Assessment of the Extent of Property Rights Protection in Iran Based on the IPRI Index: A Comparative and Economic Study

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Abstract

Property rights constitute one of the fundamental pillars of legal and economic systems, exerting a direct impact on economic growth, investment attraction, and sustainable development. This study examines the status of property rights in Iran by analyzing its position in the International Property Rights Index (IPRI) and providing a comparative evaluation with both developed and peer countries. The findings reveal that Iran does not occupy a favorable position in this index, and factors such as weak enforcement of laws, lack of transparency, administrative corruption, and excessive government intervention have hindered improvements in the protection of property rights within the country. An examination of other countries' experiences indicates that legal reforms, enhancement of the legal environment, and greater protection of intellectual and physical property rights can significantly improve the IPRI score and increase investment security. Accordingly, the study proposes measures including reforming related laws and institutions, strengthening transparency and reducing corruption, and enhancing the roles of both government and the private sector in safeguarding property rights. Implementing these strategies can improve Iran's standing in the IPRI index, stimulate domestic and foreign investment, and ultimately foster sustainable economic growth.

Keywords: Property rights, IPRI index, economic development, legal reforms, transparency, investment

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1. Introduction

Property ownership is regarded as one of the most natural and ancient human rights, consistently respected by human societies and governments throughout history. Legislators have long sought to protect this fundamental right through various legal instruments designed to ensure its recognition and stability. In Iran, laws such as the *Registration of Deeds and Properties Act*, the *Trademark and Patent Registration Act*, and the *Copyright Protection Act for Authors, Composers, and Artists* were enacted to safeguard both physical and intellectual ownership rights (Ahmadi & Norouzi, 2019; Ali & Alinejad, 2020; Fati

& Ghorbani, 2018). Nevertheless, these legal frameworks—particularly in recent years—have not been sufficiently effective in providing maximum security for individuals' property rights (Rahimi, 2020).

Any economic, political, or social event that prevents individuals from utilizing their assets constitutes a violation of property rights. Moreover, factors that erode confidence in one's future ability to exploit property also weaken these rights. In essence, anything that diminishes public trust in the preservation of ownership rights—either now or in the future—obstructs the optimal use of assets (Coase, 1960; North, 1990). Similarly, failing to revitalize the legal and economic infrastructure necessary to protect property rights may itself be viewed as an infringement of such rights. For example, if individuals obtain property deeds that lack evidentiary strength compared with witness testimony, their ownership rights are effectively undermined. In such circumstances, the market lacks the transparency required to identify and protect property rights, and this opacity increases transaction costs and hinders the efficient use of assets (Organisation for Economic, 2020; Zarif, 2020).

Some scholars have likened weak property rights protection to a "public cake," meaning that without adequate protection, individual investments become vulnerable, discouraging further investment and ultimately impeding economic growth (Banerjee, 2019; Besley, 1995). Consequently, insufficient guarantees of ownership have numerous adverse economic effects, such as heightened transaction costs arising from uncertainty in property registration and externalities imposed upon markets. Collectively, these factors weaken the effectiveness of ownership laws and related regulations (Ahmadi & Norouzi, 2019; Zarei & Ghaffari, 2021).

Within the field of law, this issue is examined through the *economic analysis of law*, which evaluates legal institutions from an economic perspective (Coase, 1960; North, 1990). This approach has profoundly influenced legislative outlooks, leading many nations to reform ownership laws in line with economic efficiency as their economies developed. The prevailing contemporary view is that legal frameworks should be designed to enhance efficiency and thereby support economic objectives (Alonso, 2020). As a developing country, Iran likewise requires economically informed legislative reforms to strengthen its evolving economic system (Rahimi, 2020). Economists argue that legal reforms—directly or indirectly—affect economic variables and ultimately shape resource allocation (La Porta et al., 1997).

