sector is made up of private enterprises. This also includes public enterprises.


6 Knowledge and technology outputs

6.1 Knowledge creation

6.1.1 Patent applications by origin

Number of resident patent applications filed at a given national or regional patent office (per billion PPP$ GDP) | 2015

‘Patent’ is defined in the description of indicator 5.2.5. A ‘resident patent application’ refers to an application filed with an IP office or an office acting on behalf of the state or jurisdiction in which the first-named applicant has residence. For example, an application filed with the Japan Patent Office (JPO) by a resident of Japan is considered a resident application for Japan. Similarly, an application filed with the European Patent Office (EPO) by an applicant who resides in any of the EPO member states, for example, Germany, is considered a resident application for that member state (Germany).


6.1.2 PCT international applications by origin

Number of international patent applications filed by residents at the Patent Cooperation Treaty (per billion PPP$ GDP) | 2016

These are the number of Patent Cooperation Treaty (PCT) international patent applications filed through the WIPO-administered Patent Cooperation Treaty in 2016. A ‘PCT international application’ refers to a patent application filed through the WIPO-administered Patent Cooperation Treaty (PCT) during the international phase outlined by the PCT System. The origin of PCT applications are defined by the residence of the first-named applicant. The PCT System facilitates the filing of patent applications worldwide, making it possible to seek patent protection for an invention simultaneously in each of a large number of countries by first filing a single international patent application.


6.1.3 Utility model applications by origin

Number of utility model applications filed by residents at the national patent office (per billion PPP$ GDP) | 2015

These are the number of resident utility model applications filed at a given national or regional patent office in 2014. A ‘resident UM application’ refers to an application filed with an IP office or, in the case of Japan, with the Japan Patent Office (JPO) by a resident of Japan. A utility model grant is a special form of patent right issued by a state or jurisdiction to an inventor or the inventor’s assignee for a fixed period of time. The terms and conditions for granting a utility model are slightly different from those for normal patents and include a slightly shorter term of protection and less stringent patentability requirements. A utility model is sometimes referred to in certain countries as ‘petty patents’, ‘short-term patents’, or ‘invention patents’.


6.1.4 Scientific and technical publications

Number of scientific and technical journal articles (per billion PPP$ GDP) | 2016

The number of scientific and engineering articles published in those fields, including: agriculture, astronomy, astrophysics, automation control systems, biochemistry molecular biology, biodiversity conservation, biotechnology applied microbiology, cell biology, chemistry, computer science, construction building technology, dentistry oral surgery medicine, engineering, environmental sciences, ecology, evolutionary biology, food science technology, general internal medicine, life sciences and biomedicine, marine freshwater biology, materials science, mathematical computational biology, mathematics, metallurgy and
6.2 Knowledge impact

6.2.1 Growth rate of GDP per person engaged

Growth rate of GDP per person engaged (constant 1990 PPP$) | 2015

Growth of gross domestic product (GDP) per person engaged provides a measure of labour productivity (defined as output per unit of labour input). GDP per person employed is GDP divided by total employment in the economy. PPP$ GDP is converted to 1990 US$, converted at Geary Khamis PPPs.


6.2.2 New business density

New business density (new registrations per thousand population 15–64 years old) | 2014

Number of new firms, defined as firms registered in the current year of reporting, per thousand population aged 15–64 years old.


6.2.3 Total computer software spending

Total computer software spending (% of GDP) | 2016

Computer software spending includes the total value of purchased or leased packaged software such as operating systems, database systems, programming tools, utilities, and applications. It excludes expenditures for internal software development and outsourced custom software development. The data are a combination of actual figures and estimates. Data are reported as a percentage of GDP.

Source: IHS Global Insight, Information and Communication Technology Database. (https://www.ihs.com/index.html)

6.2.4 ISO 9001 quality certificates

ISO 9001 Quality management systems—Requirements: Number of certificates issued (per billion PPP$ GDP) | 2015

ISO 9001:2015 specifies requirements for a quality management system when an organization needs to demonstrate its ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements, and aims to enhance customer satisfaction through the effective application of the system, including processes for improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements. All the requirements of ISO 9001:2015 are generic and are intended to be applicable to any organization, regardless of its type or size, or the products and services it provides. The data are reported per billion PPP$ GDP. Refer to indicator 3.3.3 for more details.


