

## ABOUT THIS REPORT

This report presents the early findings of ‘Commonwealth Compared’, research conducted by the Royal Commonwealth Society (RCS) which uses a range of data to compare Commonwealth and non-Commonwealth countries. The aim of this research is to explore whether – and in what ways – the Commonwealth brings any measurable advantage to its member states and to consider how these advantages could be maximised.

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The views expressed in this paper are those of its author and do not necessarily reflect those of the Trustees or Members of the RCS.

The RCS team welcomes comments on this report. Please use the contact details shown on the rear cover.

## ABOUT THE RCS

Founded in 1868, The Royal Commonwealth Society (RCS) seeks to identify contemporary issues and practical solutions that contribute to the well being of Commonwealth nations and their prosperity. Headquartered in London, the RCS has an international network in some 40 Commonwealth countries. It is the oldest and largest civil society organisation devoted to the modern Commonwealth. [www.thercs.org](http://www.thercs.org)

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## FOREWORD

There has never been a better time, nor a more urgent need, to make the case for the Commonwealth.

It is a network ideally suited to the international landscape of the 21<sup>st</sup> century. It encompasses fifty-four countries, six continents and two billion citizens. It is united by shared values – liberty, democracy and human rights – and, at the same time, is extraordinarily diverse. It is a 21<sup>st</sup> century framework for civil society, including over a hundred professional, educational and scientific associations dedicated to the sharing of skills and expertise. It contains some of the fastest growing economies in the world – those countries that will shape the global economy of the future.

The Commonwealth's advocates have long spoken of a sense of affinity and closeness that binds member states together. The UK sends High Commissioners to Commonwealth countries, and not Ambassadors, to demonstrate that they do not regard each other as foreign. The Commonwealth Games – held every four years – is known as 'the friendly games'. Advocates speak too of the moral leadership of the Commonwealth; the positive effect that an explicit commitment to shared values and principles exerts upon the behavior of governments; the benefits of mutually respectful, close, relationships between countries united by a shared vision.

No doubt these benefits are real, yet their impact is incredibly difficult to measure. Look for information on the solid, tangible, here-and-now benefits of the Commonwealth – the measurable advantages it brings to its member states – and you are likely to draw a blank. This is partly because we are dealing here with the less easily measurable impact of soft-power connections between friendly states, but also because very little research into the economic, social and environmental performance of Commonwealth countries compared to their non-Commonwealth counterparts has been attempted, perhaps because the task seems so great, or perhaps because, until now, a shared history and a continuing sense of affinity has been sufficient to sustain the Commonwealth project.

No longer. The time to make a stronger, more robust case for membership of the Commonwealth network is now. As Europe becomes a lesser part of the global economy, and markets and wealth grow faster outside than inside the European region, the UK government has made clear its intention to put the Commonwealth "at the very heart of British foreign policy" for the first time in more than a decade<sup>1</sup>. With the rise of the emerging economic titans of Asia, Africa and Latin America, the Commonwealth is the perfect multilateral forum, not just for the UK, but for others too. A common working language and the connectivity of the information age combine to knit its members together as never before. But, if it is to compete, if the inherent advantages of common legal frameworks and commitments to democracy and the rule of law are to be leveraged, then a much clearer picture of where its key strengths, weaknesses and areas of greatest potential must be established. This paper represents a first step in the Royal Commonwealth Society's (RCS) attempt to compile a portfolio of research that will strip back the most fundamental elements of the Commonwealth project to lay bare the building blocks of its future.

This paper draws upon two previous pieces of RCS research: the 'Commonwealth Conversation'<sup>2</sup>, a consultative initiative completed in 2010, which uncovered a worrying lack of knowledge and understanding about the purpose and value of the Commonwealth today and 'Trading Places'<sup>3</sup>, a paper examining trade flows across the association. This paper found that, over the last two decades, the importance of Commonwealth member states to each other as sources of imports has grown by a quarter, and by a third as destinations for exports. It also found that the value of trade is likely to be a third to a half more between Commonwealth member states, compared to pairs of countries where one or both are not Commonwealth members.

'Trading Places' offered a tantalising glimpse of the true scale and potential of the Commonwealth project; the measurable difference that membership of this association is making to countries around the world. If this picture can be broadened with research that encompasses more facets of the economic and social performance of Commonwealth member countries in comparison to their non-Commonwealth counterparts, then we have a greater chance of maximising the influence of this association and all the opportunities it presents.

This is perhaps particularly salient given that the Commonwealth's reputation as a "compelling force for good" – too long relied upon by its champions – faces another serious challenge in the shape of the forthcoming 2013 Commonwealth Heads of Government Meeting in Sri Lanka. With its role as a moral leader under siege, the Commonwealth must seek to demonstrate what else it has to offer, identifying firmer indicators of the advantages which it confers upon its members – many of them interlocking and knitting together outside the governmental sphere and outside the usual range of media coverage. The aim must be to build a more robust picture of the association's key areas of potential as an important first step in enabling the more targeted distribution of its limited institutional resources. Coupled with the implementation of much needed practical initiatives that make best use of the association's inherent strengths, this will help to ensure that the Commonwealth, as a living and growing network of peoples, thrives as, in the percipient words of its Head, HM Queen Elizabeth II, 'in many ways the face of the future'<sup>4</sup>.

### **The Rt Hon Lord Howell of Guildford, Minister of State, Foreign and Commonwealth Office (2010-2012)**

1. Hague W. (2011) *The Commonwealth is "back at the heart of British Foreign Policy"*, speech delivered to 2011 Commonwealth Parliamentary Association Conference, London, 27 July.

2. Bennett J., Sriskandarajah D. and Ware Z. (2010) *An Uncommon Association, A Wealth of Potential: Final Report of the Commonwealth Conversation*, London, UK: Royal Commonwealth Society.

3. Bennett J., Chappell P., Reed H. and Sriskandarajah D. (2010) *Trading places: the 'Commonwealth effect' revisited*, London, UK: Royal Commonwealth Society.

4. HM Queen Elizabeth II, Christmas Broadcast, 2009.

## 1. INTRODUCTION

Today, the Commonwealth is a voluntary association of fifty-four independent nations. It spans six continents and includes some of the world's largest, smallest, richest and poorest countries. Its roots lie in the geopolitical upheaval of the late 19<sup>th</sup> and early 20<sup>th</sup> centuries when, beginning with Canada in 1867, former British colonies transformed into self-governing dominions, and later, independent states. In 1884, British politician Lord Rosebery gave this emerging post-colonial dynamic a name: the 'Commonwealth of Nations'.

The institutional Commonwealth, run not by the British Government but by an independent Secretariat, was established at Marlborough House in 1965. Committed to racial equality and national sovereignty, the modern Commonwealth became the natural association of choice for many new nations emerging from decolonisation in the 1950s and 1960s. Ghana achieved independence in 1957 and became the first majority-ruled African member. Jamaica was the first to claim independence in the Caribbean in 1962; and, in the same year, Samoa became the first among countries in the Pacific (excluding Australia and New Zealand). From this point on, the Commonwealth expanded rapidly. The association's most recent members are Rwanda, Cameroon and Mozambique – the first country with no historical or administrative relationship to the Commonwealth to join. Even the world's newest nation, South Sudan, stands ready to join the grouping, indicating that its expansion is far from over.

The Commonwealth, characterised by unwritten traditional procedures and not by a formal constitution, has seen a familiarity forged amongst its leaders over the last six decades. Its working language is the global *lingua franca*, and its liberal economic principles have allowed for decades of intra-Commonwealth trade. Members share aspirations of democratic governance, as well as other legal, bureaucratic and institutional frameworks.

At its inception, the Commonwealth was a visionary experiment in international collaboration, an idealistic solution to a problematic era of decolonisation, but does it offer its members an advantage today?

Commonwealth Compared looks to contemporary development indicators for evidence of the existence of a Commonwealth 'X-factor'. Using nine global indices, each one referring to an important aspect of the Commonwealth project – from democracy to gender equality to environmental sustainability – we give a broad snapshot of the comparative differences between Commonwealth and non-Commonwealth countries. Each Commonwealth member state makes a commitment to strive towards and uphold these common values and principles and the institutional Commonwealth, underpinned by an

extensive network of civil society and professional bodies, works to assist member states in attaining these ideals. So are Commonwealth countries performing any better in these areas than the rest of the world? Do they enjoy healthier democracies, greater press freedom and more gender equality? Or does Commonwealth membership seem to make no discernible difference in these areas?

Our aim in this paper is to provide a broad overview of how Commonwealth countries compare to non-Commonwealth countries in a number of pertinent ways; to 'set the scene', as our title suggests. We seek to highlight any differences that could be of particular interest to the Commonwealth project and, where we do discover such differences, intend to pursue further, more in-depth research in coming months. We do not, within the limitations of this first report, seek to establish causality and we therefore do not control for other factors that may be causing a 'Commonwealth effect' where one seems to be apparent (such as countries' shared language). Our hope is that this paper will establish an interesting – and useful – baseline for a more extensive portfolio of research and, with this in mind, we welcome suggestions for topics which may merit further scrutiny.

## 2. GUIDE TO THE DATA

In this paper, we analyse data from nine global indices. In selecting which indices to include, we have sought to provide a broad snapshot of countries' economic, social, and environmental performance. Given that a key aim in compiling this research is to explore the possible impact of Commonwealth membership, each indicator also refers to an important aspect of the Commonwealth project. For example, all Commonwealth member states make an explicit commitment to uphold principles of democratic governance<sup>5</sup>, so we have included an index on the state of democracy around the world. Similarly, all Commonwealth countries make a commitment to pursue environmental sustainability<sup>6</sup>, so our paper includes an Environmental Performance Index. Our list of indices is necessarily limited and, of course, only covers certain aspects of a country's performance. It is intended to establish a baseline from which further, more focused and in depth research can be carried out.

The nine indices (and their sources) included here are:

### 1. Competitiveness

(Global Competitiveness Index, World Economic Forum, 2011-2012)

### 2. Press Freedom

(World Press Freedom Index, Reporters Without Borders, 2011-2012)

### 3. Inequality

(Distribution of Family Income, GINI Index, The

5. *Charter of the Commonwealth* (2012).