To measure the degree of property rights protection among nations, indices have been developed and published annually by the *International Property Rights Alliance*. These indices provide policymakers with essential data for implementing reforms. Among them, the *International Property Rights Index (IPRI)* ranks countries based on the protection of physical and intellectual property (Organisation for Economic, 2020). The IPRI evaluates the effects of legal and administrative policies on property ownership and illustrates how legal recognition and enforceability of property rights influence national economic development (De Soto, 2000; North, 1990).

The IPRI comprises three main components:

1. **Legal and Political Environment:** This measures a nation's capacity to enforce property rights through formal legal channels and includes variables such as rule of law, judicial independence, political stability, and control of corruption. Iran's scores for these variables are 3, 4, 2.5, and 3.6 out of 10, with respective global rankings of 115, 79, 117, and 98.
2. **Physical Property Rights:** This includes indicators such as property registration, access to loans, and protection of physical ownership. Iran's scores for these subcomponents are 8.8, 0.1, and 8.4, with regional and global rankings of 17 and 105, respectively.
3. **Intellectual Property Rights:** This assesses the protection of intellectual property. Iran's overall score is 3.8, ranking 106 globally and 13 regionally (Ali & Alinejad, 2020; Jafari & Zeinali, 2021; Zarei & Ghaffari, 2021).

According to the IPRI, Iran falls within the Middle East, Africa, and Pakistan group and, based on the World Bank classification, is considered an upper-middle-income country. Although Iran's IPRI ranking has slightly improved in recent years, it still lags significantly behind leading nations (Organisation for Economic, 2020).

Despite the crucial importance of property rights assurance for economic and social stability, existing indicators reveal that Iran's performance in this regard remains unsatisfactory compared with other nations (Fati & Ghorbani, 2018; Rahimi, 2020). The current legal and economic environment at times undermines private ownership, necessitating reforms grounded in economic analysis (North, 1990). For instance, the *compulsory property registration system*—as stipulated in Articles 22, 46, 47, and 48 of the *Registration of Deeds and Properties Act* and Article 1309 of the *Civil Code*—was weakened after the Revolution through modifications affecting the validity of informal documents. Although well-intentioned, these changes reduced the credibility of official deeds, increased civil and criminal disputes, and ultimately eroded public confidence in formal ownership (Ahmadi & Norouzi, 2019; Mohammadpour, 2019).

Overall, this study utilizes the *economic analysis of intellectual and physical property rights* to assess Iran's position according to the IPRI and to explore the factors contributing to its declining property rights ranking. Finally, grounded in economic principles, the research offers recommendations for reforming Iran's legal and institutional framework for property rights (North, 1990; Organisation for Economic, 2020; Zarei & Ghaffari, 2021).

2. Theoretical Foundations and Research Background

2.1. The Concept and Importance of Property Rights

Property rights, as one of the most fundamental human rights, have long been a focal concern of legislators and economists. This right is widely recognized across legal, cultural, social, and economic systems, enabling individuals to exercise control and supervision over their assets. Property rights are particularly vital in the economic sphere, where they are essential for efficient market functioning and the enhancement of public welfare (De Soto, 2000). They not only safeguard assets and resources but also form the basis of most contracts and economic exchanges (Ellickson, 1991).

2.2. Definitions from Legal and Economic Perspectives

From a legal perspective, property rights refer to a set of laws and regulations that authorize individuals to control, transfer, use, or sell their assets. These rights allow owners to legally utilize their property and seek legal remedies in case of violations (Ahmadi & Norouzi, 2019; Ellickson, 1991). Depending on the nature of the asset, legal systems define ownership differently, and judicial authorities are responsible for adjudicating infringements (Rahimi, 2020).

From an economic perspective, property rights are a bundle of legally recognized powers enabling individuals to allocate resources optimally. These rights are fundamental to efficient market operation because they allow owners to direct resources toward productive uses, thereby promoting effective resource allocation and economic growth (Coase, 1960; North, 1990). When property rights are adequately guaranteed, investors are more inclined to make long-term commitments, contributing to overall economic development and social prosperity (Besley, 1995; La Porta et al., 1997).

