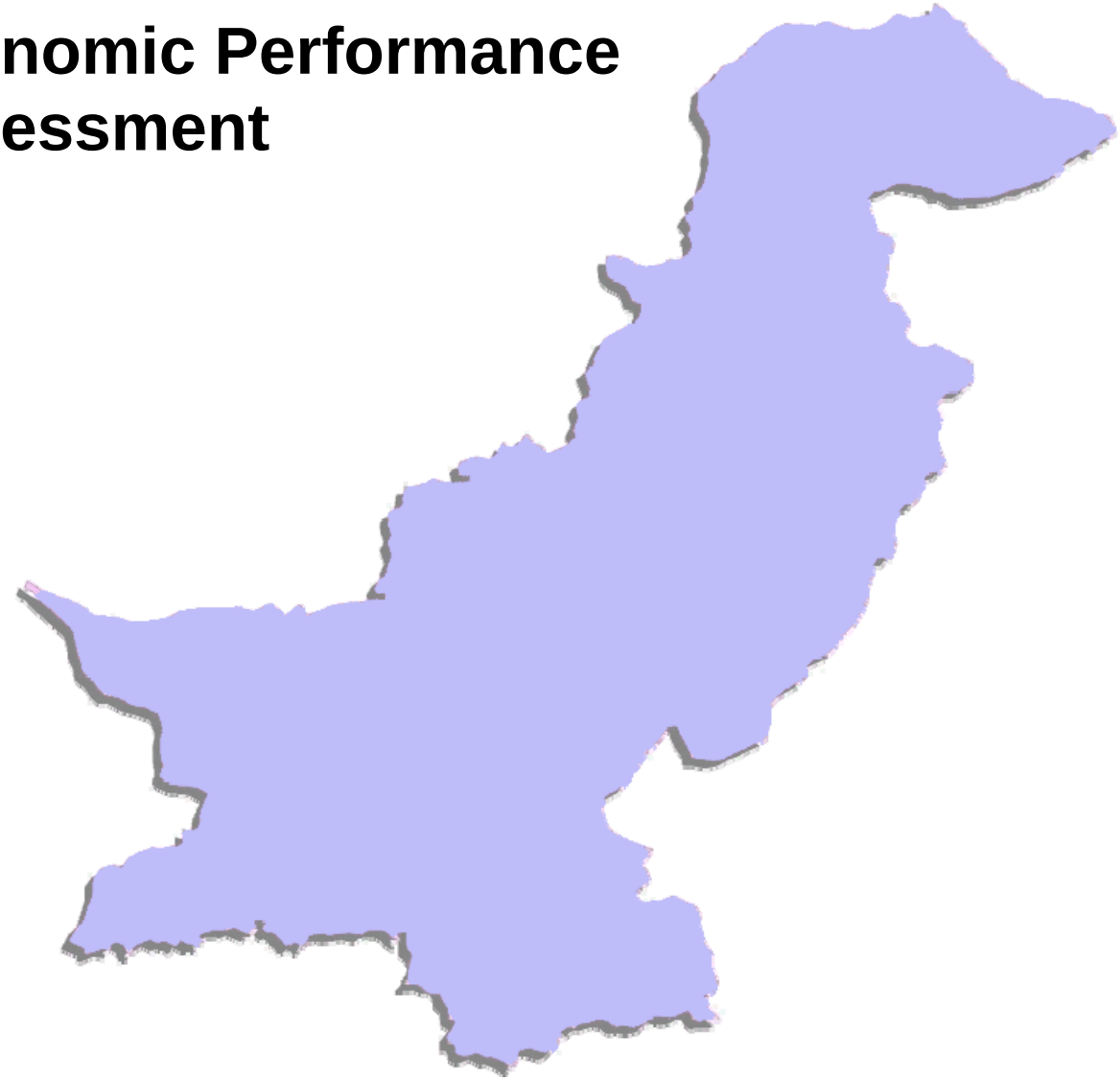
Pakistan

Economic Performance Assessment



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Pakistan

Economic Performance Assessment

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Sponsored by the Economic Growth office of USAID's Bureau of Economic Growth, Agriculture and Trade (EGAT), under Contract No. PCE-I-00-00-00013-00, Task Order 004, the Country Analytical Support (CAS) Project, 2004-2006, Nathan Associates Inc. developed a standard methodology for producing analytical reports to provide a clear and concise evaluation of economic growth performance in designated countries receiving USAID assistance. The reports are tailored to meet the needs of USAID missions and regional bureaus for country-specific analysis. Each report contains

- A synthesis of key data indicators drawn from numerous sources, including the World Bank, the International Monetary Fund, the Millennium Challenge Corporation, the United Nations, other international data sets, and accessible host-country documents and data sources;
- International benchmarking to assess country performance in comparison to similar countries, groups of countries, and predicted values based on international data;
- An easy-to-read analytic narrative that highlights areas in which a country's performance is particularly strong or weak, to assist in the identification of future programming priorities;
- A summary of main findings, in the form of a Highlights Table and a Performance Scorecard (in lieu of an Executive Summary).

Under Contract No. GEG-I-00-04-00002-00, Task Order 004, 2006-2008, Nathan Associates continues to provide support to the EGAT Bureau by producing analytical reports evaluating economic growth performance in designated host countries. Through the same task order, Nathan is developing a special template for countries emerging from crisis; assessing data issues in countries with large gaps in their data; conducting in-depth sector reviews based on the diagnostic analysis in the country reports; and providing other analytical support to the EGAT Bureau.

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Subject to EGAT consent, electronic copies of reports and materials relating to the CAS project are available at www.nathaninc.com. For further information or hard copies of CAS publications, please contact:

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HIGHLIGHTS OF PAKISTAN'S PERFORMANCE

Economic Growth	Economic growth has accelerated to more than 6 percent over the past few years. Labor productivity and investment productivity have also risen steadily.
Poverty	Poverty rates have been decreasing but are still high in absolute terms. High rates of adult illiteracy and child malnutrition contribute to a high Human Poverty Index. Income distribution, however, is more equitable in relation to benchmarks.
Demography and Environment	The population growth rate has been declining slowly but remains high, increasing the pressure for job creation and rising demand for education. Low literacy rates and environmental performance (one of the poorest globally) are serious causes of concern.
Gender	Pakistan's indicators continue to illustrate a disparity between men and women in education, health care, and employment.
Fiscal and Monetary Policy	Though government spending has remained roughly consistent, low revenues have widened the budget deficit. Growth in the broad money supply decreased in the last year, helping to lower inflation, which still remains high.
Business Environment	Corruption and inefficiencies in governance seriously impede investment and business growth. Measures to improve efficiencies in procedures required for business transactions may enhance business activities.
Financial Sector	Financial sector size and depth has improved markedly; and the banking system is becoming more efficient. Improving the regulatory environment should provide additional gains.
External Sector	The current account deficit is widening and high by historic and cross-country standards. The ratio of trade to GDP is low for a country of this size and exports are disproportionately concentrated in cotton, clothing, and textiles. FDI inflows have risen remarkably in recent years.
Economic Infrastructure	Recent innovations in telecommunication technologies, such as expansion of wireless telephone service and proliferating internet technology, have been beneficial. Transport infrastructure has improved slowly.
Science and Technology	FDI technology transfer is beneficial, but the small number of scientists and engineers and of science and journal articles suggest that more needs to be done to foster technology capacity.
Health	Access to clean water (91 percent) and improved sanitation is much better than low income countries. But high maternal mortality rates and low child immunization rates, in conjunction with very low public spending on health, suggest that the provision of basic health care services needs to be improved.
Education	Pakistan continues to fall short in educational attainment. The net primary enrollment rate is well below all benchmarks. Low enrollment rates are accentuated by low female enrollments.
Employment and Workforce	Labor force participation was a low 57.9 percent in 2005, aggravated by low overall female labor force participation. Despite this, the official unemployment rate of 6.5 percent in 2006 was not exceedingly high.
Agriculture	Agriculture indicators are mixed, but point to mediocre performance in recent years owing to frequent droughts.

Note: The methodology used for comparative benchmarking is explained in the Appendix.

PAKISTAN: NOTABLE STRENGTHS AND WEAKNESSES—SELECTED INDICATORS

Indicators	Strengths	Weaknesses
Growth Performance		
Real GDP growth	X	
Share of gross fixed investment in GDP, current prices		X
Poverty and Inequality		
Income share accruing to poorest 20 percent	X	
Human poverty index		X
Demography and Environment		
Adult literacy rate		X
Environmental performance index		X
Gender		
Female gross enrollment rate, all levels		X
Female labor force participation rate		X
Fiscal and Monetary Policy		
Growth in money supply, percent GDP	X	
Business Environment		
Corruption Perceptions Index		X
Rule of Law index		X
Regulatory Quality Index		X
Government Effectiveness Index		X
Financial Sector		
Interest rate spread, lending rate minus deposit rate	X	
Stock market capitalization rate, percent GDP		X
External Sector		
Foreign direct investment, percent of GDP	X	
Ease of trading across borders	X	
Current account balance, percent GDP		X
Debt service ratio, percent of exports		X
Trade, percent GDP		X
Economic Infrastructure		
Internet use per 1,000 people	X	
Science and Technology		
Science and technology journal articles, per million population		X

Indicators	Strengths	Weaknesses
Health		
Access to improved water source	**X**	
Maternal mortality rate, per 100,000 live births		**X**
Child immunization		**X**
Education		
Net primary enrollment rate (total, female, male)		**X**
Youth literacy rate, female		**X**
Gross tertiary enrollment rate		**X**
Employment and Workforce		
Labor force participation rate		**X**
Firing costs, weeks of wages		**X**
Agriculture		
Agricultural value added per worker	**X**	

Note: The chart identifies selective indicators for which Pakistan's performance is particularly strong or weak relative to benchmark standards; details are discussed in the text. A separate Data Supplement for Pakistan presents a full tabulation of the data examined for this report, including the international benchmark data, along with technical notes on the data sources and definitions.

1. Introduction

This paper is one of a series of economic performance assessments prepared for the EGAT Bureau to provide USAID missions and regional bureaus with a concise evaluation of a broad range of indicators relating to economic growth performance in designated host countries. The report draws on a variety of international data sources[1] and uses international benchmarking against reference group averages and comparator countries to identify major constraints, trends, and opportunities for strengthening growth and reducing poverty. The comparator countries selected for Pakistan are India and Thailand.

The methodology used here is analogous to examining an automobile dashboard to see which gauges are signaling problems. Sometimes a blinking light has obvious implications—such as the need to fill the fuel tank. In other cases, it may be necessary to have a mechanic probe more deeply to assess the source of the trouble and discern the best course of action.[2] Similarly, the economic performance assessment is based on an examination of key economic and social indicators, to see which ones are signaling problems. In some cases a "blinking" indicator has clear implications, while in other cases a detailed study may be needed to investigate problems more fully and identify an appropriate course for programmatic action.

The analysis is organized around two mutually supportive goals: transformational growth and poverty reduction.[3] Rapid and broad-based growth is the most powerful instrument for poverty reduction. At the same time, programs to reduce poverty and inequality can help to underpin rapid and sustainable growth. These interactions create the potential for stimulating a virtuous cycle of economic transformation and human development.

Transformational growth requires a high level of investment and rising productivity. This is achieved by establishing a strong ***enabling environment for private sector development***, involving multiple elements: macroeconomic stability; a sound legal and regulatory system, including secure contract and property rights; effective control of corruption; a sound and

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[1] Sources include the latest data from USAID's internal Economic and Social Database (ESDB) and from readily accessible public information sources. The ESDB is compiled and maintained by the Development Information Service under PPC/CDIE. It is accessible to staff through the USAID intranet.

[2] Sometimes, too, the problem is faulty wiring to the indicator—analogous here to faulty data.

[3] In USAID's White Paper on *U.S. Foreign Aid: Meeting the Challenges of the Twenty-first Century* (January 2004), transformational growth is a central strategic objective, both for its innate importance as a development goal, and because growth is the most powerful engine for poverty reduction.

efficient financial system; openness to trade and investment; sustainable debt management; investment in education, health, and the workforce; infrastructure development; and sustainable use of natural resources.

In turn, the impact of growth on poverty depends on policies and programs that create opportunities and build capabilities for the poor. We call this the ***pro-poor growth environment***.[4] Here, too, many elements are involved, including effective education and health systems, policies facilitating job creation, agricultural development (in countries where the poor depend predominantly on farming), dismantling barriers to micro and small enterprise development, and progress toward gender equity.

The present evaluation of these conditions must be interpreted with caution because a concise analysis of this sort cannot provide a definitive diagnosis of economic problems, or simple answers to questions about programmatic priorities. Instead, the aim of the analysis is to spot signs of serious problems for economic growth, on the basis of a review of selected indicators and subject to limits of data availability and quality. The results should provide insight about potential paths for USAID intervention, to complement on-the-ground knowledge and further in-depth studies.

The remainder of the report discusses the most important results of the diagnostic analysis, in four sections: Overview of the Economy; Conflict Risk; Private Sector Enabling Environment; and Pro-Poor Growth Environment. Table 1-1 summarizes the topic coverage. The appendix provides a brief explanation of the criteria used for selecting indicators, the benchmarking methodology, and a table showing the full set of indicators examined for this report.

Table 1-1. Topic Coverage

Overview of the Economy	Conflict Risk	Private Sector Enabling Environment	Pro-Poor Growth Environment
• Growth performance • Poverty and inequality • Economic structure • Demographic and environmental conditions • Gender	• CAST Scores • Indicators of State Capacities	• Fiscal and monetary policy • Business environment • Financial sector • External sector • Economic infrastructure • Science and technology	• Health • Education • Employment and workforce • Agriculture

[4] A comprehensive poverty reduction strategy also requires programs to reduce the *vulnerability* of the poor to natural and economic shocks. This aspect is not covered in the template since the focus is economic growth programs. In addition, it is difficult to find meaningful and readily available indicators of vulnerability to use in the template

2. Overview of the Economy

This section reviews basic information on Pakistan's macroeconomic performance, poverty and inequality, economic structure, demographic and environmental conditions, and indicators of gender equity.[5] Some of the indicators cited here are descriptive rather than analytical, and are included to provide context for the performance analysis.

GROWTH PERFORMANCE

In recent years, Pakistan has experienced impressive economic growth. GDP growth averaged 6.1 percent over the five years to 2005/06,[6] above the average of 5.5 percent for low-income countries and our expected value of 5.6 percent for a country with Pakistan's characteristics. The rate rose steadily from 3.1 percent in 2001/02 to 8.6 percent in 2004/2005 largely because the government introduced structural reforms at the turn of the century. These included reforms to increase compliance with the tax system and minimize tax evasion, to remove tariff and nontariff barriers, to improve the banking sector, to improve financial controls and budgeting, to improve agriculture sector performance, to deregulate petroleum and gas prices, and to improve governance.[7] Although high international oil prices and the October 2005 earthquake[8] adversely affected GDP growth in 2005/06, the reforms helped retain a strong growth rate of 6.6 percent in 2005/06, exceeding growth in Thailand (4.5 percent in 2005), but not in India (8.3 percent in 2006) (see Figure 2-1). For 2006, Pakistan reports a per capita income of US$830, indicating a standard of living much better than the average for low-income Asia (US$432).[9]

Pakistan's labor productivity is also contributing to economic growth. Labor productivity has been growing at an average of 0.6 percent. In 2005, it grew by an estimated 2.8 percent, above the level in India (2.4 percent in 2003) but still below that in Thailand (5.8 percent) (Figure 2-2). The latest labor productivity growth reflects Pakistan's rebounding from poorer performance a few years ago when labor productivity was negative. That lower productivity may have been attributable to more than 40 percent of the labor force working in agriculture, a high

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[5] A separate Data Supplement provides a full tabulation of the data for Pakistan and the international benchmarks, including indicators not discussed in the text, as well as technical notes for each indicator.

[6] Data references are to the Pakistani fiscal year, approximately from July 1, 2005 to June 30, 2006. The fiscal year notation is maintained throughout the report.

[7] Pakistan: Poverty Reduction Strategy Paper, IMF. January 2004.

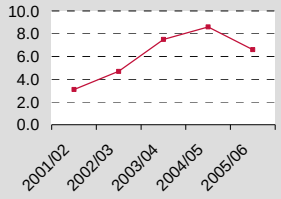
[8] Economist Intelligence Unit, Pakistan Country Profile 2006, London, p. 26.

[9] In terms of purchasing power parity, the figures are $2,829 and $2,291, respectively.

Figure 2-1. Real GDP Growth

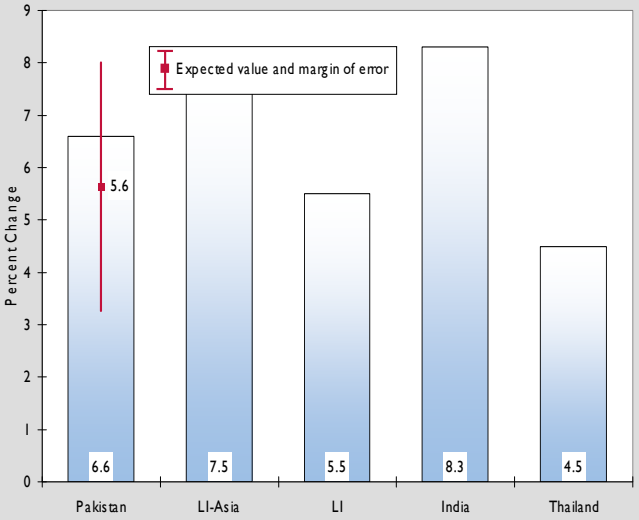
Real GDP growth has been solid, but the high growth must be sustained to raise living standards.

Time Series

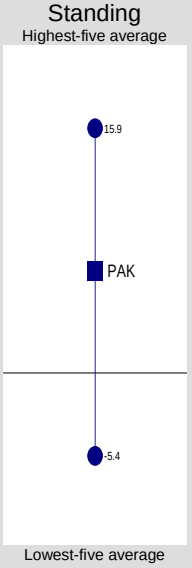


Year	Value
2001/02	3.1
2002/03	4.7
2003/04	7.5
2004/05	8.6
2005/06	6.6
Summary for 2001 - 2006	
Average, time series	6.1
Trend growth rate	.

Comparisons to other countries, most recent year



Pakistan Global Standing



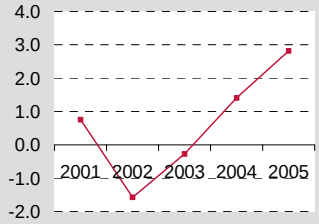
SOURCE: IMF World Economic Outlook, 2007.

CAS code: 11P3

Figure 2-2. Growth of Labor Productivity

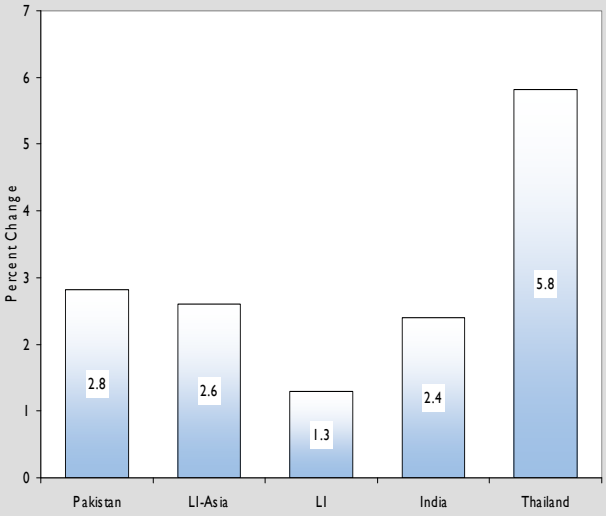
Labor productivity has grown steadily since 2002.

Time Series

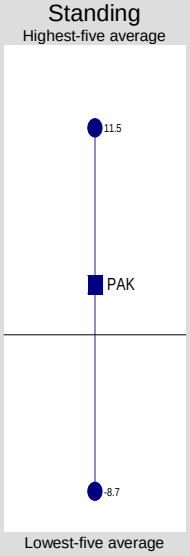


Year	Value
2001	0.8
2002	-1.6
2003	-0.3
2004	1.4
2005	2.8
Summary for 2001 - 2005	
Five year average	0.6
Trend growth rate	.

Comparisons to other countries, most recent year



Pakistan Global Standing



Source: World Development Indicators 2006

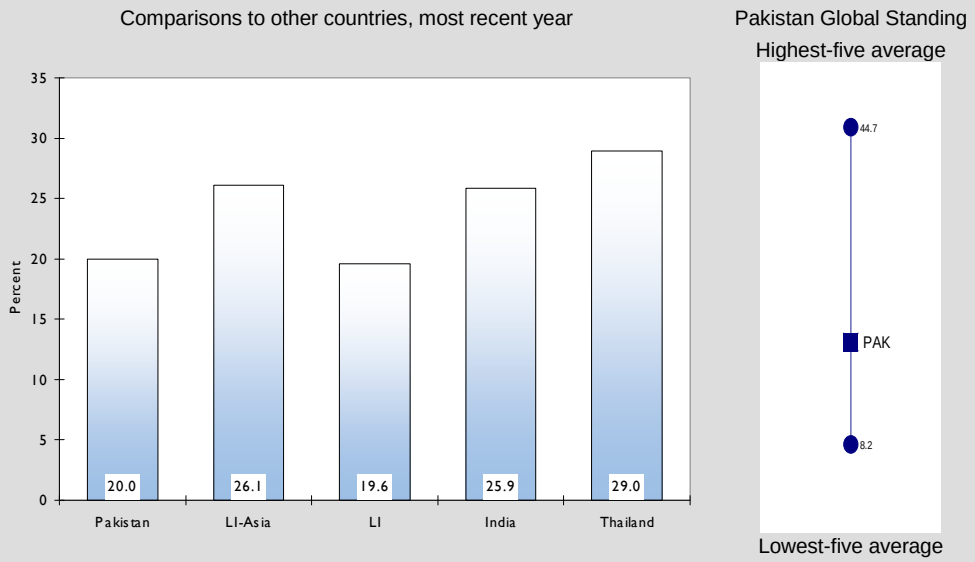
CAS code: 11S1

concentration of exports in low technology and low productivity sectors, and a substantial labor surplus, as evidenced by a rapidly growing labor force (3.8 percent growth in 2005) and the vast number of Pakistanis working abroad.

The overall investment rate has remained constant despite reforms, but investment productivity is strong. The ratio of gross fixed investment to GDP averaged 17.7 percent over the past five years, well below the average for low-income Asia, Thailand, and India (Figure 2-3). Nevertheless, investment productivity as measured by the incremental capital output ratio (ICOR) has been reasonable. The ICOR for the five years to 2005 shows that $3.2 of investment is needed to produce an extra $1 of GDP, which compares favorably with the $4.4 average for low-income Asia, India's $4.1 for the five years to 2004, and even Thailand's $5.0 for the five years to 2005.

Figure 2-3. Share of Gross Fixed Investment in GDP, Current Prices

Lower levels of investment point to weaknesses in the investment climate.



SOURCE: World Development Indicators 2006.

CAS code: 11S3

Though some of the poor performance in investment can be attributed to regional security concerns, there is ample scope for more reforms to further improve the investment climate and create a solid basis for transformational growth and poverty reduction.

POVERTY AND INEQUALITY

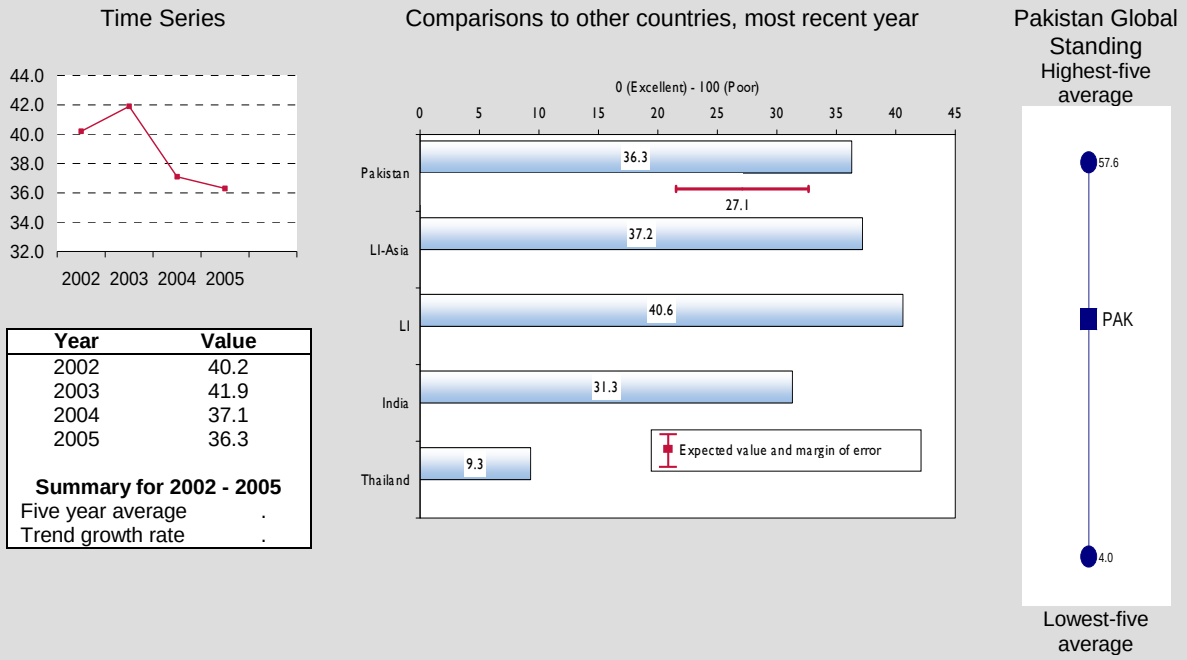
In the 1990s poverty rates increased in Pakistan, in part because of successive droughts and negligible economic growth, but recent poverty indicators are encouraging.[10] With reference to the national poverty line, the incidence of poverty decreased by more than 10 percentage points in

[10] Pakistan's Poverty Reduction Strategy Paper (January 2004) notes that the incidence of poverty increased from 26.1 percent in 1990-91 to 32.1 percent in 2000-01.

three years, falling from 34.5 percent in 2001/02 to 23.9 percent in 2004/05—well below the global average of 37.7 percent for low-income countries.[11,12] Pakistan also registered improvement on the Human Poverty Index (HPI), which measures deprivation in access to sanitation, healthcare, and education as well as in income or consumption, on a scale of 0 (no deprivation) to 100. Pakistan's score has been steadily improving since 2003, going from 40.2 to 36.3 in 2006 (Figure 2-4). This is better than the LI-Asia average of 37.2, though slightly worse than India's 31.3, and a far cry from Thailand's 9.3. The government's February 2004 Poverty Reduction Strategy Paper reports that as much as 63 percent of the population lives only slightly above the poverty line.

Figure 2-4. Human Poverty Index

Despite the declining trend in the HPI, the incidence of poverty in Pakistan is high.



SOURCE: UNDP Human Development Report, 2006.

CAS code: 12P1

Pakistan fares better in recent trends of income distribution, although income inequality is still largely persistent. The income share accruing to the poorest 20 percent increased from 8.8 percent in 1999 to 9.3 percent in 2002. Figures from both years are above the expected value of 7.5 percent for a country with Pakistan's characteristics. Indeed, it is even outside the normal band of the expected value, better than India's 8.9 percent in 2000 or the global average of low-income

[11] Pakistan's national poverty line is determined by caloric intake of 2,350 calories and a minimum of non-food requirements. There remains considerable debate about methodological issues in measuring poverty in Pakistan.

