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Understanding the Postconflict Country Analytical Template

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Understanding the Postconflict Country Analytical Template

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Nathan Associates Inc., under the Country Analytical Support (CAS) project (2004–2006), developed a standard methodology for producing economic performance assessments to provide a clear and concise evaluation of economic growth performance in designated host countries. For the CAS II project (contract no. GEG-I-00-04-00002-00, task order 004, 2006–2010), Nathan Associates continues to produce economic performance assessments of designated host countries. These reports contain a synthesis of data from numerous sources; international benchmarking to assess performance in comparison to the performance of similar countries and groups of countries; and an analytical narrative that highlights areas in which a country’s performance is particularly strong or weak. Economic performance assessments aim to provide USAID missions with assistance in identifying future programming priorities.

At EGAT’s request, Nathan Associates has now developed a template for a new kind of economic performance assessment, the economic recovery assessment. This report identifies a concise set of widely available indicators that can be used to evaluate countries that are engaged in internal conflict, have recently ended such conflict, or are susceptible to falling into such conflict.

The authors of this report are Dirck Stryker (AIRD), Pauline H. Baker (Fund for Peace) and Rose Mary Garcia, Molly James, Eric Nelson, Alexander Greenbaum, and Pooja Pokhrel (Nathan Associates).

USAID missions and bureaus may seek assistance and funding for economic performance assessments, economic recovery assessments, or other analytical studies by contacting CAS Project Activity Manager C. Stuart Callison at ccallison@usaid.gov. The COTR for this project at USAID/EGAT/EG is Yoon Lee.

Subject to EGAT consent, electronic copies of reports and materials relating to the CAS and CAS II projects are available at www.countrycompass.com. For further information or hard copies of publications, contact

Alexander Greenbaum
Chief of Party, CAS Project
Nathan Associates Inc.
agreenbaum@nathaninc.com

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Introduction

In 2005, Nathan Associates, with EGAT/EG, developed the Country Analytical Template for producing Economic Performance Assessments. The assessments provide USAID missions and bureaus with a clear, concise analysis of economic growth performance of the host country. The analysis uses international benchmarking to identify constraints, opportunities, and trends for missions' consideration in developing strategies and setting priorities for economic growth programs. The Country Analytical Template, however, is not applicable when countries are entering into conflict, experiencing intense conflict, or emerging from conflict, because these countries' conditions differ substantially from those of most developing countries. EGAT/EG and Nathan Associates therefore have developed the Postconflict Analytical Template to assess how economic growth projects can be incorporated early in the rebuilding of countries when conflict ends. The reports that use the Postconflict Analytical Template are known as economic recovery assessments.

This template retains certain indicators from the Country Analytical Template and adds indicators that are helpful in measuring recovery from conflict or in providing early warning if a country is moving toward conflict. It also explains the criteria used to select the indicators and a description of each indicator. The appendixes at the back of this report are those contained in each economic recovery assessment. Appendix A contains an easy-to-read list of indicators by topic and Appendix B contains the technical notes, including source, definition and coverage for each indicator.

The postconflict template can be applied to countries characterized as “fragile states,” which refers to a broad range of failing, failed, and recovering states, as well as to a broader set of countries, such as those with an alert status on *Foreign Policy* magazine's Failed States Index.

1. Methodology

The methodology for developing the Postconflict Analytical Template is to describe the analytical framework for economic recovery assessments; that is, to establish the characteristics of postconflict countries; set the criteria to be used for selecting performance indicators; and establish comparative benchmarking to identify potential strategic priorities.

ANALYTICAL FRAMEWORK

The analytical framework is organized around three mutually supportive goals: achieving peace, transformational growth and poverty reduction.¹ It is based on the framework of the Country Analytical Template but has been adapted to the circumstances of postconflict settings.