6. *Ibid.*

World Factbook, Central Intelligence Agency, 2009)

#### 4. Democracy

(Democracy Index, Economist Intelligence Unit, 2011)

#### 5. Gender Gap

(The Global Gender Gap Report, World Economic Forum, 2012)

#### 6. Peace

(Global Peace Index, Institute for Economics and Peace, 2012)

#### 7. Human Development

(Human Development Report 2013, UNDP, 2013)

#### 8. Youth

(World Population Prospects, UN DESA, 2010)

#### 9. Environmental Performance

(Environmental Performance Index, Yale University, 2010)

All data can be accessed in full at [www.thercs.org/society/news](http://www.thercs.org/society/news). To allow for a range of comparisons to be made within and between indicators, countries are classified and searchable according to whether they are a Commonwealth member state, their region, their human development index (HDI) group, their World Bank income classification and their regime type (e.g. full democracy, authoritarian regime etc.).

Commonwealth member countries are traditionally grouped into six regions: Africa (19); Asia (8); the Americas (3); the Caribbean (10); Europe (3); and the South Pacific (11). To allow for deeper analysis, our datasets also enable comparisons between a number of other regional and multilateral configurations: Organisation for Economic Co-operation and Development (OECD) members; Small Island Developing States (SIDS); African, Caribbean and Pacific Group of States (ACP); and African Landlocked Developing Countries (LLDCs).

For each indicator, a country's score and rank is shown. For some indicators, we have amended the original ranking order in order to provide a standardised ranking system whereby the lowest number (i.e. 1) always indicates the top performer and the highest number the worst performer (i.e. 202, dependent on the number of countries for which there is sufficient data). Where such amendments have been made, further notes are provided under each relevant indicator section (3a-3i).

A summary sheet is also provided which, for each indicator, shows the mean, median and standard deviation scores and ranks for Commonwealth and non-Commonwealth countries.

In the body of the paper below, under each indicator section (3a – 3i), we provide a summary table of results showing the Commonwealth and non-Commonwealth

median scores globally, for African countries, OECD countries, SIDS and for each economic classification: High-income, Upper-Middle income, Lower Middle income and Low income. Where other regional or economic groupings seem to display particularly interesting results, we have highlighted these under individual indicators in addition to the standard summary table. Median scores have been used in these summary tables (as opposed to averages) to lessen the impact on our results of outliers and the large discrepancies in country size. (We have not weighted our results by a country's population size and therefore give equal weight to e.g. India, a country with a population of 1.2 billion people that makes up around sixty per cent of the Commonwealth's population, and the Maldives which has a population of only around 320,000.)

The regional analysis of top-line results under some of our indicators suggests that there is little statistical difference between Commonwealth and non-Commonwealth countries. We have not, in this report, picked out where there is a statistically significant difference. However, we do highlight where the similarity between Commonwealth and non-Commonwealth results may indicate the lack of a significant difference and, in future reports, where we intend to carry out more focused research into particular areas, we will establish thresholds of statistical significance at the outset. Often, even where the top line results of our composite indices appear very similar, sub-indicators seem to suggest that there may be interesting differences in particular areas that may merit further attention.

Finally, in order to provide a snapshot of how Commonwealth countries compare to the rest of the world – and to each other – when we take into account all nine indicators i.e. a broad view of a country's economic, social and environmental performance, we have compiled a world ranking (see section 3j). This composite index calculates each country's average rank (by averaging the rank attained by each country under each indicator) and then displays the countries in ascending order from 1 to 168. This ranking is searchable by all the same regional, economic and governmental classifications as the other indicators listed above. In compiling this composite ranking, we have excluded countries for which we have data under fewer than four indicators. Equal weight is given to the results of each indicator in this composite ranking, since we do not intend to make a judgment about whether any one indicator is more important to a country's performance than another.

Methodology notes specific to individual indicators are included in the relevant sections below. For full methodology notes and complete data sets, including all sub-components of each indicator, please view the original indices (for which sources are provided).

## 3. INDICATORS

### 3a. Competitiveness

This index, compiled by the World Economic Forum, assesses the competitiveness of countries' economies, measuring the drivers of their productivity and prosperity. 'Competitiveness' can be defined as the set of institutions, policies and factors that determine the level of productivity of a country and therefore the level of prosperity that can be earned by an economy. A more competitive economy is one that is likely to grow faster over time.

The World Economic Forum take into account twelve 'pillars of competitiveness' when compiling their index:

1. Institutions
2. Infrastructure
3. Macroeconomic environment
4. Health and primary education
5. Higher education and training
6. Goods market efficiency
7. Labour market efficiency
8. Financial market development
9. Technological readiness
10. Market size
11. Business sophistication
12. Innovation

The index then combines the scores each country receives under each 'pillar' to provide an overall score and ranking. The global and regional medians of these overall scores are shown in the summary table below.

Competitiveness	Commonwealth (median)	Non-Commonwealth (median)
Global	3.92	4.2
Africa	3.65	3.49
OECD	5.22	4.77
High-income	4.86	4.89
Upp-Mid income	4.18	4.24
Lower Mid income	3.60	3.89
Low income	3.66	3.36
SIDS	4	3.58

Note: The higher the value, the more competitive the economy

While there is only a small difference in the global median scores between Commonwealth and non-Commonwealth, there are some interesting regional comparisons in this area. Low-income Commonwealth countries are generally more competitive than their non-Commonwealth counterparts. So too are African Commonwealth countries. Indeed, five of the seven

most competitive African countries are Commonwealth members (South Africa, Mauritius, Rwanda, Botswana and Namibia). Commonwealth small island developing states (SIDS) also significantly outperform their non-Commonwealth counterparts.

Source: *The Global Competitiveness Report 2011-2012*, World Economic Forum. <http://reports.weforum.org/global-competitiveness-2011-2012/>

#### Spotlight on: South Africa

South Africa is the most competitive economy in its region, benefiting from its large market size (25<sup>th</sup>) and the quality of its institutions and factor allocation (including intellectual property protection (30<sup>th</sup>), property rights (30<sup>th</sup>), the accountability of its private institutions (3<sup>rd</sup>) and its goods market efficiency (32<sup>nd</sup>). Particularly impressive is the country's financial market development (4<sup>th</sup>) indicating high confidence in its financial markets at a time when trust is returning only slowly in many other parts of the world. South Africa also does reasonably well in more complex areas such as business sophistication (38<sup>th</sup>) and innovation (41<sup>st</sup>) benefiting from good scientific research institutions (30<sup>th</sup>) and strong collaboration between universities and the business sector in innovation (26<sup>th</sup>).

However, the country also has some key areas of weakness. It ranks 95<sup>th</sup> in labour market efficiency and its university enrolment rate stands at only fifteen per cent which places the country 97<sup>th</sup> overall. The poor security situation remains another important obstacle to doing business in South Africa. The business costs of crime and violence (136<sup>th</sup>) and the sense that the police are unable to provide protection from crime (95<sup>th</sup>) do not contribute to an environment that fosters competitiveness. Another major concern is the health of the workforce, ranked 129<sup>th</sup> out of 142 economies – the result of high rates of communicable diseases and poor health indicators more generally.

#### Spotlight on: Commonwealth Trade

In 2010, the RCS published research examining Commonwealth trade and investment flows<sup>7</sup>. We found that:

- In 2008, the total value of imports into Commonwealth countries was around 2.3 trillion US dollars and the total value of exports from Commonwealth countries was around 2.1 trillion US dollars. About one-sixth of this total trade occurred purely within the Commonwealth, though on average the Commonwealth share of trade for each member state is about a third. For some small states, this Commonwealth share of total trade value reaches as high as three-quarters.
- Commonwealth imports average 33 per cent of total imports for each member state (that is for any given Commonwealth country, the average

7. Bennett J., Chappell P., Reed H. and Sriskandarajah D. (2010) *Trading places: the 'Commonwealth effect' revisited*, London, UK: Royal Commonwealth Society.

share of imports coming from another member state is around a third). Exports to Commonwealth countries average 17 per cent of total trade (weighting by volume of trade in US dollars) but 36 per cent of trade (as an unweighted average across countries).

- Commonwealth trade tends to be higher in countries where the overall volume of trade is lower i.e. smaller and less wealthy Commonwealth nations have a higher propensity to trade within the Commonwealth.
- The relative importance of intra-Commonwealth trade has increased over time. Over the last two decades the importance of Commonwealth members to each other as sources of imports and destinations for exports has grown by around a quarter and a third respectively.
- Our research seemed to confirm that there is a considerable trade advantage to being a member of the Commonwealth. We found that the value of trade is likely to be a third to a half more between Commonwealth member states compared to pairs of countries where one or both are not Commonwealth members. This effect could be seen even after controlling for a range of other factors that might also explain trade patterns.

Whilst this research used regressions to account for factors such as language commonalities, it did not control for other factors that may favourably dispose the Commonwealth to trade and investment - the fact that it encourages multi-party democracy, human rights, the rule of law, good governance, similar legal and administrative systems, an open media and, since 1997, market-orientated economic policies. Further analysis and a more sophisticated treatment of these political, legal and cultural factors may uncover particular ways in which the Commonwealth could be strengthened as a forum for trade and investment.

### So What?

- The stability created by democratic governance and the rule of law has a significant impact on investor confidence and common legal and institutional frameworks, combined with a common language, can make doing business between countries a more straightforward and attractive proposition. These are key inherent strengths of the Commonwealth network (see section 3d for more detail on the state of democracy across the Commonwealth). Yet, thus far, there has been relatively little focus attributed to economic and trade issues in the Commonwealth. The institutional Commonwealth helps countries to

formulate and implement trade policies, to diversify their export base, to promote trade facilitation, to strengthen debt management and to ensure gender equality in budgets. But the Commonwealth Business Council (CBC) is the only Commonwealth organisation explicitly dedicated to promoting trade, investment and business across the association. Before the creation of the CBC in 1997, there was very little attention given to trade or investment facilitation and, in contrast to other areas of Commonwealth life, no related Ministerial-level conferences.