[12] It is not appropriate to compare Pakistan's recent data for this indicator with India's because the most recent year for which data are available for India is 1999.

countries of 7.4 percent, and much better than Thailand's 6.3 percent in 2002. Between 1999 and 2002, other measures of income inequality also show improvement. For example, the Gini Index decreased from 33.0 percent to 30.6 percent. The income share held by the fourth highest 20 percent of the population also increased 20.6 percent to 21.1 percent. It must be noted however that over a quarter of total income was held by the richest 10 percent of the population alone and around two-fifths of total income by the richest 20 percent in 2002.[13]

Despite encouraging signs of growth particularly since the turn of the century, the effect of growth on poverty and inequality is difficult to determine due to lack of poverty statistics after 2002. The Asian Development Bank (ADB) notes that although poverty generally tended to decline most when economic growth was high in Pakistan, historical data has not always supported this correlation.[14] As Pakistan's economy continues to grow, it will be important to focus more on pro-poor economic growth programs to ensure that growth trickles down to the poorest rungs of the economy. The PRSP notes key areas for poverty reduction, such as improving access to public services for the poor, furthering education, combating unemployment, and reducing poverty in the provinces. Ensuring proper implementation of these pro-poor PRSP components is vital for reducing poverty and ensuring sustainable growth.

ECONOMIC STRUCTURE

The share of Pakistan's GDP originating in agriculture, industry, and services has remained relatively stable over the past five years. In 2006, agriculture, industry, and services accounted for 22.0, 26.0, and 52.0 percent of GDP, respectively.[15] Shares in all three sectors are in line with the expected values of 24.8, 29.6, and 47.6 percent. Pakistan, however, relies more on agriculture than either India or Thailand. In 2005 (latest data available), agriculture accounted for 18.6 percent of India's GDP and 9.6 percent of Thailand's GDP.

Labor force shares, however, have changed, declining in agriculture from 48.4 percent in 2001 to 42.0 percent in 2004 (latest year available). In the same period, the share of the labor force in industry rose from 18.0 percent to 20.0 percent, and in services from 33.5 percent to 38.0 percent.

In comparing output and labor force structures,[16] we note that labor productivity is very low in agriculture, where more than 40 percent of the labor force produce only one-fifth of the economy's output. The services sector, which employs less than 40 percent of labor, produces more than half of the economy's output. The recent shift of the labor force away from agriculture is therefore a welcome change. While reforms to boost agricultural productivity are helpful,

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[13] All data on income inequality, with the exception of income share held by the poorest 20 percent, are not our standard CAS template indicators. All income inequality data have been obtained from the 2007 World Development Indicators Database.

[14] ADB: Pakistan Poverty Assessment Update; Background Paper:1 *Poverty, Economic Growth, and Inequality: A Review of Pakistan's Poverty Literature*. February 2006.

[15] CIA World Factbook.

[16] As the years of the latest figures differ, the analysis should be interpreted with caution.

raising labor productivity and economic growth in general will require stimulating investment and rapid job creation in the industrial and services sectors.

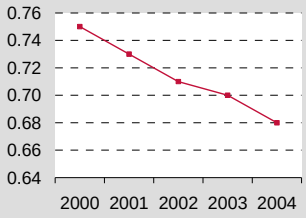
DEMOGRAPHY AND ENVIRONMENT

Pakistan's population growth rate is declining, falling from an average of 2.7 percent a year during 1981–1998 to 1.9 percent in 2006.[17] This reflects a demographic transition toward a more balanced economy as "an increased, if still modest, coverage of family planning programs"[18] begins. While 1.9 percent population growth is better than the LI-Asia average of 2.1 percent, it is still high in absolute terms. Population growth rates in 2005 in India (1.04 percent) and Thailand (0.8) are much lower. Lower rates are closely linked to improved social status and labor force participation for women, as well as better health and education in general. In Pakistan, one direct result of the decline in population growth is a lower rate of youth dependency, which decreased from 0.75 to 0.68 in the five years to 2004 (Figure 2-5).

Figure 2-5. Youth Dependency Rate

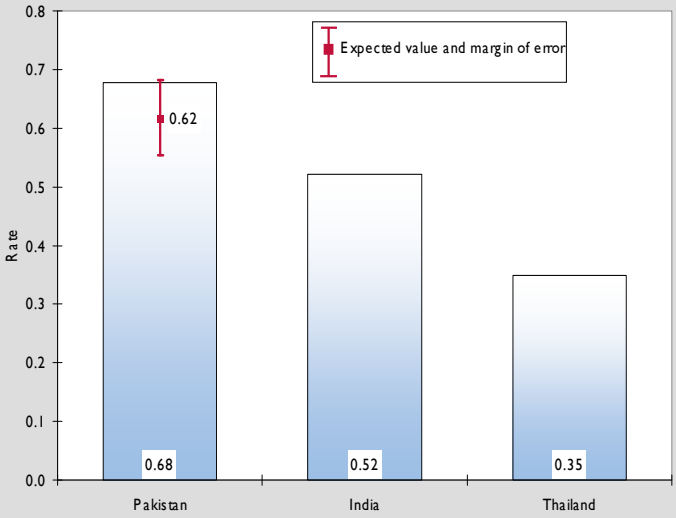
Declining population has led to a commensurate decline in youth dependency.

Time Series



Year	Value
2000	0.75
2001	0.73
2002	0.71
2003	0.70
2004	0.68
Summary for 2000 - 2004	
Five year average	0.71
Trend growth rate	-2.5

Comparisons to other countries, most recent year



SOURCE: World Development Indicators 2006. CAS code: 14P2a

Pakistan's adult literacy rate indicates a lack of educational attainment and a poorly performing education system. In 2004, adult literacy stood at a mere 49.9 percent, lower than all the benchmarks and very low by absolute standards. This low investment in human capital is

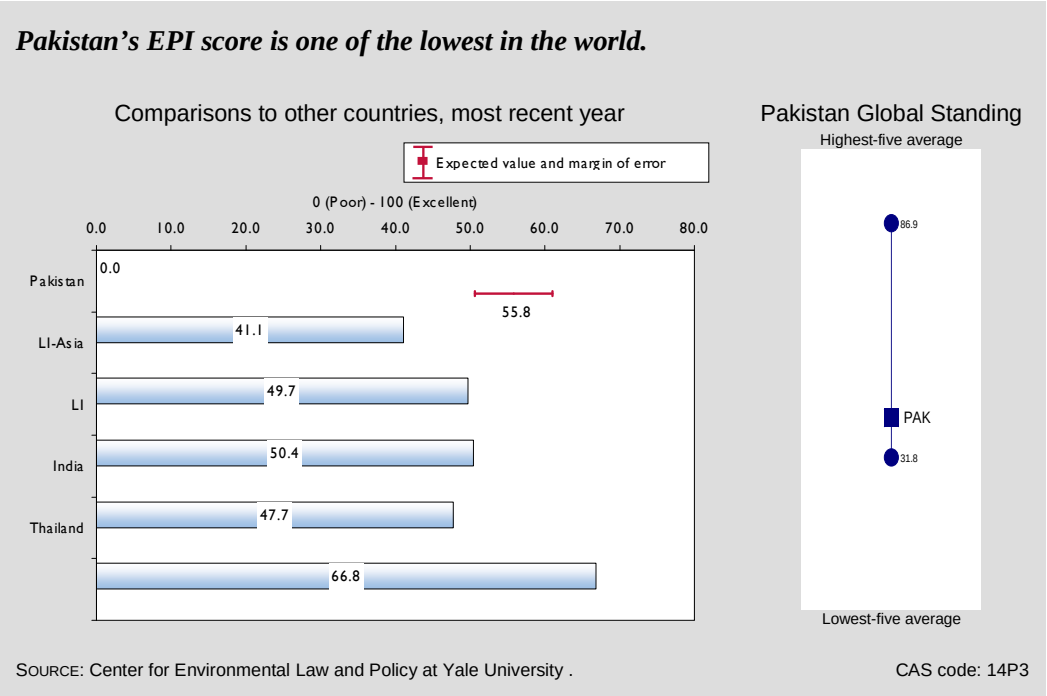
[17] Population Census Organization, Government of Pakistan, http://www.statpak.gov.pk/depts/pco/statistics/demographic_indicators98/demographic_indicators.html, for 1981-1998 figure, accessed May 2007.

[18] Economist Intelligence Unit, Pakistan Country Profile 2006, p. 18.

particularly worrisome in conjunction with high rates of poverty as lack of education tends to perpetuate the cycle of poverty. Adult literacy programs with high outreach, particularly in rural areas where poverty is concentrated, could help ameliorate the situation more quickly, contributing to more rapid socioeconomic progress.

Pakistan's natural resources are under severe stress. The Environmental Performance Index (EPI) which measures pollution control and natural resource management, ranked Pakistan at 127 of 133 countries, giving it a score of 41.1 out of 100—one of the lowest scores in the world (Figure 2-6). The most serious problems involve water use, particularly in agriculture. The nature of agricultural land tenure in Pakistan, a poor irrigation system, and general mismanagement of water resources create incentives that lead to soil erosion and increasing salinity.[19] Air quality and productive natural resources are also sub-indexes in which Pakistan is notably lagging. Rising rates for deforestation and urbanization (1.1 percent a year in the last five years) also indicate serious environmental problems.

Figure 2-6. Environmental Performance Index



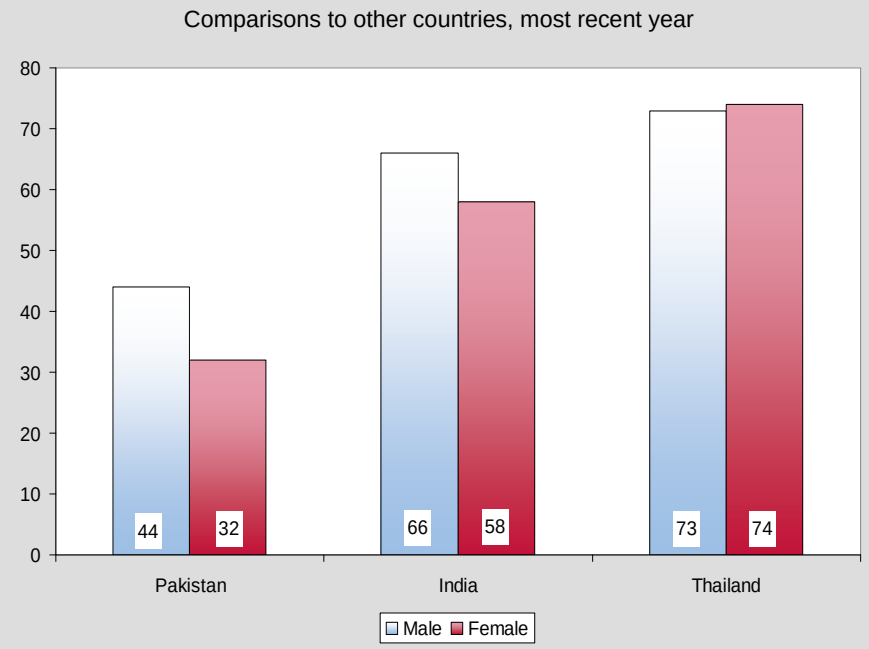
[19] In Pakistan land tenure patterns, irrigation decisions, and land degradation are closely linked. "[U]neven access to the land engenders intensification of its use by large and small holders, contributing to land degradation. Large landholders tend to over-irrigate cash crops, which causes land degradation from waterlogging and salinity. Similarly, small holders and tenant farmers intensively use their small holdings to pay for self-subsistence, cost of production, and rent on the land (latter in tenants' case)." See Tarique Niazi, Land Tenure, Land Use, and Land Degradation: A Case for Sustainable Development in Pakistan, *The Journal of Environment & Development*, Vol. 12, No. 3, 275-294 (2003).

GENDER

Gender equity enables faster economic growth by ensuring that all citizens can develop and apply their full productive capacities. Pakistan's performance on education, health care, and employment indicators continues to signal disparities between men and women. In 2004, the gross enrollment rate for males was 44.0 percent but only 32.0 percent for females. While the male enrollment rate itself is low absolutely, the 12 point disparity indicates a clear disadvantage for Pakistani women and is higher than the disparity in India (8.0 percentage points). In Thailand, the gross enrollment rate for females was 74.0 percent and for males 73.0 percent in 2004 (Figure 2-7).

Figure 2-7. Male and Female Gross Enrollment Rate, all levels

Females have less access to education than males.



SOURCE: World Development Indicators 2006. CAS code: 15P2a,15P2b

Comparisons of life expectancy at birth are often used as a proxy for gauging health care access and healthy standards of living. Female life expectancy can diminish greatly in countries where women have limited access to health care, and the health risks of reproduction make this effect particularly pronounced. In Pakistan, male and female life expectancy at birth in 2004 was 63.2 and 63.6, respectively. This parity, however, does not signal equality since women tend to outlive men by more than 5 years in countries with an advanced level of human development. For instance, female life expectancy at birth in Thailand was 74.0 in 2004 while male life expectancy was 66.7.

Women are grossly underrepresented in Pakistan's workforce. In 2004, the labor force participation rate for men was 89.3 percent but a mere 34.1 percent for women. This compares

unfavorably to all benchmarks: the LI-Asia average is 85.0 percent for men and 57.2 percent for women; the rates in India are 88.7 percent for men and 36.9 percent for women; and in Thailand, 88.2 percent for men and 72.6 percent for women. The huge disparity in Pakistan demonstrates that women's productive capacities in the labor force are severely underutilized, which seriously undermines Pakistan's productive potential. Programs that improve women's educational attainment, access to health care (especially reproductive health care), and work opportunities will not only help enhance the status of women in Pakistan, but also contribute to the country's socioeconomic development.

3. Conflict Risk

Since its creation in 1947, Pakistan has endured social, economic, and political instability that has resulted in alternating periods of civilian and military rule. The current leader, General Pervez Musharraf, assumed power through a military coup in October 1999, pledging to create economic prosperity. Once denounced by many in the West as a dictator, his support for western policies has made him a close ally of the United States. The government's inability to prevent an influx of Taliban and foreign fighters from Afghanistan, however, poses serious risks and has increased regional tensions. Indeed, the government has little or no control in Balochistan, Federally Administered Tribal Areas, the North-West Frontier Province (NWFP), and Kashmir (because of territorial conflict with India).

For this report, we have assessed conflict risk in Pakistan using the Conflict Assessment System Tool (CAST) developed by the Fund for Peace (FfP). CAST assesses states' vulnerability to violent internal conflict and societal dysfunction by rating 12 factors in three categories: social, economic, and military. Each indicator is scored on scale of 1 to 10, with 10 as the worst score. To rate each state, FfP uses a computerized content analysis technique that processes thousands of news articles and documents from approximately 12,000 sources. FfP researchers combine the results of this analysis with statistical data. A score of 90 or more indicates "critical danger." A maximum score of 120 indicates "state collapse." Table 3-1 shows Pakistan's scores on each indicator.

CAST SCORES

In 2007, Pakistan's CAST score was 100.1, down from 103.1 in 2006. India and Thailand both scored significantly better at 70.4 and a 74.9, respectively. Both countries have sources of internal tension, such as demographic pressures, but the strain on the state is much less than in Pakistan.

Demographic pressures in Pakistan are straining resources and threaten further instability, especially in rural areas, hence its score of 8.2 on the demographic indicator. Nearly 40 percent of Pakistanis are 14 and under, and the median age is 20. Natural resources are already limited, and the expanding economy is producing raw sewage, industrial waste, and agricultural runoff. In addition, Pakistan is often ravaged by earthquakes and floods and the delay in rebuilding from the 2005 earthquake is making damaged areas more susceptible to conflict.[20]

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[20] UN Office for the Coordination of Humanitarian Affairs, IRINNews, Running Dry: the humanitarian impact of the global water crisis (http://www.irinnews.org/webspecials/runningdry/55464.asp).

Table 3-1. Component Ratings of Pakistan 2007 CAST Scores

Category	CAST Score
SOCIAL	
Mounting demographic pressures	8.2
Massive movement of refugees or internally displaced persons	8.5
Legacy of vengeance- seeking group grievance or group paranoia	9.0
Chronic and sustained human flight	8.1
ECONOMIC	
Uneven economic development along group lines	8.5
Sharp and/or severe economic decline	5.8
POLITICAL AND MILITARY	
Criminalization and/or de-legitimization of the state	8.7
Progressive deterioration of public services	7.1
Suspension or arbitrary observance of human rights	8.7
Security apparatus operates as a "state within a state"	9.5
Rise of factionalized elites	9.5
Intervention of other states or external political actors	8.5

Pakistan's current score of 8.5 (high by absolute standards) for refugees and internally displaced persons reflects a reduction in conflict pressure as 50 percent of Afghan refugees returned to Afghanistan after the fall of the Taliban. But the two million refugees still in Pakistan remain a source of concern.

The score of 9.0 for group grievance reflects rising tension between the central government and some provincial governments. In Balochistan, for example, local demands for greater autonomy and control of profits from the sale of natural resources has led to outbreaks of violence.[21] Similar tensions are being experienced in the NWFP and the Federally Administered Tribal Areas.

Pakistan's score of 8.7 on the state delegitimization indicator reflects allegations of unfair elections, human rights abuses, and rampant corruption, and a perception of excessive foreign influence. In addition, lack of transparent financial management has eroded public trust in the state, something which became apparent and documented after the 2005 earthquake, when relief funds given to private organizations were ten times greater than funds given to the government because people feared the funds would disappear.[22]

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[21] International Crisis Group, Pakistan: the Worsening Conflict in Balochistan, September 14, 2006.

[22] Ahmed Rashid, Post-quake giving unites Pakistan, *International Herald Tribune*, October 27, 2005 (http://www.iht.com/articles/2005/10/26/opinion/edrashid.php).

Human rights abuses also fuel conflict, and Pakistan's score for the suspension or arbitrary observance of human rights was 8.7 In this regard, legally condoned discrimination against religious minorities and women heightens concerns. Women are routinely subject to physical assault (domestic violence and rape), honor killings, and trafficking. Human rights abuses are also committed against political opponents and terrorism suspects, who reportedly do not receive fair trials and are subject to torture. Accounts of executions without trials, subjective incarcerations, harassment of the media, and residential demolition in Waziristan are numerous and recent. The government continues to use the National Accountability Bureau and a host of anticorruption and sedition laws to detain or threaten political opponents.[23]

The ISI, Pakistan's Intelligence Agency, has been accused of acting as a state within a state, contributing to a rating of 9.5for the security apparatus indicator. Most observers believe the ISI is autonomous and has long supported Islamic radicals.[24] The ISI is also believed to operate with almost complete impunity. Tacit agreements among jihadist groups, religious elements, and the ISI have existed for more than 20 years. Such alliances have greatly influenced Pakistani policy and figures in the score of 9.5 for factionalized elites.[25]

Domestic opposition to cooperating with the United States is strong. Tensions arising from this issue could undermine the government and contributed to the 8.9 score for external intervention. Despite some easing of tension with India regarding Kashmir, internal threats remain severe and increase as one moves to western Pakistan.

INDICATORS OF STATE CAPACITIES

A country's ability to cope with the pressures described above depends on the strength of its state institutions. Thus, FfP also rates five institutions—executive and legislative leadership, police, military, civil service, and judicial service—to measure a country's capacity to cope with pressures and to identify opportunities for sustaining security and development. Institutions are scored on their legitimacy, representativeness, and professional competence on a scale of 0 to 5, with 5 being the highest or best rating.

Each of Pakistan's core institutions is accused of being fraught with corruption. The country's most professional and competent institution is its military, a volunteer force and the world's seventh largest military. It draws heavily from the Punjab, however, creating regional bias in its composition. In addition, the military's ability to deal with threats from internal dissent is in question, especially given the increasingly widespread perception that Musharraf is a Western

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[23] Human Rights Watch, Pakistan: Events of 2006 (http://hrw.org/englishwr2k7/docs/2007/01/11/pakist14756.htm).

[24] Global Security.org, Directorate for Inter-Services Intelligence [ISI] (http://www.globalsecurity.org/intell/world/pakistan/isi.htm).

[25] Benedict F. Fitzgerald, A New Deal for Pakistan? Musharraf's Stark Choice, *Terrorism Monitor,* Vol. February 12, 2004 (http://www.jamestown.org/publications_details.php?volume_id=400&issue_id=2909&article_id=23537).

pawn.[26] Attempts to assassinate Musharraf are evidence of the military's inability to control the "lawless" areas of Pakistan as well as Musharraf's growing lack of legitimacy.

The Pakistani police have been accused of acting with impunity, of being very corrupt, and of disregarding human rights. Recent reforms seem to have resulted in fewer reports of extra-judicial killings and torture. Police are accused of demanding fees to register genuine complaints and of soliciting bribes to drop charges.[27]

The judiciary is overburdened and disposition of ordinary cases takes a minimum of five to six years in Pakistan's courts. It is also susceptible to manipulation, particularly by religious leaders. The penal system is notorious for poor prison conditions and lengthy pretrial detention. Some judiciary services have been decentralized to combat this problem, but tribal leaders and police often use the system to serve their own interests. Recently, an expedited parallel court system even more vulnerable to political manipulation has been created under the Anti-Terrorist Act. The government has created special courts to try persons accused of terrorist activities, of fomenting religious hatred, and of committing crimes against the state.[28]

The civil service is considered professional, but employees are often underpaid and susceptible to manipulation. Although elements of the civil service work very well, overall performance is inefficient. The capacity, quality, and effectiveness of public institutions in specific regions, particularly Balochistan, have been deteriorating. Despite the government's ambitious reform program to accelerate growth and reduce poverty, the bureaucracy's underlying structural weaknesses have limited progress in civil service reform.

To reduce pressures for conflict, donor agencies are called on to extend services and infrastructure-related programs to rural areas in hopes of hindering insurgency by marginalizing those who want to maintain a violent struggle. The Government of Pakistan should continue to seek cooperation from tribal elders and religious leaders to build relationships with and between local religious, economic, and political players. Rising Islamic fundamentalism is problematic and has consequences beyond Pakistan.

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[26] Abid Ullah Jan, Is Musharraf A 'Pawn' Committed to Dismember Pakistan? *New Pakistan*, December 7, 2006 (http://www.new-pakistan.com/issue%2017-18/Is%20Musharraf%20a%20pawn.htm).

[27] US Department of Justice, ICITAP Project overviews, Pakistan (http://www.usdoj.gov/criminal/icitap/pakistan.html).

[28] US State Department, Country Reports on Human Rights Practices on Pakistan, 2006, released by the Bureau of Democracy, Human Rights, and Labor, March 6, 2007 (http://www.state.gov/g/drl/rls/hrrpt/2006/78874.htm).

4. Private Sector Enabling Environment

This section reviews indicators for key components of the enabling environment for encouraging rapid and efficient growth of the private sector. Sound fiscal and monetary policies are essential for macroeconomic stability, a necessary though not sufficient condition for sustained growth. A dynamic market economy also depends on basic institutional foundations, including secure property rights, an effective system for enforcing contracts, and an efficient regulatory environment that does not impose undue barriers on business activity. Financial institutions play a major role in mobilizing and allocating saving, facilitating transactions, and creating instruments for risk management. Access to the global economy is another pillar of a good enabling environment because the external sector is a source of potential markets, modern inputs, technology, and finance, as well as competitive pressure for efficiency and rising productivity. Equally important is development of the physical infrastructure to support production and trade. Finally, developing countries need to adapt and apply science and technology to attract efficient investment, improve competitiveness, and stimulate productivity.

FISCAL AND MONETARY POLICY[29]

The IMF's Pakistan Article IV Review (November 2006) notes that the government has embarked on a program of fiscal and tax restructuring to increase its tax base, improve the banking sector, and support private sector growth. Despite these reforms, and partly because of the earthquake of 2005, the budget deficit has remained high and inflation has been monitored closely since it failed to decrease according to government projections.

In 2005/06, the budget deficit was 3.6 percent of GDP, identical to India's budget deficit in 2004 and comparable to Thailand's budget deficit of 3.1 percent, yet well above the expected value value of 2.2 percent. Despite recent reforms to improve tax administration, fiscal policies are falling short in generating revenue. The five-year growth trend to 2005/06 for government revenue was -1.1. In 2005/06, revenue expressed as a percentage of GDP was 14.0 percent,

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[29] In 2005, the World Development Indicators (WDI) database adopted a new system for classifying fiscal data, even though most developing countries still use the old classification. Subsequently, the WDI database has had fiscal data for very few developing countries. Because of the limited sample size, most of the group averages derived from WDI are not meaningful. In this section, comparisons are based on absolute standards, or benchmarks derived from 2004 WDI data, as well as figures for India and Thailand.

slightly below the expected value of 15.5 percent, above India's 12.6 percent in 2004, yet well below Thailand's 19.6 percent in the same year. Government expenditure jumped to 18.4 percent of GDP in 2005/06, up 1.5 percentage points since 2003/04. Some of this increase was due to the purchase of goods and services for post-earthquake relief and reconstruction. This is far higher than the 15.9 percent in India (2004) but still well below the 24.4 percent expenditure in Thailand as a percentage of GDP (2005).

Increases in government spending, domestic demand, and non-oil import growth during 2005/06 contributed to rising prices. In 2006, inflation was 8.4 percent, a marginal improvement over 2005 (9.1 percent), but still higher than the expected value of 7.2 percent, India's 5.6 percent, and Thailand's 4.9 percent (see Figure 4-1). Monetary policy is moving in the right direction, as per the recommendations of the IMF (see sidebar). A tightening of the money supply to combat inflation kept money supply growth to 15.2 percent in 2005/06, a more than 4 percentage point decrease over the previous year. This is within regression band of 17.1 percent and in line with India's 15.3 percent in 2005, but higher than Thailand's 12.9 percent in the same year. Interestingly, the most of the growth in the money supply, 89.0 percent, can be attributed to growth in credit to the private sector.

IMF Program Status for Pakistan

In December 2001, Pakistan reached a three-year agreement with the IMF to draw its full quota under the Poverty Reduction and Growth Facility. That agreement expired in December 2004. Pakistan currently has no outstanding agreement with the IMF; the relationship consists of regular monitoring under Article IV, and repayment of debt from past programs. The IMF and Pakistan's monetary authorities recently disagreed over the best way to manage the current account and budget deficits. Nonetheless, the Pakistani authorities have pursued tighter monetary policies, as per the recommendations of the IMF.

Thus, Pakistan's continued fiscal reforms are expected to improve the country's fiscal situation so long as there are no external shocks and inflation is kept in check and even lowered. The IMF's Article IV of 2006 says that more revenue generation is fundamental to the government's fiscal strategy and to pro-poor spending. Donors are called on to assist in this endeavor.

BUSINESS ENVIRONMENT

Institutional barriers to doing business, including corruption in government, are critical determinants of private sector development and prospects for sustainable growth. Pakistan's current performance on these indicators is mixed, leaving much room for improvement.

The World Bank's composite index of Doing Business indicators places Pakistan 74 out of 175 economies. Relative to other low-income countries this is a good ranking, though Pakistan ranked 66 in 2005. Pakistan tends to score better on indicators that measure the time required for various business activities (with the notable exception of time to enforce a contract) and worse on those that measure the number of procedures necessary to enact a transaction—providing plenty of entry points for corruption. For example, Pakistan's 24 days to start a business in 2006 is less than the 56 required in the average LI-Asia economy,[30] and compares favorably to India's 35 days and Thailand's 33 days. But in Pakistan it takes 11 procedures to start a business but only an

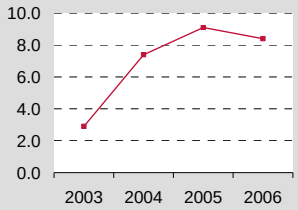
[30] Time to start a business is an MCA country eligibility indicator.

average of 9 in LI-Asian countries. The most striking deficiency is the time required to enforce a contract—880 days. The score for India is even worse (1,420 days). Even so, enforcement time in Pakistan is 48 percent higher than the LI-Asia median, and 52 percent higher than in Thailand. Despite major reforms, the number of days has stagnated at 880 for at least the past four years. This is a serious constraint on business activity, as a judicial system that support efficient contract enforcement is crucial for the development of financial markets.