2.3. The Role of Property Rights in Sustainable Development

Property rights play a pivotal role in sustainable development, defined as meeting present needs without compromising future generations' ability to meet theirs. By encouraging transparent and responsible resource use, property rights promote sustainable exploitation of natural resources and environmental protection (Baland & Platteau, 1996; De Soto, 2000). Effective property rights protections incentivize investment across economic sectors, enabling governments that enforce ownership guarantees to create favorable environments for both domestic and foreign investment. This fosters economic development, job creation, production growth, and poverty reduction (Alonso, 2020; Organisation for Economic, 2020). Conversely, insecurity in property rights results in economic failures and diminished investment due to lack of trust in asset protection (Banerjee, 2019).

2.4. The Importance of Property Rights in Developing Economies

In developing countries, property rights are especially critical in agriculture and natural resource management. Many such resources are publicly or communally owned, and the absence of transparent legal ownership leads to inefficient resource allocation and waste (De Soto, 2000). For instance, without clear ownership guarantees, farmers may refrain from investing in land improvement, thereby hindering agricultural growth and national food security (Baland & Platteau, 1996; Besley, 1995). Furthermore, insecure property rights increase transaction costs for businesses, discourage innovation, and weaken competitiveness. Legal reforms to strengthen ownership protections are therefore key to sustainable economic growth and private sector performance (Jafari & Zeinali, 2021; La Porta et al., 1997; Zarei & Ghaffari, 2021).

3. The International Property Rights Index (IPRI)

The *International Property Rights Index (IPRI)* is an evaluative tool developed by international organizations such as the World Bank to assess and compare the status of property rights across different countries. The index is specifically designed to analyze and evaluate the protection and assurance of both physical and intellectual property rights globally. The IPRI aims to provide accurate and comparative information on how property rights are enforced and protected in various nations, particularly within legal, administrative, and political dimensions (North, 1990; Organisation for Economic, 2020).

3.1. Dimensions of the IPRI

The IPRI comprises three main dimensions, each assessing a different aspect of property rights protection within a country:

1. **Legal and Political Environment:** This dimension evaluates the legal and institutional framework that governs property rights enforcement. It includes variables such as the *rule of law*, *judicial independence*, *political stability*, and *control of corruption* (Organisation for Economic, 2020; Rahimi, 2020). These factors reflect a nation's ability to ensure the implementation of ownership rights through effective governance and an independent judiciary (Zarif, 2020).
2. **Physical Property Rights:** This dimension measures the level of protection for physical property ownership. It includes factors such as *property registration*, *access to credit*, and *security of physical ownership*. The effectiveness of these elements determines how efficiently individuals can register, utilize, and secure ownership over tangible assets (Ahmadi & Norouzi, 2019; Mohammadpour, 2019).
3. **Intellectual Property Rights:** This dimension evaluates the protection and enforcement of intellectual property rights, including patents, trademarks, and copyrights. A robust framework for intellectual property contributes to a favorable environment for innovation, creativity, and entrepreneurship (Ali & Alinejad, 2020; Jafari & Zeinali, 2021; Zarei & Ghaffari, 2021).

3.2. Method of Calculation and Sub-Indices

The IPRI is calculated primarily through the assessment of data and indicators collected from various countries. It evaluates multiple variables across the three dimensions mentioned above, assigning each nation an individual score for each sub-index, followed by an overall composite score (Organisation for Economic, 2020). These scores allow for cross-national comparison and trend analysis, providing policymakers with a systematic means to identify weaknesses and implement targeted reforms (Alonso, 2020).

3.3. Iran's Position in Global Rankings

According to the annual IPRI assessments, Iran ranks relatively low compared with many other countries worldwide (Rahimi, 2020). Analysis of Iran's standing in this index reveals deficiencies across various property rights dimensions, including both physical and intellectual property protections. In particular, when compared with developed countries, Iran performs poorly in areas such as *judicial independence* and *corruption control*, which significantly contribute to its lower IPRI ranking (Zarif, 2020).