6.2.5 High-tech and medium-high-tech output

High-tech and medium-high-tech output (% of total manufactures output) | 2014

High-tech and medium-high-tech output as a percentage of total manufactures output, on the basis of the Organisation for Economic Co-operation and Development (OECD) classification of Technology Intensity Definition, itself based on International Standard Industrial Classification SIC Revision 3. The time periods of data for Iceland, Madagascar, and Pakistan include 2006 for heightened coverage based on these economies’ GII 2016 data availability.


6.3 Knowledge diffusion

6.3.1 Intellectual property receipts

Charges for use of intellectual property n.i.e., receipts (% of total trade) | 2015

Charges for the use of intellectual property not included elsewhere receipts (% of total trade) according to the Extended Balance of Payments Services Classification EBOPS 2010—that is, code SH Charges for the use of intellectual property not included elsewhere as a percentage of total trade. “Total trade” is defined as the sum of total imports code G goods and code SOX commercial services (excluding government goods and services not included elsewhere) plus total exports of code G goods and code SOX commercial services (excluding government goods and services not included elsewhere), divided by 2. According to the sixth edition of the International Monetary Fund’s Balance of Payments
6.3.2 High-tech exports
High-tech net exports (% of total trade) | 2015

High-technology exports minus re-exports (% of total trade). See indicator 5.3.2 for details.


6.3.3 ICT services exports
Telecommunications, computers, and information services exports (% of total trade) | 2015

Telecommunications, computer and information services (% of total trade) according to the Extended Balance of Payments Services Classification EBOPS 2010, coded SI: Telecommunications, computer and information services.


6.3.4 Foreign direct investment net outflows
Foreign direct investment (FDI) net outflows (% of GDP; three-year average) | 2015

Foreign direct investment refers to the average of the most recent three years of direct investment equity flows in an economy. It is the sum of equity capital, reinvestment of earnings, and other capital. Direct investment is a category of cross-border investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is resident in another economy. Ownership of 10 percent or more of the ordinary shares of voting stock is the criterion for determining the existence of a direct investment relationship. This series shows net outflows of investment from the reporting economy to the rest of the world, and is divided by GDP.


7 Creative outputs

7.1 Intangible assets

7.1.1 Trademark application class count by origin
Number of trademark applications filed at a given national or regional office (per billion PPPS GDP) | 2015

The count of trademark applications is based on the total number of goods and services classes specified in resident trademark applications filed at a given national or regional office in 2015. Data refer to trademark application class counts—the number of classes specified in applications—and include designs contained in resident industrial design applications filed at both the national office and at the regional office, where applicable. ‘Resident design counts’ refers to the number of designs contained in applications filed with the IP office of an office acting on behalf of the state or jurisdiction in which the applicant has residence. For example, an applicant filed with the Japan Patent Office (JPO) by a resident of Japan is considered a resident application for Japan. Similarly, an application filed with the Office for Harmonization in the Internal Market (OHIM) by an applicant who resides in any of the EU member states, such as France, is considered a resident application for that member state (France).


7.1.2 Industrial designs by origin
Number of designs contained in industrial design applications filed at a given national or regional office (per billion PPPS GDP) | 2015

This indicator refers to the number of designs contained in industrial design applications filed at a given national or regional office in 2015. Data refer to industrial design application design counts—the number of designs contained in applications—and include designs contained in resident industrial design applications filed at both the national office and at the regional office, where applicable. ‘Resident design counts’ refers to the number of designs contained in applications filed with the IP office of an office acting on behalf of the state or jurisdiction in which the applicant has residence.