Achieving peace, reducing poverty, and sustaining economic growth are influenced by many elements: population growth, public provision of education and health services; job creation and workforce development (especially among youth); demographic composition; agricultural development; and progress toward gender equity. Countries affected by conflict are characterized by insecurity, macroeconomic instability and uncertainty, distorted regulation of the economy, poor tax enforcement and collection, a high proportion of informal economic activity, a lack of rule of law and protection of property rights, limited access to credit and financial services, damaged or destroyed infrastructure, a loss of skills in the private sector or government, distorted labor markets, and a population that lives in extreme uncertainty, possibly fleeing war.²

Transformational growth requires a high level of investment and rising productivity. These are achieved by establishing an environment that enables private sector development. Such an environment requires multiple elements: macroeconomic stability; a sound legal and regulatory system, including secure contract and property rights; effective control of corruption; a sound and efficient financial system; openness to trade and investment; sustainable debt management; investment in education, health, and workforce skills; infrastructure development; and sustainable use of natural resources.

In turn, the impact of growth on poverty depends on policies and programs that create opportunities for the poor. This is the pro-poor growth environment. Here, too, many elements are

¹ In USAID's white paper 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.

² USAID Office of Economic Growth at the Bureau for Economic Growth, Agriculture and Trade. January 2009. A Guide to Economic Growth in Post-Conflict Countries. Washington, D.C. Pg. 4.

involved, including effective education and health systems, policies facilitating job creation, agricultural development (in countries where the poor depend heavily on farming), dismantling barriers to micro and small enterprise development, and progress toward gender equity.

In countries that have experienced conflict, security and economic performance are interrelated. Overt conflict, or even the risk of serious conflict, can adversely affect growth; conversely, an end to conflict can deliver a peace dividend and a boost to economic growth and development. Not only does conflict affect the economy, but economic conditions may also either exacerbate or ameliorate security problems.

In the period immediately after conflict ends, governments and donors must focus on establishing the basics of a sound economy, which includes

- Vigorously promoting local private sector participation,
- Ensuring the country has a viable currency,
- Ensuring that the government can make payments and collect revenues,
- Avoiding too much appreciation of the local currency,
- Reducing barriers to both formal and informal economic activities,
- Creating jobs,
- Providing grants,
- Reducing barriers to movement and commerce, and
- Focusing on local investment and local employers.

These basics are needed, even if establishing them means that tradeoffs between short- and long-term gains must be made.³ Governments and donors must understand these tradeoffs well. Because government capacity is often weak after conflict, reform interventions must be prioritized, with highest priority given to those that spur economic growth and create jobs.

In planning for postconflict recovery, it is important to remember that sustained peace can be achieved only by addressing the drivers of conflict. For instance, poverty and inequality are reduced by reducing population growth rates, improving public provision of education and health services; creating jobs and workforce development programs (especially for youth); enhancing agricultural development (in countries where the poor depend predominantly on farming); and building programs that move a country toward gender equity.

INDICATOR SELECTION

In selecting indicators for the Postconflict Analytical Template, Nathan Associates and USAID EGAT aimed to keep the set at about 100 indicators. Indicator selection began with a review of USAID's Measuring Fragility report⁴; the Country Analytical Template⁵; the 2006 fragile states

³ USAID Office of Economic Growth at the Bureau for Economic Growth, Agriculture and Trade. January 2009. *A Guide to Economic Growth in Post-Conflict Countries*. Washington, D.C. Pg. 17-19.

⁴ USAID, *Measuring Fragility: Indicators and Methods for Rating State Performance*. June 2005, produced by ARD Inc.

⁵ USAID, *Country Analytical Template*, April 2005, produced by Nathan Associates.

supplement to the country analytical template⁶; and the Post-conflict Economic Policy Literature Review.⁷ Unlike the Country Analytical Template, the Postconflict Analytical Template focuses on economic growth and poverty in conflict and postconflict situations and the potential for measuring economic growth performance under those conditions.

Data sets maintained by the World Bank, the Millennium Challenge Corporation (MCC), the IMF, United Nations agencies, the ILO, and other nongovernmental organizations that deal with postconflict issues, and the methodologies used for country assessments and benchmarking studies by the OECD, the World Economic Forum, Freedom House, the Heritage Foundation, and the Fund for Peace, were reviewed.