- Given that many of the inherent characteristics of the Commonwealth network lend the association to acting as an ideal forum for trade and investment (and the fact that our previous research<sup>8</sup> seems to suggest that membership of the association already brings some measurable trade advantage despite the lack of focus in this area) it would be reasonable to suggest that there is a huge amount of untapped potential for the Commonwealth to play a more effective, facilitating role in this area

### 3b. Press Freedom

The World Press Freedom Index, compiled by Reporters Without Borders, measures the state of media freedom throughout the world. It reflects the degree of freedom that journalists, news media and 'netizens' enjoy in each country and the efforts made by the authorities to respect and ensure respect for this freedom.

Press Freedom	Commonwealth (median)	Non-Commonwealth (median)
Global	21.25	32.46
Africa	25	39.09
OECD	-1.67	-1
High-income	4	0
Upp-Mid income	14.5	42.34
Lower Mid income	45	38
Low income	57	34.34
SIDS	21	20.84

*Note: Lower scores indicate higher rates of press freedom*

Commonwealth countries score considerably better than non-member states in this index. The most pronounced difference is amongst upper middle-income countries. Commonwealth country 'winners' in this category include Jamaica (-3) and Namibia (-2). The worst Commonwealth performer in this income group is Malaysia, but with a score of 56, it still far outperforms its non-Commonwealth counterparts including Belarus (99), Iran (136.6) and Turkmenistan (140.67).

Commonwealth Africa also enjoys a significantly higher

degree of press freedom. Nine African countries come in the top fifty of the index and, of these, five are Commonwealth countries. Namibia (20<sup>th</sup>) has an excellent ranking, better than Japan or the UK for example. And Botswana (42<sup>nd</sup>), which rose twenty places in the last year, now jostles Ghana (41<sup>st</sup>), one of Africa's traditional leaders in media freedom.

However, the Commonwealth picture is not uniformly positive. Last year, Malawi (146<sup>th</sup>) fell sixty-seven places – the biggest fall of any country in the world and Uganda fell forty-three places to 139<sup>th</sup>. Reporters Without Borders, the compiler of the index, also regards the situation in Rwanda (156<sup>th</sup>) as “very grave”, referring to the government's stringent control of the media and freedom of expression in general.

Pakistan, (151<sup>st</sup>) a Commonwealth country, retains the dubious honour of being the world's deadliest country for journalists for the second year in a row. In Bangladesh (129<sup>th</sup>), journalists are exposed to regular violence and obstruction and the government maintains excessive control over the media and the internet. Sri Lanka, the proposed venue for the 2013 Commonwealth Heads of Government Meeting, comes in at 163<sup>rd</sup> in the ranking. The vast majority of opposition journalists have fled the country and official censorship of independent news sites has put an end to pluralism.

Source: Reporters Without Borders (2012) 2011-2012 World Press Freedom Index.  
[http://en.rsf.org/IMG/CLASSEMENT\\_2012/C\\_GENERAL\\_ANG.pdf](http://en.rsf.org/IMG/CLASSEMENT_2012/C_GENERAL_ANG.pdf)

## So What?

- All Commonwealth countries commit themselves to freedom of expression, including through a free and responsible media<sup>9</sup> and several Commonwealth bodies, including the Commonwealth Human Rights Initiative<sup>10</sup> and the Commonwealth Journalists Association<sup>11</sup>, carry out important work in this area. As is the case with all our indicators, within the limited scope of this paper, it is impossible to establish causality i.e. to what extent the work of Commonwealth bodies in this area and the commitments made by all member states to upholding press freedom lie behind the association's strong performance. But, given the strength and consistency of the Commonwealth's performance in this area, this would seem to warrant further research.
- Press freedom is a vital component of a healthy and functioning democracy and the Commonwealth's strong performance in this index should be seen in relation to its equally strong performance under our Democracy index (3d).
- South Sudan – a new nation facing many challenges – has entered the Press Freedom index in a respectable

position (111<sup>th</sup>) for what is a breakaway from one of the worst ranked countries, Sudan (170<sup>th</sup>). The challenge for this country will be to build a solid and viable state in a very unstable region while guaranteeing freedom of expression. South Sudan has already expressed a clear interest in joining the Commonwealth and in receiving support from the association in its transition phase. Our research would seem to suggest that the Commonwealth has a clear role to play here in terms of supporting the development of a free and independent media, as one vital component of a functioning democratic state.

## 3c. Inequality

This index measures the degree of inequality in the distribution of family income in a country. The index is calculated using the Gini coefficient, a method of statistical dispersion that measures the inequality among values of a frequency distribution, here levels of income. A Gini coefficient of zero expresses perfect equality, for example where everyone has an exactly equal income. A Gini coefficient of one (100 on the percentile scale) expresses maximal inequality among values, for example where only one person has all the income.

The more equal a country's income distribution, the lower its Gini index. (The country with the most equal income distribution in the world – Sweden – has a Gini index of 23.) The more unequal a country's income distribution, the higher its Gini index. (Lesotho, which has the most unequal income distribution in the world, has a Gini index of 63.2.)

GINI Index	Commonwealth (median)	Non-Commonwealth (median)
Global	44.6	37.2
Africa	46.2	40.05
OECD	33.05	31.3
High-income	32.1	31
Upp-Mid income	54.6	45.3
Lower Mid income	44.6	39.1
Low income	44.3	39.8
SIDS	45.05	48.4

Note: GINI coefficient expressed here in a 0-1 inequality score x 100. The lower the score, the more equal.

Methodology note: In order to provide a standardised ranking system across our range of indicators, we have reversed the ranking associated with this index (i.e. in our version Sweden, the most equal country in the world is number 1 and Lesotho, the most unequal country, is number 135).

This index shows that inequality is almost always greater in Commonwealth states. In fact, of the five most unequal countries in the world, four are in the African

9. Charter of the Commonwealth (2012).

10. <http://www.humanrightsinitiative.org>.

11. <http://commonwealthjournalists.org>.

Commonwealth. Lesotho, South Africa, Botswana, and Namibia are all bordering states in the south of the continent. Namibia, which has a high per capita GDP, relative to the region, hides one of the world's most unequal income distributions. The Namibian economy is closely linked to South Africa (the second most unequal place in the world) with the Namibian dollar pegged one-to-one to the South African rand. South Africa is a middle-income, emerging market, but retains daunting problems from its apartheid era, including a pronounced lack of economic empowerment among its most disadvantaged groups. Lesotho's market-based economy is also heavily tied to its neighbour, South Africa.

Income distribution amongst Commonwealth small island developing states is slightly more equal than amongst their non-Commonwealth counterparts, the only region in the world to buck the prevailing trend in this index.

Source: Central Intelligence Agency (2009), *The World Factbook 2009*.  
<https://www.cia.gov/library/publications/the-world-factbook/fields/2172.html>

## So What?

- The effect of economic inequality is a complex subject. Some commentators argue that concentrating wealth, to some degree, in a skilled investor class can help to fuel innovation and, therefore, economic growth<sup>12</sup>. Others disagree. Research has found that high rates of inequality lead to higher rates of health and social problems and lower rates of social goods, including life expectancy, educational performance and social mobility. Inequality has also been linked to a lower level of economic utility in society and even a lower level of economic growth<sup>13</sup>.
- Some argue that income inequality is not a very useful way to think about economic inequality – longer periods in school and longer lifespans tend to lead to greater income inequality over time, without increasing economic inequality at all. (See section 3g for our Human Development Index showing that Commonwealth countries such as Australia, New Zealand, Canada and Barbados have some of the longest expected and mean years of schooling in the world.)
- Other factors, such as large-scale immigration into a wealthy developed nation may reduce economic inequality at the world level, but increase income inequality in the country in question. Indeed, the rise in individual inequality is due, in part, to the rise in globalisation. When most businesses were local, their creation of wealth was limited by the geographic range in which they could operate. Now geography is no longer the barrier it once was, perhaps particularly within a network of closely linked countries such as the Commonwealth. The high levels of inequality in Commonwealth Africa are particularly pronounced

amongst bordering countries such as Lesotho, South Africa, Botswana and Namibia whose economies are closely intertwined. While close links between Commonwealth countries may have a positive impact on their economic performance, as suggested by the RCS's trade research, it would seem that reciprocity may also perpetuate inequality and an over-reliance on narrow markets can be damaging.

- Most commentators agree however that inequality raises important questions rooted in normative ideas about social justice and fairness in all societies. Because income distribution patterns directly affect opportunities for nutrition, health and education, income inequality is also intimately related to wider inequalities in capability and in some cases to absolute deprivation. Income distribution matters because it affects the rate at which economic growth converts to poverty reduction.
- For the purposes of our research, it is also interesting to note that income inequality is often perpetuated in countries that have immature or non-existent institutions of democracy. In these societies, the rich elite are able to pursue anti-competitive policies both in the marketplace and in politics. Our democracy index (see section 3d) shows that, globally, Commonwealth countries have much stronger democracies, yet, despite this, show consistently higher levels of inequality.

## 3d. Democracy

This index provides a snapshot of the state of democracy based on five key, interrelated factors:

1. electoral process and pluralism
2. civil liberties
3. the functioning of government
4. political participation
5. political culture

Countries are also classified within one of four types of regime: full democracies, flawed democracies, hybrid regimes and authoritarian regimes.

There is no consensus on how to measure democracy. At a minimum, most commentators would agree that the fundamental features of a democracy include government based on majority rule and the consent of the governed, the existence of free and fair elections, the protection of minority rights and respect for basic human rights. Democracy presupposes equality before the law, due process and political pluralism. Most measures of democracy now adhere to a continuous, rather than dichotomous concept; that is, they recognise the possibility of varying degrees of democracy, rather than being predicated upon the notion that a state is either

12. Conard E. (2012) *Unintended Consequences: Why Everything You've Been Told about the Economy is Wrong*, US.

13. Wilkinson R.G. and Pickett K. (2009) *The Spirit Level: Why More Equal Societies Almost Always Do Better*, UK: Allen Lane



democratic or not.