Figure 4-1. Inflation Rate

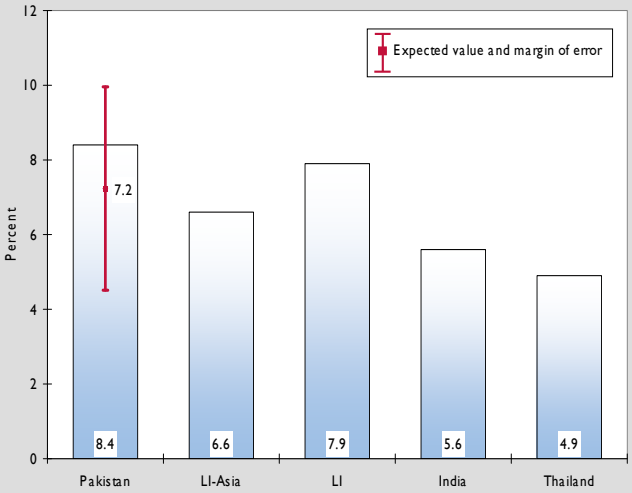
Inflation has been on the rise in recent years.

Time Series

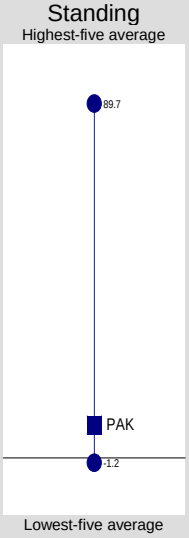


Year	Value
2003	2.9
2004	7.4
2005	9.1
2006	8.4
Summary for 2003- 2006	
Four year average	.
Trend growth rate	.

Comparisons to other countries, most recent year



Pakistan Global Standing



SOURCE: World Economic Outlook 2007 .

CAS code: 21P4

Corruption and inefficient governance also raise concern. Contrary to expectations for Pakistan's recently approved National Anti-Corruption Strategy,[31] the country's rating in Transparency International's Corruption Perceptions Index fell from 2.6 in 2002 to 2.2 in 2006 (on a scale of 0 to 10, with 10 indicating less corruption) (Figure 4-2). This score is slightly worse than the expected value of 2.5 and very poor by absolute standards; any score below 3.0 indicates rampant corruption. Scores for India (3.3) and Thailand (3.6) are both above the 3.0 benchmark. In 2005, Pakistan scored identical to the LI-Asia average in the rule of law index (-0.8), and slightly better in indexes for regulatory quality (-0.6) and for government effectiveness (-0.5), but this does not signal a strong environment for business growth and investment.[32] Those scores are all behind

[31] Pakistan: Poverty Reduction Strategy Paper, IMF, January 2004.

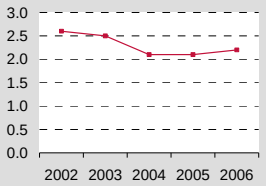
[32] The three are MCA indicators.

India's 0.1, -0.34, and -0.1 as well as Thailand's 0.1, 0.38, and 0.4 for the same year. In addition, all of Pakistan's scores are below the global mean of 0.[33]

Figure 4-2. Corruption Perception Index

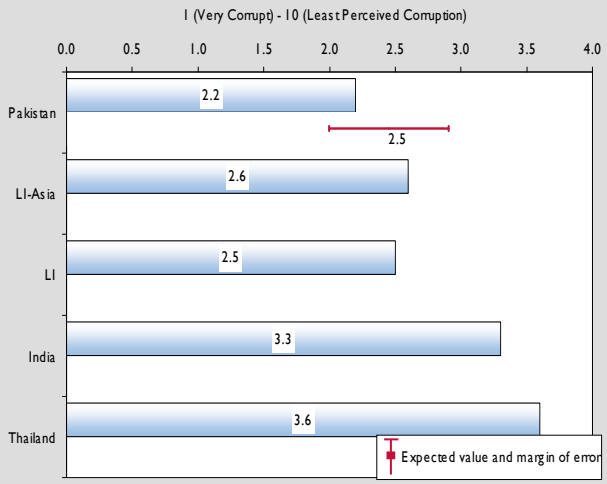
Corruption is high absolutely and threatens the efficacy of basic business transactions.

Time Series

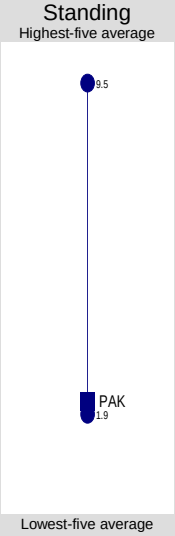


Year	Value
2002	2.6
2003	2.5
2004	2.1
2005	2.1
2006	2.2
Summary for 2002- 2006	
Five year average	2.3
Trend growth rate	-5.0

Comparisons to other countries, most recent year



Pakistan Global Standing



SOURCE: Transparency International 2006.

CAS code: 22P1

These indicators help explain why investment has been low despite many major reforms. Pakistan must do much more to establish a truly pro-business environment in order to stimulate investment, productivity, and rapid growth. Both the government and the donor community should make economic governance and anti-corruption programs very high priorities.

FINANCIAL SECTOR

A sound and efficient financial sector is a key to mobilizing savings, fostering productive investment, and improving risk management. Pakistan's financial sector faces constraints, but shows signs of improvement as a result of deep reforms that started in 1990 and gained momentum during 2001-2003.[34] The reforms focused on privatization of commercial state-owned banks, liberalization of the financial system, and openness to domestic and foreign competition. The reforms are credited with stimulating foreign direct investment and economic

[33] The regulatory quality, rule of law, and government effectiveness indices range in value from -2.5 (for poor) to 2.5 (for excellent). The values indicate standard deviations above (positive values) or below (negative values) of an overall mean of 0.

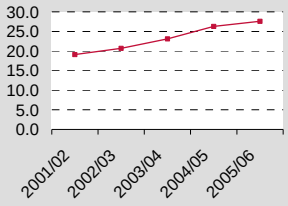
[34] Pakistan–Financial Sector Assessment Program—Technical Note: Condition of the Banking System, IMF, May 2005.

growth.[35] Indicators provide supporting evidence. For example, a simple indicator of financial development is the degree of monetization, measured by the ratio of broad money (M2, currency plus bank deposits) to GDP. In the five years to 2005/06, Pakistan's broad money increased from 40.0 percent to 44.3 percent of GDP. Though this is below the expected value value of 50.3 percent and India's 62.8 percent and far from Thailand's 90.5 percent, Pakistan surpassed the low-income average of 24.8 percent. Another indicator of banking system health, domestic credit to the private sector, has been growing steadily at a rate of 10.2 percent over the past five years. Nonetheless, in 2005/06 it was 27.6 percent of GDP,[36] significantly below the expected value of 35.2 percent, India's rate of 41.1 percent, and Thailand's rate of 96.0 percent (Figure 4-3).

Figure 4-3. Domestic Credit to the Private Sector, percent GDP

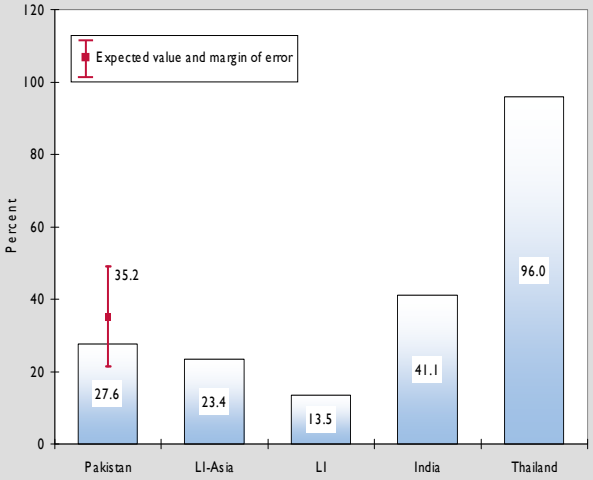
Domestic credit to the private sector has increased, but more growth is possible.

Time Series

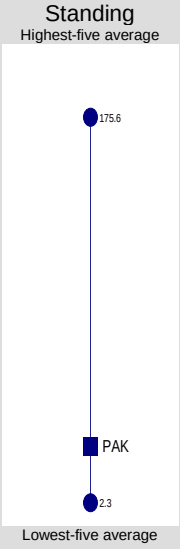


Year	Value
2001/02	19.1
2002/03	20.7
2003/04	23.0
2004/05	26.3
2005/06	27.6
Summary for 01/02- 05/06	
Five year average	23.4
Trend growth rate	10.2

Comparisons to other countries, most recent year



Pakistan Global Standing



SOURCE: World Development Indicators 2006.

CAS code: 23P1

An ineffective regulatory environment can reduce access to domestic credit. Pakistan has consistently scored 4.0 in the World Bank's legal rights of borrowers and lenders index on a scale of 0 (poor) to 10 (excellent). India and Thailand both scored 5.0 in 2005. This indicator alone shows the need for further legal and regulatory reforms to facilitate expansion of bank credit to the private sector. In recent years, Pakistan has been lowering the number of nonperforming loans.[37] The coexistence of the conventional banking sector with a rising number of Islamic

[35] Financial sector reforms instrumental in encouraging FDI in Pakistan, Associated Press of Pakistan, February 21, 2007.

[36] Staff Report for the Article IV Consultation: Pakistan, International Monetary Fund, November 1, 2006.

[37] Pakistan's Poverty Reduction Strategy Paper notes that "the net NPL ratio of the commercial banks has sharply dropped to single digit."

banking services presents some challenges because Islamic banks do not provide loans. The number of Islamic financial institutions could grow even more rapidly with the support of the State Bank of Pakistan.[38] Improving investment growth will require donor assistance, particularly for regulatory reforms to enable the banking system to better weather financial shocks and provide loans at a lower cost, to minimize government intervention, to clarify the legal status of the dual banking system (i.e., conventional and Islamic), and to foster good governance.

Recent financial sector reforms and better banking system governance have curtailed inefficiencies. Between 2001 and 2005, for example, the interest rate spread in Pakistan averaged 4.5 percent. In 2005, the spread increased by more than 1.5 percentage points to 5.1 percent, but was still less than half the expected value of 9.5 percent and less than India's 5.4 percent (2004). Thailand's interest rate spread of 3.9 percent in 2005 should be an aspiration. It should be noted, though, that the real costs of borrowing in Pakistan were negative for part of this period, as the real interest rate emerged from -3.0 percent in 2004 to 1.0 in 2006. This suggests that banks, to compensate, could be making profits through non-lending operations.

Stock market capitalization is another indicator of financial development in emerging economies. Here, Pakistan's progress in the last five years has been remarkable. Between 2001 and 2005, the stock market capitalization rate increased almost six fold from 6.9 percent of GDP to 41.5 percent of GDP. This is well above the expected value of 29.7, though still far behind India's 70.4 percent and Thailand's 70.0 percent.

While the size and depth of Pakistan's financial sector has improved markedly, substantial gains can still be made as Thailand's indicators demonstrate. In particular, the system of commercial laws and regulations can be reformed to facilitate credit expansion. Likewise, more can be done to facilitate competition, which in turn could further reduce interest spreads and spur penetration into untapped market segments.

EXTERNAL SECTOR

Fundamental changes in international commerce and finance, including reduced transport costs, advances in telecommunications technology, and lower policy barriers, have fueled a rapid increase in global integration over the past 25 years. The international flow of goods and services, capital, technology, ideas, and people offers great opportunities for Pakistan to boost growth and reduce poverty by stimulating productivity and efficiency, providing access to new markets and ideas, and expanding the range of consumer choice. At the same time, globalization creates challenges, including the need for institutions, policies, and regulations to take full advantage of international markets, develop efficient approaches to cope with adjustment costs, and establish systems for monitoring and mitigating the associated risks.

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[38] Pakistan–Financial Sector Assessment Program—Technical Note: Condition of the Banking System, International Monetary Fund, May 2005.

A number of structural indicators of Pakistan's external performance show underlying weaknesses, despite some progress. Exports are highly concentrated and seem to be becoming even more concentrated. In 2001, the top three product lines measured in US dollars[39] accounted for 39.4 percent of exports. By 2005, these same lines—cotton fabrics, textile yarn, and textile articles—made up 48.7 percent of exports. For the past decade, textile and clothing exports have made up 60 percent of Pakistan's exports.[40] With the expiration of the Multi-Fiber agreement (MFA) in January 2005 and China's emergence as a global force, Pakistan will be hard-pressed to remain competitive in clothing and textiles and to sustain strong export growth. Indeed, after the MFA expired, growth in exports of goods and services fell sharply from 17.9 percent in 2004/05 to 13.8 percent in 2005/06. To offset the adverse effects of MFA expiration, Pakistan will need to diversify its export base, moving into other manufacturing sectors as well as higher value-added textile and apparel products.

Before the MFA expired, Pakistan's export growth averaged 17.3 percent per year in the 2002/03-2004/06 period. This growth was due to a number of factors, such as the elimination of import licensing, import and export registration, and discrimination between commercial and industrial imports, as well as simpler tariff schemes and lower tariff rates. In addition, major trading partners rewarded Pakistan's anti-terrorism policing by raising quotas for key exports. In 2006, Pakistan ranked 98 out of 175 countries on the World Bank's ease of trading across borders index, comparing favorably with India's rank (139) and even Thailand's (103). In 2006, the country scored 54.0 percent on the Heritage Foundation's trade policy index,[41] a score low in absolute terms. Though the government has been liberalizing the trade regime, the Heritage Foundation maintains that import bans, inconsistent and non-transparent regulations on standards, export subsidies, weak enforcement of intellectual property rights, and corruption add to the cost of trade.

Pakistan's gradual entry into global markets is evident in its trade-to-GDP ratio, which rose from 30.7 percent in 2001 to 35.2 percent in 2005. This is still much lower than the average for LI-Asia (68.0 percent), and far below the expected value of 92.6 percent for a country with Pakistan's characteristics (see Figure 4-4). In fact, Pakistan's trade-to-GDP ratio is almost 50 percent below the lower bound of our expected value. Lagging trade is in part explained by political differences with India and the instability due to sharing a border with both Afghanistan and Iran. But trade and growth are closely correlated, and Pakistan needs to make concerted efforts to raise its trade-to-GDP ratio. Thailand's ratio of 149.4 percent in 2005 provides a benchmark to which to aspire.

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[39] At the three-digit SITC level.

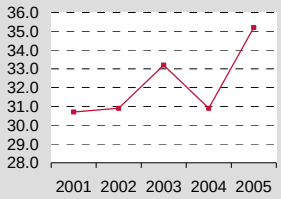
[40] Pakistan: 2006 Article IV Consultation, IMF Country Report No. 06/426, Washington DC, December 2006, p. 18.

[41] In 2007, the Heritage Foundation revised its methodology for the index, which is an MCA eligibility criteria indicator. Instead of a scale of 1 (low protectionism) to 5 (very high), the index is now measured on a scale from 0 to 100% with 100% meaning complete trade freedom (i.e., absence of tariff and nontariff barriers). Scores from previous years were converted to this scale. Thus, a previous score of 5 became 0%; 4 became 25%; 3, -50%; 2, 75%, and 1, 100%.

Figure 4-4. Trade as a Percent of GDP

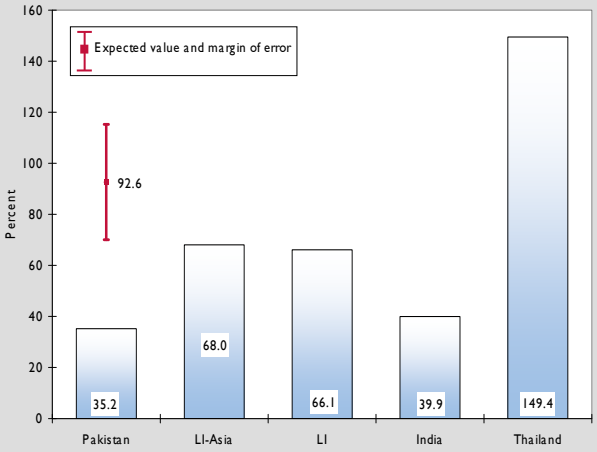
Levels of trade are much lower than all benchmarks.

Time Series

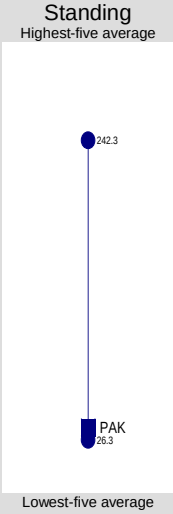


Year	Value
2001	30.7
2002	30.9
2003	33.2
2004	30.9
2005	35.2
Summary for 2001- 2005	
Five year average	32.2
Trend growth rate	2.8

Comparisons to other countries, most recent year



Pakistan Global Standing



Source: World Development Indicators 2006.

CAS code: 24P10

Pakistan has run deficits in the trade of goods and services for the past several years. Large inflows of remittances from Pakistanis working in the Persian Gulf, the United States, and the United Kingdom offset these deficits, even allowing the country to run a current account surplus in the early 2000s. Remittances averaged 24.9 percent of exports in the 2002-2006 period (comparable to India's 26.1 percent in 2003 and below Thailand's 40.6 percent). These remittances have helped support the domestic economy but need to be leveraged into productive domestic investment that translates into long-term competitiveness and growth. Though remittances have helped to stabilize the current account balance, imports have continued to grow rapidly, and in 2005/06 high international oil prices and unforeseen imports of food increased the import bill. As a result, the current account returned to deficit, then widened from 3.9 as a percentage of GDP in 2005 to 4.6 percent in 2006 (Figure 4-5). The external current account deficit has reached relatively high levels by historical and regional standards, and any further widening could compromise external sustainability.[42]

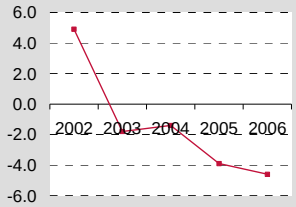
Balance of payment problems in the 1990s led to rapid growth in debt and a rise in the debt service ratio. Bilateral and multilateral lenders extended credit to Pakistan because of the country's strategic importance. According to World Bank figures, external debt peaked at 58 percent of GDP in 1999, and has declined steadily with implementation of a structural adjustment package and with general economic growth. Pakistan received official grants of nearly $2.5 billion in 2002 and 2003 combined. Pakistan has also benefited from rescheduling about 90 percent of its debt with official creditors. Thus, the debt service ratio declined from 35.8 percent to 14.1 percent of exports in the five years to 2005/06. In comparison, the debt service ratio

[42] Pakistan: 2006 Article IV Consultation, p. 11.

Figure 4-5. Current Account Balance, percent GDP

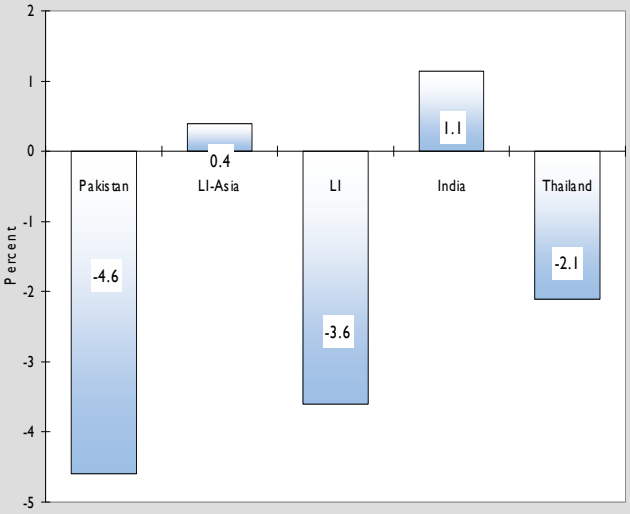
High prices for oil and unforeseen food imports have worsened the current account balance.

Time Series

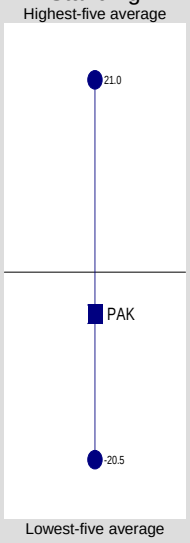


Year	Value
2002	4.9
2003	-1.8
2004	-1.4
2005	-3.9
2006	-4.6
Summary for 2002- 2006	
Five year average	-1.4
Trend growth rate	.

Comparisons to other countries, most recent year



Pakistan Global Standing



SOURCE: IMF Article IV 2006.

CAS code: 24P2

represented 10.6 percent of exports in Thailand in 2004 and 18.9 percent in India in 2003, but only 6.2 percent on average for LI-Asia. The brief current account surpluses enabled Pakistan to meet debt servicing requirements and accumulate international reserves. As a result, Pakistan was able to re-enter international private capital markets with the issuance of a $500 million Eurobond (a sign of international confidence) in February 2004, and has since borrowed more. Moreover, in 2005/06, record high net capital inflows more than covered the current account deficit. Gross international reserves for 2005/06 stood at 3.6 months of imports, which is still low by most benchmarks.

Foreign private capital is becoming more important in Pakistan. Foreign direct and portfolio investment flows, which were negative only a few years ago, are now positive and rising steadily. FDI inflows as a percentage of GDP increased from less than one percent in 2001/2002 to 2.7 percent in 2005/06 (see Figure 4-6). Further, the IMF reports that in 2004/05 to 2005/06 FDI inflows, excluding flows for privatization, rose by 70 percent.[43] The level of FDI registered by Pakistan is above the expected value for a country of similar characteristics (1.5 percent), and more than double that of the LI-Asia average (1.0 percent), India's 0.8 percent, and Thailand's 0.9 percent in 2003. Many barriers to FDI inflows remain, however, including poor quality infrastructure, delays in the privatization of state-owned enterprises, corruption, and regional security concerns. While the government has adopted more liberal policies for the business environment and for regulations affecting FDI, several sources report that application can be

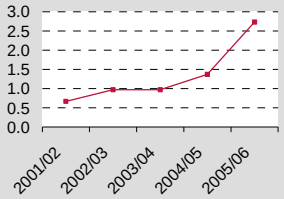
[43] *Ibid*, p.10.

arbitrary, lacking in transparency, and complicated by layers of national and regional governments.[44]

Figure 4-6. Foreign Direct Investment, percent GDP

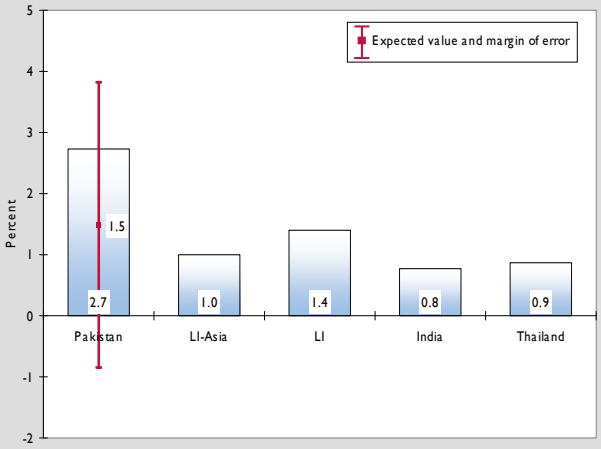
FDI has grown steadily over the five years to fiscal year 2005/06.

Time Series

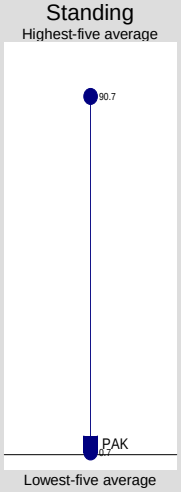


Year	Value
2001/02	0.7
2002/03	1.0
2003/04	1.0
2004/05	1.4
2005/06	2.7
Summary for 01/02- 05/06	
Five year average	1.3
Trend growth rate	37.0

Comparisons to other countries, most recent year



Pakistan Global Standing



SOURCE: IMF Article IV 2006 .

CAS code: 24P5

Pakistan's improved external performance over the past few years resulted from sound macroeconomic policies, structural reforms, and favorable external conditions. The ability to borrow on international capital markets signals rising investor confidence. However, the widening of current account deficits demands attention, and an increase in foreign reserves can help mitigate foreign exchange risk. To shift the burden of financing from foreign grants and borrowing on international capital markets, the government needs to tap the potential of FDI by making Pakistan more attractive to foreign investors.

ECONOMIC INFRASTRUCTURE

A sound system of physical infrastructure—for transportation, communications, power, and information technology—is necessary for competitiveness and productive capacity. Pakistan has benefited from innovations in telecommunication technologies, such as wireless telephone service and internet technology. Internet use has grown dramatically—from 3.5 users per 1,000 inhabitants in 2001 to 68.2 users in 2005. This growth has outpaced the LI-Asia average (8.0) and growth in India (54.4 in 2005) but is still below that of Thailand (110.3 users per 1,000 inhabitants in 2005), indicating ample potential for growth in use of the internet (Figure 4-7).

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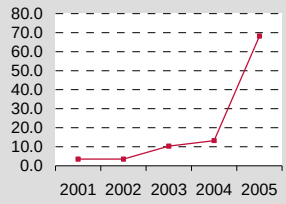
[44] For example, local sources say that "the common complaints, i.e., inconsistency, adhocism, [sic] poor implementation, etc, continue to be the biggest irritants." See Shabbir H. Khazmi, The Investment Climate in Pakistan (http://www.pakistaneconomist.com/ database1/cover/c2003-53.asp).

Figure 4-7. Internet Users per 1,000 People

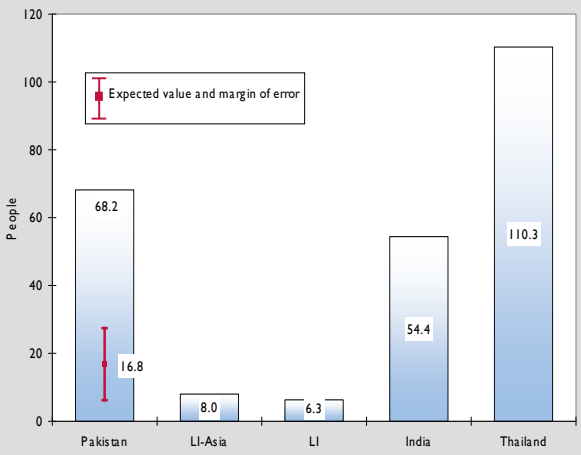
Internet use has expanded rapidly.

Time Series

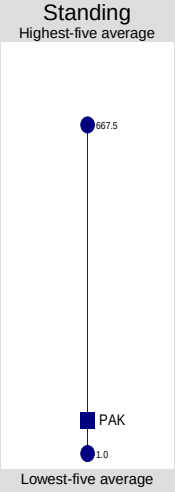


Year	Value
2001	3.5
2002	3.5
2003	10.3
2004	13.2
2005	68.2
Summary for 2001- 2005	
Five year average	19.7
Trend growth rate	107.7

Comparisons to other countries, most recent year



Pakistan Global Standing



SOURCE: World Development Indicators 2006 .

CAS code: 25P1

As in many developing countries, the expansion of wireless technology has enabled Pakistan to provide widespread phone service by leapfrogging infrastructure barriers typical of fixed line technology. Telephone density, as measured by the number of fixed lines and mobile subscribers per 1,000 people, rose significantly from 24.5 in 2000 to 62.6 in 2004. This is still extremely low in absolute terms and in comparison to India (84.5) and Thailand (536.6) in the same year.

Transport infrastructure and power infrastructure are conduits of commerce. The World Economic Forum (WEF), which conducts executive surveys annually to gauge the quality of infrastructure on a scale of 1 (poor) to 7 (excellent), scored Pakistan at 3.4 in 2006, near the median and just beating India (3.3) but behind Thailand (5.0). On all WEF indices in 2006, Pakistan fared better than the LI average, scoring 4.6 in air transport, 3.9 in ports, 3.6 in railroads, and 3.5 in electricity. The country's markedly better scores for railroads and electricity, which had been 3.0 and 2.6 in 2004, signal welcome progress. Although it is difficult to find a good indicator for benchmarking road quality, one widely used proxy is the percentage of roads that are paved. In the four-year period from 1999 to 2003, the percent of roads paved in Pakistan rose from 55.0 to 60.0 percent.