The method for selecting indicators struck a balance between diagnostic substance on the one hand and conciseness and ease of reading on the other. To this end, the template distinguished two levels of analysis. The first level identifies critical constraints by examining indicators that address the questions: What are the conflict-related obstacles to economic growth? What are the economic performance obstacles to peace? How intense is (or was) the conflict? How delicate is the situation? In addition, some primary indicators are descriptive—per capita income, the structure of the labor force, and the occurrence of youth bulge. The second level of analysis examines supporting indicators that shed light on why performance is strong or weak. The supporting indicators reflect constraints or determinants of performance outcomes or provide additional detail to help diagnose the problems.⁸

The list of indicators went through several revisions. It finally includes 60 primary indicators and 43 supporting indicators covering 15 topics. For brevity, only a subset of indicators and benchmark results will be discussed in the text of economic recovery assessments, according to the issues that appear most important for that particular country.

The following criteria were used to select indicators for the postconflict analytical template:

- **Accessibility.** To ensure the methodology is replicable and to facilitate benchmarking, indicators should be readily accessible through publicly available websites of organizations such as the World Bank, UNDP, and FAO.
- **Coverage.** Indicators should be available for USAID countries that are experiencing conflict or are recovering from conflict, preferably those published and updated regularly.
- **Timeliness.** Because the template focuses on major obstacles to economic growth and poverty reduction in conflict and postconflict countries, not up-to-the-minute prediction of state failure or short-term economic fluctuations, high-frequency data are not necessary.

⁶ USAID, *Fragile States Indicators: A Supplement to the Country Analytical Template*. May 2006, produced by Nathan Associates.

⁷ USAID, *Post-conflict Economic Policy and Programming: A Review of the Literature*. August 2006, prepared by Richard Kohl and Jacqueline Vavra of Management Systems International.

⁸ The distinction between primary and supplementary indicators is not always clear cut. Finding readily available and broadly applicable diagnostic indicators is often difficult.

Nevertheless, indicators must be timely to support a valid assessment that can inform USAID program planning.

- **Data quality.** Technical problems affect most data for conflict and postconflict countries. Nonetheless, some indicators are distinctly less accurate than others and are excluded from the template for this reason.
- **Diagnostic value.** Diagnostic value relates to whether an indicator has been identified as a driver of state failure, large-scale violence, or country risk, or has been described as a direct result of conflict.
- **Common use.** For economic performance, preference is given to widely used measures such as progress indicators for the Millennium Development Goals (MDGs) and indicators used in the Country Analytical Template.
- **Minimal redundancy.** Indicators with overlapping information content have been avoided.

For particularly important indicators, these criteria are applied loosely because of a lack of data in conflict and postconflict countries. Data on postconflict countries are spotty, which makes constructing indexes that maintain validity among countries difficult. For some potential indicators, despite their diagnostic value, data are either not available, not updated regularly, or are of uneven quality and consistency. For example, no comparable data were found from publicly available sources that measure people living under the national poverty line per capita, number of government officials implicated in transnational criminal activity, or differential access to education services. In these instances, information was included on potential indirect measures, or proxy indicators, pertinent to the issue at hand. For any country for which indicators are not available, alternative sources will be sought.

BENCHMARKING METHODOLOGY

Comparative benchmarking is the main tool used to evaluate each indicator according to several criteria. The starting point is a comparison of performance in the country being assessed with the average for countries in the same income group and region.⁹ Three other comparisons provide additional perspective: (1) the global average for the income group; (2) respective values for two comparator countries approved by the USAID mission; and (3) the average for the world's five best- and five worst-performing countries. Most comparisons are framed in terms of values for the latest year of data from available sources. Five-year trends are also taken into account when this information sheds light on the performance assessment.¹⁰ In many cases, however, data limitations preclude time series analysis.

⁹ Income groups defined by the World Bank for 2008. For this study, the average is defined in terms of the median so that values are not distorted by outliers.

¹⁰ 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.