For example, an application filed with the Japan Patent Office (JPO) by a resident of Japan is considered a resident application for Japan. Similarly, an application filed with the Office for Harmonization in the Internal Market (OHIM) by an applicant who resides in any of the OHIM member states, such as Italy, is considered a resident application for that member state (Italy).

7.2 Creative goods and services

7.2.1 Cultural and creative services exports

Creative services exports (% of total trade) | 2015

Creative services exports (% of total exports) according to the Extended Balance of Payments Services Classification EBOPS 2010—that is, EBOPS code SI3 Information services; code SJ22 Advertising, market research, and public opinion polling services; code SK1 Audiovisual and related services; and code SK24 Other personal cultural and recreational services as a percentage of total trade. On the score for the United States of America (USA), this includes SI3 Information services; the category Movies & TV programming from Table 2.1 (U.S. Trade in Services, BEA) in the absence of available data for code SK1 Audiovisual and related services (the category Movies & TV programming is specific to the USA in BPM6 statistics and does not have a code); Sports and performing arts (U.S. Trade in Services, BEA) is used instead of code SK24; Advertising (U.S. Trade in Services, BEA) is used instead of code SJ22.


7.2.2 National feature films produced

Number of national feature films produced (per million population 15–69 years old) | 2015

A film with a running time of 60 minutes or longer. It includes works of fiction, animation, and documentaries. It is intended for commercial exhibition in cinemas. Feature films produced exclusively for television broadcasting, as well as newsreels and advertising films, are excluded. Data are reported per million population 15–69 years old. For Cambodia, Cameroon, Madagascar, and Nigeria, this indicator covers only feature films in video format.


7.2.3 Global entertainment and media market

Global entertainment and media market (per thousand population 15–69 years old) | 2015

The Global Entertainment and Media Outlook (the Outlook) provides a single comparable source of five-year forecast and five-year historic consumer and advertiser spending data and commentary for 13 entertainment and media segments, across 61 countries. The data and intuitive online functionality allow one to easily browse, compare and contrast spending, and create charts and graphs. The segments covered by the Outlook are book publishing, business-to-business, filmed entertainment, Internet access, Internet advertising, magazine publishing, music, newspaper publishing, out-of-home advertising, radio, TV advertising, TV subscriptions and license fees, and video games. The score and rankings for the Global Media Expenditures for the 60 countries considered in the Outlook report are based on advertising and consumer digital and non-digital data in US$ millions at average 2015 exchange rates for the year 2015. These results are reported normalized per thousand population, 15–69 years old, for the year 2015. The figures for Algeria, Bahrain, the Islamic Republic of Iran, Jordan, Kuwait, Lebanon, Malta, Morocco, Oman, Qatar, Tunisia, and the Republic of Yemen were estimated from a total corresponding to Middle East and North Africa (MENA) countries using a breakdown of total GDP (current US$) for the above-mentioned countries to define referential percentages.


7.2.4 Printing and publishing output

Printing and publishing manufactures output (% of manufactures total output) | 2014

Printing, publishing, and reproduction of recorded media output (ISIC Rev. 3 code 22) as a percentage of total manufacturing output (ISIC rev.3 code D). The time periods of data for Iceland, Madagascar, and Pakistan include 2006 for heightened coverage based on these economies’ GII 2016 data availability.


7.2.5 Creative goods exports

Creative goods exports (% of total trade) | 2015

Total value of creative goods exports, net of re-exports (current US$) over total trade. ‘Total trade’ is defined as the sum of total imports code G goods and code SOX commercial services (excluding government goods and services not included elsewhere) plus total exports of code G goods and code SOX commercial services (excluding government goods and services not included elsewhere), divided by 2. According to the sixth edition of the International Monetary Fund’s Balance of Payments Manual, the item ‘Goods’ covers general merchandise, net exports of goods under merchanting and non-monetary gold. The ‘commercial services’ category is defined as being equal to ‘services’ minus ‘government goods and services not included elsewhere’.