Pakistan's infrastructure improvements are especially warranted, given the higher rates of FDI expected for the coming years. Continued investment in communications, transport, and power infrastructure should be part of Pakistan's overall growth strategy not only to attract FDI, but also to foster domestic investment and boost Pakistan's global competitiveness.

SCIENCE AND TECHNOLOGY

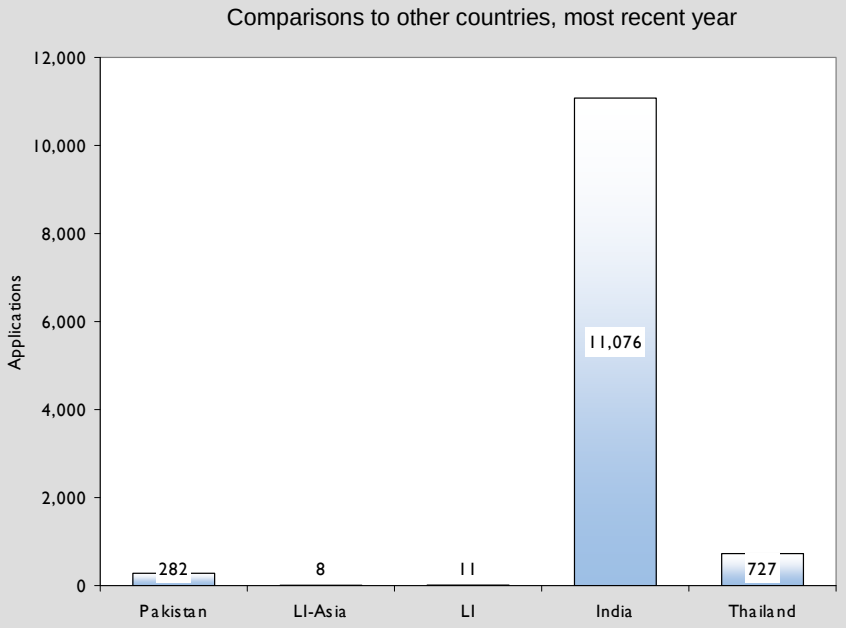
Technical knowledge is a driving force for productivity and competitiveness. Even for low-income countries like Pakistan, transformational development increasingly depends on acquiring

technology through the global economy and adapting it to local needs. The inability to access and use technology prevents an economy from benefiting fully from globalization.

Pakistan has a good capacity for innovation for a country of its level of development though it is often outpaced in South Asia by its neighbor, India. The FDI technology transfer index, which gauges the degree to which FDI brings new technology into an economy on a scale of 1 to 7, scored Pakistan 4.8 in 2006, up a full point from 2004. The recent flow of FDI into the country also appears to be increasing technical know-how and application in certain sectors (e.g., telecommunications). The Global Competitiveness Report assigns an index to each country based on executive perception about the availability of scientists and engineers on a scale of 1 (non-existent or rare) to 7 (for widely available). By this measure, Pakistan fares reasonably well with a score of 4.2 in 2006, although it has tough competition from India, which scored 6.2. Resources for innovation in Pakistan may not be adequate as its production of science and technology journal articles per million of the population is very low at 282 in 2006 (Figure 4-8). India produced 11,076 articles per million in 2006 and Thailand produced 727. Providing more resources for scientists and engineers could help spur innovation and domestic production.

Figure 4-8. Science and Technology Journal Articles, per Million Population

The scarcity of journal articles may be indicative of poor resources for innovation.



SOURCE: World Development Indicators 2006. CAS code: 26P3

5. Pro-Poor Growth Environment

Rapid growth is the most powerful and dependable instrument for poverty reduction, yet the link from growth to poverty reduction is not mechanical. Under some conditions, income growth for poor households exceeds the overall rise in per capita income, while under other conditions growth benefits the non-poor far more than the poor. A pro-poor growth environment stems from policies and institutions that improve opportunities and capabilities for the poor, while reducing their vulnerabilities. Pro-poor growth is associated with improvements in primary health and education, job creation, income opportunities, skill development, microfinancing, agricultural development, and gender equality.[45] This section focuses on four of these issues: health, education, employment and the workforce, and agricultural development.

HEALTH

The provision of basic health services is a major form of human capital investment and a significant determinant of growth and poverty reduction. Although health programs do not fall under the EGAT bureau, an understanding of health conditions can influence the design of economic growth interventions.

Life expectancy at birth is commonly regarded as the best overall indicator of health status of a population. In 2004, the estimated life expectancy at birth in Pakistan was 64.9—similar to the LI-Asia average of 63.1 and India's 63.5, but below Thailand's 70.5. The country is also performing relatively well in access to improved water and sanitation. In 2002, a remarkable 91.0 percent of Pakistanis had access to improved water. This is far above both the global LI average of 62.0 percent and the LI-Asia average of 66.0 percent. In 2004, Pakistanis also fared better in access to improved sanitation, 59.0 percent as compared to the LI-Asia average of 34.8 percent and India's 33.0.

In several areas, though, deficiencies in the provision of basic health care are significant. Pakistan's maternal mortality rate (MMR) increased from 350 per 100,000 live births in 2001 to 400 per 100,000 live births in 2004—a rate very high in absolute terms, though less than India's rate of 540 (in 2000) and the LI-Asia average of 435. These comparisons are no substitute for better primary health care, however. Pakistan should aspire to reach Thailand's low MMR, which

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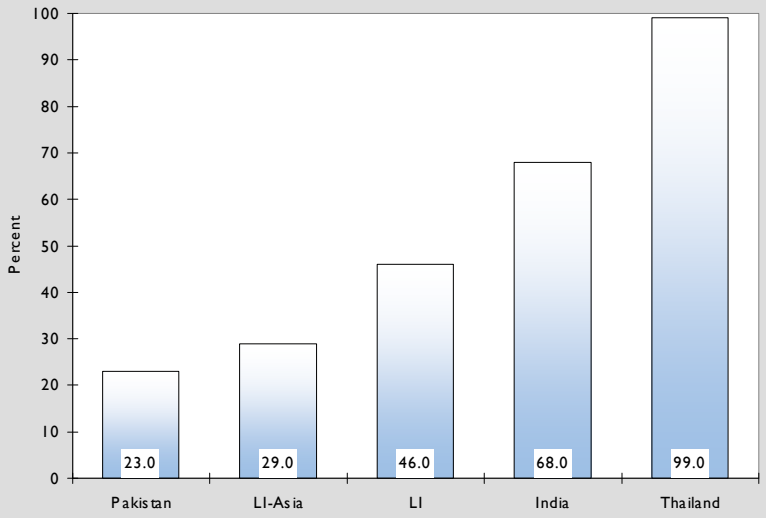
[45] This report focuses on economic growth performance, so it does not cover emergency relief.

was 44 per 100,000 live births in 2000. One reason for Pakistan's high MMR is that skilled health personnel attend only 23.0 percent of births.[46] This is comparable to the average for LI-Asia (29.0 percent), but far from the global LI average of 46.0 percent, India's 68.0 percent, and Thailand's 99.0 percent (Figure 5-1).

Figure 5-1. Births Attended by Skilled Health Personnel

Low percentage of births attended by skilled health personnel is a cause of high maternal mortality.

Comparisons to other countries, most recent year



SOURCE: World Development Indicators 2006. CAS code: 31S3

Child immunization rates in Pakistan have risen steadily since 2000, reaching an estimated 66.0 percent in 2004. This rate is less than the LI-Asia average (70.1 percent) and Thailand's 97.0 percent, but better than India's 60.0 percent. Child malnutrition, at 37.8 percent in 2002, though similar to the LI-Asia regional average of 38.5 percent, is high in absolute terms and compares unfavorably with India (27.3 percent). These indicators demonstrate that many of Pakistan's youngest and most vulnerable are at risk for diminished health and quality of life. Undernourished children under-perform academically and may be less productive in the future.

These serious health problems are clearly associated with the high poverty discussed earlier. The government should devote more resources to improving the health of the poor. Government expenditure on health services amounted to only 0.7 percent of GDP in 2003, one of the lowest levels of expenditure in the world. Moreover, since 1999 public investment in health care has dropped by about 0.5 percentage points. In 2003, India and Thailand spent 1.2 percent and 2.0 percent of GDP on public health services, respectively.

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[46] Latest data was available for 2002.

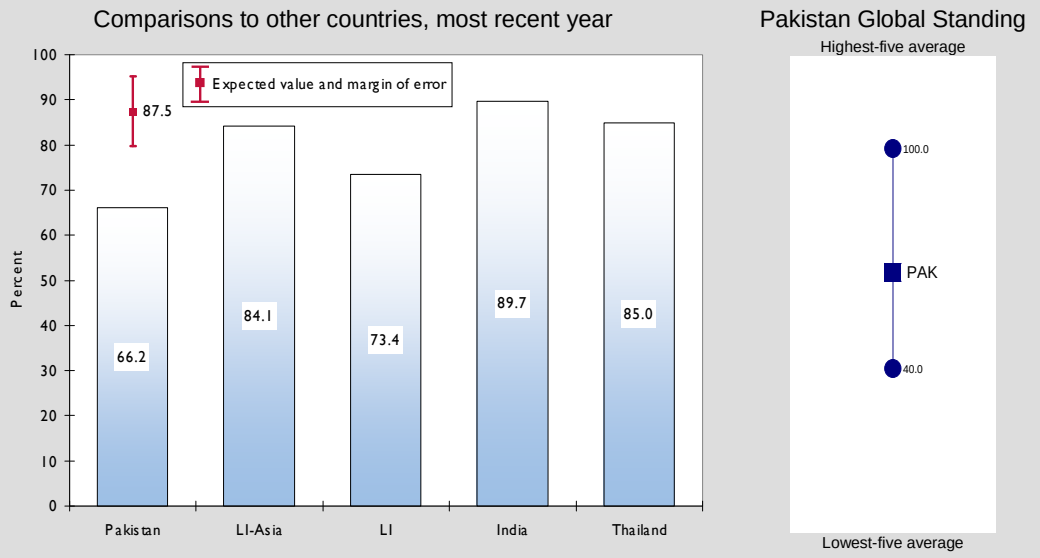
A healthy population is the backbone of a productive workforce and therefore it is incumbent on Pakistan to invest in health care interventions that promote adequate nutrition and preventive care.

EDUCATION

Investment in human capital is a cornerstone of economic growth and development. For Pakistan, almost all indicators of educational attainment fall short of the benchmarks. The 2004 net primary enrollment rate of 66.2 percent is well below all benchmarks (Figure 5-2). Indeed, it is more than 13 percentage points below the normal band of the expected value of 87.5 percent for a country with Pakistan's characteristics; much below the LI-Asia average (84.1 percent), India's 89.7 percent, and Thailand's 85.0 percent. The country's low primary enrollment rate is accentuated by low female enrollment, which stood at 55.5 percent in 2004 compared to 76.4 percent enrollment for males.

Figure 5-2. Total Net Primary Enrollment Rate

The low level of educational attainment in Pakistan is a cause for concern.



SOURCE: UNESCO Institute for Statistics. CAS code: 32P1a

Diminished primary education means low literacy rates. Pakistan's youth literacy rate in 2004 was 65.5 percent, lower than the LI-Asia average of 70.3 percent and India's 76.4 percent, and significantly lower than the expected value of 83.1 percent and Thailand's 98.0 percent. Unsurprisingly, only 54.7 percent of female youths were estimated to be literate in 2004, compared to 75.8 percent of male youths. Pakistan's poor performance at the primary level also means that only a very few pursue higher education. The gross tertiary enrollment rate in 2004 was 3.2 percent, compared to 11.8 percent in India and 43.0 percent in Thailand (2005).

The government has begun to remedy educational deficiencies in formulating its Education for All (EFA) Plan of Action 2001-2015, which emphasizes adult literacy, universal primary

education and quality education for all, eliminating gender gaps, and technical skills development.[47] A plan, however, is only as good as its implementation and if Pakistan is to continue to grow, it must ensure that the EFA is fully implemented. Improving education should be a priority in Pakistan and addressing the gross inefficiencies of the current system requires immediate donor support in the form of technical assistance and financial support.

EMPLOYMENT AND WORKFORCE

Pakistan's labor force participation rate was estimated to be 57.9 percent in 2005, with very low female participation (34.1 percent in 2004 as opposed to 89.3 percent for males). The official unemployment rate was 6.5 percent in 2006. Although that rate is more than four times that of Thailand (1.5 percent in 2004) and above that the expected value (4.7 percent), it fares well when compared to all other benchmarks. India's unemployment rate was 9.1 percent in 2002 and rates for LI-Asia and LI-countries averaged 7.8 percent. Labor force growth, which averaged just under 4.0 percent in the four years leading to 2005, was matched by an average growth in GDP of more than 6 percent in the same period. If GDP growth continues to outpace labor force growth, unemployment can be expected to fall.

The World Bank's Rigidity of Employment index measures the difficulty of hiring and firing workers. If government policies and regulations increase the cost of firing workers, it is more risky for employers to hire in the first place. For 2006, Pakistan received a rating of 43.0 on employment rigidity, above the upper limit of the normal range of the benchmark regression and more than double Thailand's exemplary rating of 18.0. To put this in perspective, the World Bank estimates that the standard cost of firing a worker was an astronomical 90.0 weeks of wages (almost *two years*) in Pakistan in 2006, compared to the already high LI average of 36.9 weeks, India's 55.9 weeks, and Thailand's 54.3 weeks.

Labor market reforms are very difficult to achieve because of resistance from workers who already have good jobs. Nonetheless, a resilient and flexible labor force is critical for the economic growth of a country. Long-term development of the workforce depends on an educational system that can produce high-caliber workers.

AGRICULTURE

Pakistan's agricultural sector is responsible for 42.0 percent of employment, and more than 20 percent of GDP. More than 65 percent of the country's population lives in rural areas, which rely primarily on agriculture. Performance in the sector is therefore crucial to poverty reduction and sustained economic growth.

Performance in the sector is mixed. Agricultural value-added per worker in 2003 was US$695.1, which is better than all comparable benchmarks—more than double the average of LI-Asia (US$309.0), well above India (US$406.2), and better than Thailand (US$632.8) (see Figure 5-3). But agriculture value-added seems to have stagnated around an average of US$698 over the five-

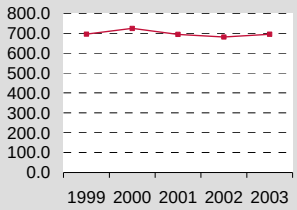
[47] Poverty Reduction Strategy Paper, Government of Pakistan, 2003.

year period leading to 2003, suggesting negligible productivity growth in this period on this measure. Cereals yield in Pakistan has grown at an impressive 3.6 percent per year, reaching 2,563 kg per hectare in 2005. Nonetheless, the potential for improvement is considerable: the difference between the average and highest yields for stable crops such as wheat, rice, and maize is in the range of 30 to 50 percent.[48] Agricultural exports increased from 29 percent to 32.4 percent from 2003 to 2004, but that increase is merely a rebound from earlier declines.

Figure 5-3. Agriculture Value Added per Worker

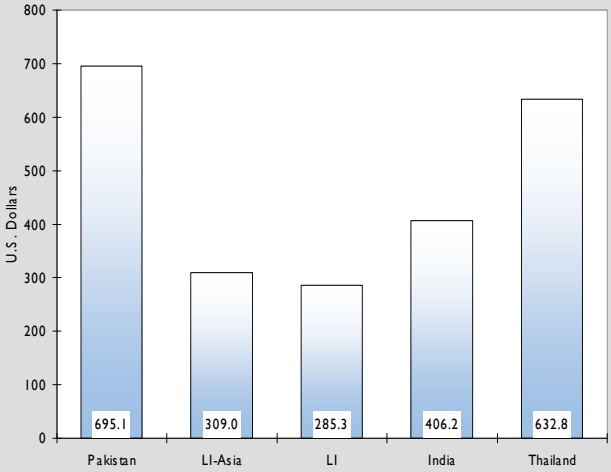
Agriculture value added per worker, although better than all comparable benchmarks, has stagnated in recent years.

Time Series

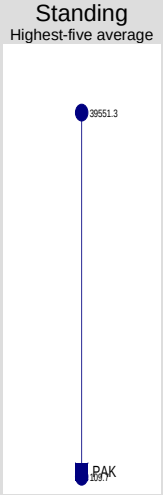


Year	Value
1999	695.6
2000	724.2
2001	694.0
2002	681.0
2003	695.1
Summary for 2001- 2005	
Five year average	698.0
Trend growth rate	-0.6

Comparisons to other countries, most recent year



Pakistan Global Standing



SOURCE: World Development Indicators 2006 .

CAS code: 34P1

Growth in agriculture diminished partly because of frequent droughts. In addition, large landowners dominate the sector, but are less efficient than small producers who have less access to irrigation.[49] The land tenure system and water mis-pricing have led to ecological problems, as is evident in the extremely low EPI score of 41.1 (see our earlier discussion of Demography and Environment). Addressing these problems will require major changes in water policy, the irrigation system, land tenure, and financial services, especially micro credit. As Pakistan's low score of 3.7 (out of 7) in the agricultural policy costs index suggests, the scope for improving sector policies is ample. At the same time, investment in and job creation outside of agriculture should be promoted so workers can engage in high-productivity work with better prospects for sustainable growth.

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[48] Economist Intelligence Unit, Pakistan Country Profile 2006, London, p. 28.

[49] *Ibid*.

Appendix

CRITERIA FOR SELECTING INDICATORS

The economic performance evaluation in this report is designed to balance the need for broad coverage and diagnostic value, on the one hand, and the requirement of brevity and clarity, on the other. The analysis covers 15 topics related to economic growth and just over 100 variables. For the sake of brevity, the write-up in the text highlights issues for which the "dashboard lights" appear to be signaling problems, which suggest possible priorities for USAID intervention. The table below provides a full list of indicators examined for this report. A separate Data Supplement contains the complete data set for Pakistan, including data for the benchmark comparisons, and technical notes for every indicator.

For each topic, the analysis begins with a screening of *primary performance indicators*. These "level I" indicators are selected to answer the question: Is the country performing well or not in this area? Primary indicators include descriptive variables such as per capita income, poverty head count, and the age dependency rate.

Where level I indicators suggest weak performance, the analysis proceeds to review a limited set of *diagnostic supporting indicators*. These "level II" indicators provide additional details, or shed light on *why* the primary indicators may be weak. For example, if economic growth is poor, one can examine data on investment and productivity as diagnostic indicators. If a country performs poorly on educational achievement, as measured by the youth literacy rate, one can examine determinants such as expenditure on primary education and the pupil-teacher ratio.[1]

The indicators have been selected on the basis of the following criteria. Each one must be accessible through USAID's Economic and Social Database or convenient public sources, particularly on the internet. They should be available for a large number of countries, including most USAID client states, to support the benchmarking analysis. The data should be sufficiently timely to support an assessment of country performance that is suitable for strategic planning purposes. Data quality is another consideration. For example, subjective survey responses are used only when actual measurements are not available. Aside from a few descriptive variables, the indicators must also be useful for diagnostic purposes. Preference is given to measures that are widely used, such as Millennium Development Goal indicators, or evaluation data used by the Millennium Challenge Corporation. Finally, an effort has been made to minimize redundancy. If two indicators provide similar information, the one that is simplest to understand or that is most

[1] Deeper analysis using more detailed data (level III) is beyond the scope of papers in this series.

widely used is preferred. For example, both the Gini coefficient and the share of income accruing to the poorest 20 percent of households can be used to gauge income inequality. We use the income share because it is simpler, and more sensitive to changes.

BENCHMARKING METHODOLOGY

Comparative benchmarking is the main tool used to evaluate each indicator. The analysis draws on several criteria, rather than a single mechanical rule. The starting point is a comparison of performance in the target country (Pakistan) relative to the average for countries in the same income group and region—in this case, low-income countries in Asia.[2] For added perspective, three other comparisons are examined: (1) the global average for this income group; (2) respective values for two comparator countries approved by the Pakistan mission (in this case India and Thailand); and (3) the average of the world's five best- and five worst-performing countries. Most comparisons are framed in terms of values for the latest year of data available. For the reference group benchmarks, however, we use an average of the latest three years for each country to ensure an adequate sub-sample size, and to smooth out short-term volatility. Five-year trends are also taken into account when this information sheds light on the performance assessment.[3]

For selected variables, a second source of benchmark values uses statistical regression analysis to establish an expected value for the indicator, controlling for income and regional effects.[4] This approach has three advantages. First, the benchmark is customized to Pakistan's level of income. Second, the comparison does not depend on the exact choice of reference group. Third, the methodology allows us to quantify the margin of error and establish a "normal band" for a country with Pakistan's characteristics. An observed value falling outside this band on the side of poor performance signals a serious problem.[5]

Finally, where relevant, Pakistan's performance is weighed against absolute standards. For example, a corruption perception index below 3.0 is a sign of serious economic governance problems, regardless of regional comparisons or regression results.

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[2] Income groups are as defined in the latest World Bank World Development Indicators. For computing group averages, we use the median instead of the mean, to avoid distortion by outliers.

[3] The five-year trends are computed by fitting a log-linear regression line through the data points. The alternative of computing average growth from the end points produces aberrant results when one or both of those points diverges from the underlying trend.

[4] This is a cross-sectional OLS regression using data for all developing countries. For any indicator, Y, the regression equation takes the form: Y (or ln Y, as relevant) = a + b * ln PCI + c * Region + error – where PCI is per capita income in PPP$, and Region is a set of 0-1 dummy variables indicating the region in which each country is located. When estimates are obtained for the parameters a, b, and c, the predicted value for the Pakistan is computed by plugging in Pakistan-specific values for PCI and Region. Where applicable, the regression also controls for population size and petroleum exports (as a percentage of GDP).

[5] This report uses a margin of error of 0.66 times the standard error of estimate (adjusted for heteroskedasticity, where appropriate). With this value, 25 percent of the observations should fall outside the normal range on the side of poor performance (and 25 percent on the side of good performance). Some regressions produce a very large standard error, giving a "normal band" that is too wide to provide a discerning test of good or bad performance.

STANDARD CAS INDICATORS

Indicator	Level[a]	MDG, MCA, or EcGov[b]
Growth Performance		
Per capita GDP, in purchasing power parity dollars	I	
Per capita GDP, in current US Dollars	I	
Real GDP Growth	I	
Growth of labor productivity	II	
Investment Productivity, incremental capital-output ratio (ICOR)	II	
Gross fixed investment, % GDP	II	
Gross fixed private investment, % GDP	II	
Poverty and Inequality		
Human poverty index (0 for excellent to 100 for poor)	I	
Income-share, poorest 20%	I	
Population living on less than $1 PPP per day/ $2 PPP per day[c]	I	MDG
Poverty Headcount, by national poverty line	I	MDG
PRSP Status	I	EcGov
Population below minimum dietary energy consumption	II	MDG
Economic Structure		
Employment or labor force structure	I	
Output structure	I	
Demography and Environment		
Adult literacy rate	I	
Youth dependency rate/ elderly dependency rate[d]	I	
Environmental performance index (0 for poor to 100 for excellent)	I	
Population size and growth	I	
Urbanization rate	I	
Gender		
Girls primary completion rate	I	MCA
Gross enrollment rate, all levels, male, female	I	MDG
Life expectancy at birth, male, female	I	
Labor force participation rate, male, female	I	
Fiscal and Monetary Policy		
Govt. expenditure, % GDP	I	EcGov
Govt. revenue, excluding grants, % GDP	I	EcGov
Growth in the broad money supply	I	EcGov
Inflation rate	I	MCA
Overall govt. budget balance, including grants, % GDP	I	MCA, EcGov
Composition of govt. expenditure	II	
Composition of govt. revenue	II	

Indicator	Level[a]	MDG, MCA, or EcGov[b]
Composition of money supply growth	II	
Business Environment		
Corruption perception index (1 for poor to 10 for excellent)	I	EcGov
Ease of doing business ranking	I	EcGov
Rule of law index (-2.5 for poor to 2.5 for excellent)	I	MCA, EcGov
Regulatory quality index (-2.5 for poor to 2.5 for excellent)	I	MCA, EcGov
Government effectiveness index (-2.5 for poor to 2.5 for excellent)	I	MCA, EcGov
Cost of starting a business	II	MCA, EcGov
Procedures to enforce a contract	II	EcGov
Procedures to register property	II	EcGov
Procedures to start a business	II	EcGov
Time to enforce a contract	II	EcGov
Time to register property	II	EcGov
Time to start a business	II	MCA, EcGov
Total tax payable by business	II	EcGov
Business costs of crime, violence, terrorism index (1 for poor to 7 for excellent)	II	
Senior manager time spent dealing with government regulations	II	EcGov
Financial Sector		
Domestic credit to private sector, % GDP	I	
Interest rate spread	I	
Money supply, % GDP	I	
Stock market capitalization rate, % of GDP	I	
Credit information index (0 for poor to 6 for excellent)	I	
Legal rights of borrowers and lenders index (0 for poor to 10 for excellent)	II	
Real Interest rate	II	
External Sector		
Aid , % GNI	I	
Current account balance, % GDP	I	
Debt service ratio, % exports	I	MDG
Export growth of goods and services	I	
Foreign direct investment, % GDP	I	
Gross international reserves, months of imports	I	EcGov
Gross Private capital inflows, % GDP	I	
Present value of debt, % GNI	I	
Remittance receipts, % exports	I	
Trade, % GDP	I	
Trade in services, % GDP	I	

Indicator	Level[a]	MDG, MCA, or EcGov[b]
Concentration of exports	II	
Inward FDI potential index	II	
Net barter terms of trade	II	
Real effective exchange rate (REER)	II	EcGov
Structure of merchandise exports	II	
Trade policy index	II	MCA, EcGov
Ease of trading across boarders ranking	II	EcGov
Economic Infrastructure		
Internet users per 1,000 people	I	MDG
Overall infrastructure quality index (1 for poor to 7 for excellent)	I	EcGov
Telephone density, fixed line and mobile	I	MDG
Quality of infrastructure—railroads, ports, air transport, and electricity	II	
Roads paved, % total roads	II	
Science and Technology		
Expenditure for R&D, % GDP	I	
FDI and technology transfer index (1 for poor to 7 for excellent)	I	
Availability of scientists and engineers index (1 for poor to 7 for excellent)	I	
Science & technology journal articles per million people	I	
IPR protection index (1 for poor to 7 for excellent)	I	
Health		
HIV prevalence	I	
Life expectancy at birth	I	
Maternal mortality rate	I	MDG
Access to improved sanitation	II	MDG
Access to improved water source	II	MDG
Births attended by skilled health personnel	II	MDG
Child immunization rate	II	MCA
Prevalence of child malnutrition (weight for age)	II	
Public health expenditure, % GDP	II	MCA, EcGov
Education		
Net primary enrollment rate – female, male, total	I	MDG
Persistence in school to grade 5	I	MDG
Youth literacy rate, all, male, female	I	
Net secondary enrollment rate	I	
Gross tertiary enrollment rate	I	
Education expenditure, primary, % GDP	II	MCA, EcGov

Indicator	Level[a]	MDG, MCA, or EcGov[b]
Expenditure per student, % GDP per capita—primary, secondary, and tertiary	II	EcGov
Pupil-teacher ratio, primary school	II	
Employment and Workforce		
Labor force participation rate, total	I	
Rigidity of employment index (0 for minimum rigidity to 100 for maximum)	I	EcGov
Size and growth of the labor force	I	
Unemployment rate	I	
Economically active children, % children ages 7-14	I	
Firing costs, weeks of wages	II	EcGov
Agriculture		
Agriculture value added per worker	I	
Cereal yield	I	
Growth in agricultural value-added	I	
Agricultural policy costs index (1 for poor to 7 for excellent)	II	EcGov
Crop production index	II	
Livestock production index	II	
Agricultural export growth	II	

[a] *Level I = primary performance indicators, Level II = supporting diagnostic indicators*

[b] *MDG—Millennium Development Goal indicator*
MCA—Millennium Challenge Account indicator
EcGov—Major indicators of economic governance, which is defined in USAID's Strategic Management Interim Guidance to include "microeconomic and macroeconomic policy and institutional frameworks and operations for economic stability, efficiency, and growth." The term therefore encompasses indicators of fiscal and monetary management, trade and exchange rate policy, legal and regulatory systems affecting the business environment, infrastructure quality, and budget allocations.

