

GDP Per Capita:

- Definition: Measured in 2019 US dollars
- Source: World Development Indicators from the World Bank

Population Growth:

- Definition: Annual Percent
- Source: World Development Indicators from the World Bank

Education

- Definition: School life expectancy, primary and secondary, both sexes (years)
- Source: World Development Indicators from the World Bank
- More Detail: “Number of years a person of school entrance age can expect to spend within the specified level of education. For a child of a certain age a , the school life expectancy is calculated as the sum of the age specific enrollment rates for the levels of education specified. The part of the enrollment that is not distributed by age is divided by the school-age population for the level of education they are enrolled in, and multiplied by the duration of that level of education. The result is then added to the sum of the age-specific enrollment rates. A relatively high SLE indicates greater probability for children to spend more years in education and higher overall retention within the education system. It must be noted that the expected number of years does not necessarily coincide with the expected number of grades of education completed, because of repetition. Since school life expectancy is an average based on participation in different levels of education, the expected number of years of schooling may be pulled down by the magnitude of children who never go to school. Those children who are in school may benefit from many more years of education than the average.”

Financial Inclusion

- Definition: The percentage of respondents (Aged 15 and older) who report having an account (by themselves or together with someone else) at a bank or another type of financial institution (see definition for financial institution account) or report personally using a mobile money service in the past 12 months (see definition for mobile money account).
- Source: **Global Findex Database 2017 World Bank**
- More Detail: “Financial institution account includes respondents who report having an account at a bank or at another type of financial institution, such as a credit union, a microfinance institution, a cooperative, or the post office (if applicable), or having a debit card in their own name. It includes an additional 3.93 percent of respondents in 2017 who report receiving wages, government transfers, a public sector pension (included in 2017 data), or payments for agricultural products into a financial institution account in the past 12 months; paying utility bills or school fees from a financial institution account in the past 12 months; or receiving wages or government transfers into a card in the past 12 months.”
- “Mobile money account includes respondents who report personally using services included in the GSM Association’s Mobile Money for the Unbanked (GSMA MMU) database to pay bills or to send or receive money in the past 12 months. It also includes an additional 0.60 percent of respondents in 2017 who report receiving wages, government transfers, a public sector pension (included in 2017 data), or payments for agricultural products through a mobile phone in the past 12 months.”

Public Services (Government Effectiveness)

- Definition: Estimate of governance (ranges from approximately -2.5 (weak) to 2.5 (strong) governance performance)
- Source: Worldwide Governance Indicators from the World Bank
- More Detail: “Reflects perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.”

Economic Regulation

- Definition: “Regulation”
 - A. Credit market regulations
 - (i) Ownership of banks
 - (ii) Private sector credit
 - (iii) Interest rate controls / negative real interest rates
 - B. Labor market regulations
 - (i) Hiring regulations and minimum wage
 - (ii) Hiring and firing regulations
 - (iii) Centralized collective bargaining
 - (iv) Hours regulations
 - (v) Mandated cost of worker dismissal
 - (vi) Conscription
 - C. Business regulations
 - (i) Administrative requirements
 - (ii) Bureaucracy costs
 - (iii) Starting a business
 - (iv) Extra payments / bribes / favoritism
 - (v) Licensing restrictions
 - (vi) Cost of tax compliance
- Source: Economic Freedom of the World; Fraser Institute
- More Detail: “When regulations restrict entry into markets and interfere with the freedom to engage in voluntary exchange, they reduce economic freedom. The fifth area of the index focuses on regulatory restraints that limit the freedom of exchange in credit, labor, and product markets. The first component (5A) reflects conditions in the domestic credit market. Sub-component 5Ai provides evidence on the extent to which the banking industry is privately owned. The final two sub-components indicate the extent to which credit is supplied to the private sector and whether controls on interest rates interfere with the market in credit. Countries that use a private banking system to allocate credit to private parties and refrain from controlling interest rates receive higher ratings for this regulatory component. Many types of labor-market regulation infringe on the economic freedom of employees and employers. Among the more prominent are minimum wages, dismissal regulations, centralized wage setting, extension of union contracts to nonparticipating parties, and conscription. The labor-market component (5B) is designed to measure the extent to which these restraints upon economic freedom are present. In order to earn high marks in the component rating regulation of the labor market, a country must allow market forces to determine wages and establish the conditions of hiring and firing, and refrain from the use of conscription. Like the regulation of credit and labor markets, the regulation of business activities (component 5C) inhibits economic freedom. The sub-components of 5C are designed to identify the extent to which regulations and bureaucratic procedures restrain entry and reduce competition. In order to score high in this portion of the index, countries must allow markets to determine prices and refrain from regulatory activities that retard entry into business and increase the cost of producing products. They also must refrain from “playing favorites,” that is, from using their power to extract financial payments and reward some businesses at the expense of others.”