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.¹¹ This approach has three advantages. First, the benchmark is customized to the country's level of income. Second, the comparison does not depend on the exact choice of reference group. Third, the methodology allows the quantification of the margin of error and establishment of a "normal band" for a country with characteristics similar to those of the country being assessed. An observed value falling outside this band on the side of poor performance signals a serious problem.¹² Finally, when relevant, the country's performance is weighed against absolute standards. For example, a double-digit inflation rate is a sign of macroeconomic problems, regardless of the regional comparisons or other benchmark results.

¹¹ 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) = $a + b * \ln \text{PCI} + c * \text{Region} + \text{error}$ – 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 country is computed by plugging in country-specific values for PCI and region. Where applicable, the regression also controls for population size and petroleum exports (as a percentage of GDP).

¹² This report uses a margin of error of 0.68 times the standard error of estimate (adjusted for heteroskedasticity, where appropriate). With this value, 25 percent of 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.

2. Diagnostic Indicators

Three sections from the Country Analytical Template—Overview of the Economy, Private Sector Enabling Environment, and Pro-Poor Growth Environment—are used in the Postconflict Analytical Template, while one section, Science and Technology, was deleted. The postconflict template also has sections that the country template does not: Profile of Postconflict Recovery, Postconflict Economic Growth, and Gender and Children. Exhibit 2-1 summarizes the topics covered in the Postconflict Analytical Template.

Exhibit 2-1

Organization of the Postconflict Analytical Template

Conflict and Economic Recovery Overview

- Profile of Postconflict Recovery
- Postconflict Economic Growth
- Poverty and Inequality
- Economic Structure
- Demography and Environment
- Gender and Children

Private Sector Enabling Environment

- Economic Stabilization and Government Capacity
- Business Environment
- Financial Sector
- External Sector
- Economic Infrastructure

Pro-Poor Growth Environment

- Health
 - Education
 - Employment and Workforce
 - Agriculture
-

CONFLICT AND ECONOMIC RECOVERY OVERVIEW

The first section of each economic recovery assessment will provide background information and a profile of the conflict and recovery period, postconflict economic growth, economic structure, demographic and environmental conditions, poverty and inequality, and gender and children. Many of the indicators are descriptive rather than diagnostic and are included for contextual purposes. Exhibit 2-2 lists the indicators used in the Conflict and Economic Recovery overview.

Exhibit 2-2

*Conflict and Economic Recovery Overview—24 Primary Indicators***Statistical Capacity**

- Statistical Capacity Indicator*

Profile of Postconflict Recovery

- Failed States Index score
- Episode of significant violence, highest magnitude in previous 10 years
- Type of conflict, highest magnitude in previous 10 years
- Societal-systemic impact, highest magnitude in previous 10 years

Postconflict Economic Growth

- Per capita GDP, PPP\$ *
- Real GDP Growth*

Poverty and Inequality

- Income share, poorest 20%*
- Population living on less than \$1.25 PPP per day (%)*
- Poverty headcount, national poverty line*
- Human Poverty Index*

Economic Structure

- Output structure*
- Labor force structure*

Demography and Environment

- Adult literacy rate*
- Youth dependency ratio*
- Youth bulge
- Environmental Performance Index*
- Population growth rate*
- Rural population density
- Population living in urban areas*

Gender and Children

- Gender empowerment
- Primary completion rate*
- Gross enrollment ratio*
- Life expectancy at birth*
- Labor force participation rate *

*Indicators found in the CAS template.

Note: The CAS template is updated annually to incorporate newly available indicators.

Statistical Capacity***Primary Indicators******Statistical Capacity Indicator***

Source: World Bank,

web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20541648~pagePK:64133150~piPK:64133175~theSitePK:239419,00.html

This indicator compares a country's statistical practice, data collection, and key indicator availability with criteria established by international recommendation. The statistical capacity of countries emerging from conflict often has been reduced or destroyed as a result of the low priority accorded it by rent-seeking administrations before or during the conflict, loss of access by government employees to portions of the national territory, and budget realignment to military purposes.