[c] *$1 PPP for lower income countries and $2 PPP for lower middle- income countries*

[d] *Elderly dependency rate for Eastern Europe and Former Soviet Union countries and youth dependency rate for all others.*

Data Supplement

Dataset 1

Technical Notes 20

	Growth Performance						
	Per capita GDP, purchasing power parity Dollars	Per capita GDP, current U.S. Dollars	Real GDP growth	Growth of labor productivity	Investment productivity - incremental capital-output ratio (ICOR)	Share of gross fixed investment in GDP, current prices	Share of gross fixed private investment in GDP, current prices
Indicator Number	**11P1**	**11P2**	**11P3**	**11S1**	**11S2**	**11S3**	**11S4**
Pakistan Data							
Latest Year (T)	***2006***	***2006***	***2005/06***	***2005***	***2004/05***	***2005/06***	***2005/06***
Value Year T	2,830	830	6.6	2.8	3.2	20.0	15.3*
Value Year T-1	2,653	728	8.6	1.4	3.8	18.1	14.6
Value Year T-2	2,456	655	7.5	-0.3	4.3	16.6	13.8
Value Year T-3	2,278	563	4.7	-1.6	4.9	16.9	14.2
Value Year T-4	2,166	502	3.1	0.8	5.8	16.8	13.9
Average Value, time series	2,476	656	6.1	0.6	4.4	17.7	14.4
Growth Trend	7.1	13.5	.	.	-13.1	6.1	2.2
Benchmark Data							
Regression Benchmark	.	.	5.6	.	.	.	.
Lower Bound	.	.	3.3	.	.	.	.
Upper Bound	.	.	8.0	.	.	.	.
Latest Year India	***2006***	***2006***	***2006***	***2003***	***2004***	***2004***	.
India Value Latest Year	3,550	769	8.3	2.4	4.1	25.9	.
Latest Year Thailand	***2006***	***2006***	***2005***	***2003***	***2005***	***2005***	.
Thailand Value Latest Year	8,877	2,959	4.5	5.8	5.0	29.0	.
LI-Asia Average	1,977	432	7.5	2.6	4.4	26.1	.
LI Average	1,446	425	5.5	1.3	4.6	19.6	.
High Five Avg.	43,504	53,335	15.9	11.5	54.5	44.7	.
Low Five Avg.	709	153	-5.4	-8.7	-86.2	8.2	.

* Data for Government capital formation used to calculate this figure is an IMF estimate for fiscal year 2005/06.

	Poverty and Inequality					
	Human poverty index	Income share accruing to poorest 20%	Population (%) living on less than $1 PPP per day	Poverty headcount (%), by national poverty line	PRSP Status	Population (%) below minimum dietary energy consumption
Indicator Number	**12P1**	**12P2**	**12P3**	**12P4**	**12P5**	**12S1**
Pakistan Data						
Latest Year (T)	***2006***	***2002***	***2002***	***2004/05***	***2003***	***2002***
Value Year T	36.3	9.3	17.0	23.9	YES	23.0
Value Year T-1	37.1	9.3	.	.	.	30.0
Value Year T-2	41.9	.	.	.	.	.
Value Year T-3	40.2	8.8	.	34.5	.	.
Value Year T-4	.	.	.	.	.	.
Average Value, time series	.	.	.	.	.	.
Growth Trend	.	.	.	.	.	.
Benchmark Data						
Regression Benchmark	27.1	7.5	19.5	35.1	.	.
Lower Bound	21.5	6.6	12.2	26.9	.	.
Upper Bound	32.7	8.4	26.7	43.2	.	.
Latest Year India	***2006***	***2000***	***2000***	***2000***	***.***	***2002***
India Value Latest Year	31.3	8.9	34.7	28.6	.	20.0
Latest Year Thailand	***2006***	***2002***	***2002***	***.***	***.***	***2002***
Thailand Value Latest Year	9.3	6.3	2.0	.	.	21.0
LI-Asia Average	37.2	7.8	24.1	29.9	.	20.5
LI Average	40.6	7.4	25.5	37.7	.	29.0
High Five Avg.	57.6	8.7	40.2	51.2	.	67.0
Low Five Avg.	4.0	3.1	2.0	22.3	.	2.5

	Economic Structure					
	Employment or labor force in agriculture, % total	Employment or labor force in industry, % total	Employment or labor force in services, % total	Output structure (agriculture, value added, % GDP)	Output structure (industry, value added, % GDP)	Output structure (services, etc., value added, % GDP)
Indicator Number	**13P1a**	**13P1b**	**13P1c**	**13P2a**	**13P2b**	**13P2c**
Pakistan Data						
Latest Year (T)	***2004***	***2004***	***2004***	***2006***	***2006***	***2006***
Value Year T	42.0	20.0	38.0	22.0	26.0	52.0
Value Year T-1	.	.	.	21.6	25.1	53.3
Value Year T-2	42.1	20.8	37.1	22.4	24.9	52.7
Value Year T-3	48.4	18.0	33.5	23.6	23.0	53.4
Value Year T-4	48.4	18.0	33.5	23.6	22.9	53.4
Average Value, time series	.	.	.	22.6	24.4	53.0
Growth Trend	.	.	.	-2.3	3.5	-0.6
Benchmark Data						
Regression Benchmark	53.6	13.5	28.7	24.8	29.6	47.6
Lower Bound	47.0	10.3	23.6	19.0	24.1	41.5
Upper Bound	60.2	16.8	33.8	30.7	35.1	53.8
Latest Year India	***2004***	***2004***	***2001***	***2005***	***2005***	***2005***
India Value Latest Year	43.8	17.0	37.5	18.6	27.6	53.8
Latest Year Thailand	***2004***	***2004***	***2003***	***2005***	***2005***	***2005***
Thailand Value Latest Year	48.8	19.0	35.3	9.6	46.9	43.5
LI-Asia Average	53.6	14.8	29.2	29.0	26.4	38.2
LI Average	65.5	11.5	23.1	31.4	21.4	45.0
High Five Avg.	54.7	38.6	79.7	63.6	67.6	80.6
Low Five Avg.	0.4	11.1	30.5	2.2	11.6	19.7

	Demography and Environment						
	Adult literacy rate	Youth Dependency Rate	Elderly Dependency Rate	Environmental Performance index	Population size (millions)	Population growth rate	Urbanization rate
Indicator Number	**14P1**	**14P2A**	**14P2b**	**14P3**	**14P4a**	**14P4b**	**14P5**
Pakistan Data							
Latest Year (T)	***2004***	***2004***	***2004***	***2006***	***2006***	***2006***	***2005***
Value Year T	49.9	0.68	0.07	41.1	155.4	1.9	34.9
Value Year T-1	.	0.70	0.07	.	152.5	1.9	34.5
Value Year T-2	.	0.71	0.07	.	149.7	2.0	34.2
Value Year T-3	.	0.73	0.07	.	146.8	2.5	33.8
Value Year T-4	.	0.75	0.07	.	143.2	2.0	33.5
Average Value, time series	.	0.71	0.07	.	149.5	2.1	34.2
Growth Trend	.	-2.50	-0.15	.	2.0	.	1.1
Benchmark Data							
Regression Benchmark	75.7	0.62	0.06	55.8	.	.	32.4
Lower Bound	66.4	0.55	0.05	50.7	.	.	22.4
Upper Bound	84.9	0.68	0.08	61.0	.	.	42.4
Latest Year India	***2004***	***2004***	***2004***	***2006***	***2005***	***2005***	***2005***
India Value Latest Year	61.0	0.52	0.08	47.7	1,094,583,000.0	1.4	28.7
Latest Year Thailand	***2004***	***2004***	***2004***	***2006***	***2005***	***2005***	***2005***
Thailand Value Latest Year	92.7	0.35	0.10	66.8	64,232,760.0	0.8	32.3
LI-Asia Average	61.0	0.70	6.3	49.7	13.5	2.1	22.0
LI Average	58.6	0.80	5.9	50.4	11.2	2.2	34.0
High Five Avg.	99.7	0.99	0.28	86.9	611.1	5.5	100.0
Low Five Avg.	24.7	0.17	0.02	31.8	.	-0.7	10.4

	Gender						
	Girls Primary Completions Rate	Male gross enrollment rate, all levels	Female gross enrollment rate, all levels	Male life expectancy at birth	Female life expectancy at birth	Labor force participation rate (male)	Labor force participation rate (female)
Indicator Number	**15P1**	**15P2a**	**15P2b**	**15P3a**	**15P3b**	**15p4a**	**15p4b**
Pakistan Data							
Latest Year (T)	***N/A***	***2004***	***2004***	***2004***	***2004***	***2004***	***2004***
Value Year T	.	44.0	32.0	63.2	63.6	89.3	34.1
Value Year T-1	.	43.0	.	62.8	.	88.8	34.0
Value Year T-2	.	43.0	.	61.0	.	89.4	33.1
Value Year T-3	.	.	.	.	.	89.7	32.2
Value Year T-4	.	.	.	.	.	89.9	31.3
Average Value, time series	.	.	.	.	.	89.4	32.9
Growth Trend	.	.	.	.	.	-0.2	2.3
Benchmark Data							
Regression Benchmark	85.7	61.9	59.2	63.3	66.8	85.5	57.9
Lower Bound	76.4	55.8	52.2	59.6	62.7	81.9	49.6
Upper Bound	95.1	68.1	66.3	66.9	70.8	89.1	66.2
Latest Year India	***2004***	***2004***	***2004***	***2004***	***2004***	***2004***	***2004***
India Value Latest Year	83.9	66.0	58.0	62.1	65.3	88.7	36.9
Latest Year Thailand	***1999***	***2004***	***2004***	***2004***	***2004***	***2004***	***2004***
Thailand Value Latest Year	84.6	73.0	74.0	66.7	74.0	88.2	72.6
LI-Asia Average	72.8	65.0	55.0	62.1	63.6	85.0	57.2
LI Average	54.9	53.0	46.0	53.1	56.2	88.7	61.9
High Five Avg.	117.0	101.2	106.8	78.5	84.1	98.6	92.2
Low Five Avg.	22.2	28.2	21.8	35.1	35.1	67.6	19.2

	Fiscal and Monetary Policy								
	Government expenditure, % GDP	Government revenue, % GDP	Growth in the broad money supply	Inflation rate	Budget Surplus/Deficit (% of GDP)	Composition of government expenditure (wages and salaries)	Composition of government expenditure (goods and services)	Composition of government expenditure (interest payments)	Composition of government expenditure (subsidies and other current transfers)
Indicator Number	**21P1**	**21P2**	**21P3**	**21P4**	**21P5**	**21S1a**	**21S1b**	**21S1c**	**21S1d**
Pakistan Data									
Latest Year (T)	***2005/06***	***2005/06***	***2005/06***	***2006***	***2005/06***	***2005***	***2005***	***2005***	***2005***
Value Year T	18.4	14.0	15.2	8.4	-3.6	4.4	36.4	28.9	30.3
Value Year T-1	18.2	13.7	19.3	9.1	-3.0	4.6	30.9	39.0	25.5
Value Year T-2	16.9	14.1	19.6	7.4	-1.8	4.2	21.9	31.4	42.5
Value Year T-3	18.5	14.9	18.0	2.9	-1.4	4.0	22.0	42.3	31.7
Value Year T-4	18.8	14.2	15.4	.	-3.6	4.2	20.9	45.7	29.3
Average Value, time series	18.2	14.2	17.5	7.0	-2.7	4.3	26.4	37.5	31.8
Growth Trend	-0.6	-1.1	0.4	40.5	7.9	2.6	15.6	-9.5	-1.5
Benchmark Data									
Regression Benchmark	.	15.5	17.1	7.2	-2.2	.	.	.	.
Lower Bound	.	10.5	10.6	4.5	-4.5	.	.	.	.
Upper Bound	.	20.5	23.5	10.0	0.2	.	.	.	.
Latest Year India	***2004***	***2004***	***2005***	***2006***	***2004***	***2004***	***2004***	***2004***	***.***
India Value Latest Year	15.9	12.6	15.3	5.6	-3.6	9.9	14.6	25.5	.
Latest Year Thailand	***2005***	***2004***	***2005***	***2006***	***2005***	***2004***	***2004***	***2004***	***2004***
Thailand Value Latest Year	24.4	19.6	12.9	4.9	-3.1	32.1	20.6	7.6	32.9
LI-Asia Average	16.1	12.1	16.3	6.6	-2.5	31.6	10.3	6.4	32.4
LI Average	17.9	14.1	17.8	7.9	-3.5	17.8	18.9	5.4	40.9
High Five Avg.	48.8	50.6	107.2	89.7	6.8	69.2	48.8	35.6	71.2
Low Five Avg.	10.6	8.9	5.2	-1.2	-11.4	3.2	4.6	0.6	16.2

	Fiscal and Monetary Policy (cont'd)							
	Composition of government revenue (Taxes of income, profits and capital gains)	Composition of governement revenue (Taxes on goods and services)	Composition of government revenue (Taxes on international trade)	Grants (% of revenue)	Composition of money supply growth (Net credit to government)	Composition of money supply growth (Credit to the private sector)	Composition of money supply growth (Net credit to non-financial public enterprises)	Composition of money supply growth (Net foreign assets)
Indicator Number	**21S2a**	**21S2b**	**21S2c**	**21S2f**	**21S3a**	**21S3b**	**21S3c**	**21S3d**
Pakistan Data								
Latest Year (T)	***2005/06***	***2005/06***	***2005/06***	***2005/06***	***2005/06***	***2005/06***	***2005/06***	***2005/06***
Value Year T	20.9	27.4	12.8	4.1	20.2	89.0	1.7	11.4
Value Year T-1	20.4	26.2	13.0	2.1	20.0	89.8	-2.6	11.2
Value Year T-2	20.7	27.8	11.5	3.9	14.2	73.1	-0.7	10.7
Value Year T-3	21.1	27.1	9.6	16.6	-24.7	50.1	-3.7	97.3
Value Year T-4	22.9	26.6	7.7	13.3	.	.	.	.
Average Value, time series	21.2	27.0	10.9	8.0	.	.	.	.
Growth Trend	-2.2	0.2	14.1	-35.7	.	.	.	.
Benchmark Data								
Regression Benchmark	.	.	.	.	.	.	.	.
Lower Bound	.	.	.	.	.	.	.	.
Upper Bound	.	.	.	.	.	.	.	.
Latest Year India	***2004***	***2004***	***2004***	***.***	***.***	***.***	***.***	***.***
India Value Latest Year	35.4	31.4	13.8	.	.	.	.	.
Latest Year Thailand	***2004***	***2004***	***2004***	***.***	***.***	***.***	***.***	***.***
Thailand Value Latest Year	32.0	40.1	8.4	.	.	.	.	.
LI-Asia Average	15.6	29.6	17.4	32.2	.	.	.	.
LI Average	15.4	23.7	22.2	29.6	.	.	.	.
High Five Avg.	53.8	64.6	44.9	69.9	.	.	.	.
Low Five Avg.	1.7	3.1	-1.7	3.6	.	.	.	.

	Business Environment								
	Corruption perception index	Doing business Rank	Rule of law index	Regulatory quality index	Government Effectiveness	Cost of starting a business, % GNI per capita	Procedures to enforce a contract	Procedures to register property	Procedures to start a business
Indicator Number	**22P1**	**22P2**	**22P3**	**22P4**	**22P5**	**22S1**	**22S2**	**22S3**	**22S4**
Pakistan Data									
Latest Year (T)	***2006***	***2006***	***2005***	***2005***	***2005***	***2006***	***2006***	***2006***	***2006***
Value Year T	2.2	74	-0.8	-0.60	-0.5	21.3	55	6	11
Value Year T-1	2.1	66	-0.8	-0.89	-0.5	23.9	55	6	11
Value Year T-2	2.1	.	-0.7	-0.78	-0.6	29.3	55	6	11
Value Year T-3	2.5	.	-0.8	-0.83	-0.6	40.0	55	.	11
Value Year T-4	2.6	.	-0.8	-0.81	.	.	.	.	.
Average Value, time series	2.3	.	-0.8	-0.78	.	.	.	.	.
Growth Trend	-5.0	.	2.6	-5.17	.	.	.	.	.
Benchmark Data									
Regression Benchmark	2.5	103	-0.5	-0.57	-0.5	.	.	.	.
Lower Bound	2.0	82	-0.8	-0.84	-0.8	.	.	.	.
Upper Bound	2.9	125	-0.2	-0.30	-0.3	.	.	.	.
Latest Year India	***2006***	***2006***	***2005***	***2005***	***2005***	***2006***	***2006***	***2006***	***2006***
India Value Latest Year	3.3	134	0.1	-0.34	-0.1	73.7	56	6	11
Latest Year Thailand	***2006***	***2006***	***2005***	***2005***	***2005***	***2006***	***2006***	***2006***	***2006***
Thailand Value Latest Year	3.6	18	0.1	0.38	0.4	5.8	26	2	8
LI-Asia Average	2.6	101	-0.8	-0.80	-0.8	61.7	36	6	9
LI Average	2.5	144	-0.9	-0.80	-0.9	120.6	37	6	11
High Five Avg.	9.5	.	2.0	1.80	2.2	1,033.2	66	15	18
Low Five Avg.	1.9	.	-1.8	-2.20	-1.7	0.5	15	N/A	2

	Business Environment (cont'd)					
	Time to enforce a contract	Time to register property	Time to start a business	Total tax payable by business (% operating profit)	Business Costs of crime, violence, and terrorism	Senior mgmnt time spent with gov't regulations %
Indicator Number	**22S5**	**22S6**	**22S7**	**22S8**	**22S9**	**22S10**
Pakistan Data						
Latest Year (T)	***2006***	***2006***	***2006***	***2006***	***2006***	***.***
Value Year T	880	50	24	43.4	3.8	.
Value Year T-1	880	50	24	48.1	3.8	.
Value Year T-2	880	50	24	.	.	.
Value Year T-3	880	.	24	.	.	.
Value Year T-4	.	.	.	.	.	.
Average Value, time series	.	.	.	.	.	.
Growth Trend	.	.	.	.	.	.
Benchmark Data						
Regression Benchmark	.	.	.	.	.	.
Lower Bound	.	.	.	.	.	.
Upper Bound	.	.	.	.	.	.
Latest Year India	***2006***	***2006***	***2006***	***2006***	***2006***	***2002***
India Value Latest Year	1,420	62	35	81.1	5.6	14.4
Latest Year Thailand	***2006***	***2006***	***2006***	***2006***	***2006***	***.***
Thailand Value Latest Year	425	2	33	40.2	5.0	.
LI-Asia Average	455	70	56	40.3	3.6	5.8
LI Average	470	72	46	45.9	3.4	5.8
High Five Avg.	1,476	595	299	255.3	6.6	17.4
Low Five Avg.	143	N/A	4	14.6	1.9	1.5

	Financial Sector						
	Domestic credit to private sector, % GDP	Interest rate spread, lending rate minus deposit rate	Money supply (M2), % GDP	Stock market capitalization rate, % GDP	Credit Information Index	Legal rights of borrowers and lenders index	Real interest rate
Indicator Number	**23P1**	**23P2**	**23P3**	**23P4**	**23P5**	**23S1**	**23S2**
Pakistan Data							
Latest Year (T)	***2005/06***	***2005***	***2005/06***	***2005***	***2006***	***2006***	***2006***
Value Year T	27.6	5.1	44.3	41.5	4.0	4.0	1.0
Value Year T-1	26.3	3.6	45.1	30.2	4.0	4.0	-2.0
Value Year T-2	23.0	3.8	44.1	20.1	.	4.0	-3.0
Value Year T-3	20.7	4.6	43.1	14.3	.	.	3.8
Value Year T-4	19.1	5.2	40.0	6.9	.	.	.
Average Value, time series	23.3	4.5	43.3	22.6	.	.	.
Growth Trend	10.2	-2.8	2.5	54.2	.	.	.
Benchmark Data							
Regression Benchmark	35.2	9.5	50.3	29.7	1.3	.	.
Lower Bound	21.3	6.4	36.1	1.2	0.1	.	.
Upper Bound	49.0	12.5	64.5	58.3	2.6	.	.
Latest Year India	***2005***	***2004***	***2005***	***2005***	***2006***	***2006***	***2005***
India Value Latest Year	41.1	5.4	62.8	70.4	3.0	5.0	6.3
Latest Year Thailand	***2005***	***2005***	***2005***	***2005***	***2006***	***2006***	***2005***
Thailand Value Latest Year	96.0	3.9	90.5	70.0	5.0	5.0	1.2
LI-Asia Average	23.4	10.4	37.7	14.9	.	4.0	9.9
LI Average	13.5	12.5	24.8	11.5	1.0	4.0	10.5
High Five Avg.	175.6	56.8	185.7	246.3	6.0	9.4	29.4
Low Five Avg.	2.3	1.5	8.7	1.1	.	0.7	-11.9

	External Sector										
	Aid, % GNI	Current account balance, % GDP	Debt service ratio, % exports	Exports growth, goods and services	Foreign direct investment, % GDP	Gross international reserves, months of imports	Private Capital Flows	Present value of debt, % GNI	Remittance receipts, % exports	Trade, % GDP	Trade in Services, %GDP
Indicator Number	**24P1**	**24P2**	**24P3**	**24P4**	**24P5**	**24P6**	**24P7**	**24P8**	**24P9**	**24P10**	**24P11**
Pakistan Data											
Latest Year (T)	***2004***	***2006***	***2005/06***	***2005/06***	***2005/06***	***2005/06***	***2005***	***2004***	***2005/06***	***2005***	***2004***
Value Year T	1.5	-4.6	14.1	13.8	2.7	3.6	0.03	35.3	22.7	35.2	8.4
Value Year T-1	1.3	-3.9	16.1	17.9	1.4	3.6	0.02	40.8	23.4	30.9	7.6
Value Year T-2	3.1	-1.4	17.3	10.4	1.0	5.0	0.01	37.8	25.6	33.2	6.5
Value Year T-3	2.8	-1.8	26.6	23.7	1.0	6.5	.	37.6	31.0	30.9	5.3
Value Year T-4	1.0	4.9	35.8	.	0.7	3.7	.	40.8	21.6	30.7	5.0
Average Value, time series	1.9	-1.4	22.0	.	1.3	4.5	.	38.5	24.9	32.2	6.6
Growth Trend	1.2	.	-21.1	.	37.0	-6.3	.	-1.1	-1.8	2.8	15.2
Benchmark Data											
Regression Benchmark	10.1	0.0	8.7	12.6	1.5	4.7	.	56.9	17.1	92.6	25.6
Lower Bound	5.2	-5.0	3.8	6.2	-0.8	3.3	.	35.5	8.4	70.0	15.0
Upper Bound	14.9	4.9	13.6	18.9	3.8	6.1	.	78.3	25.7	115.2	36.1
Latest Year India	***2004***	***2003***	***2003***	***2004***	***2004***	***2003***	***2003***	***2004***	***2003***	***2004***	***2003***
India Value Latest Year	0.1	1.1	18.9	39.3	0.8	12.2	0.0	18.4	26.1	39.9	8.2
Latest Year Thailand	***2004***	***2005***	***2004***	***2005***	***2004***	***2005***	***2005***	***2004***	***2003***	***2005***	***2005***
Thailand Value Latest Year	.	-2.1	10.6	2.4	0.9	4.5	0.1	35.2	40.6	149.4	27.3
LI-Asia Average	11.6	0.4	6.2	12.7	1.0	3.6	1.3	57.7	25.4	68.0	11.0
LI Average	13.0	-3.6	7.6	8.0	1.4	4.0	1.5	38.1	10.2	66.1	14.5
High Five Avg.	51.9	21.0	49.1	49.0	90.7	16.4	178.6	352.4	83.1	242.3	92.1
Low Five Avg.	-0.2	-20.5	1.4	-15.5	-0.7	0.4	-2.1	10.9	.	26.3	5.0

	External Sector (cont'd)										
	Concentration of exports (top three exports, 3-digit SITC)	Inward FDI potential index	Net barter terms of trade (1995=100)	Real effective exchange rate index (2000=100)	Structure of merchandise exports					Trade policy index	Ease of trading across borders
					Ag. raw materials	Fuel	Manufactured goods	Ores and metals	Food		
Indicator Number	**24S1**	**24S2**	**24S3**	**24S4**	**24S5a**	**24S5b**	**24S5c**	**24S5d**	**24S5e**	**24S6**	**24S7**
Pakistan Data											
Latest Year (T)	***2005***	***2004***	***2004***	***2005/06***	***2004***	***2004***	***2004***	***2004***	***2004***	***2006***	***2006***
Value Year T	48.7	0.1	84.6	96.4	1.9	2.5	85.4	0.3	9.9	54.0	98.0
Value Year T-1	.	0.1	88.7	91.5	1.6	2.3	85.6	0.3	10.1	49.6	117.0
Value Year T-2	.	0.1	94.8	91.3	1.5	1.9	85.6	0.2	10.7	50.6	.
Value Year T-3	.	0.1	99.9	93.0	1.7	2.1	85.0	0.2	10.8	59.2	.
Value Year T-4	39.4	0.1	100.0	93.1	2.9	1.4	84.8	0.2	10.5	54.0	.
Average Value, time series	.	0.1	93.6	93.1	1.9	2.1	85.3	0.2	10.4	53.5	.
Growth Trend	.	-4.5	-4.4	0.5	-9.5	13.1	0.2	14.2	-1.9	-1.8	.
Benchmark Data											
Regression Benchmark	.	.	.	.	.	.	.	.	.	.	.
Lower Bound	.	.	.	.	.	.	.	.	.	.	.
Upper Bound	.	.	.	.	.	.	.	.	.	.	.
Latest Year India	***.***	***2002***	***2004***	***.***	***2004***	***2004***	***2004***	***2004***	***2004***	***2006***	***2006***
India Value Latest Year	.	0.2	75.9	.	1.0	8.6	72.8	6.7	9.7	24.0	139.0
Latest Year Thailand	***.***	***2002***	***2004***	***.***	***2003***	***2003***	***2003***	***2003***	***2003***	***2006***	***2006***
Thailand Value Latest Year	.	0.2	91.9	.	4.7	2.5	75.4	1.0	14.2	63.4	103.0
LI-Asia Average	.	0.1	91.5	.	1.8	2.1	74.4	2.4	10.7	.	133.0
LI Average	.	0.1	93.9	.	5.3	1.7	19.0	3.1	23.2	.	139.0
High Five Avg.	.	0.5	130.7	.	34.5	92.2	95.2	52.0	87.6	52.0	.
Low Five Avg.	.	0.1	65.7	.	.	0.0	3.0	.	0.2	40.0	.