A key difference in measures is between “thin” or minimalist, and “thick” or wider concepts of democracy<sup>14</sup>. The ‘thin’ definition is sometimes referred to as procedural, liberal democracy. A fuller definition, ‘substantive democracy’, suggests that, in addition to a formal vote and basic rights, citizens should have meaningful and equal representation in government, such that election outcomes accurately reflect the wishes of the citizenry. For this to occur, societies must exhibit high levels of social and economic equality, without which privileged citizens wield disproportionate power<sup>15</sup>. The Economist Intelligence Unit’s index, used here, is based on the view that measures of democracy that reflect the state of political freedoms and civil liberties are not “thick” enough. They do not encompass sufficiently, or at all, some features that determine how substantive democracy is or its quality.

Democracy	Commonwealth (median)	Non-Commonwealth (median)
Global	6.19	5.64
Africa	5.39	3.59
OECD	9.15	8.05
High-income	8.22	7.81
Upp-Mid income	7.38	6.18
Lower Mid income	6.02	5.56
Low income	4.9	3.59
SIDS	6.59	5.1

Note: The higher the score, the more democratic a society

Principles of democratic governance have been at the very heart of the Commonwealth project since its inception. And while not all Commonwealth countries are paragons of democracy (only one election was ever held in Brunei – fifty years ago) these results show that member states consistently outperform their non-Commonwealth counterparts in every comparative pair.

There are only twenty-five ‘full democracies’ in the world, and of these, six are Commonwealth countries. Malta comes 15<sup>th</sup> in the rankings, the UK 18<sup>th</sup> and Mauritius 24<sup>th</sup>. There are three Commonwealth countries in the top ten most democratic countries in the world: New Zealand (5<sup>th</sup>), Australia (6<sup>th</sup>) and Canada (8<sup>th</sup>).

No Commonwealth countries rank within the bottom thirty in the index. (Rwanda at 136<sup>th</sup> out of 167 countries

globally is ranked as the least democratic country in the Commonwealth.)

A quick look at Sub-Saharan Africa also hints at a remarkable Commonwealth trend. Only six countries in the region are judged to have both free and fair elections; of these, five are Commonwealth member states (Botswana, Ghana, Mauritius, South Africa and Zambia). Only one state in the region (of the forty-four assessed) is classified as a ‘full democracy’ and, this too, is a Commonwealth country: Mauritius.

Source: Economist Intelligence Unit, Democracy Index 2011 [https://www.eiu.com/public/topical\\_report.aspx?campaignid=DemocracyIndex2011](https://www.eiu.com/public/topical_report.aspx?campaignid=DemocracyIndex2011)

## Spotlight on: Mauritius

A small island republic off the southeast coast of Africa with a population of 1.2 million, Mauritius is the wealthiest, best-governed country on the continent. The World Economic Forum ranks Mauritius behind only South Africa in the Africa region in its global competitiveness index<sup>16</sup>. In 2011, the Mo Ibrahim Foundation ranked it first in its Ibrahim Index<sup>17</sup>, which measures African countries based on rule of law, human rights, human development and economic opportunity. In the 2010 Index of Economic Freedom published by the Washington-based Heritage Foundation and The Wall Street Journal<sup>18</sup>, Mauritius ranked in 12<sup>th</sup> place (out of 179 countries); in 2012, the country was elevated to 8<sup>th</sup> place, only two slots behind Canada. It was the first time an African country had placed in the index’s top ten and it did so by surpassing the United States (in 10<sup>th</sup> place). Mauritius is a small multiracial country that has practised free-market economics for years – and now has top ten rankings in both democratic governance and economic performance. Only recently have some commentators noted a number of worrisome trends such as the rise of ethnosectarianism, growing levels of inequality between the different socioeconomic groups and an extremely closed and regressive political class. These trends, if left unchecked, could undermine the model of social harmony and diversity on which the island prides itself.

## So What?

- Since the Commonwealth’s inception, all member states have been called upon to recognise the inalienable right of individuals to participate in democratic processes, in particular through free and fair elections and the association has committed itself to helping to build stronger democratic institutions and processes<sup>19</sup>. The results of our analysis seem to indicate that this

14. Coppedge M. (2005) *Defining and Measuring Democracy*, University of Notre Dame.

15. Bunce M. and Chatterjee E. (2010), ‘Narrating Democracy in the Commonwealth: An Overview’, *The Round Table: the Commonwealth Journal of International Affairs*, UK.

16. Schwab K., ed. (2011) *The Global Competitiveness Report 2011-2012*, Geneva, Switzerland: World Economic Forum.

17. *Ibrahim Index of African Governance* (2013), London, UK: Mo Ibrahim Foundation.

18. Feulner E. J., Holmes K.R. and Miller (2013), *The Index of Economic Freedom*, USA: The Wall Street Journal and The Heritage Foundation.

19. *Charter of the Commonwealth* (2012).

longstanding commitment to democracy may have had some measurable impact on Commonwealth member states. Of course, it is difficult to say how much of this is down to history and the political institutions inherited from British colonialism; how much is a result of the moral authority of the Commonwealth and its values – the threat of suspension or even expulsion hangs over those Commonwealth countries that seriously and persistently contravene its values and principles; and how much is due to the practical programmes, such as election monitoring, pioneered by the institutional Commonwealth. Since the promotion of functioning, sustainable democracy seems to be such a key strength of the Commonwealth, further research into causality would certainly be worthwhile.

- Democracy and development are intertwined in complex ways. A deeper understanding of the Commonwealth's success in promoting and sustaining democracy may provide important insights into how the Commonwealth network could be leveraged in the pursuit of the Millennium Development Goals (MDGs) and other developmental targets.
- Stable democracy, combined with the rule of law, also provides the essential context for trade and international investment to flourish. As explored, in section 3a, a more in-depth study into how the democratic strength of the Commonwealth could be leveraged in support of its role as a facilitator of trade and investment would be of great interest.
- Our world ranking (see section 3j) offers an interesting insight into the close correlation between democratic governance and a country's economic and social performance. The top twenty countries in our overall ranking, which combines results from all our nine indicators, are all full democracies (out of only twenty-five countries in the world which are classified as such by the Economist's Index). The bottom twenty countries, with the exception of Iraq (a hybrid regime) are all authoritarian regimes.

### 3e. Gender Gap

This index examines the gap between men and women in four fundamental categories:

1. economic participation and opportunity
2. educational attainment
3. health and survival
4. political empowerment

By measuring gender-based gaps in access to resources and opportunities in individual countries rather than the actual levels of available resources and opportunities, the Index is independent from the countries' level of development.

The ability to develop, retain and attract the best talent is crucial to the future of any country or institution and women make up one half of the world's human capital. Empowering and educating girls and women and leveraging their talent and leadership fully in the global economy, politics and society are fundamental elements of success in an ever more competitive world.

Gender Gap	Commonwealth (median)	Non-Commonwealth (median)
Global	0.69	0.69
Africa	0.68	0.62
OECD	0.75	0.72
High-income	0.72	0.70
Upp-Mid income	0.67	0.69
Lower Mid income	0.64	0.67
Low income	0.72	0.63
SIDS	0.7	0.67

*Note: Global Gender Gap is measured on a 0-1 scale. The higher the score, the smaller the gender gap*

The differences between Commonwealth and non-Commonwealth performance on the Global Gender Gap are almost all negligible. However, Sub-Saharan Africa highlights some interesting Commonwealth success stories. Lesotho (14<sup>th</sup>) holds the top spot in the region and scores above the global average on all sub-indicators. It is the only country from the region that has closed the gender gap in both education attainment, health and survival sub-indexes. It is also the top performer on the literacy rate and enrollment in secondary education.

Two other Commonwealth countries fall next in the region's rankings. South Africa (16<sup>th</sup>) is the only other sub-Saharan African country to come within the index's top twenty and holds the top spot in the region on political empowerment. Mozambique follows next (23<sup>rd</sup>) as the region's best performer for the number of years the country has had a female head of state.

In the Caribbean, Barbados (27<sup>th</sup>) is one of three countries in the region that have closed the gender gap in both education attainment and health and survival. Barbados is also the best performer on literacy rates and holds the region's highest position in the wage equality survey.

In Asia, Sri Lanka (39<sup>th</sup>) ranks in the top ten performing countries on the enrolment in tertiary education and years with a female head of state. Sri Lanka is also one of the five countries from the region that have closed the health and survival sub-index. Pakistan (134<sup>th</sup>) performs below the global average on all four sub-indexes and now occupies the last spot in the Asia and Pacific region.

Drilling further down into the index also highlights some interesting results. Women's political participation in

Commonwealth developing states is much stronger than the global average. The proportion of seats held by women in national parliaments amongst low-income countries in the Commonwealth is 26 per cent; the figure shrinks to 16 per cent amongst non-Commonwealth low-income countries. The same is true in Africa. Women hold 22 per cent of parliamentary seats amongst Commonwealth democracies on the continent; their regional neighbours only manage 16 per cent. In Rwanda, for example, women now outnumber men in parliamentary representation, 52 per cent to 48 per cent respectively<sup>20</sup>. Interestingly, high and upper middle-income Commonwealth countries do not perform as well as their non-Commonwealth counterparts. In these countries, the Commonwealth average of seats held by women in national parliaments is 17 per cent, whereas in non-Commonwealth countries of the same income classifications, the average is 20.5 per cent.

Source: *The Global Gender Gap Report 2012, World Economic Forum.*  
<http://www.weforum.org/reports/global-gender-gap-report-2012>

### So What?

- Gender equality and women's empowerment are recognised by all Commonwealth countries as "essential components of human development and basic human rights"<sup>21</sup>. Member states also recognise that women's rights and the education of girls are critical preconditions for effective and sustainable development. Advancing gender equality is recognised as being critical to numerous other Commonwealth goals, including eradicating poverty, building resilient economies and promoting sustainable development.
- Further research into why Commonwealth member states seem to be performing better in certain areas, for example the strong female political participation that characterises the developing Commonwealth, may help to uncover lessons that could be useful to wider efforts to promote gender equality across the association. The correlation between the strong democracies that characterise many of the Commonwealth's low-income countries, relative to their non-Commonwealth counterparts (see section 3d) and their higher rates of female political participation is also worthy of further examination.
- In 2011, the RCS and international NGO, Plan published research exploring the best and worst places in the Commonwealth to be born a girl<sup>22</sup>. Interestingly, this research showed that poverty is not necessarily the most important factor in determining gender inequality. Several low-income Commonwealth countries, including Mozambique, Rwanda and Malawi, all scored much higher in our list of the best countries to be born a girl than their rankings in terms of income.