Available reports indicate that Iran's average IPRI score typically ranges between 3 and 4 out of 10, placing it below the 100th position globally. For instance, in the 2018 evaluation, Iran ranked 91st globally and 15th among countries in the Middle East and North Africa region (Organisation for Economic, 2020). These figures demonstrate persistent structural challenges in the enforcement of property rights and highlight the need for comprehensive institutional and legal reforms to enhance Iran's performance within the global property rights framework (Ahmadi & Norouzi, 2019; Fati & Ghorbani, 2018; North, 1990).

4. Comparative Analysis and International Experiences

Comparative studies in the field of property rights—particularly those that evaluate international indicators such as the *International Property Rights Index (IPRI)*—enable researchers and policymakers to assess how different nations perform in protecting and guaranteeing physical and intellectual property rights. They also help identify the factors contributing to either success or failure in this regard (Alonso, 2020; Organisation for Economic, 2020). Such analyses are especially valuable for developing countries, as they can guide legal and economic reforms by revealing structural gaps and best practices in governance and law enforcement (North, 1990). This section reviews selected developed and developing countries, followed by a comparative assessment of Iran's performance relative to its peers.

4.1. Developed Countries and the Status of Property Rights

Developed countries consistently perform well in IPRI rankings. Their strong legal systems, effective enforcement mechanisms, and stable economies enable them to provide reliable guarantees for property rights (Organisation for Economic, 2020). Nations such as the United States, Germany, and Japan are leading examples due to their advanced legal frameworks, technological infrastructure, and transparent judicial systems. These countries have established efficient mechanisms for both *physical* and *intellectual* property protection (Coase, 1960; La Porta et al., 1997).

In the United States, for example, property and intellectual property laws are highly advanced and comprehensive. Asset and patent registration processes are technologically integrated and efficiently managed, while intellectual property rights enjoy robust protection and judicial enforceability (Ellickson, 1991). The independence and transparency of the U.S. judiciary further strengthen ownership security, promoting trust among investors and innovators (North, 1990).

Similarly, Germany's legal structure regarding property rights is exceptionally strong. Its registration and patent systems function effectively, supported by an independent judiciary that continuously improves mechanisms to protect property rights at all levels. Consequently, Germany consistently ranks among the highest-performing countries in the IPRI, particularly in intellectual property protection, serving as a global benchmark in patent regulation and innovation governance (Organisation for Economic, 2020).

4.2. Developing Countries and the Status of Property Rights

Developing countries generally rank lower in the IPRI due to persistent economic, political, and institutional challenges such as corruption, lack of judicial transparency, and weak law enforcement (Banerjee, 2019; Besley, 1995). Nonetheless, several emerging economies have made notable progress through targeted legal and institutional reforms (Alonso, 2020).

India, for instance, has undertaken significant reforms in both physical and intellectual property rights. In the physical domain, modernization of land registration systems has improved record accuracy and reduced disputes over agricultural lands. In the intellectual property domain, new legislation on patents and copyright—particularly in technology sectors—has advanced protection and encouraged innovation (De Soto, 2000). However, challenges such as limited enforcement and public mistrust in the judicial system continue to hinder optimal outcomes (La Porta et al., 1997).

These experiences demonstrate that even in developing economies, reform-oriented policies can substantially enhance property rights protection if accompanied by institutional transparency and consistent law enforcement (Organisation for Economic, 2020).

4.3. Comparative Assessment of Iran with Peer Economies

Compared with similar economies, Iran faces substantial challenges in both physical and intellectual property rights protection, which has led to its relatively low IPRI ranking (Rahimi, 2020). While Iran's legal framework for property ownership is relatively comprehensive, deficiencies in implementation—such as lack of transparency in registration, judicial inefficiency, and corruption—have eroded public trust in ownership security (Ahmadi & Norouzi, 2019).