	Economic Infrastructure							
	Internet users per 1000 people	Overall infrastructure quality index	Telephone density, fixed line and mobile, per 1000 people	Quality of infrastructure index - air transport	Quality of infrastructure index - ports	Quality of infrastructure index - railroads	Quality of infrastructure index - electricity	Roads, paved (% Total)
Indicator Number	**25P1**	**25P2**	**25P3**	**25S1a**	**25S1b**	**25S1c**	**25S1d**	**25S2**
Pakistan Data								
Latest Year (T)	***2005***	***2006***	***2004***	***2006***	***2006***	***2006***	***2006***	***2003***
Value Year T	68.2	3.4	62.6	4.6	3.9	3.6	3.5	60.0
Value Year T-1	13.2	.	44.2	.	.	.	.	.
Value Year T-2	10.3	3.0	33.5	4.7	3.5	3.0	2.6	59.0
Value Year T-3	3.5	.	28.5	.	.	.	.	56.0
Value Year T-4	3.5	.	24.5	.	.	.	.	55.0
Average Value, time series	19.7	.	38.7	.	.	.	.	.
Growth Trend	107.7	.	26.1	.	.	.	.	.
Benchmark Data								
Regression Benchmark	16.8	2.6	117.7	.	.	.	.	.
Lower Bound	6.2	2.2	67.5	.	.	.	.	.
Upper Bound	27.4	3.0	167.9	.	.	.	.	.
Latest Year India	***2005***	***2006***	***2004***	***2006***	***2006***	***2006***	***2006***	***2002***
India Value Latest Year	54.4	3.3	84.5	5.1	3.5	4.7	3.1	62.6
Latest Year Thailand	***2005***	***2006***	***2004***	***2006***	***2006***	***2006***	***2006***	***2000***
Thailand Value Latest Year	110.3	5.0	536.6	5.5	4.7	3.6	5.5	98.5
LI-Asia Average	8.0	2.5	35.4	3.6	2.6	2.2	2.7	33.0
LI Average	6.3	2.3	33.8	3.2	2.4	1.8	2.6	19.2
High Five Avg.	667.5	6.6	1,729.7	6.7	6.6	6.5	6.9	100.0
Low Five Avg.	1.0	1.7	9.4	2.2	1.3	1.1	1.5	6.0

	Science and Technology				
	Expenditure for R&D, % GDP	FDI technology transfer index	Availability of Scientists & Engineers	Science & technology journal articles, per million population	IPR Protection
Indicator Number	**26P1**	**26P2**	**26P3**	**26P4**	**26P5**
Pakistan Data					
Latest Year (T)	***2002***	***2006***	***2006***	***2006***	***2006***
Value Year T	0.2	4.8	4.2	282	3.2
Value Year T-1	0.2	.	4.5	.	2.6
Value Year T-2	0.1	3.8	.	.	.
Value Year T-3	0.1	.	.	.	.
Value Year T-4	0.1	.	.	.	.
Average Value, time series	0.2	.	.	.	.
Growth Trend	18.9	.	.	.	.
Benchmark Data					
Regression Benchmark	0.4	4.8	3.9	.	2.8
Lower Bound	0.2	4.5	3.5	.	2.5
Upper Bound	0.6	5.2	4.3	.	3.2
Latest Year India	***2000***	***2006***	***2006***	***2006***	***2006***
India Value Latest Year	0.9	5.4	6.2	11,076	4.5
Latest Year Thailand	***2003***	***2006***	***2006***	***2006***	***2006***
Thailand Value Latest Year	0.3	5.3	4.7	727	4.2
LI-Asia Average	0.5	4.8	4.2	8	2.5
LI Average	0.3	4.8	3.9	11	2.7
High Five Avg.	3.7	6.1	6.2	17,149	6.4
Low Five Avg.	0.1	3.7	2.6	6	1.9

	Health								
	HIV prevalence	Life expectancy at birth	Maternal mortality rate, per 100,000 live births	Access to improved sanitation	Access to improved water source	Births attended by skilled health personnel	Child immunization rate	Prevalence of child malnutrition (weight for age)	Public health expenditure, % GDP
Indicator Number	**31P1**	**31P2**	**31P3**	**31S1**	**31S2**	**31S3**	**31S4**	**31S5**	**31S6**
Pakistan Data									
Latest Year (T)	***2005***	***2004***	***2004***	***2004***	***2002***	***2002***	***2004***	***2002***	***2003***
Value Year T	0.1	64.9	400	59.0	91.0	23.0	66.0	37.8	0.7
Value Year T-1	.	64.1	.	.	.	23.0	64.0	35.0	0.9
Value Year T-2	0.1	63.8	.	54.0	90.0	.	65.5	.	0.8
Value Year T-3	.	63.8	350	.	.	20.0	60.0	.	0.9
Value Year T-4	0.1	.	500	.	.	.	58.5	.	1.2
Average Value, time series	.	.	.	.	.	.	62.8	.	0.9
Growth Trend	.	.	.	.	.	.	3.1	.	-11.6
Benchmark Data									
Regression Benchmark	-0.3	65.0	4	.	.	.	.	.	.
Lower Bound	-4.0	61.2	2	.	.	.	.	.	.
Upper Bound	3.4	68.8	5	.	.	.	.	.	.
Latest Year India	***2005***	***2004***	***2000***	***2004***	***2002***	***2002***	***2004***	***2002***	***2003***
India Value Latest Year	0.9	63.5	540	33.0	86.0	68.0	60.0	27.3	1.2
Latest Year Thailand	***2005***	***2004***	***2000***	***2004***	***2002***	***2003***	***2004***	***.***	***2003***
Thailand Value Latest Year	1.4	70.5	44	99.0	99.0	99.0	97.0	.	2.0
LI-Asia Average	.	63.1	435	34.8	66.0	29.0	70.1	38.5	1.8
LI Average	.	53.9	715	34.0	62.0	46.0	72.5	28.6	2.1
High Five Avg.	33.4	80.9	1,800	100.0	100.0	99.6	99.0	44.0	10.2
Low Five Avg.	0.1	37.2	3	8.0	26.4	15.0	37.6	5.6	0.7

	Education								
	Net primary enrollment rate (total)	Net primary enrollment rate (female)	Net primary enrollment rate (male)	Persistence in school to grade 5 (total)	Persistence in school to grade 5 (female)	Persistence in school to grade 5 (male)	Youth literacy rate	Youth literacy rate (male)	Youth literacy rate (female)
Indicator Number	**32P1a**	**32P1b**	**32P1c**	**32P2a**	**32P2b**	**32P2c**	**32P3a**	**32P3b**	**32P3c**
Pakistan Data									
Latest Year (T)	***2004***	***2004***	***2004***	***2004***	***2004***	***2004***	***2004***	***2004***	***2004***
Value Year T	66.2	55.5	76.4	69.7	72.4	67.8	65.5	75.8	54.7
Value Year T-1	.	.	.	.	.	.	.	.	.
Value Year T-2	.	.	.	.	.	.	.	.	.
Value Year T-3	.	46.8	68.9	.	.	.	.	.	.
Value Year T-4	59.1	.	.	.	.	.	.	.	.
Average Value, time series	.	.	.	.	.	.	.	.	.
Growth Trend	.	.	.	.	.	.	.	.	.
Benchmark Data									
Regression Benchmark	87.5	.	.	74.9	.	.	83.1	.	.
Lower Bound	79.8	.	.	67.4	.	.	74.6	.	.
Upper Bound	95.2	.	.	82.4	.	.	91.6	.	.
Latest Year India	***2004***	***2004***	***2004***	***2003***	***2003***	***2003***	***2004***	***2004***	***2004***
India Value Latest Year	89.7	87.0	93.3	78.9	76.3	81.3	76.4	84.2	67.7
Latest Year Thailand	***2002***	***2002***	***2002***	***.***	***.***	***.***	***2004***	***2004***	***2004***
Thailand Value Latest Year	85.0	83.7	86.3	.	.	.	98.0	98.1	97.8
LI-Asia Average	84.1	80.4	85.0	63.3	64.4	63.0	76.4	82.6	67.7
LI Average	73.4	70.2	73.4	70.4	66.2	66.0	70.3	76.4	64.8
High Five Avg.	100.0	100.0	100.0	99.9	100.0	98.9	99.9	99.9	99.9
Low Five Avg.	40.0	35.3	44.5	48.1	48.9	46.3	32.8	45.9	21.3

	Education (cont'd)						
	Net Secondary Enrollment Rate	Gross tertiary enrollment rate	Education expenditure, primary, %GDP	Expenditure per student, % GDP per capita, primary	Expenditure per student, % GDP per capita, secondary	Expenditure per student, % GDP per capita, tertiary	Pupil-teacher ratio, primary school
Indicator Number	**32p4**	**32p5**	**32S1**	**32S2a**	**32S2b**	**32S2c**	**32S3**
Pakistan Data							
Latest Year (T)	***.***	***2004***	***2005***	***.***	***.***	***.***	***2004***
Value Year T	.	3.2	0.7	.	.	.	37.5
Value Year T-1	.	2.6	.	.	.	.	34.8
Value Year T-2	.	2.6	.	.	.	.	35.0
Value Year T-3	.	.	.	.	.	.	34.7
Value Year T-4	.	.	.	.	.	.	33.0
Average Value, time series	.	.	.	.	.	.	35.0
Growth Trend	.	.	.	.	.	.	2.6
Benchmark Data							
Regression Benchmark	45.6	11.0	.	.	.	.	.
Lower Bound	37.5	4.0	.	.	.	.	.
Upper Bound	53.7	18.0	.	.	.	.	.
Latest Year India	***.***	***2004***	***2005***	***2003***	***2003***	***2003***	***2004***
India Value Latest Year	.	11.8	0.6	9.1	17.4	59.2	40.2
Latest Year Thailand	***.***	***2005***	***.***	***2004***	***2004***	***2004***	***2003***
Thailand Value Latest Year	.	43.0	.	13.8	13.0	22.7	20.7
LI-Asia Average	34.5	6.0	.	7.8	12.3	58.5	40.2
LI Average	22.8	2.8	.	11.4	20.1	184.2	42.7
High Five Avg.	97.8	83.9	6.2	24.3	47.8	470.0	68.3
Low Five Avg.	7.8	0.7	.	5.9	6.1	11.2	10.0

	Employment and Workforce						
	Labor force participation rate (total)	Rigidity of employment index	Size of labor force	Labor force growth rate	Unemployment rate	Economically Active Children	Firing costs (weeks of wages)
Indicator Number	**33P1a**	**33P2**	**33P3a**	**33P3b**	**33P4**	**33P5**	**33s1**
Pakistan Data							
Latest Year (T)	***2005***	***2006***	***2005***	***2005***	***2006***	***.***	***2006***
Value Year T	57.9	43.0	56.5	3.8	6.5	.	90.0
Value Year T-1	57.3	39.0	54.5	4.0	.	.	90.0
Value Year T-2	56.8	49.0	52.4	3.7	.	.	90.0
Value Year T-3	56.2	.	50.5	4.0	.	.	.
Value Year T-4	55.6	.	48.6	.	.	.	.
Average Value, time series	56.7	.	52.5	.	.	.	.
Growth Trend	1.0	.	3.9	.	.	.	.
Benchmark Data							
Regression Benchmark	72.3	31.6	.	3.3	4.7	.	26.5
Lower Bound	67.4	20.8	.	1.8	2.2	.	15.8
Upper Bound	77.2	42.3	.	4.8	7.2	.	37.1
Latest Year India	***2005***	***2006***	***2005***	***2004***	***2002***	***2000***	***2006***
India Value Latest Year	62.7	41.0	435.0	1.4	9.1	5.2	55.9
Latest Year Thailand	***2005***	***2006***	***2005***	***2004***	***2004***	***.***	***2006***
Thailand Value Latest Year	69.1	18.0	35.7	1.6	1.5	.	54.3
LI-Asia Average	71.6	40.0	6.4	2.8	7.8	34.9	44.3
LI Average	75.8	44.3	4.6	2.8	7.8	25.6	36.9
High Five Avg.	92.3	76.2	306.8	8.1	28.7		229.0
Low Five Avg.	49.7	0.0	0.1	-1.8	2.5		0.0

	Agriculture						
	Agriculture value added per worker	Cereal yield	Growth in agricultural value-added	Agricultural policy costs index	Crop production index (1989-91=100)	Livestock production index (1989-91=100)	Agricultural export growth
Indicator Number	**34P1**	**34P2**	**34P3**	**34S1**	**34S2**	**34S3**	**34S4**
Pakistan Data							
Latest Year (T)	***2003***	***2005***	***2005***	***2006***	***2004***	***2004***	***2004***
Value Year T	695.1	2,563	7.5	3.7	113.3	112.5	32.4
Value Year T-1	681.0	2,431	2.2	.	99.5	109.0	29.0
Value Year T-2	694.0	2,320	4.2	3.1	94.8	106.0	-7.5
Value Year T-3	724.2	2,261	0.1	.	95.0	103.0	-40.7
Value Year T-4	695.6	2,231	-2.2	.	103.7	100.0	.
Average Value, time series	698.0	2,361	.	.	101.3	106.1	.
Growth Trend	-0.6	3.6	.	.	2.3	3.0	.
Benchmark Data							
Regression Benchmark	500.2	2,731	3.4	.	.	.	.
Lower Bound	303.5	2,111	-0.8	.	.	.	.
Upper Bound	696.9	3,352	7.7	.	.	.	.
Latest Year India	***2003***	***2005***	***2005***	***2006***	***2004***	***2004***	***2004***
India Value Latest Year	406.2	2,367	2.2	3.7	103.9	112.2	2.6
Latest Year Thailand	***2003***	***2005***	***2005***	***2006***	***2004***	***2004***	***2001***
Thailand Value Latest Year	632.8	2,723	-5.0	4.4	109.5	92.3	-12.4
LI-Asia Average	309.0	2,438	3.2	3.7	107.2	109.0	18.0
LI Average	285.3	1,266	3.1	3.7	105.8	107.3	29.8
High Five Avg.	39,551.3	7,896	17.9	5.2	135.9	148.4	201.4
Low Five Avg.	109.7	369	-17.1	2.5	68.1	86.5	-57.4

Technical Notes

The following technical notes identify the source for each indicator, provide a concise definition, indicate the coverage of USAID countries, and comment on data quality where pertinent. For reference purposes, a CAS code is also given for each indicator. In many cases, the descriptive information is taken directly from the original sources, as cited.

STATISTICAL CAPACITY

Statistical Capacity Indicator

Source: World Bank, updated annually, at http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20541648~pagePK:64133150~piPK:64133175~theSitePK:239419,00.html

Definition: Provides and evaluation of a country's' statistical practice, data collection activities and key indicator availability against a set of criteria consistent with international recommendations. The score ranges from 0 to 100 with a score of 100 indicating that the country meets all the criteria.

Coverage: Data are available for the vast majority of USAID countries.

CAS Code # 01P1

GROWTH PERFORMANCE

Per capita GDP, in Purchasing Power Parity Dollars

Source: IMF World Economic Outlook database, updated every six months, at http://www.imf.org/external/ns/cs.aspx?id=28

Definition: This indicator adjusts per capita GDP measured in current U.S. dollars for differences in purchasing power, using an estimated exchange rate reflecting the purchasing power of the various local currencies.

Coverage: Data are available for about 85 USAID countries.

CAS Code #11P1

Per capita GDP, in current US Dollars

Source: IMF World Economic Outlook database, updated every 6 months, at:

http://www.imf.org/external/ns/cs.aspx?id=28

Definition: GDP per capita is gross domestic product divided by midyear population. GDP is the sum of gross value added by all resident producers plus any product taxes, less any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources.

Coverage: Data are available for about 85 USAID countries.

CAS Code #11P2

Real GDP Growth

Source: IMF World Economic Outlook database, updated every six months; latest country data from IMF Article IV consultation reports:

www.imf.org/external/np/sec/aiv/index.htm

Definition: Annual percentage growth rate of GDP at constant local currency prices

Coverage: Data are available for about 85 USAID countries.

CAS Code #11P3

Growth of Labor Productivity

Source: Best labor market data available for target country, or World Development Indicators. If using WDI, estimated by calculating the annual percentage change of the ratio of GDP (constant 1995 US$) (NY.GDP.MKTP.KD) to the population age 15–64, which in turn is the product of the total population (SP.POP.TOTL) times the percentage of total population in this age group (SP.POP.1564.IN.ZS).

Definition: Labor productivity is defined here as the ratio of GDP (in constant prices) to the size of the working age population (age 15–64). The more familiar calculation, based on employment, labor force, or work hours, is used where available.

Coverage: Data are available for about 85 USAID countries.

CAS Code # 11S1

Investment Productivity, Incremental Capital-Output Ratio (ICOR)

Source: International benchmark data computed from World Development Indicators most recent publication year, based on the five-year average of the share of fixed investment (NE.GDI.FTOT.ZS) and the five-year average GDP growth (NY.GDP.MKTP.KD.ZG). Updated figures for the target country are computed from IMF Article IV consultation reports.

Definition: The ICOR shows the amount of capital investment incurred per extra unit of output. A high value represents low investment productivity. The ICOR is calculated here as the ratio of the investment share of GDP to the growth rate of GDP, using five-year averages for both the numerator and denominator.

Coverage: Data are available for about 81 USAID countries.

CAS Code #11S2

Gross Fixed Investment, Percentage of GDP

Source: IMF Article IV consultation report for latest country data; international benchmark from the World Development Indicators, most recent publication series NE.GDI.FTOT.ZS.

Definition: Gross fixed investment is spending on replacing or adding to fixed assets (buildings, machinery, equipment and similar goods).

Coverage: Data are available for about 84 USAID countries.

CAS Code # 11S3

Gross Fixed Private Investment, Percentage of GDP

Source: IMF Article IV consultation report, for latest country data; World Development Indicators 2004, for international comparison data (explanation below). The estimation of this indicator involves taking the difference between gross fixed capital formation (percent of GDP) (NE.GDI.FTOT.ZS) and government capital expenditure (percent of GDP). The latter

term is the product of government capital expenditure (percent of total expenditure) (GB.XPK.TOTL.ZS) and total government expenditure (percent of GDP) (GB.XPD.TOTL.GD.ZS).

Definition: This indicator measures gross fixed capital formation by nongovernment investors, including spending for replacement or net addition to fixed assets (buildings, machinery, equipment, and similar goods).

Coverage: Available from World Development Indicators 2004 for about 38 USAID countries. Starting in 2005, WDI no longer reports government capital expenditure, which is needed to compute this variable. The reason is that the World Bank has adopted a new system for government finance statistics, which switches from reporting budget performance based on cash outlays and receipts, to a modified accrual accounting system in which government capital formation is a balance sheet entry, and only the consumption of fixed capital (that is, a depreciation allowance) is treated as an expense. The template will include this variable when the required data can be obtained from IMF Article IV consultation report or national data sources. Group and regression benchmarks will be computed from WDI 2004 (since group averages tend to be relatively stable).

Data Quality: National statistics offices may have different methodologies for breaking down total government expenditure into current and capital components. In particular, the data on "development expenditure" in many countries include elements of current expenditure.

CAS Code #11S4

POVERTY AND INEQUALITY

Human Poverty Index

Source: UNDP, Human Development Report.

http://hdr.undp.org/statistics/data/indicators.cfm?x=18&y=1&z=1 for most recent edition; updates may be found at http://hdr.undp.org/reports/view_reports.cfm?type=1

Definition: The index measures deprivation in terms of not meeting target levels for specified economic and quality-of-life indicators. Values are based on (1) percentage of people not expected to survive to age 40, (2) percentage of adults who are illiterate, and (3) percentage of people who fail to attain a "decent living standard," which is subdivided into three (equally weighted) separate items: (a) percentage of people without access to safe water, (b) percentage of people without access to health services, and (c) percentage of underweight children. The HPI ranges in value from 0 (zero deprivation incidence) to 100 (high deprivation incidence).

Coverage: Data are available for about 60 USAID countries.

CAS Code #12P1

Income Share, Poorest 20%

Source: World Development Indicators, most recent publication series SI.DST.FRST.20. These are World Bank staff estimates based on primary household survey data obtained from government statistical agencies and World Bank country departments. Alternative source for target countries: the country's Poverty Reduction Strategy Paper: http://www.imf.org/external/np/prsp/prsp.asp

Definition: Share of total income or consumption accruing to the poorest quintile of the population.

Coverage: Data are available for about 59 USAID countries, if one goes back to 1997; for the period since 2000, data are available for about 35 USAID countries.

CAS Code # 12P2

Percentage of Population Living on Less than $1 PPP per Day

Source: World Development Indicators, most recent publication series SI.POV.DDAY, original data from national surveys. Alternative source for target countries: the country's Poverty Reduction Strategy Paper:

http://www.imf.org/external/np/prsp/prsp.asp

Definition: The indicator captures the percentage of the population living on less than $1.08 a day at 1993 international prices.

Coverage: Data are available for about 59 USAID countries going back to 1997; data for 2000 or later are available for about 35 USAID countries.

Data Quality: Poverty data originate from household survey questionnaires that can differ widely; even similar surveys may not be strictly comparable because of difference in quality.

CAS Code #12P3a

Percentage of Population Living on Less than $2 PPP per Day

Source: World Development Indicators, most recent publication series SI.POV.2DAY, original data from national surveys. Alternative source for target countries: the country's Poverty Reduction Strategy Paper:
http://www.imf.org/external/np/prsp/prsp.asp

Definition: The indicator captures the percentage of the population living on less than $2.15 a day at 1993 international prices.

Coverage: Data are available for about 59 USAID countries going back to 1997; data for 2000 or later are available for about 35 USAID countries.

Data Quality: Poverty data originate from household survey questionnaires that can differ widely; even similar surveys may not be strictly comparable because of difference in quality.

CAS Code #12P3b

Poverty Headcount, National Poverty Line

Source: World Development Indicators, most recent publication series SI.POV.NAHC. Alternative source: the country's Poverty Reduction Strategy Paper: http://www.imf.org/external/np/prsp/prsp.asp

Definition: The percentage of the population living below the national poverty line. National estimates are based on population-weighted estimates from household surveys

Coverage: Data available for only 19 countries for 2000 or later; data are available for about 49 countries going back to 1997. For most target countries, data can be obtained from the PRSP.

Data Quality: Measuring the percentage of people below the "national poverty line" has the disadvantage of limiting international comparisons because of differences in the definition of the poverty line. Most lower-income countries, however, determine the national poverty line by the level of consumption required to have a minimally sufficient food intake plus other basic necessities.

CAS Code #12P4

PRSP Status

Source: World Bank/IMF. A list of countries with a Poverty Reduction Strategy Paper can be found at http://www.imf.org/external/np/prsp/prsp.asp

Definition: Yes or no variable showing whether a country has (or not) completed a PRSP (introduced by the World Bank

and IMF to ensure host-country ownership of poverty reduction programs).

Coverage: All countries having PRSPs are so indicated.

CAS Code #12P5

Population below Minimum Dietary Energy Consumption

Source: UN Millennium Indicators Database at http://millenniumindicators.un.org/unsd/mdg/Data.aspx, based on FAO estimates.

Definition: Proportion of the population in a condition of undernourishment. The FAO defines undernourishment as the condition of people whose dietary energy consumption is continuously below a minimum dietary energy requirement for maintaining a healthy life and carrying out light physical activity.

Coverage: Data are available for about 82 USAID countries.

CAS Code # 12S1

ECONOMIC STRUCTURE

Employment or Labor Force Structure

Source: World Development Indicators, most recent publication series SL.AGR.EMPL.ZS for agriculture, series SL.IND.EMPL.ZS for industry, and series SL.SRV.EMPL.ZS for services. Alternative source: CIA World Fact Book: https://www.cia.gov/library/publications/the-world-factbook/index.html

Definition: Employment in each sector is the proportion of total employment recorded as working in that sector. Employees are people who work for a public or private employer and receive remuneration in wages, salary, commission, tips, piece rates, or pay in kind. Agriculture includes hunting, forestry, and fishing. Industry includes mining and quarrying (including oil production), manufacturing, electricity, gas and water, and construction. Services include wholesale and retail trade and restaurants and hotels; transport, storage, and communications; financing, insurance, real estate, and business services; and community, social, and personal services.

Coverage: Data are available for about 37 USAID countries. For most target countries, data can be obtained from PRSP.

Data Quality: Employment figures originate with International Labor Organization. Some countries report labor force structure instead of employment, thus the data must be checked carefully before comparisons are made.

CAS Code #13P1

Output Structure

Source: World Development Indicators, most recent publication series NV.AGR.TOTL.ZS for value added in agriculture as a percentage of GDP; series NV.IND.TOTL.ZS for the share of industry; and NV.SRV.TETC.ZS for the share of services.

Definition: The output structure is composed of value added by major sector of the economy (agriculture, industry, and services) as percentages of GDP, where value added is the net output of a sector after all outputs are added up and intermediate inputs are subtracted. Value added is calculated without deductions for depreciation of fabricated assets or depletion and degradation of natural resources. Agriculture includes forestry, hunting, and fishing, as well as cultivation of crops and livestock production. Industry includes manufacturing, mining, construction, electricity, water, and gas. Services include wholesale and retail trade (including hotels and restaurants), transport, and government, financial, professional, and personal services such as education, health care, and real estate services.

Coverage: Data are available for about 86 USAID countries.

Data Quality: A major difficulty in compiling national accounts is the extent of unreported activity in the informal economy. In developing countries a large share of agricultural output is either not exchanged (because it is consumed within the household) or not exchanged for money. This production is estimated indirectly using estimates of inputs, yields, and area under cultivation. This approach can differ from the true values over time and across crops. Ideally, informal activity in industry and services is measured through regular enterprise censuses and surveys. In most developing countries such surveys are infrequent, so prior survey results are extrapolated.

CAS Code #13P2

DEMOGRAPHY AND ENVIRONMENT

Adult Literacy Rate

Source: World Development Indicators, most recent publication series SE.ADT.LITR.ZS, based on UNESCO calculations.

Definition: Percentage of people ages 15 and older who can read and write a short, simple statement about their daily life.

Coverage: Data are available for about 66 USAID countries.

Data Quality: In practice, literacy is difficult to measure. A proper estimate requires census or survey measurements under controlled conditions. Many countries estimate the number of illiterate people from self-reported data, or by taking people with no schooling as illiterate.

CAS Code # 14P1

Youth Dependency Rate

Source: World Development Indicators, most recent publication series.

Definition: Youth dependency rate is calculated as the percentage of the population below age 15 (WDI SP.POP.0014.TO.ZS) divided by the working-age population (those ages 15–64) (WDI SP.POP.1564.TO.ZS)

Coverage: Data are available for about 89 USAID countries.

CAS Code #14P2a

Elderly Dependency Rate

Source: World Development Indicators, most recent publication series.

Definition: This is calculated as percentage of the population over age 65 (WDI SP.POP.65UP.TO.ZS) divided by working-age population (those ages 15–64) (WDI SP.POP.1564.TO.ZS)

Coverage: Data are available for about 89 USAID countries.

CAS Code #14P2b

Environmental Performance Index

Source: Center for International Earth Science Information Network (CIESIN) at Columbia University, and the Center for Environmental Law and Policy at Yale University. http://www.yale.edu/epi/ .

Definition: The Environmental Performance Index (EPI) is a composite index of national environmental protection, which tracks (1) environmental health, (2) air quality, (3) water resources, (4) biodiversity and habitat, (5) productive natural

resources, and (6) sustainable energy. The index is a weighted average of these six policy categories, with more weight given environmental health, (i.e., EPI = 0.5 × environmental health + 0.1 × (air quality + water resources + productive natural resources + biodiversity and habitat + sustainable energy)). The index values range from 0 (very poor performance) to 100 (very good performance). The 2006 edition is considered a work in progress.

Coverage: Data are available for about 80 USAID countries.

CAS Code #14P3

Population Size and Growth

Source: World Development Indicators, most recent publication series SP.POP.TOTL for total population, and series SP.POP.GROW for the population growth rate.

Definition: Total population counts all residents regardless of legal status or citizenship—except refugees not permanently settled in the country of asylum. Annual population growth rate is based on the de facto definition of population.

Coverage: Data are available for about 88 USAID countries.

CAS Code # 14P4

Urbanization Rate

Source: World Development Indicators, most recent publication series SP.URB.TOTL.IN.ZS.

Definition: Urban population is the share of the total population living in areas defined as urban in each country. The calculation considers all residents regardless of legal status or citizenship, except refugees.

Coverage: Data are available for about 86 USAID countries.

Data Quality: The estimates are based on national definitions of what constitutes an urban area; since these definitions vary greatly, cross-country comparisons should be made with caution.

CAS Code #14P5

GENDER

Girls' Primary Completion Rate

Source: World Development Indicators, most recent publication series: SE.PRM.CMPT.FE.ZS

Definition: Primary completion rate is the percentage of students completing the last year of primary school. It is calculated by taking the total number of students in the last grade of primary school, minus the number of repeaters in that grade, divided by the total number of children of official graduation age.