Equally, the Commonwealth's richest country, Brunei, only ranked 23<sup>rd</sup>. Even in our top-ranked countries, significant gender disparity was still evident, suggesting much remains to be done in this area.

### 3f. Peace

This index ranks nations by their peacefulness, measuring the absence of violence both within and between countries. The index is composed of twenty-three qualitative and quantitative indicators that gauge three broad themes:

1. the level of safety and security in society
2. the extent of domestic or international conflict
3. the degree of militarisation

Peace	Commonwealth (median)	Non-Commonwealth (median)
Global	1.94	2.01
Africa	1.88	2.22
OECD	1.41	1.48
High-income	1.52	1.5
Upp-Mid income	1.71	2.01
Lower Mid income	2.07	2.22
Low income	2.07	2.22
SIDS	1.94	2.14

Note: The lower the value, the more peaceful

These results show that Commonwealth member states are slightly more peaceful than their non-Commonwealth counterparts globally and, with the exception of high-income countries, across every comparative grouping. Perhaps most interesting in this dataset is the differential separating African countries; the median score amongst Commonwealth members in this income group is a full 0.34 points lower – and thus more peaceful – than their non-Commonwealth counterparts. The global difference is much less acute (0.07).

In the 2012 Index, Commonwealth countries showed both the greatest improvements and the most severe deteriorations in peacefulness. Sri Lanka experienced the greatest improvement in its overall peacefulness, following the end of decades of civil war, whilst Malawi experienced the largest decline in its score and rank (falling nineteen places to 60<sup>th</sup>). Nigeria underwent the second-largest deterioration, with a sharp rise in the measure of internal conflict.

Source: *Institute for Economics and Peace, 2012 Global Peace Index*  
<http://www.visionofhumanity.org/globalpeaceindex/2012-gpi-findings/>

20. Malik K. (2013), *Human Development Report 2013, The Rise of the South: Human Progress in a Diverse World*, USA: United Nations Development Programme.

21. *Charter of the Commonwealth* (2012).

22. Bachan K., Bennett J., Goulds S. and Sriskandarajah D. (2011) *Because You're a Girl: Growing Up in the Commonwealth*, London, UK: Plan UK and Royal Commonwealth Society.

## Spotlight on: Sri Lanka

Sri Lanka's rank (103<sup>rd</sup>) improved markedly for the second successive year in the aftermath of the defeat of the Tamil Tigers and the ending of two decades of civil war in May 2009. The number of deaths from organised (internal) conflict fell sharply to no casualties in 2010, compared to 15,565 in 2009. There were related declines in the homicide rate, the frequency of terrorist acts and the political terror scale (all indicators in the Global Peace Index<sup>23</sup>). In August 2011, the President, Mahinda Rajapaksa, announced the lifting of the state of emergency imposed since 1963 to confront the threat from Tamil separatists. The level of internal conflict nevertheless remains "moderate" reflecting signs of intermittent violence and reports of continued abductions and disappearances. Military expenditure declined in 2011 as a proportion of GDP amid pressures to cut the country's deficit. But an imminent rise in defence spending appears likely in order, it is claimed, to repay loans on military hardware acquired to fight the Tamil Tigers.

## So What?

- The Commonwealth is not immune to conflicts within and between its member states. At the end of 2003, nearly half of the twenty-three armed conflicts between and within states around the world were in Commonwealth countries<sup>24</sup>. The association has extensive experience in addressing conflicts and has developed strategies in this area that may be of use in broader contexts.
- In 2005, Commonwealth Heads of Government established the Commonwealth Commission on Respect and Understanding "to explore initiatives to promote mutual understanding and respect among all faiths and communities in the Commonwealth". In 2007, under the stewardship of Amartya Sen, this Commission produced 'Civil Paths to Peace'<sup>25</sup>, an important document in which the authors set great store by what they coin the 'Commonwealth approach'. By this, they mean making decisions on the basis of negotiation, dialogue, precedent and consensus, underpinned by mutual respect and rooted in shared values. They also speak of the importance of the shared forum provided by the Commonwealth for governments and civil society to meet as partners and as equals. It is to this approach, they argue, that Nelson Mandela referred in 1994 when he argued that 'the Commonwealth makes the world safe for diversity'.
- The Commonwealth has implemented this approach – with no small degree of success - in the peaceful resolution of numerous actual and potential conflicts.

The dismantling of apartheid in South Africa, in which it is widely acknowledged that the Commonwealth played a pivotal role, stands out as perhaps the most striking example. More recently, the Commonwealth has played a crucial role in helping to re-build peace following democratic elections in member states such as Nigeria and Sierra Leone.

- It is an approach to conflict that may have relevance in other parts of the world: in Iraq, Afghanistan, Israel and Palestine, for example, where there is a growing need for greater multilateral engagements. Further research into how the Commonwealth could deploy its considerable experience in this area would certainly be worthwhile.
- Research too into the interconnectedness of trade and peace could be of great interest to the Commonwealth project. Peace advances the economic development of societies by fostering conditions that are conducive to business and investment. At the same time, business can play a decisive role in building and strengthening peace through job and wealth creation.

## 3g. Human Development

The Human Development Index (HDI) is a composite index measuring average achievement in three basic dimensions of human development – a long and healthy life, knowledge and a decent standard of living. This single statistic serves as a frame of reference for both social and economic development. The HDI sets a minimum and maximum for each dimension, called goalposts, and then shows where each country stands in relation to these goalposts, expressed as a value between 0 and 1.

The full list of indicators which combine to produce the HDI are:

1. life expectancy at birth
2. mean years of schooling
3. expected years of schooling
4. gross national income per capita
5. gross national income per capita rank minus HDI rank
6. non-income HDI (life expectancy and education indicators only)

Human Development	Commonwealth (median)	Non-Commonwealth (median)
Global	0.69	0.72
Africa	0.48	0.44
OECD	0.91	0.89
High-income	0.86	0.88
Upp-Mid income	0.73	0.74
Lower Mid income	0.55	0.61

23. Reporters Without Borders (2012) *2011-2012 World Press Freedom Index*, Paris, France.

24. Amartya S. et al. (2007) *Civil Paths to Peace: Report of the Commonwealth Commission on Respect and Understanding*, London, UK: Commonwealth Secretariat.

25. Ibid.

Human Development	Commonwealth (median)	Non-Commonwealth (median)
Low income	0.43	0.4
SIDS	0.73	0.58

Note: The higher the score, the higher the level of human development

Our summary table shows that, overall, Commonwealth countries rank slightly lower in terms of human development than their non-Commonwealth counterparts. However, the difference is small and more interesting results can be seen when we look in greater detail at the HDI's sub indicators.

In terms of education, Mozambique, a Commonwealth country, has the lowest mean years of schooling in the world (1.2 years). Two Commonwealth countries have the highest expected number of years schooling in the world – New Zealand (19.7) and Australia (19.6). Barbados (16.3) and Malaysia (16.2) also come within the top twenty for the highest expected number of years schooling. The UK lags far behind with only 13.5 years.

Sierra Leone has the worst life expectancy in the world (48.1) and eight other Commonwealth countries come within the bottom twenty for this sub-indicator (Lesotho, Swaziland, Zambia, Mozambique, India, Cameroon, Nigeria, Botswana).

The difference between a country's human development ranking and its per capita income ranking shows how successful it is (or isn't), compared with other countries in translating the benefits of economic growth into quality of life for its population. A positive difference means that a country is doing relatively better in terms of human development than in terms of per capita income. If we look at the GNI per capita rank minus the HDI rank (a negative value means that the country is better ranked by GNI than by the HDI), we see that India (-97) and Botswana (-55), both Commonwealth member states, display the biggest difference in the world.

Source: Human Development Report 2013, *The Rise of the South: Human Progress in a Diverse World*, United Nations Development Programme. <http://hdr.undp.org/en/reports/global/hdr2013/>

## So What?

- For the first time in 150 years, the combined output of the developing world's three leading economies – Brazil, China and India – is about equal to the combined GDP of the longstanding industrial powers of the North – Canada, France, Germany, Italy, UK and the US<sup>26</sup>. This represents a dramatic rebalancing of global economic power. The rise of the South – unprecedented in its speed and scale – has far reaching implications for social equity and for democratic governance at the local and global levels. It is a changing international landscape that will demand flexible and truly representative international

institutions. The diversity of the Commonwealth lends itself to this new world order.

- In the last year, the HDI shows that some of the largest countries in the world have made rapid advances in terms of human development, including, in the Commonwealth, India and South Africa. But there has also been substantial progress in smaller economies, such as Bangladesh, Ghana, Mauritius and Rwanda.
- Economic performance matters to human development. If we plot the correlation between HDI and GDP/capita, we see a strong correlation (with a small number of exceptions) right through from the worst to the best performing countries. This may be because nations have become adept at converting available national income into a longer lifespan and into access to education. Or it may be that nations are able to convert improved health and education into economic growth. Most probably the causality goes in both directions, but further research into the interplay between these factors in the Commonwealth context would be of interest.

## 3h. Youth

This index shows the median age of the world's populations.

Youth	Commonwealth (median)	Non-Commonwealth (median)
Global	23.81	27.96
Africa	18.6	19.44
OECD	38.36	39.91
High-income	36.95	39.84
Upp-Mid income	24.9	29.04
Lower Mid income	20.87	22.95
Low income	18.36	19.05
SIDS	26.74	21.51

The Commonwealth's 'youth bulge' has been a particularly popular topic amongst the association's most vocal champions and, indeed, our results show that the median age of populations in Commonwealth countries is around four years younger than the rest of the world. However, regional comparisons of median age are not particularly revealing; developing nations – regardless of Commonwealth membership – tend to be younger. The median age on the African continent, for example, is 19.44 years compared to a world median of 27.96 years.