### 7.3 Online creativity

#### 7.3.1 Generic top-level domains (gTLDs)

A generic top-level domain (gTLD) is one of the categories of top-level domains (TLDs) maintained by the Internet Assigned Numbers Authority (IANA) for use in the Internet. Generic TLDs can be unrestricted (.com, .info, .net, and .org) or restricted—that is, used on the basis of fulfilling eligibility criteria (. biz, .name, and .pro). Of these, the statistic covers the five generic domains .biz, .info, .org, .net, and .com. Generic domains .name and .pro, and sponsored domains (.arpa, .aero, .asia, .cat, .coop, .edu, .gov, .int, .jobs, .mil, .museum, .tel, .travel, and .xxx) are not included. Neither are country-code top-level domains (refer to indicator 7.3.2). The statistic represents the total number of registered domains (i.e., net totals by December 2016, existing domains + new registrations – expired domains). Data are collected on the basis of a 4% random sample of the total population of domains drawn from the root zone files (a complete listing of active domains) for each TLD. The geographic location of a domain is determined by the registration address for the domain name registrant that is returned from a whois query. These registration data are parsed by country and postal code and then aggregated to any number of geographic levels such as county, city, or country/economy. The original hard data were scaled by thousand population 15–69 years old. For confidentiality reasons, only normalized values are reported; while relative positions are preserved, magnitudes are not.


#### 7.3.2 Country-code top-level domains (ccTLDs)

A country-code top-level domain (ccTLD) is one of the categories of top-level domains (TLDs) maintained by the Internet Assigned Numbers Authority (IANA) for use in the Internet. Country-code TLDs are two-letter domains especially designated for a particular economy, country, or autonomous territory (there are 324 ccTLDs, in various alphabets/characters). The statistic represents the total number of registered domains (i.e., net totals by December 2016, existing domains + new registrations – expired domains). Data are collected from the registry responsible for each ccTLD and represent the total number of domain registrations in the ccTLD. Each ccTLD is assigned to the country with which it is associated rather than based on the registration address of the registrant. ZookNIC reports that, for the ccTLDs it covers, 85–100% of domains are registered in the same country; the only exceptions are the ccTLDs that have been licensed for commercial worldwide use. Of this year’s GI sample of countries, this is the case for the ccTLDs of the following economies: Argentina ar, Armenia am, Austria at, Bangladesh bd, Belarus by, Belgium be, Brazil br, Canada ca, Chile cl, China cn, Colombia co, Denmark dk, Estonia ee, Finland fi, France fr, Germany de, Greece gr, Guatemala gt, Hong Kong (China) hk, Iceland is, India in, Indonesia id, Islamic Republic of Iran ir, Israel il, Italy it, Latvia lv, Lithuania lt, Luxembourg lu, Malaysia my, Mauritius mu, Moldova md, Mongolia mn, Montenegro me, Nicaragua ni, Norway no, Peru pe, Poland pl, Republic of Korea kr, Romania ro, Serbia rs, Slovenia si, Spain es, Sri Lanka lk, Sweden se, Switzerland ch, Thailand th, Tunisia tn, Turkey tr, and Viet Nam vn (this list is based on www.wikipedia.org). Data are reported per thousand population for each country with more than 100,000 population 15–69 years old.

For confidentiality reasons, only normalized values are reported; while relative positions are preserved, magnitudes are not.


#### 7.3.3 Wikipedia yearly edits

Wikipedia yearly edits by country (per million population 15–69 years old) | 2016

Data extracted from Wikimedia Foundation’s internal data sources. For every country with more than 100,000 edit counts in 2016, the data from 2016 are used. For all other countries, the data from 2014 are utilized. The data excludes bot contributions to the extent that is identifiable in the data sources. Data are reported per million population 15–69 years old.


#### 7.3.4 Video uploads on YouTube

Number of video uploads on YouTube (scaled by population 15–69 years old) | 2014

Total number of video uploads on YouTube, per country, scaled by population 15–69 years old. The raw data are survey based: the country of affiliation is chosen by each user on the basis of a multi-choice selection. This metric counts all video upload events by users. For confidentiality reasons, only normalized values are reported; while relative positions are preserved, magnitudes are not.