Economic Shock

- Definition: Systemic Banking Crisis: Two criteria: Significant signs of financial distress in the banking system (as indicated by significant bank runs, losses in the banking system, and/or bank liquidations and Significant banking policy intervention measures in response to significant losses in the banking system
- Currency Crisis: a sharp nominal depreciation of the currency vis a vis the U.s. dollar. We consider two thresholds for a depreciation to see the definition: 1) a year-on-year depreciation of at least 30 % and 2) of at least 10% points higher than the rate of depreciation observed in the previous year

- Source: Luc Laeven and Fabian Valencia “Systemic Banking Crisis Revisited” (International Monetary Fund Working Group)

Conflict

- Definition: “UCDP defines state-based armed conflict as: “a contested incompatibility that concerns government and/or territory where the use of armed force between two parties, of which at least one is the government of a state, results in at least 25 battle-related deaths in a calendar year.”
- Source: Upsala Conflict Data Program
- More Detail: Variable Used: :Intensity”- The intensity level in the conflict per calendar year. The intensity variable is coded in two categories:5
- 1. Minor: between 25 and 999 battle-related deaths in a given year.
- 2. War: at least 1,000 battle-related deaths in a given year.

Colonizer

- Source: University of Zurich World Development Colonial transformation dataset. Compile for More Detail: “Measuring the impact of Colonialism: A New Data Set for the countries of Africa and Asia” (Kunzler, Walter, and Ziltener, 2017)
- What Colonial Power a state was colonized by
- 0 - Colonial influence by both European and non-European countries
- 1 - Uk
- 2 - France
- 3 - Portugal
- 4 - Belgium
- 5 - Italy
- 6 - United States
- 7- Japan
- 8 - Spain
- 9 - Netherlands
- 10 - Australia
- 11-Britian/France

Hlegit

- Source: University of Zurich World Development Colonial transformation dataset. Compile for “Measuring the impact of Colonialism: A New Data Set for the countries of Africa and Asia” (Kunzler, Walter, and Ziltener, 2017)
- More Detail: “The percent of the population of a country that belongs to a partitioned group”
- 0= not applicable
- 1= low/moderate colonial partition effect
- 2= significant/strong colonial partition effect
- “If more than 50% of the population belongs to groups partitioned by colonial borders the impact is considered strong; otherwise it is moderate unless there was no dismemberment as in the case of an island like Madagascar.”

VLegit

- Definition: “The embeddedness of the post colonial state into pre-colonial relations of authority” - Englebort 1999
- Source: Pierre Englebort; ‘Solving the Mystery of the AFRICA Dummy’ 2000
- More Detail: If a country does not receive a score o 1 by stage 5, it is finally deemed historically illegitimate and is assigned a score of zero

Economic Transformation

Table 2. *Construction of the state legitimacy dummy*

		Legitimate (= 1)	Non-legitimate (= 0)
(1)	Was the country colonized in modern times?	No	Yes (go to question 2)
(2)	When reaching independence, did the country recover its previous sovereignty, identity or effective existence?	Yes	No (go to question 3)
(3)	If the country was created by colonialism, was there a human settlement pre-dating colonization?	No	Yes (go to question 4)
(4)	Did the colonizers (and/or their imported slaves) reduce the pre-existing societies to numerical insignificance (or assimilate them) and become the citizens of the new country?	Yes	No (go to question 5)
(5)	Does the post-colonial state do severe violence to pre-existing political institutions?	No	Yes

- Source: University of Zurich World Development Colonial transformation dataset. Compile for “Measuring the impact of Colonialism: A New Data Set for the countries of Africa and Asia” (Kunzler, Walter, and Ziltener, 2017)
- Index Created on the Basis of Trade policy, Trade concentration, Investment concentration, Investment in infrastructure, Plantations, Mining, Gold/Silver/Diamonds. (Each variable defined and operationalized in “Measuring the impact of Colonialism: A New Data Set for the countries of Africa and Asia” (Kunzler, Walter, and Ziltener, 2017))

Informal Economy Size

- Definition: Informal employment and informal sector as a percentage of employment (Both sexes, non-agricultural and agricultural workers)
- Source: ILOSTAT (International Labor Organization)
- More Detail: Informal Employment: If their employment relationships not subject to standard labour legislation, social protection or entitlement to certain employment benefits ILO 2002 p.126 (Both inside and outside the informal sector, wage and self employed, as a main or secondary job).
- Informal Sector: Production and employment that takes place in unincorporated or unregistered enterprises 1993 ICLS