Upper-Middle income Commonwealth countries tend to have significantly younger populations than their non-Commonwealth counterparts (24.9 years compared to 29.04 years respectively). The only Commonwealth

countries to buck the prevailing trend here are the small island states where the median age of populations is higher than in non-Commonwealth small islands (26.74 years compared to 21.51 years).

Source: United Nations Department of Economic and Social Affairs (2010), *World Population Prospects, the 2010 Revision*.  
<http://esa.un.org/wpp/Excel-Data/population.htm>

### So What?

- A young and burgeoning working-age population can give a country a competitive edge against other countries, many of which are aging fast. The International Monetary Fund (IMF) estimates, for example, that India's 'demographic dividend' – the window of opportunity that a large workforce creates to strengthen an economy – could add two percentage points to the country's annual growth rate over the next two decades<sup>27</sup>. However, it is crucial for any country in this situation to scale up the potential of its people entering the workforce by enhancing education and employability. The demographic dividend ceases to be a dividend if people aren't educated and trained and if there are not enough jobs for them.
- The rate of population aging matters because developing countries can struggle to meet the needs of an older population if they are still poor. Many developing countries now have only a short window of opportunity to reap the full benefits of the demographic dividend. Addressing these demographic challenges will require raising educational attainment levels, particularly amongst girls, while expanding productive employment opportunities.

## 3i. Environmental Performance

This index ranks countries across ten policy categories covering environmental health, air quality, water resource management, biodiversity and habitat, forestry, fisheries, agriculture, and climate change.

EPI	Commonwealth (median)	Non-Commonwealth (median)
Global	54.52	60.42
Africa	50.3	47.07
OECD	69.9	70.62
High-income	66.44	68.65
Upp-Mid income	62.13	63.41
Lower Mid income	51.22	57.78
Low income	49.77	43.91
SIDS	65.92	51.01

Note: The higher the score, the better the performance

EPI	Commonwealth (median)	Non-Commonwealth (median)
Very High HDI	68.04	69.15
High HDI	64.35	61.21
Medium HDI	56.82	56.75
Low HDI	47.9	44.67
LLDCs Africa	48.39	43.14
ACP	51.33	45.88

Overall, the Commonwealth does not perform particularly well. Sierra Leone, a Commonwealth country, has the worst environmental performance in the world. However, there are some interesting exceptions. Commonwealth landlocked developing countries (LLDCs) in Africa, perform much better than their non-Commonwealth counterparts, as do Commonwealth African, Caribbean and Pacific (ACP) countries. The small island developing states of the Commonwealth also return higher scores.

Analysis of the policy drivers underlying the rankings suggests that income is a major determinant of environmental success. A distinction between Commonwealth and non-Commonwealth countries within their respective human development categories is therefore included for interest. At every level of development, the rankings show that some countries achieve results that exceed what would be anticipated. This demonstrates that policy choices (and other factors such as good governance) also affect performance.

Source: *Environmental Performance Index (2012)*, Yale Center for Environmental Law and Policy, Yale University and Center for International Earth Science Information Network.  
<http://epi.yale.edu>

### So What?

- Climate change is perhaps the issue most widely recognised as requiring global cooperation through multilateral agreements. It has been a key area of focus for the institutional Commonwealth which works particularly on natural resources management, environmental governance and urbanisation in the Commonwealth through advocacy and consensus building, capacity development and technical assistance, research and policy analysis and exchange of good practice.
- The Commonwealth's work on sustainable development has had a particular focus on small island states and the success of this is perhaps reflected in the results above. Further research into why particular regional groupings within the Commonwealth seem to be performing much better against this indicator would be worthwhile.

27. Aiyar S. and Mody A. (2011) *The Demographic Dividend: Evidence from the Indian States*: International Monetary Fund.

## Making Use of the Commonwealth Network

### The Commonwealth Environmental Investment

#### Platform: a case study

The Commonwealth Environmental Investment Platform (CEIP), officially launched in March 2013, connects entrepreneurs, investors and innovative technology businesses across the Commonwealth. It facilitates the exchange of ideas, practical experience and opportunities for enterprise with the goal of ensuring that good technologies are commercialised and able to reach the countries that most need them.

The CEIP is a practical model for realising the commitments set out in the Commonwealth Charter<sup>28</sup> to sustainable development, free and fair flow of multilateral trade, protection of the environment, deployment of environmentally friendly technologies and renewable energy and, in particular, the environmental needs of small states.

In an innovative collaboration between the private and civil society sector, the CEIP has been developed by Forbury Investment Network (associated with commercial law firm Clarkslegal LLP and their subsidiary Forbury Environmental), in alliance with the Royal Commonwealth Society, a non-governmental organisation with extensive educational, governmental, business and civil society links across the Commonwealth's 54 members states.

CEIP member hubs have been established in London, Wales, Canada, Ghana, Nigeria and South Africa with several more in development. Membership of the CEIP brings access to an online community forum and a Knowledge Bank; the opportunity to submit investment opportunities to be viewed by investor members; and the chance to join investment syndications across the Commonwealth.

Making use of the inherent strengths of the Commonwealth network, in a model that could have numerous wider applications, the CEIP acts as a connecting structure, linking like-minded enterprises and drawing investors' interest to relevant opportunities. In recognition of the fact that it is investment-worthy projects and businesses – and not money – that are in short supply, the teaching and mentoring of entrepreneurs, is seen as crucial to the Platform's success. Educating investors about developments in the technology field – and about the advantages of doing business in Commonwealth countries – is also central to the CEIP model.

**Michael Sippitt, Chairman, Clarkslegal:** “Why are we doing this with the Commonwealth? Because it represents a remarkable platform. It has been described as something created in the last century, ideally suited to the needs of this century. Throughout human history,

progress has depended upon the sharing of opportunities for enterprise and the exchange of ideas and goods. There is great value in a network that has already existed for decades, has meaningful links between people of all strata in society, has worked hard at building civil society and education and has strong foundations of long mutual dealings. In today's world, there is a great need for such a network; enabling enterprise that serves the interests of both new and old worlds, combining to support enterprise and innovation in ways that will serve people of all lands without exploitation, sharing the immense challenge of adapting to climate change and perhaps helping to contain it, and achieving the worthy goal of enabling everyone to be beneficiaries of the best that developed world technology has produced while learning lessons about what technology is actually sustainable in the world our children will inherit. Businesses and investors recognise the great advantages of having so much in common in terms of language, legal frameworks, principles of good governance and the rule of law, together with historic family, business and educational links, all of which put a premium on intra-Commonwealth trade. In truth, the Commonwealth is not so much an optional platform for promoting international trade and investment, as a vital asset developed over decades that it would be a great folly to neglect.”

[www.theceip.com](http://www.theceip.com)

28. *Charter of the Commonwealth*, 2012.

## 3i. World Ranking

Country	Overall Rank	Comp Rank	Press Rank	Ineq Rank	Demo Rank	Gender Rank	Peace Rank	Youth Rank	Env Rank	HDI Rank
Finland	1	4	1	10	9	2	9	5	12	21
Sweden	2	3	12	1	4	4	14	16	4	7
Norway	3	16	1	5	1	3	18	33	5	1
Denmark	4	8	10	4	3	7	2	17	32	15
Austria	5	19	5	8	13	20	6	7	8	18
Switzerland	6	1	8	42	7	10	10	11	2	9
Germany	7	6	16	11	14	13	15	2	17	5
Iceland	8	30	6	15	2	1	1	56	1	13
Netherlands	9	7	3	24	10	11	28	15	47	4
Canada	10	12	10	33	8	21	4	21	46	11
Luxembourg	11	23	6	7	11	17	-	31	41	26
New Zealand	12	25	13	54	5	6	2	52	15	6
United Kingdom	13	10	28	46	18	18	29	23	14	26
Belgium	14	15	20	16	23	12	11	13	88	17
Ireland	15	29	15	44	12	5	6	57	44	7
Australia	16	20	30	22	6	25	22	48	51	2
Spain	17	36	39	32	25	26	25	19	25	23
Czech Republic	18	38	14	26	16	73	13	28	22	28
Japan	19	9	22	62	21	101	5	1	20	10
France	20	18	38	36	29	57	40	20	7	20
Malta	21	5	58	13	15	88	-	25	11	32
Slovenia	22	57	36	18	30	38	8	8	55	21
Taiwan	23	13	45	35	37	-	27	-	-	-
Portugal	24	45	33	66	27	47	16	14	19	43
Estonia	25	33	3	28	34	60	41	24	57	33
Hungary	26	48	40	3	49	81	17	22	33	37
Slovakia	27	69	25	6	38	70	26	49	13	35
Poland	28	4	24	47	45	53	24	38	63	39
Italy	29	43	61	30	31	80	38	3	18	25
Lithuania	30	44	30	52	41	34	43	29	37	41
Latvia	31	64	50	50	48	15	45	18	21	44
Costa Rica	32	6	19	114	20	29	36	86	3	62
Croatia	33	76	68	31	53	49	35	10	35	47
United States	34	5	47	95	19	22	88	50	61	3
Mauritius	35	54	54	69	24	98	21	64	6	80
Korea, South	36	24	44	27	22	108	42	40	94	12
Romania	37	77	47	40	59	67	32	34	45	56
Hong Kong	38	1	54	123	80	-	-	6	-	13
Cyprus	39	47	16	19	40	79	73	60	96	31
Chile	40	3	80	121	35	87	30	65	16	40
Serbia	41	95	80	17	64	50	64	44	29	64
Uruguay	42	63	32	97	17	76	33	62	83	51
Bulgaria	43	74	80	96	52	52	39	9	65	57
Trinidad and Tobago	44	8	50	-	43	43	94	69	103	67
Greece	45	90	70	38	32	82	77	12	71	29