Coverage: Data are available for about 80 USAID countries.

Data Quality: Completion rates are based on data collected during annual school surveys, typically conducted at the beginning of the school year. The indicator does not measure the quality of the education.

CAS Code #15P1

Gross Enrollment Rate, All Levels of Education, Male and Female

Source: UNDP Human Development Report http://hdr.undp.org/hdr2006/statistics/indicators/225.html and

http://hdr.undp.org/hdr2006/statistics/indicators/224.html

Definition: The number of students enrolled in primary, secondary, and tertiary levels of education by sex, regardless of age, as a percentage of the population of official school age for the three levels by sex.

Coverage: Data are available for about 80 USAID countries.

Data Quality: Enrollment rates are based on data collected during annual school surveys, typically conducted at the beginning of the school year.

CAS Code #15P2

Life Expectancy, Male and Female

Source: Estimated from UNDP Human Development Indicators: http://hdr.undp.org/hdr2006/statistics/indicators/221.html.

Definition: The number of years a newborn male or female infant would live if prevailing patterns of age and sex-specific mortality rates at the time of birth were to stay the same throughout the child's life.

Coverage: Data are available for about 85 USAID countries.

CAS Code #15P3

Labor Force Participation Rate, Male and Female

Source: Derived from World Development Indicators, but the precise computation differs depending on the edition of WDI used for the data.

To calculate the female labor force participation rate using WDI 2007: the numerator is the labor force, female (% of total labor force) (SL.TLF.TOTL.FE.ZS) times labor force, total (SL.TLF.TOTL.IN); the denominator is simply population ages 15–64, female (SP.POP.1564.FE.IN). Using WDI 2006, the denominator (female population, ages 15–64), can only be estimated by multiplying the total population (SP.POP.TOTL) times the percentage of the population ages 15–64 (SP.POP.1564.IN.ZS) times the percentage of females in the total population (SP.POP.TOTL.FE.ZS).

To calculate the male labor force participation rate using WDI 2004: the numerator is calculated by subtracting the female labor force, derived above, from the total labor force (SL.TLF.TOTL.IN). The denominator is population ages 15–64, male (SP.POP.1564.MA.IN). Using WDI 2006 and subsequent years, the denominator is an estimate of the male population, ages 15–64, calculated as the total population (SP.POP.TOTL) times the percentage ages 15–64 (SP.POP.1564.IN.ZS) times the percentage of males in the total population, where the final factor is computed as 100 minus the percentage of females in the total population (SP.POP.TOTL.FE.ZS).

Definition: The percentage of the working-age population that is in the labor force. The labor force is made up of people who meet the International Labour Organization definition of the economically active population: all people who supply labor for the production of goods and services during a specified period. It includes both the employed and the unemployed.

Coverage: Data are available for about 88 USAID countries.

CAS Code #15P4

FISCAL AND MONETARY POLICY

In the World Development Indicators for 2005, the World Bank has adopted a new system for government budget statistics, switching from data based on cash outlays and receipts to a system with revenues booked on receipt and expenses booked on accrual, in accordance with the IMF's *Government Financial Statistics Manual, 2001*. On the revenue side, the changes are minor, and comparisons to the old system may still be valid. There is a major change, however, in the reporting of capital outlays, which are now treated as balance sheet entries; only the annual capital consumption allowance (depreciation) is reported as an expense. Hence, the data on total *expense* is not comparable

to the former data on total *expenditure*. In addition, WDI 2005 now provides data on the government's cash surplus/deficit; this differs from the previous concept of the overall budget balance by excluding net lending minus repayments (which are now a financing item under net acquisition of financial assets). Many countries do not use the new GFS system, so country coverage of fiscal data in WDI 2005 is limited. For these reasons, the template will continue to use some data from WDI 2004, along with new data from WDI 2005 and subsequent WDI series, as appropriate.

Government Expenditure, Percentage of GDP

Source: IMF Article IV consultation report for latest country data www.imf.org/external/np/sec/aiv/index.htm; International Financial Statistics database for benchmarking (line item 82 divided by GDP).

Definition: Total expenditure of the central government as a percent of GDP.

Gaps: Data available for about 70% of USAID countries.

CAS Code # 21P1

Government Revenue, excluding grants, Percentage of GDP

Source: IMF Article IV consultation report for latest country data www.imf.org/external/np/sec/aiv/index.htm; World Development Indicators for benchmarking data (GB.RVC.TOTL.GD.ZS). Original data from the IMF, Government Finance Statistics Yearbook and data file, and World Bank estimates.

Definition: Government revenue includes all revenue to the central government from taxes and non-repayable receipts (other than grants), measured as a share of GDP. Grants represent monetary aid going to the central government that has no repayment requirement.

Gaps: Data missing for about 24 USAID countries.

CAS Code # 21P2

Growth in Broad Money Supply

Source: Latest country data are from national data sources or from IMF Article IV consultation report: www.imf.org/external/np/sec/ aiv/index.htm. Benchmarking data are from World Development Indicators, most recent publication, series FM.LBL.MQMY.ZG. Original source of WDI data is IMF, International Financial Statistics, and World Bank estimates.

Definition: Average annual growth rate in the broad money supply, M2 (money plus quasi-money) measured as the change in end-of-year totals relative to the preceding year. M2 comprises the sum of currency outside banks, checking account deposits other than those of the central government, and the time, savings, and foreign currency deposits of resident sectors other than the central government. M2 corresponds to the sum of lines 34 and 35 in the IMF's International Financial Statistics.

Coverage: Data are available for about 81 USAID countries.

CAS Code #21P3

Inflation Rate

Source: IMF World Economic Outlook database, updated every six months, at http://www.imf.org/external/ns/cs.aspx?id=28

Definition: Inflation as measured by the consumer price index reflects the annual percentage change in the cost to the average consumer of acquiring a basket of goods and services that may be fixed or changed at specific intervals.

Coverage: Data are available for about 85 USAID countries.

Data Quality: For many developing countries, figures for recent years are IMF staff estimates. Additionally, data for some countries are for fiscal years.

CAS Code # 21P4

Overall Budget Balance, Including Grants, Percentage of GDP

Source: For countries using the new GFS system (see explanation at the beginning of this section), benchmarking data on the government's cash surplus/deficit are obtained from World Development Indicators, most recent publication series GC.BAL.CASH.GD.ZS. For countries that are not yet using the new system, benchmarking data on the overall budget balance are obtained from WDI 2004, series GB.BAL.OVRL.GD.ZS. Latest country data are obtained from national data sources or from IMF Article IV consultation reports: www.imf.org/external/np/sec/aiv/index.htm.

Definition: The cash surplus/deficit is revenue (including grants) minus expenses, minus net acquisition of nonfinancial assets. This is close to the previous concept of *overall budget balance*, differing only in that it excludes net lending (which is now treated as a financing item, under net acquisition of financial assets).

For countries that are not using the new GFS system, the template will continue to focus on the ***overall budget balance***, using data from the alternative sources indicated above. The overall budget deficit is defined as the difference between total revenue (including grants) and total expenditure.

Both concepts measure the central government's financing requirement, which must be met by domestic or foreign borrowing. As noted above, they differ in that the new cash surplus/deficit variable excludes net lending (which is usually a minor item).

Coverage: Data are available in WDI 2006 for less than half USAID countries.

CAS Code # 21P5

Composition of Government Expenditure

Source: The latest country and benchmark data are taken from national data sources or from IMF Article IV consultation reports: www.imf.org/external/np/sec/aiv/index.htm.

Definition: Central government expenditure, broken down into the following five categories:. (1) wages and salaries; (2) goods and services; (3) interest payments; (3) subsidies and other current transfers; (4) capital expenditures; (5) other expenditure.

Coverage: Data are available for the majority of USAID countries. As explained at the beginning of this section, WDI stopped reporting government *expenditures* in 2005. The template will include this variable when the required data can be obtained from IMF Article IV consultation report or national data sources for the target country and the comparison countries. *Data Quality:* Many countries report their revenue in noncomparable categories. Budget data are compiled by fiscal year. If the fiscal year differs from the calendar year, ratios to GDP may be calculated by interpolating budget data from two adjacent fiscal years.

CAS Code # 21S1

Composition of Government Revenue

Source: The latest country and comparison country data are taken from national data sources or from IMF Article IV consultation reports: www.imf.org/external/np/sec/aiv/index.htm. Benchmarking

data are taken directly from WDI 2005 database: (1) taxes on goods and services (% of revenue), series GC.TAX.GSRV.RV.ZS; (2) taxes on income, profits and capital gains (% of revenue), series GC.TAX.YPKG.RV.ZS; (3) taxes on international trade (% of revenue), series GC.TAX.INTT.RV.ZS; (4) other taxes (% of revenue), series GC.TAX.OTHR.RV.ZS; (5) social security contributions (% of revenue), series GC.REV.SOCL.ZS; and (6) grants and other revenue (% of revenue), series GC.REV.GOTR.ZS.

Definition: Breakdown of central government revenue sources by categories outlined above. Each source of revenue is expressed as a percentage of total revenue.

Coverage: Data are available from WDI 2005 for about 46 USAID countries.

Data Quality: Many countries report their revenue in noncomparable categories. If the fiscal year differs from the calendar year, then the ratios to GDP may be calculated by interpolating budget data from two adjacent fiscal years.

CAS Code # 21S2

Composition of Money Supply Growth

Source: Constructed using national data sources or IMF Article IV consultation reports: www.imf.org/external/np/sec/ aiv/index.htm.

Definition: Identifies the sources of the year-to-year change in the broad money supply (M2), disaggregated into five categories: (1) net domestic credit to the public sector, (2) net domestic credit to the private sector, and (3) net foreign assets (reserves), (4) net credit to non-financial public enterprises, and (5) other items, net. Each component is expressed as a percentage of the annual change (December to December) in M2.

Coverage: Data are available for about 86 USAID countries.

CAS Code # 21S3

BUSINESS ENVIRONMENT

Control of Corruption Index

Source: World Bank Institute
http://www.govindicators.org

Definition: The Control of Corruption index is an aggregation of various indicators that measure the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests. Index ranges from -2.5 (for very poor performance) to +2.5 (for excellent performance).
This is also an MCC indicator, under the criterion of ruling justly. The MCC rescales the values as percentile rankings relative to the set of MCA eligible countries, ranging from a value from 0 (for very poor performance) to 100 (for excellent performance). Some country reports use the MCC scaling.

Coverage: Data are available for nearly all USAID countries.

Data Quality: This indicator uses perception and opinions gathered from local businessmen as well as third-party experts; thus, the indicator is largely subjective. Also standard errors are large. For both reasons, international comparisons are problematic, though widely used.

CAS Code # 22P1

Ease of Doing Business Index

Source: World Bank, Doing Business Indictors http://rru.worldbank.org/DoingBusiness/

Definition: The Ease of Doing Business index ranks economies from 1 to 175. The index is calculated as the ranking on the simple average of country percentile rankings on each of the 10 topics covered in Doing Business in 2007: starting a business, dealing with licenses, hiring and firing, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, and closing a business.

Coverage: Data are available for nearly all USAID countries.

CAS Code # 22P2

Rule of Law Index

Source: World Bank Institute, http://www.govindicators.org

This indicator is based on the perceptions of the legal system, drawn from 12 data sources.

Definition: The Rule of Law index is an aggregation of various indicators that measure the extent to which agents have confidence in and abide by the rules of society. Index ranges from -2.5 (for very poor performance) to +2.5 (for excellent performance).

Coverage: Data are available for nearly all USAID countries.

Data Quality: This index is best used with caution for relative comparisons between countries in a single year, because the standard errors are large. Using the index to track a country's progress over time is also difficult because the index does not compensate for changes in the world average. For instance, if the world average decreases in a given year, a country whose score appears to increase may not actually have tangible improvements in its legal environment.

CAS Code #22P3

Regulatory Quality Index

Source: World Bank Institute;

http://www.govindicators.org

Definition: The regulatory quality index measures the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development. It is computed from survey data from multiple sources. The index values range from -2.5 (very poor performance) to +2.5 (excellent performance).
This is also an MCC indicator, under the criterion of encouraging economic freedom. The MCC rescales the values as percentile rankings relative to the set of MCA eligible countries, ranging from a value from 0 (for very poor performance) to 100 (for excellent performance). Some country reports use the MCC scaling.

Gaps: Data are available for nearly all USAID countries.

Data Quality: This index is best used with caution for relative comparisons between countries in a single year, because the standard errors are large. It is also difficult to use the index to track a country's progress over time because the index does not compensate for changes in the world average. For instance, if the world average decreases in a given year, a country whose score appears to increase may not actually have tangible improvements in their legal environment.

CAS Code #22P4

Government Effectiveness Index

Source: World Bank Institute, http://www.govindicators.org

Definition: This index, based on 17 component sources, measures **"**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." The index values range from

-2.5 (very poor performance) to +2.5 (excellent performance).

Coverage: Data are available for nearly all USAID countries.

CAS Code #22P5

Cost of Starting a Business

Source: World Bank, Doing Business; Starting a Business category:http://rru.worldbank.org/DoingBusiness/ExploreTopics/StartingBusiness/CompareAll.aspx

Definition: Legally required cost to starting a simple limited liability company, expressed as percentage of GNI per capita.

Coverage: Data are available for nearly all USAID countries.

CAS Code #22S1

Procedures to Enforce a Contract

Source: World Bank, Doing Business; Enforcing Contracts category: http://rru.worldbank.org/DoingBusiness/ExploreTopics/EnforcingContracts/CompareAll.aspx

Definition: The number of procedures required to enforce a valid contract through the court system, with *procedure* defined as any interactive step the company must take with government agencies, lawyers, notaries, etc. to proceed with enforcement action.

Coverage: Data are available for nearly all USAID countries.

CAS Code # 22S2

Procedures to Register Property

Source: World Bank, Doing Business; Registering Property category: http://rru.worldbank.org/DoingBusiness/ExploreTopics/RegisteringProperty/CompareAll.aspx

Definition: Number of procedures required to register the transfer of title for business property. A procedure is defined as any step involving interaction between a company or individual and a third party that is necessary to complete the property registration process.

Coverage: Data are available for nearly all USAID countries.

CAS Code #22S3

Procedures to Start a Business

Source: World Bank, Doing Business; Starting a Business category: http://rru.worldbank.org/DoingBusiness/ExploreTopics/StartingBusiness/CompareAll.aspx

Definition: The number of procedural steps required to legalize a simple limited liability company. A procedure is an interaction of a company with government agencies, lawyers, auditors, notaries, and the like, including interactions required to obtain necessary permits and licenses and complete all inscriptions, verifications, and notifications to start operations.

Coverage: Data are available for nearly all USAID countries.

CAS Code # 22S4

Time to Enforce a Contract

Source: World Bank, Doing Business; Enforcing Contracts category: http://rru.worldbank.org/DoingBusiness/ExploreTopics/EnforcingContracts/CompareAll.aspx

Definition: Minimum number of days required to enforce a contract through the court system.

Coverage: Data are available for nearly all USAID countries.

CAS Code # 22S5

Time to Register Property

Source: World Bank, Doing Business; Registering Property category: http://rru.worldbank.org/DoingBusiness/ExploreTopics/RegisteringProperty/CompareAll.aspx

Definition: The time required to accomplish the full sequence of procedures to transfer a property title from the seller to the buyer when a business purchases land and a building in a peri-urban area of the country's most populous city. Every required procedure is included whether it is the responsibility of the seller, the buyer, or where it is required to be completed by a third party on their behalf.

Coverage: Data are available for nearly all USAID countries.

CAS Code #22S6

Time to Start a Business

Source: World Bank, Doing Business; Starting a Business category: http://rru.worldbank.org/DoingBusiness/ExploreTopics/StartingBusiness/CompareAll.aspx

Definition: The number of calendar days needed to complete the required procedures for legally operating a business. If a procedure can be speeded up at additional cost, the fastest procedure, independent of cost, is chosen.

Coverage: Data are available for nearly all USAID countries.

CAS Code #22S7

Total Tax Payable by Business

Source: World Bank, Doing Business, Paying Taxes Category: http://www.doingbusiness.org/ExploreTopics/PayingTaxes/

Definition: The amount of taxes payable by a medium-sized business in the second year of operation, expressed as share of commercial profits. The total amount of taxes is the sum of all the different taxes payable after accounting for deductions and exemptions. The taxes withheld but not paid by the company are excluded. The taxes included can be divided into five categories: profit or corporate income tax, social security contributions and other labor taxes paid by the employer, property taxes, turnover taxes and other small taxes (such as municipal fees and vehicle and fuel taxes). Commercial profits are defined as sales minus cost of goods sold, minus gross salaries, minus administrative expenses, minus other deductible expenses, minus deductible provisions, plus capital gains (from the property sale) minus interest expense, plus interest income and minus commercial depreciation.

Coverage: Data are available for nearly all USAID countries

CAS Code #22S8

Business Costs of Crime, Violence and Terrorism Index

Source: Global Competitiveness Report 2006-2007, World Economic Forum. The indicators can be found in the Data Tables, Section VI.

Definitions: The index measures executives' perceptions of the business costs of terrorism in their respective country. Executives grade, on a scale from 1 to 7, whether crime, violence and terrorism impose (1) significant costs on business, or (7) do not impose significant costs on business.

Coverage: Data are available for about 52 USAID countries.

Data Quality: Comparisons between countries are difficult, because the data are based on executive perceptions.

CAS Code #22S9

Senior Manager Time Spent Dealing with Government Regulations

Source: World Bank Enterprise Surveys, Bureaucracy section, www.enterprisesurveys.org.

Definitions: Average percentage of senior managers' time that is spent in a typical week dealing with requirements imposed by government regulations such as taxes, customs, labor regulations, licensing and registration, and dealings with officials, and completing forms.

Coverage: Data available for about 80 USAID countries.

Data Quality: Same-timeframe comparisons between countries may be difficult; 15-20 enterprise surveys are conducted per year, with country updates expected approximately every three to five years. Surveys are taken of hundreds of entrepreneurs per country who describe the impact of their country's investment climate on their firm.

CAS Code #22S10

FINANCIAL SECTOR

Domestic Credit to Private Sector, Percentage of GDP

Source: IMF Article IV consultation reports or national data sources for latest country data; World Development Indicators, most recent publication series FS.AST.PRVT.GD.ZS for benchmarking data. The WDI data originate with the IMF, International Financial Statistics and data files, and World Bank estimates.

Definition: Domestic credit to private sector refers to financial resources provided to the private sector, such as through loans, purchases of non-equity securities, and trade credits and other accounts receivable, that establish a claim for repayment. For some countries, these claims include credit to public enterprises.

Coverage: Data are available for about 82 USAID countries.

CAS Code # 23P1

Interest Rate Spread

Source: World Development Indicators, most recent publication series FR.INR.LNDP. Original data from IMF, International Financial Statistics and data files.

Definition: The difference between the average lending and borrowing interest rates charged by commercial or similar banks on domestic currency deposits.

Coverage: Data are available for about 66 USAID countries.

CAS Code # 23P2

Money Supply, Percentage of GDP

Source: Latest country data obtained from national data sources or IMF Article IV consultation reports: www.imf.org/external/np/sec/aiv/index.htm. Benchmarking data from World Development Indicators, most recent publication series FM.LBL.MQMY.GD.ZS. WDI data originate from IMF, International Financial Statistics and data files, and World Bank and OECD GDP estimates.

Definition: Money supply (M2), also called broad money, is defined as nonbank private sector's holdings of notes, coins, and demand deposits, plus savings deposits and foreign currency deposits. Ratio of M2 to GDP is calculated to assess the degree of monetization of an economy.

Coverage: Data are available for about 81 USAID countries.

Data Quality: In some countries M2 includes certificates of deposits, money market instruments, and treasury bills.

CAS Code # 23P3

Stock Market Capitalization Rate, Percentage of GDP

Source: World Development Indicators, most recent publication, series CM.MKT.LCAP.GD.ZS.

Definition: This variable is defined as the market capitalization, also known as market value (the share price times the number of shares outstanding), of all the domestic shares listed on the country's stock exchange as a percentage of GDP.

Coverage: Data are available for about 54 USAID countries.

CAS Code # 23P4

Credit Information Index

Source: World Bank, Doing Business; Getting Credit Category: http://www.doingbusiness.org/ExploreTopics/GettingCredit/Default.aspx?direction=asc&sort=2

Definition: The credit information index measures rules affecting the scope, accessibility and quality of credit information available through either public or private credit registries. The index ranges from 0 to 6, with higher values indicating the availability of more credit information, from either a public registry or a private bureau, to facilitate lending decisions.

Coverage: Data are available for nearly all USAID countries.

Data Quality: The indicator is subjective, as it is based on an opinion poll.

CAS Code # 23P5

Legal Rights of Borrowers and Lenders Index

Source: World Bank Doing Business; Getting Credit category: http://rru.worldbank.org/DoingBusiness/ExploreTopics/GettingCredit/CompareAll.aspx. The index is based on data collected through research of collateral and insolvency laws supported by survey data on secured transactions laws.

Definition: The index measures the degree to which collateral and bankruptcy laws facilitate lending. It ranges in value from 0 (very poor performance) to 10 (excellent performance). It includes three aspects related to legal rights in bankruptcy, and seven aspects found in collateral law.

Coverage: Data are available for nearly all USAID countries.

CAS Code # 23S1

Real Interest Rate

Source: World Development Indicators, most recent publication series FR.INR.RINR.

Definition: Real interest rate is the lending interest rate adjusted for inflation, as measured by the GDP deflator.

Coverage: Data are available for about 68 USAID countries.

CAS Code # 23S2

Number of Active Microfinance Borrowers

Source: The Mix Market.

http://www.mixmarket.org/en/demand/demand.quick.search.asp.

Definition: An aggregate of the number of current borrowers from microfinance institutions as reported by microfinance institutions to The Mix Market.

Coverage: Data are available for about 68 USAID countries.

Data Quality: Data are only available for those microfinance institutions that report to the Mix Market and data are not always updated in a timely fashion.

CAS Code # 23S3

EXTERNAL SECTOR

Aid, Percentage of GNI

Source: Latest country data obtained from national data sources or IMF Article IV consultation reports: www.imf.org/ external/np/sec/aiv/index.htm. Benchmarking data from World Development Indicators, most recent publication series DT.ODA.ALLD.GN.ZS.

Definition: The indicator measures official development assistance from OECD countries and official aid from non-OECD countries, as a percentage of the recipient's gross national income.

Coverage: Data are available for about 84 USAID countries.

Data Quality: Data do not include aid given by recipient countries to other recipient countries, and may not be consistent with the country's balance sheets, because data are collected from donors.

CAS Code #24P1

Current Account Balance, Percentage of GDP

Source: Latest country data from national data sources or IMF Article IV consultation reports: www.imf.org/external/ np/sec/aiv/index.htm. Benchmarking data from World Development Indicators, most recent publication series BN.CAB.XOKA.GD.ZS, based on IMF, Balance of Payments Statistics Yearbook and data files, World Bank staff estimates, and World Bank and OECD GDP estimates.

Definition: Current account balance is the sum of net exports of goods, services, net income, and net current transfers. It is presented here as a percentage of a country's gross domestic product.

Coverage: Data are available for about 79 USAID countries.

CAS Code # 24P2

Debt Service ratio

Source: Latest country data obtained from national data sources or IMF Article IV consultation reports:

www.imf.org/external/np/sec/aiv/index.htm. Benchmarking data from World Development Indicators, most recent publication, series DT.TDS.DECT.EX.ZS, based on World Bank, Global Development Finance data.

Definition: Total debt service is the sum of principal repayments and interest actually paid in foreign currency, goods, or services on long-term debt, interest paid on short-term debt and repayments (repurchases and charges) to the IMF. Debt is considered as a percent of exports of goods and services, which includes income and workers' remittances.

Coverage: Data are available for about 77 USAID countries.

Data Quality: See data quality comments to the Present value of debt, percent of GNI regarding quality of debt data reported.

CAS Code # 24P3

Exports Growth, Goods and Services

Source: Latest country data obtained from national data sources or IMF Article IV consultation reports:

www.imf.org/external/np/sec/aiv/index.htm. Benchmarking data from World Development Indicators, most recent publication, series NE.EXP.GNFS.KD.ZG, based on World Bank national accounts data, and OECD National Accounts data files.

Definitions: Annual growth rate of exports of goods and services based on constant local currency units. Exports include the value of merchandise, freight, insurance, transport, travel, royalties, license fees, and other services, such as communication, construction, financial, information, business, personal, and government services. They exclude labor and property income (formerly called factor services), as well as transfer payments.

Coverage: Data are available for about 81 USAID countries.

CAS Code # 24P4

Foreign Direct Investment, Percentage of GDP

Source: Latest country data obtained from national data sources or IMF Article IV consultation reports: www.imf.org/external/ np/sec/aiv/index.htm. Benchmarking data from World Development Indicators, most recent publication, series BX.KLT.DINV.DT.GD.ZS, based on IMF, International Financial Statistics and Balance of Payments databases, World Bank, Global Development Finance, and World Bank and OECD GDP estimates.

Definition: Foreign direct investment is the net inflow of investment to acquire a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This series shows net inflows in the reporting economy.

Coverage: Data are available for about 82 USAID countries.

CAS Code #24P5

Gross International Reserves, Months of Imports

Source: Latest country data obtained from national data sources or IMF Article IV consultation reports:

www.imf.org/external/np/sec/aiv/index.htm. Benchmarking data from World Development Indicators, most recent publication, series FI.RES.TOTL.MO.

Definition: Gross international reserves comprise holdings of monetary gold, special drawing rights (SDRs), the reserve position of members in the IMF, and holdings of foreign exchange under the control of monetary authorities expressed in terms of the number of months of imports of goods and services.

Coverage: Data are available for about 77 USAID countries.

CAS Code # 24P6

Gross Private Capital Inflows, Percentage of GDP

Source: Latest country data obtained from national data sources or IMF Article IV consultation reports: www.imf.org/external/ np/sec/aiv/index.htm Benchmarking data derived from the International Financial Statistics (sum of lines 78BED and 78BGD, divided by GDP).

Definition: Net private capital inflows are the sum of the direct and portfolio investment inflows recorded in the balance-of-payments financial account. The indicator is calculated as a ratio to GDP in U.S. dollars.

Coverage: Information on coverage is not easily accessible.

Data Quality: Capital flows are converted to U.S. dollars at the IMF's average official exchange rate for the year shown.

CAS Code #24P7

Present Value of Debt, Percentage of GNI

Source: World Development Indicators, most recent publication series DT.DOD.PVLX.GN.ZS, based on Global Development Finance data.

Definition: Present value of debt is the sum of short-term external debt plus the discounted sum of total debt service

payments due on public, publicly guaranteed, and private non-guaranteed long-term external debt over the life of existing loans. The indicator measures the value of debt relative to the GNI.

Coverage: Data are available for about 80 USAID countries.

Data Quality: The coverage and quality of debt data vary widely across countries because of the wide spectrum of debt instruments, the unwillingness of governments to provide information, and a lack of capacity in reporting. Discrepancies are significant when exchange rate fluctuations, debt cancellations, and rescheduling occur.

CAS Code # 24P8

Remittances Receipts, Percentage of Exports

Source: Latest country data obtained from national data sources or IMF Article IV consultation reports: www.imf.org/external/ np/sec/aiv/index.htm. Benchmarking data are obtained from World Development Indicators, most recent publication. The figure is constructed by dividing workers' remittances (receipts), series BX.TRF.PWKR.CD, by exports of goods and services, series BX.GSR.GNFS.CD.

Definition: Workers' remittances are current transfers by migrants who are employed or intend to remain employed for more than a year in another economy in which they are considered residents. The indicator is the ratio of remittances to exports.

Coverage: Data are available for about 74 USAID countries.

CAS Code # 24P9

Trade, Percentage of GDP

Source: Latest country data obtained from national data sources or IMF Article IV consultation reports: www.imf.org/external/ np/sec/aiv/index.htm. Benchmarking data from World Development Indicators, most recent publication, series NE.TRD.GNFS.ZS.