In the realm of intellectual property, Iran has made modest progress through legislative efforts but still lags significantly behind developed countries in enforcement. Weak copyright enforcement, limited patent registration capacity, and inadequate institutional coordination—particularly in emerging technologies—remain major impediments (Jafari & Zeinali, 2021; Zarei & Ghaffari, 2021).

4.4. The Impact of Legal and Economic Policies on Property Rights

A crucial factor in comparative performance is the influence of economic and legal policies on property rights protection. In many countries, effective economic governance and legislative reforms have markedly improved property rights assurance (Alonso, 2020; Organisation for Economic, 2020). Developed nations typically adopt *economically grounded legislative approaches* aimed at minimizing transaction costs, increasing transparency in property registration, and strengthening judicial capacity for property dispute resolution (Coase, 1960).

In Iran, despite partial legislative reforms, weaknesses in enforcement mechanisms and the persistence of administrative opacity continue to constrain progress. Economic policies have not yet sufficiently integrated property rights considerations into broader development strategies, leading to suboptimal outcomes relative to peer nations (Mohammadpour, 2019; Zarif, 2020).

4.5. Strengths and Weaknesses of Iran's Performance

Iran's primary strengths include the existence of foundational property laws such as the *Registration of Deeds and Properties Act* and the *Copyright Protection Act for Authors and Artists*, which can serve as legal anchors for property protection (Ali & Alinejad, 2020; Fati & Ghorbani, 2018). However, systemic weaknesses—particularly in law enforcement, judicial integrity, and administrative efficiency—remain critical obstacles (Rahimi, 2020).

In the domain of physical property rights, implementation issues persist regarding the accurate and transparent registration of assets, particularly land and real estate (Ahmadi & Norouzi, 2019). Regarding intellectual property rights, further legislative modernization and judicial empowerment are needed to ensure stronger protection for innovators and creators (Jafari & Zeinali, 2021).

Comparative evidence shows that developed countries, by leveraging efficient legal and administrative systems, have fully institutionalized property rights protection, thereby fostering economic growth and technological innovation (De Soto, 2000; North, 1990). For Iran to enhance its IPRI standing, it must adopt similar reform-oriented approaches—strengthening legal enforcement, improving transparency, and ensuring coordination among executive and judicial bodies—to overcome deficiencies in asset registration and intellectual property governance (Organisation for Economic, 2020; Zarei & Ghaffari, 2021).

5. Conclusion

Property rights constitute one of the most essential pillars of legal and economic systems, exerting a direct influence on investment security, economic growth, and sustainable development. An examination of the property rights situation in Iran indicates that despite the existence of multiple legal frameworks, their implementation faces significant challenges such as weaknesses in the judicial system, administrative corruption, and political interference.

The assessment of the *International Property Rights Index (IPRI)* reveals that Iran ranks unfavorably compared with peer countries. Deficiencies in intellectual property protection, slow legal processes, and lack of transparency are among the main reasons for Iran's low standing in this index. The experiences of developed and several developing nations demonstrate that legal reforms, enhanced transparency, anti-corruption measures, and streamlined judicial processes play crucial roles in improving the protection of property rights.

To enhance Iran's position in the IPRI, several actions are recommended—such as revising relevant laws, improving administrative structures, strengthening intellectual property protection, and adopting modern technologies for registration and enforcement of property rights. Furthermore, increasing the independence of judicial and executive bodies and reducing bureaucratic barriers can contribute significantly to attracting investment and promoting economic security.

Ultimately, improving the status of property rights in Iran will not only boost domestic and foreign investment but also foster economic growth, innovation, and sustainable development. Therefore, comprehensive reforms in this domain are an undeniable necessity that require coordinated collaboration among the government, the private sector, and legislative institutions.

Ethical Considerations

All procedures performed in this study were under the ethical standards.

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Conflict of Interest

The authors report no conflict of interest.

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