Country	Overall Rank	Comp Rank	Press Rank	Ineq Rank	Demo Rank	Gender Rank	Peace Rank	Youth Rank	Env Rank	HDI Rank
Singapore	46	2	135	107	81	55	23	43	28	18
Argentina	47	85	47	101	51	32	44	71	70	45
Montenegro	48	60	107	2	74	-	81	53	-	52
Cape Verde	49	119	9	-	26	35	-	129	-	132
Moldova	50	93	53	65	64	45	66	55	86	113
Ukraine	51	82	116	14	79	64	71	30	87	78
Panama	52	49	113	119	47	40	61	95	24	59
Bhutan	53	-	70	-	104	-	19	117	40	140
Albania	54	78	96	49	87	91	66	76	23	70
Bosnia and Herzegovina	55	100	58	53	95	-	65	27	98	81
Israel	56	22	92	71	36	56	150	74	66	16
Cuba	57	-	167	-	126	19	70	35	9	59
Suriname	58	112	22	-	54	106	-	93	39	105
El Salvador	59	9	37	105	61	94	111	125	34	107
Malaysia	60	2	122	103	71	100	20	105	54	64
Macedonia	61	79	94	89	73	61	68	54	73	78
Brazil	62	53	99	120	45	62	83	82	62	85
Jamaica	63	107	16	98	44	51	113	97	89	85
Brunei Darussalam	64	28	125	-	-	75	-	85	72	30
Namibia	65	83	20	135	68	41	49	141	81	128
South Africa	66	50	42	134	28	16	127	115	115	121
Peru	67	67	115	102	56	78	79	108	31	77
Sri Lanka	68	52	163	111	57	39	103	70	58	92
Tunisia	69	40	134	76	92	-	72	84	74	94
Armenia	70	92	77	25	111	92	115	66	76	87
Guyana	71	109	58	94	77	42	69	123	82	118
Ecuador	72	101	104	106	89	33	85	109	30	89
Maldives	73	-	73	-	-	95	-	116	48	104
Qatar	74	14	114	-	138	115	12	67	122	36
Nicaragua	75	115	72	79	91	9	81	131	93	129
Botswana	76	80	42	132	33	77	31	128	149	119
Mongolia	77	96	100	56	69	44	58	110	142	108
Thailand	78	39	137	124	58	65	126	61	67	103
Kuwait	79	34	78		122	109	47	90	113	54
Ghana	80	114	41	72	78	71	50	148	109	135
Kazakhstan	81	72	154	9	137	31	105	83	92	69
Dominican Republic	82	-	95	110	70	89	90	113	36	96
Belarus	83	-	168	12	139	-	109	36	53	50
Indonesia	84	46	146	58	60	97	63	92	134	121
Lesotho	85	135	63	133	64	14	53	152		158
Georgia	86	88	104	81	102	85	141	46	59	72
Colombia	87	68	143	126	55	63	144	98	10	91
Philippines	88	75	140	100	75	8	133	130	50	114
Tanzania	89	120	34	61	90	46	55	184	126	152
Vietnam	90	65	172	63	143	66	34	89	85	127
Russia	91	66	142	85	117	59	153	39	69	55

Country	Overall Rank	Comp Rank	Press Rank	Ineq Rank	Demo Rank	Gender Rank	Peace Rank	Youth Rank	Env Rank	HDI Rank
Timor-Leste	92	131	86	29	42	68	-	192	-	134
Paraguay	93	122	80	122	62	83	76	126	60	111
Niger	94	-	29	45	110	-	116	-	158	186
Mexico	95	58	149	118	50	84	135	99	43	61
Venezuela	96	124	117	68	97	48	123	104	64	71
Morocco	97	73	138	82	119	129	54	102	52	130
Jordan	98	7	128	75	118	121	62	146	97	100
Nepal	99	125	106	37	108	123	80	138	38	157
Mozambique	100	133	66	99	100	23	48	181	112	185
United Arab Emirates	101	27	112	-	149	107	46	75	152	41
Belize	102	123	-	-	-	102	-	132	26	96
India	103	56	131	60	39	105	142	112	123	136
Kyrgyz Republic	104	126	108	41	107	54	131	124	79	125
Algeria	105	87	122	51	130	120	121	103	42	93
China	106	26	174	109	141	69	89	58	121	101
Turkey	107	59	148	78	88	124	130	87	77	90
Azerbaijan	108	55	162	43	140	99	132	78	84	82
Bangladesh	109	108	129	39	83	86	91	121	139	146
Papua New Guinea	110	-	35	117	67	-	93	149	138	156
Lebanon	111	89	93	-	94	122	136	80	90	72
Fiji	112	-	117	-	123	113	-	101	49	96
Malawi	113	117	146	67	84	36	60	189	107	170
Bolivia	114	103	108	128	84	30	84	133	137	108
Oman	115	32	117	-	134	125	59	111	131	84
Laos	116	-	165	57	156	-	37	137	80	138
Egypt	117	94	166	48	115	126	111	119	68	112
Kenya	118	102	84	87	103	72	120	171	108	145
Senegal	119	111	75	83	93	90	78	180	143	154
Gabon	120	-	101	-	128	-	75	135	95	106
Tajikistan	121	105	122	34	151	96	99	150	111	125
Zambia	122	113	86	116	71	114	51	190	130	163
Mali	123	128	25	77	63	128	102	195	156	182
Burkina Faso	124	136	68	74	124	104	56	187	128	183
Uganda	125	121	139	90	96	28	98	196	119	161
Saudi Arabia	126	17	158	-	161	131	106	106	99	57
Benin	127	104	91	55	76	117	114	179	154	166
Cambodia	128	97	117	91	101	103	108	127	148	138
Madagascar	129	130	84	108	116	58	99	177	120	151
Honduras	130	86	135	127	84	74	129	143	118	120
Guatemala	131	84	97	125	82	116	124	168	104	133
Bahrain	132	37	173	-	144	111	118	73	145	48
Iran	133	62	175	92	159	127	128	96	78	76
Sierra Leone	134	-	63	131	106	-	52	173	163	177
Djibouti	135	-	159	-	147	-	56	139	75	164
Burundi	136	140	130	86	113	24	138	153	140	178
Ethiopia	137	106	127	20	121	118	137	169	141	173

Country	Overall Rank	Comp Rank	Press Rank	Ineq Rank	Demo Rank	Gender Rank	Peace Rank	Youth Rank	Env Rank	HDI Rank
Pakistan	138	118	151	23	105	134	149	134	125	146
Cameroon	139	116	97	93	131	112	97	162	133	150
Guinea	140	-	86	73	146	-	92	174	136	178
Mauritania	141	137	67	70	109	119	125	155	161	155
Gambia, The	142	99	141	113	132	93	74	182	116	165
Haiti	143	141	52	129	114	-	107	136	155	161
Congo (Brazzaville)	144	-	90	-	145	-	104	158	105	142
Liberia	145	-	110	-	98	-	101	176	-	174
Swaziland	146	134	144	115	134	-	85	159	101	141
Guinea-Bissau	147	-	75	-	157	-	95	165	132	176
Uzbekistan	148	-	157	59	164	-	110	122	144	114
Rwanda	149	70	156	104	136	-	119	170	135	167
Syria	150	98	176	-	157	132	147	142	56	116
Libya	151	-	154	-	125	-	147	107	117	64
Nigeria	152	127	126	88	119	110	146	172	153	153
Côte d'Ivoire	153	129	159	84	142	130	134	164	102	168
Togo	154	-	79	-	129	-	-	157	159	159
Myanmar	155	-	169	-	161	-	139	88	110	149
Zimbabwe	156	132	117	112	147	-	140	161	127	172
Eritrea	157	-	-	-	154	-	122	166	100	181
Turkmenistan	158	-	177	80	165	-	117	118	157	102
Central African Republic	159	-	62	130	160	-	151	160	162	180
Yemen	160	138	171	64	150	135	143	185	124	160
Equatorial Guinea	161	-	161	-	161	-	87	151	146	136
Korea, North	162	-	179	-	167	-	152	63	147	-
Angola	163	139	132	-	133	-	95	194	160	148
Chad	164	142	103	-	166	133	145	188	151	184
Iraq	165	-	152	-	112	-	155	175	150	131
Congo, Democratic Republic of the	166	-	145	-	155	-	154	191	106	186
Sudan	167	-	170	-	153	-	156	156	129	171
Afghanistan	168	-	150	-	152	-	157	193	-	175

Note: Any country with fewer than four ranks (out of nine indicators) has been excluded from this composite index

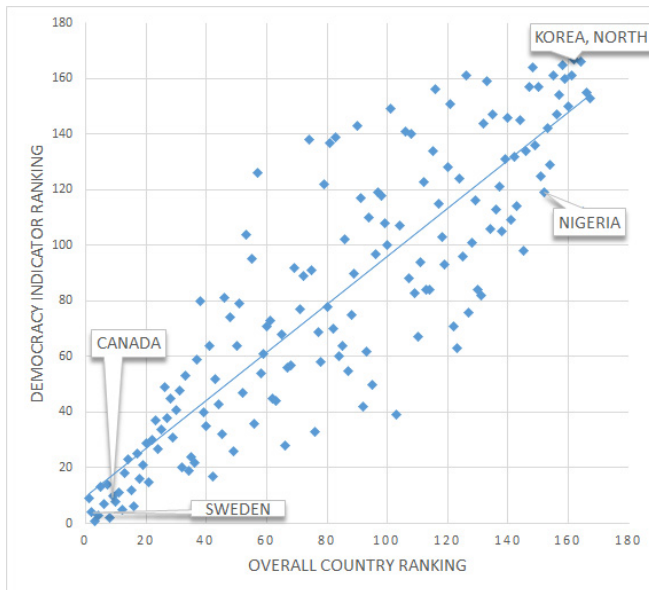
This composite index ranks countries according to their average rank across all nine of the indicators explored in this report. The table – listing each country's rank against each indicator – also provides an interesting snapshot of countries' key areas of strength and weakness. Commonwealth member states are highlighted in pink.