Definition: The sum of exports and imports of goods and services divided by the value of GDP, all expressed in current U.S. dollars.

Coverage: Data available for about 84 USAID countries.

CAS Code # 24P10

Trade in Services, Percentage of GDP

Source: Latest country data obtained from national data sources or IMF Article IV consultation reports: www.imf.org/external/ np/sec/aiv/index.htm. Benchmarking data from the World Development Indicators, most recent publication, series BG.GSR.NFSV.GD.ZS.

Definition: Trade in services is the sum of service exports and imports divided by the value of GDP, all in current U.S. dollars.

Coverage: Data available for about 80 USAID countries.

CAS Code # 24P11

Concentration of Exports

Source: Constructed with ITC COMTRADE data by aggregating the value for the top three export product groups (SITC Rev.3) and dividing by total exports. Raw data: http://www.intracen.org/tradstat/sitc3-3d/indexre.htm

Definition: The percentage of a country's total merchandise exports consisting of the top three products, disaggregated at the SITC (Rev. 3) 3-digit level.

Coverage: Available for about 74 USAID countries.

Data Quality: Smuggling is a serious problem in some countries. For countries that do not report trade data to the United Nations, ITC uses partner country data. There are a number of shortcomings with this approach: ITC does not cover trade with other nonreporting countries; transshipments may hide the actual source of supply; and reporting standards include transport cost and insurance in measuring exports but exclude these items when measuring imports.

CAS Code # 24S1

Inward FDI Potential Index

Source: UNCTAD. Indicator is available at http://www.unctad.org/Templates/WebFlyer.asp?intItemID=2472&lang=1.

Definition: Inward FDI Potential Index measures an economy's attractiveness to foreign investors, capturing factors (apart from market size) that are expected to have an impact. The index ranges in value from 0 (for very poor performance) to 1 (for excellent performance). It is an unweighted average of the scores of 12 normalized economic and social variables.

Coverage: Data are available for about 77 USAID countries.

CAS Code # 24S2

Net Barter Terms of Trade

Source: World Development Indicators, most recent publication, series TT.PRI.MRCH.XD.WD

Definition: Net barter terms of trade are calculated as the ratio of the export price index to the corresponding import price index measured relative to the base year 2000.

Coverage: Data are available for about 51 USAID countries.

CAS Code # 24S3

Real Effective Exchange Rate (REER)

Source: IMF Article IV consultation reports: www.imf.org/external/ np/sec/aiv/index.htm;

Definition: The REER is an index number with base 1995=100, which measures the value of a currency against a weighted average of foreign currencies. It is calculated as the nominal effective exchange rate divided by a price deflator or index of costs. The IMF defines the REER so that an increase in the value represents a real appreciation of the home currency, and a decrease represents a real depreciation.

Coverage: Information on coverage is not easily accessible.

Data Quality: Changes in real effective exchange rates should be interpreted with caution. For many countries the weights from 1990 onward take into account trade in 1988-90, and an index of relative changes in consumer prices is used as the deflator.

CAS Code # 24S4

Structure of Merchandise Exports

Source: World Development Indicators, most recent publication. Exports from five categories are used: Food exports series TX.VAL.FOOD.ZS.UN; Agricultural raw materials exports series TX.VAL.AGRI.ZS.UN; Manufactures exports series TX.VAL.MANF.ZS.UN; Ores and metals exports series TX.VAL.MMTL.ZS.UN; and Fuel exports series TX.VAL.FUEL.ZS.UN.

Definition: This indicator reflects the composition of merchandise exports by major commodity groups—food, agricultural raw materials, fuels, ores and metals, and manufactures.

Coverage: Data are available for about 78 USAID countries.

Data Quality: The classification of commodity groups follows the Standard International Trade Classification

(SITC) revision 1, but most countries report using later revisions of the SITC. Tables are used to convert data reported in one system to another and this may introduce errors of classification. Shares may not sum to 100 percent because of unclassified trade.

CAS Code # 24S5

Trade Policy Index

Source: Index of Economic Freedom, Heritage Foundation: http://www.heritage.org/research/features/index/downloads.cfm. The Trade Policy Score (index) is one component of the Index of Economic Freedom.

Definition: The index measures the degree to which government hinders the free flow of foreign commerce, based on a country's weighted average tariff rate (weighted by imports from the country's trading partners), with adjustments for non-tariff barriers and corruption in the customs service. The countries are ranked on a 0-to-100 scale, with a higher score representing greater freedom (low barriers to trade)—a switch from the 5-1 ranking of previous Indexes (in which lower numbers denoted greater freedom).

Coverage: Data are available for about 83 USAID countries.

Data Quality: The index is subjective and at times inconsistent in its treatment of tariffs.

CAS Code # 24S6

Ease of Trading Across Borders Ranking

Source: World Bank, Doing Business, Trading Across Borders category: http://www.doingbusiness.org/ExploreTopics/TradingAcrossBorders/

Definitions: The 175 economies covered by the Doing Business report are ranked on the ease with which one may import into and export out of the economy. The ranking is based on a simple average of the economy's ranking on each of the composite indicators for Trading Across Borders: number of documents to import and export, cost to import and export, and time to import and export.

Coverage: Data are available for nearly all USAID countries.

CAS Code # 24S7

ECONOMIC INFRASTRUCTURE

Internet Users per 1,000 people

Source: World Development Indicators, most recent publication series IT.NET.USER.P3, derived from the International Telecommunication Union database.

Definition: Indicator quantifies the number of Internet users, defined as those with access to the worldwide network, per 1,000 people.

Coverage: Data are available for about 88 USAID countries.

CAS Code # 25P1

Overall Infrastructure Quality Index

Source: Global Competitiveness Report 2006–2007, World Economic Forum. The indicator can be found in the Data Tables, Section V. General Infrastructure; 5.01.

Definition: The index measures executives' perceptions of general infrastructure in their respective country. Executives grade, on a scale from 1 to 7, whether general infrastructure in their country is poorly developed (1) or among the best in the world (7).

Coverage: Data are available for about 52 USAID countries.

Data Quality: Comparisons between countries are difficult because the data are based on executives' perceptions.

CAS Code # 25P2

Telephone Density, Fixed Line and Mobile

Source: World Development Indicators, most recent publication series IT.TEL.TOTL.P3, derived from the International Telecommunication Union database..

Definition: The indicator is the sum of subscribers to telephone mainlines and mobile phones per 1,000 people. Fixed lines represent telephone mainlines connected to the public switched telephone network. Mobile phone subscribers refer to users of cellular-based technology with access to the public switched telephone network.

Coverage: Data are available for about 88 USAID countries.

CAS Code #25P3

Quality of infrastructure—Railroads, Ports, Air Transport and Electricity

Source: Global Competitiveness Report 2006-2007, World Economic Forum. The indicators can be found in the Data Tables, Section V. General Infrastructure; 5.02, 5.03, 5.04, and 5.05 for Railroad, Port; Air Transport, and Electricity, respectively.

Definitions: The index measures executives' perceptions of general infrastructure in their respective country. Executives grade, on a scale from 1 to 7, whether railroads, ports, air transport, and electricity are poorly developed (1) or among the best in the world (7).

Coverage: Data are available for about 52 USAID countries.

Data Quality: Comparisons between countries are difficult because the data are based on executive perceptions.

CAS Code #25S1

Roads, paved (% total)

Source: World Development Indicators, most recent publication series IS.ROD.PAVE.ZS

Definitions: Paved roads are roads surfaced with crushed stone (macadam) and hydrocarbon binder or bituminized agents, with concrete, or with cobblestones.

Coverage: Data are available for nearly all USAID countries.

CAS Code #25S2

SCIENCE AND TECHNOLOGY

Expenditure in Research and Development, Percentage of GDP

Source: World Development Indicators, most recent publication, series GB.XPD.RSDV.GD.ZS, based on data from the UNESCO Institute of Statistics.

Definition: Expenditures for research and development are current and capital expenditures (both public and private) on creative, systematic activity that increases the stock of knowledge. Included are fundamental and applied research and experimental development work leading to new devices, products, or processes.

Coverage: Data are available for about 26 USAID countries.

CAS Code #26P1

FDI Technology Transfer Index

Source: Global Competitiveness Report 2006-2007, World Economic Forum. The indicator can be found in the Data

Tables, Section III. Technology: Innovation and Diffusion; 3.04.

Definition: The index measures executives' perceptions of FDI as a source of new technology for the country. Executives grade, on a scale from 1 to 7, whether foreign direct investment in their country brings little new technology (1), or is an important source of new technology (7).

Coverage: Data are available for about 52 USAID countries.

Data Quality: Comparisons between countries are difficult because the data are based on executive perceptions.

CAS Code # 26P2

Availability of Scientists and Engineers Index

Source: Global Competitiveness Report 2006-2007, World Economic Forum. The indicators can be found in the Data Tables, Section IX. Innovation; 9.05.

Definitions: The index measures executives' perceptions of the availability of scientists and engineers in their respective country. Executives grade, on a scale from 1 to 7, whether scientists and engineers in their country are nonexistent (1) or rare, or widely available (7).

Coverage: Data are available for about 52 USAID countries.

Data Quality: Comparisons between countries are difficult because the data are based on executive perceptions.

CAS Code #26P3

Science and Technology Journal Articles, per Million People

Source: World Development Indicators, most recent publication, series IP.JRN.ARTC.SC

Definitions: The indicator refers to published scientific and engineering articles in physics, biology, chemistry, mathematics, clinical medicine, biomedical research, engineering and technology, and earth and space sciences per one million population.

Coverage: Data are available for about 82 USAID countries.
CAS Code #26P4

IPR Protection Index

Source: Global Competitiveness Report 2006-2007, World Economic Forum. The indicators can be found in the Data Tables, Section IV. Innovation; 9.07.

Definitions: The index measures executives' perceptions of the availability of the quality of intellectual property rights protection in their respective country. The scale ranges from 1(for poorly enforced) to 7 (among the best in the world).

Coverage: Data are available for about 52 USAID countries.

Data Quality: Comparisons between countries are difficult because the data are based on executive perceptions.

CAS Code #26P5

HEALTH

HIV Prevalence

Source: UNAIDS for most recent country data: http://data.unaids.org/pub/GlobalReport/2006/2006_GR_ANN2_en.pdf. World Development Indicators, most recent publication for benchmark data, series SH.DYN.AIDS.ZS.

Definition: Percentage of people ages 15–49 who are infected with HIV.

Coverage: Data are available for about 79 USAID countries.

Data Quality: UNAIDS/WHO estimates are based on all available data, including surveys of pregnant women, population-based surveys, household surveys conducted by Kenya, Mali, Zambia, and Zimbabwe, and other surveillance information.

CAS Code # 31P1

Life Expectancy at Birth

Source: World Development Indicators, most recent publication, (SP.DYN.LE00.IN)

Definition: Life expectancy at birth indicates the number of years a newborn infant would live on average if prevailing patterns of mortality at the time of his or her birth were to stay the same throughout his or her life.

Coverage: Data are available for about 88 USAID countries.

Data Quality: Life expectancy at birth is estimated on the basis of vital registration or the most recent census/survey. Extrapolations may not be reliable for monitoring changes in health status or for comparative analytical work.

CAS Code # 31P2

Maternal Mortality Rate

Source: UN Millennium Indicators Database, http://millenniumindicators.un.org/unsd/mdg/Data.aspx based on WHO, UNICEF and UNFPA data.

Definition: The indicator is the number of women who die during pregnancy and childbirth, per 100,000 live births.

Coverage: Data are available for about 87 USAID countries.

Data Quality: Household surveys attempt to measure maternal mortality by asking respondents about survival of sisters. The estimates pertain to 12 years or so before the survey, making them unsuitable for monitoring recent changes.

CAS Code # 31P3

Access to Improved Sanitation

Source: World Development Indicators, most recent publication, series SH.STA.ACSN.

Definition: The indicator is the percentage of population with at least adequate excreta disposal facilities (private or shared, but not public) that can effectively prevent human, animal, and insect contact with excreta.

Coverage: Data are available for about 82 USAID countries.

CAS Code #31S1

Access to Improved Water Source

Source: World Development Indicators, most recent publication series SH.H2O.SAFE.ZS

Definition: The indicator is the percentage of the population with reasonable access to an adequate amount of water from an improved source, such as a household connection, public standpipe, borehole, protected well or spring, or rain water collection.

Coverage: Data are available for about 83 USAID countries.

Data Quality: Access to drinking water from an improved source does not ensure that the water is adequate or safe.

CAS Code # 31S2

Births Attended by Skilled Health Personnel

Source: World Development Indicators, most recent publication, series SH.STA.BRTC.ZS.

Definition: The indicator is the percentage of deliveries attended by personnel trained to give the necessary supervision, care, and advice to women during pregnancy, labor, and the postpartum period, to conduct interviews on their own, and to care for newborns.

Coverage: Data are available for about 62 USAID countries.

Data Quality: Data may not reflect improvements in maternal health; maternal deaths are underreported; and rates of maternal mortality are difficult to measure.

CAS Code # 31S3

Child Immunization Rate

Source: World Development Indicators, most recent publication, estimated by averaging two series: Immunization, DPT (% of children ages 12–23 months) (SH.IMM.IDPT) and Immunization, measles (% of children ages 12–23 months) (SH.IMM.MEAS).

Definition: Percentage of children under one year of age receiving vaccination coverage for four diseases: measles and diphtheria, pertussis (whopping cough), and tetanus (DDPT).

Coverage: Data are available for about 88 USAID countries.

CAS Code #31S4

Prevalence of Child Malnutrition—Weight for Age

Source: World Development Indicators, most recent publication, series SH.STA.MALN.ZS.

Definition: The indicator is based on the percentage of children under age five whose weight for age is more than minus two standard deviations below the median for the international reference population ages 0–59 months.

Coverage: Data are available for about 55 USAID countries.

CAS Code # 31S5

Public Health Expenditure, Percentage of GDP

Source: Latest data for host country is obtained from the MCC: http://www.mcc.gov/selection/scorecards/2007/index.php.

International benchmarking data from World Development Indicators, most recent publication (SH.XPD.PUBL.ZS), based on World Health Organization, World Health Report, and updates and from the OECD, supplemented by World Bank poverty assessments and country and sector studies.

Definition: Public health expenditure consists of recurrent and capital spending from government (central and local) budgets, external borrowings and grants (including donations from international agencies and nongovernmental organizations), and social (or compulsory) health insurance funds.

Coverage: Data are available for about 88 USAID countries.

CAS Code #31S6

EDUCATION

Net Primary Enrollment Rate—Female, Male and Total

Source: UNESCO Institute for Statistics, http://stats.uis.unesco.org/ReportFolders/reportfolders.aspx

Definition: The indicator measures the proportion of the population of the official age for primary, secondary, or tertiary education according to national regulations who are enrolled in primary schools. Primary education provides children with basic reading, writing, and mathematics skills along with an elementary understanding of such subjects as history, geography, natural science, social science, art, and music.

Coverage: Data are available for about 80 USAID countries.

Data Quality: Enrollment rates are based on data collected during annual school surveys, which are typically conducted at the beginning of the school year, and do not reflect actual rates of attendance during the school year. In addition, school administrators may report exaggerated enrollments because teachers often are paid proportionally to the number of pupils enrolled. The indicator does not measure the quality of the education provided.

CAS Code # 32P1

Persistence to Grade 5—Female, Male, and Total

Source: World Development Indicators, most recent publication series SE.PRM.PRS5.FE.ZS (female); SE.PRM.PRS5.MA.ZS (male); and SE.PRM.PRS5.ZS (total).

Definition: The indicator is an estimate of the proportion of the population entering primary school who reach grade 5, for female, male, and total students.

Coverage: Data are available for about 48 USAID countries.

CAS Code # 32P2

Youth Literacy Rate—Female, Male, and Total

Source: World Development Indicators, most recent publication, series SE.ADT.1524.LT.ZS.

Definition: The indicator is an estimate of the percent of people ages 15–24 who can, with understanding, read and write a short, simple statement on their everyday life.

Coverage: Data are available for about 67 USAID countries.

Data Quality: Statistics are out of date by two to three years.

CAS Code #32P3

Net Secondary Enrollment Rate, Total

Source: World Development Indicators, most recent publication, series SE.SEC.NENR. Based on data from the United Nations Educational, Scientific, and Cultural Organization (UNESCO) Institute for Statistics.

Definitions: Net enrollment ratio is the ratio of children of official school age based on the International Standard Classification of Education 1997 who are enrolled in school to the population of the corresponding official school age. Secondary education completes the provision of basic education that began at the primary level and aims at laying the foundations for lifelong learning and human development by offering more subject- or skill-oriented instruction using more specialized teachers.

Coverage: Not available for draft.

Data Quality: Break in series between 1997 and 1998 due to change from International Standard Classification of Education (ISCED) 76 to ISCED97. Recent data are provisional.

CAS Code #32P4

Gross Tertiary Enrollment Rate, Total

Source: World Development Indicators, most recent publication, series SE.TER.ENRR. Based on data from the UNESCO Institute for Statistics.

Definitions: Gross enrollment ratio is the ratio of total enrollment, regardless of age, to the population of the age group that officially corresponds to the level of education shown. Tertiary education, whether or not to an advanced research qualification, normally requires, as a minimum

condition of admission, the successful completion of education at the secondary level.

Coverage: Not available for draft.

Data Quality: Break in series between 1997 and 1998 due to change from International Standard Classification of Education (ISCED) 76 to ISCED97. Recent data are provisional.

CAS Code #32P5

Expenditure on Primary Education, Percentage of GDP

Source: Millennium Challenge Corporation: http://www.mcc.gov/ selection/scorecards/2007/index.php.

Definition: The indicator is the total expenditures on education by all levels of government, as a percent of GDP.

Coverage: Data are available for about 58 USAID countries.

Data Quality: The MCC obtains the data from national sources through U.S. embassies.

CAS Code #32S1

Educational Expenditure per Student, Percentage of GDP per capita—Primary, Secondary and Tertiary

Source: World Development Indicators, most recent publication series SE.XPD.PRIM.PC.ZS (primary); SE.XPD.SECO.PC.ZS (secondary); and SE.XPD.TERT.PC.ZS (tertiary).

Definition: Public expenditure per student (primary, secondary or tertiary) is defined as the public current expenditure on education divided by the total number of students, by level, as a percentage of GDP per capita.

Coverage: Data are available for about 50, 47, and 45 USAID countries (for primary, secondary, and tertiary expenditure, respectively).

Data Quality: Education statistics should be interpreted with caution because the data are out of date by 2 or 3 years; also, the statistics reflects solely public spending, generally excluding spending by religious schools, which play a significant role in many developing countries. Data for some countries and for some years refer to spending by the ministry of education only.

CAS Code # 32S2

Pupil-teacher Ratio, Primary School

Source: World Development Indicators, most recent publication series SE.PRM.ENRL.TC.ZS.

Definition: Primary school pupil-teacher ratio is the number of pupils enrolled in primary school divided by the number of primary school teachers (regardless of their teaching assignment).

Coverage: Data are available for about 76 USAID countries.

Data Quality: The indicator does not take into account differences in teachers' academic qualifications, pedagogical training, professional experience and status, teaching methods, teaching materials and variations in classroom conditions – all factors that could also affect the quality of teaching/learning and pupil performance.

CAS Code # 32S3

EMPLOYMENT AND WORKFORCE

Labor Force Participation Rate

Source: Derived from World Development Indicators, but the precise computation differs depending on whether a particular country study uses the 2004 or 2005 and years subsequent WDI.
To calculate the *total* labor force participation rate using WDI 2004: the numerator is Labor force, total (SL.TLF.TOTL.IN), and the denominator is Population ages 15-64, total (SP.POP.1564.TO). Using WDI 2005 and subsequent years, the denominator is calculated as the total population (SP.POP.TOTL) times the percentage of the population in the age group 15-64 (SP.POP.1564.IN.ZS).
Definition: The percentage of the working age population that is in the labor force. The labor force comprises people who meet the International Labor Organization definition of the economically active population: all people who supply labor for the production of goods and services during a specified period. It includes both the employed and the unemployed.

Coverage: Data are available for about 88 USAID countries.

CAS Code #33P1

Rigidity of Employment Index

Source: World Bank, Doing Business in 2007, Employing workers category: http://www.doingbusiness.org/ExploreTopics/EmployingWorkers/

Definition: Rigidity of employment index is a measure of labor market rigidity constructed as the average of the Difficulty of Hiring index, Rigidity of Hours index and Difficulty of Firing index. Index ranges in value from 0 (minimum rigidity) to 100 (maximum rigidity).

Coverage: Data are available for nearly all USAID countries.

Data Quality: Subindices are compiled by the World Bank from survey responses to in-country specialists.

CAS Code # 33P2

Size and Growth of the Labor Force

Source: Size of labor force from World Development Indicators (SL.TLF.TOTL.IN); annual percentage change calculated from size data.

Definition: The indicator measures the size of the labor supply, and its annual percent change. Labor force is made up of people who meet the International Labor Organization definition of the economically active population: all people who are able to supply labor for the production of goods and services during a specified period, including both the employed and the unemployed. Although national practices vary in the treatment of groups such as the armed forces and seasonal or part-time workers, in general, the labor force includes the armed forces, the unemployed, and first-time job-seekers, but excludes homemakers and other unpaid caregivers and workers in the informal sector.

Coverage: Data are available for about 88 USAID countries.

CAS Code #33P3

Unemployment Rate

Source: World Development Indicators, most recent publication series SL.UEM.TOTL.ZS.

Definition: The unemployment rate refers to the share of the labor force that is without work but available for and seeking employment. For this purpose, informal sector workers and own-account workers (including subsistence farmers) are counted as employed.

Coverage: Data are available for about 50 USAID countries.

Data Quality: Definitions of labor force and unemployment differ by country, making international comparisons inaccurate.

CAS Code # 33P4

Economically Active Children, Percentage Children Ages 7-14

Source: World Development Indicators, most recent publication series SL.TLF.0714.ZS. Derived from the Understanding Children's Work project based on data from ILO, UNICEF, and the World Bank.

Definitions: Economically active children refer to children involved in economic activity for at least one hour in the reference week of the survey.

CAS Code # 33P5

Firing Costs, Weeks of Wages

Source: World Bank, Doing Business, Employing Workers Category: http://www.doingbusiness.org/ MethodologySurveys/EmployingWorkers.aspx.

Definitions: The firing cost indicator measures the cost of advance notice requirements, severance payments, and penalties due when terminating a redundant worker, expressed in weekly wages. One month is recorded as 4 and 1/3 weeks.

Coverage: Data available for nearly all USAID countries.

CAS Code # 33S1

AGRICULTURE

Agriculture Value Added per Worker

Source: World Development Indicators, most recent publication series EA.PRD.AGRI.KD, derived from World Bank national accounts files and Food and Agriculture Organization, Production Yearbook and data files.

Definition: Agriculture value added per worker is a basic measure of labor productivity in agriculture. Value added in agriculture measures the output of the agricultural sector (ISIC divisions 1–5)—forestry, hunting, fishing, cultivation of crops, and livestock production—less the value of intermediate inputs. Data are in constant 1995 U.S. dollars.

Coverage: Data are available for about 80 USAID countries.

CAS Code # 34P1

Cereal Yield

Source: World Development Indicators, most recent publication series AG.YLD.CREL.KG based on Food and Agriculture Organization Production Yearbook and data files.

Definition: Cereal yield, measured as kilograms per hectare of harvested land, includes wheat, rice, maize, barley, oats, rye, millet, sorghum, buckwheat, and mixed grains. Production data on cereals relate to crops harvested for dry grain only.

Coverage: Data are available for about 84 USAID countries.

Data Quality: Data on cereal yield may be affected by a variety of reporting and timing differences. The FAO allocates production data to the calendar year in which the bulk of the harvest took place. But most of a crop harvested near the end of a year will be used in the following year. Cereal crops harvested for hay or harvested green for food, feed, or silage, and those used for grazing, are generally excluded. But millet and sorghum, which are grown as feed for livestock and poultry in Europe and North America, are used as food in Africa, Asia, and countries of the former Soviet Union. So some cereal crops are excluded from the data for some countries and included elsewhere, depending on their use.

CAS Code # 34P2

Growth in Agricultural Value-Added

Source: The latest country data are taken from national data sources or from IMF Article IV consultation reports: www.imf.org/ external/np/sec/aiv/index.htm. The benchmarking data are from World Development Indicators, most recent publication series NV.AGR.TOTL.KD.ZG

Definition: The indicator measures the annual growth rate for agricultural value added, in constant local currency. Regional group aggregates are based on constant 2000 U.S. dollars. Agriculture corresponds to ISIC divisions 1–5 and includes forestry, hunting, and fishing, as well as cultivation of crops and livestock production. Value added is the net output of a sector after all outputs are added up and intermediate inputs are subtracted. It is calculated without deductions for depreciation of fabricated assets or depletion and degradation of natural resources.

Coverage: Data are available for about 84 USAID countries.

CAS Code # 34P3

Agricultural Policy Costs Index

Source: Global Competitiveness Report 2006-2007, World Economic Forum. The indicator can be found in the Data Tables, Section II. Macroeconomic Environment; 2.20.

Definition: The index measures executives' perceptions of agricultural policy costs in their respective country. Executives grade, on a scale from 1 to 7, whether the cost of agricultural policy in a given country is excessively burdensome (1), or balances all economic agents' interests (7).

Coverage: Data are available for about 52 USAID countries.

Data Quality: Comparisons between countries are difficult because the data are based on executives' perceptions.

CAS Code # 34S1

Crop Production Index

Source: World Development Indicators, most recent publication series AG.PRD.CROP.XD, based on FAO statistics.

Definition: Crop production index shows agricultural production for each year relative to the period 1999–2001 = 100. The index includes production of all crops except fodder crops. Regional and income group aggregates for the FAO's production indices are calculated from the underlying values in international dollars, normalized to the base period.

Coverage: Data are available for about 85 USAID countries.

Data Quality: Regional and income group aggregates for the FAO's production indices are calculated from the underlying values in international dollars, normalized to the base period 1999–2001. The FAO obtains data from official and semiofficial reports of crop yields, area under production, and livestock numbers. If data are not available, the FAO makes estimates. To ease cross-country comparisons, the FAO uses international commodity prices to value production expressed in international dollars (equivalent in purchasing power to the U.S. dollar). This method assigns a single price to each commodity so that, for example, one metric ton of wheat has the same price regardless of where it was produced. The use of international prices eliminates fluctuations in the value of output due to transitory movements of nominal exchange rates unrelated to the purchasing power of the domestic currency.

Coverage: Data are available for about 85 USAID countries.

CAS Code # 34S2

Livestock Production Index

Source: World Development Indicators, most recent publication series AG.PRD.LVSK.XD, based on FAO.

Definition: Livestock production index shows livestock production for each year relative to the base period 1999–2001=100. The index includes meat and milk from all sources, dairy products such as cheese, and eggs, honey, raw silk, wool, and hides and skins.

Coverage: Data are available for about 85 USAID countries.

Data Quality: See comments on the Crop Production Index.

CAS Code # 34S3

Agriculture Export Growth

Source: World Development Indicators, most recent publication series TX.VAL.AGRI.ZS.UNs, Agricultural raw materials exports (% of merchandise exports), based on World Bank staff estimates from the COMTRADE database maintained by the United Nations Statistics Division; and series TX.VAL.MRCH.CD.WT, Merchandise exports (current US$), based on data from the World Trade Organization.

Definitions: Agricultural raw materials comprise SITC section 2 (crude materials except fuels), excluding divisions 22, 27 (crude fertilizers and minerals excluding coal, petroleum, and precious stones), and 28 (metalliferous ores and scrap). Merchandise exports show the f.o.b. value of goods provided to the rest of the world valued in U.S. dollars. Data are in current U.S. dollars. The indicator is calculated by multiplying agricultural raw materials by merchandise exports. The annual growth rate is then calculated from the resulting series.

Coverage: Not available for draft.

CAS Code # 34S4