Only one Commonwealth country – Canada (10<sup>th</sup>) – comes in the top ten globally. Nigeria (152<sup>nd</sup>) returns the lowest rank of any Commonwealth member state, but is the only Commonwealth country to appear in the bottom twenty globally. Mauritius and Trinidad and Tobago are strong Commonwealth performers, ranking 35<sup>th</sup> and 44<sup>th</sup> in the world respectively.

Whilst this composite ranking does not produce any great surprises – no country, Commonwealth or otherwise, appears to perform much better or much worse than might be expected – it does offer an insight into some interesting correlations (see the Democracy Visual provided). In future reports, the establishment of this baseline will also enable us to track the performance of Commonwealth countries, relative to the rest of the world, over time.

As referenced in section 3j, our world ranking hints at a strong correlation between democratic governance and a whole range of other country outcomes. The visual provided here shows that the top twenty performing countries in our composite index are all full democracies

(as classified by the Economist Intelligence Unit's Index<sup>29</sup>). The worst-performing countries, with the exception of Iraq, are all authoritarian regimes. Of course, many of the factors examined in our indicators are interrelated in complex ways and overly simplistic attributions of causality must be avoided. However, the correlation evidenced here between democracy and a range of other factors lends impetus to our call for further research into how the propensity among Commonwealth countries towards strong democratic governance can best be leveraged in the pursuit of other goals.



#### 4. Conclusion

If we take the headline global results of our indicators, they suggest that Commonwealth countries enjoy greater press freedoms, are more democratic and more peaceful and have younger populations than the rest of the world. But they also seem to indicate that Commonwealth countries are slightly less competitive, with lower levels of human development, greater inequality and poorer environmental performance than their non-Commonwealth counterparts. The gender gap across the Commonwealth remains much the same as globally.

Of course, whilst they provide an interesting snapshot, these top-line results, in isolation, are of limited significance. The large number of small states and low or lower-middle income countries in the Commonwealth, for example, will have a bearing on these headlines. More interesting, are the potentially significant differences that appear when the data is broken down into regional and income groupings. Here, we see that Commonwealth member states, in some cases, do seem to outperform their non-Commonwealth counterparts in measurable ways and, in other areas, appear to lag behind. Further research could begin to establish some degree of causality and, where Commonwealth member states

seem to enjoy a particular advantage, determine whether there are practical initiatives or measures that could be implemented to maximise this effect and to share relevant expertise within and beyond Commonwealth networks.

It would be reasonable to speculate that certain unique aspects of the Commonwealth network will have an impact on its countries' performance across a whole range of the indicators explored here. The use of the English language and the common legal frameworks, inherited from the association's colonial past, which characterise Commonwealth countries will, for example, almost certainly render intra-Commonwealth trade and investment are a more attractive prospect. Additional factors, even more difficult to measure, are also likely to play a role here, such as the trust, mutual respect and commitment to equality that characterises interactions between Commonwealth member states. The effect of the association's moral influence – the pressure, exerted by peers, mechanisms of the institutional Commonwealth and civil society actors, to comply with its core values – while very difficult to quantify, are also likely to have an effect.

Further research into causality would be particularly apposite where certain regions of the Commonwealth seem to perform better than their counterparts across a large number of our indicators. This can be seen in the case of Commonwealth small island states, which buck the prevailing trend to perform better than their global counterparts in our competitiveness, inequality, gender gap, human development and environmental indices. They are also more democratic and more peaceful. Indeed, the only indicator against which they perform worse than non-Commonwealth states is press freedom. (They also have older populations than their non-Commonwealth counterparts, contrary to the prevailing trend.)

Small island states tend to share particular vulnerabilities, for example, to environmental disasters, the consequences of climate change, the international trade system and to public health issues. Distance can also sometimes render communication within and between countries problematic; the collection of islands that make up Kiribati stretch over 3,500km. Factors such as these mean that small island states have greater need for regional networks and partnerships, for shared beneficial policies and strategies, and for pooling human and financial resources. They have much to gain – perhaps more so than other country groupings – from close dialogue and cooperation with each other and with their larger neighbours<sup>30</sup>.

Integral to the Commonwealth's identity, small states make up thirty-two of its fifty-four member countries, most of them with populations of less than 1.5 million. For many years, the institutional Commonwealth has worked

29. Economist Intelligence Unit (2011) *Democracy Index 2011: Democracy under stress*, London, UK.

30. Amartya S. et al. (2007) *Civil Paths to Peace: Report of the Commonwealth Commission on Respect and Understanding*, London, UK: Commonwealth Secretariat.

## Spotlight on: Economic Freedom

The 2013 Index of Economic Freedom<sup>31</sup>, produced by the Heritage Foundation, provides unambiguous confirmation of the importance of the rule of law to economic growth and prosperity. Making up two out of ten components of the composite index, their rule of law indicators (property rights and freedom from corruption) are shown to be highly predictive of per capita GDP, irrespective of other factors or the overall level of a country's economic freedom. Rule of law is seen to be a critically important factor in determining which countries attract dynamic flows of global investment capital. Indeed, countries with rule-of-law scores in the top quarter of their rankings record levels of inward foreign direct investment that exceed levels in the lower three quarters combined.

In this Index, five Commonwealth countries rank within the top ten in the world for economic freedom (Singapore 2<sup>nd</sup>, Australia 3<sup>rd</sup>, New Zealand 4<sup>th</sup>, Canada 6<sup>th</sup> and Mauritius 8<sup>th</sup>). New Zealand tops the world rankings for freedom from corruption and property rights. In terms of trade freedom, Commonwealth countries sit at both extremes of the scale: the Seychelles, Maldives, Vanuatu, Bangladesh, Cameroon and Kiribati all come in the bottom eleven countries in the world; whilst Singapore comes top, closely followed in the top ten by Canada, Mauritius and New Zealand. For investment freedom, Mauritius comes top in the Commonwealth and third in the world.

Interestingly for the purposes of our research and the direction of future enquiries, it was in an essay accompanying the 2000 Index of Economic Freedom that Dr Robert J. Barro first questioned the relationship between the promotion of democracy and development<sup>32</sup>. Highlighting the practical differences between democracy and the more general concept of the rule of law, Barro concluded that the rule of law, by empowering individuals within a stable and predictable environment, is the more reliable factor in promoting development. In 2013, Barro updated his study and again concluded that efforts to promote the rule of law can bear substantial fruit in promoting development; promotion of democracy, by contrast, he argued, is uncertain at best in supporting economic growth or laying a solid foundation for economic freedom<sup>33</sup>.

Rule of law is very difficult to measure; there are few standard metrics and most published attempts to quantify and compare the rule of law in various countries rely on opinion surveys that can be subjective and unreliable. Notwithstanding these difficulties, more in-depth research into how the shared legal systems of Commonwealth countries, combined with the continued efforts of Commonwealth bodies to promote and uphold the rule of law in its member states, could bear fruit in economic terms – and what positive effect they already have – would be of great interest.

to support small states in the pursuit of sustainable growth and the development of coherent strategies for integrating their economies with larger trading blocs and new trading systems. The Commonwealth network also emphasises the importance of all countries, irrespective of size or wealth, being treated as equals and, to this end, has dedicated itself to bringing the voice, interests and concerns of its smallest members to the world stage.

The inherent need of small island states for larger regional networks may mean their membership of the Commonwealth is more likely, from the outset, to have a greater measurable impact, but the fact remains that the strong relative performance of this grouping of countries may offer us valuable lessons for the wider Commonwealth project.

The interplay between the Commonwealth's strong democratic performance and the potential we have identified for the association to play a greater role in facilitating trade and investment is also an area that would seem to merit more extensive research. The stability provided by democracy and the rule of law is an essential component of the context needed for trade to flourish. Good governance – competition, transparency and the rule of law – wins international investor confidence. Regimes that govern by fear and repression cannot engender the innovation that is essential for the growth of successful knowledge-based economies. Respect for human rights therefore, many have argued, is not a luxury of growth, but the condition of that growth. The commonality in the legal systems of the Commonwealth's member countries must be one of its unique advantages as an international network. Further research into how this unique strength could best be leveraged to facilitate greater trade and investment within the Commonwealth network would certainly be worthwhile.

There is a growing recognition that many of the current institutions and principles for international governance were designed for a world order that no longer matches contemporary reality<sup>34</sup>. Many international institutions now greatly underrepresent the South; civil society networks that are taking advantage of new media and communication technologies to mobilise transnationally are more influential than ever before; and urgent challenges such as climate change can be resolved only globally. In this context, the Commonwealth, with its geographically and economically diverse membership, with its many and varied civil society networks and its considerable experience – and success – in facilitating bilateral, regional and multilateral co-operation to address shared problems, looks increasingly well-placed to act as a powerful 21<sup>st</sup> century network.

31. Feulner E. J., Holmes K.R. and Miller (2013), *The Index of Economic Freedom*, USA: The Wall Street Journal and The Heritage Foundation.

32. Feulner E. J. (2013) *The Rule of Law, The Index of Economic Freedom*, USA: The Wall Street Journal and The Heritage Foundation.

33. Barro R.J. (2013) 'Democracy, Law and Order, and Economic Growth', *The Index of Economic Freedom*, USA: The Wall Street Journal and The Heritage Foundation.

34. Malik K. (2013), *Human Development Report 2013, The Rise of the South: Human Progress in a Diverse World*, USA: United Nations Development Programme.

What is self-evident is that, in a complex and competitive world, it would be in the mutual interest of Commonwealth countries to take maximum advantage of the network of friends they have inherited, working together to strengthen its effectiveness as a multi-purpose association. It is our belief that a greater statistical, evidence-based understanding of the Commonwealth and the relationships between its member states could play an important facilitating role in this process.

This report represents a first step in the compilation of a portfolio of Commonwealth research. We look forward to exploring several areas of particular interest in more depth and to repeating this broad-based report, with a refinement of the statistical evidence and an analysis of developing trends, in twelve months time. It is our hope that the evidence we compile can be put to direct use in the development of practical initiatives designed to realise the potential of the Commonwealth network and make good on the commitments of its member states. We hope too that governments, intergovernmental agencies, private sector bodies and other civil society actors will judge this to be a constructive approach. We invite you to join us in the quest to develop a greater understanding of what makes the Commonwealth work.

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