Profile of Postconflict Recovery

The principal indicators for this section come from the most recent assessments of a country's conflict history and vulnerability to state failure. The supporting indicators measure the government's capacity to recover from conflict and the degree to which the population (or a key minority) feels its rights and liberties are at risk under the government's control.

Primary Indicators

Failed States Index Score

Source: Fund for Peace, Failed States Index,

www.fundforpeace.org/web/index.php?option=com_content&task=view&id=99&Itemid=140

The Failed States Index assesses violent internal conflicts and measures the impact of conflict-mitigating strategies. Published annually by Fund for Peace in partnership with *Foreign Policy* magazine, it is widely used to gauge the overall risk of conflict. The index rates 12 social, economic, and political or military indicators: mounting democratic pressures; massive movement of refugees or internally displaced persons; legacy of vengeance-seeking group grievance or group paranoia; chronic and sustained human flight; uneven economic development along group lines; sharp and/or severe economic decline; criminalization and/or delegitimization of the state; progressive deterioration of public services; suspension or arbitrary application of the rule of law and widespread violation of human rights; security apparatus operating as a "state within a state;" rise of factionalized elites; and intervention of other states or external political actors. Each indicator is ranked on a scale of 1 (low) to 10 (high). A high ranking reflects high intensity or pressure on the state (making it more likely to foster conflict), and a low ranking reflects lower intensity or pressure on the state (making it less likely to foster conflict). The rankings for the 12 indicators are summed to determine the country's overall score, which will fall in the range of 12–120. In addition to rating indicators of state failure that drive conflict, the index offers techniques for assessing the capacity of core state institutions and analyzes trends in state instability over time.

Episode of Significant Violence, Highest Magnitude in Previous 10 Years

Source: Center for Systemic Peace, "Major Episodes of Political Violence 1946-2008," compiled by Monty G. Marshall, www.systemicpeace.org/warlist.htm.

The indicator tells the date and duration of the conflict episode with the highest magnitude in the past 10 years. Because delineating the end or beginning of the conflict may be difficult, the years presented in economic recovery assessments are those that reflect the highest magnitude of conflict in the previous 10 years.

Type of Conflict, Highest Magnitude in Previous 10 years

Source: Center for Systemic Peace, "Major Episodes of Political Violence 1946–2008," compiled by Monty G. Marshall. www.systemicpeace.org/warlist.htm.

This indicator tries to capture the characteristics of the conflict episode. Episode type is listed according to two character codes. The first character denotes whether the conflict is

- C—civil-intrastate involving rival political groups;
- E—ethnic-intrastate involving the state agent and a distinct ethnic group; or
- I—international event-interstate—two or more states, or a distinct polity resisting foreign domination (colonialism).

The second character connotes an episode of

- V—violence used as an instrument without necessarily exclusive goals;
- W—war—violence between distinct, exclusive groups with the intent to impose a unilateral result to the contention; or
- N—independence attempts to forcibly remove an existing foreign domination.

Societal-Systemic Impact, Highest Magnitude in Previous 10 years

Source: Center for Systemic Peace, “Major Episodes of Political Violence 1946–2008,” compiled by Monty G. Marshall. www.systemicpeace.org/warlist.htm.

This indicator captures the magnitude of the conflict episode. The number represents the destructive impact, or magnitude, of the violent episode on the directly affected society or societies on a scale of 1 (smallest) to 10 (greatest). Magnitude scores reflect multiple factors, including state capability, interactive intensity (means and goals), area and scope of death and destruction, population displacement, and episode duration.

Supporting Indicator

Disarmament, Demobilization and Reintegration

Sources: United Nations DDR Resource Centre www.unddr.org/ and Graduate Institute of International Studies in Geneva, Small Arms Survey, Cumulative Index 2001–2006 (search for “Where are DDR programmes being implemented?”) www.unddr.org/whatisddr.php#11

This is a “yes/no” measure as to whether a UN-led disarmament, demobilization, and reintegration (DDR) program is in place. DDR programs aim to disarm combatants on both sides of the conflict, take them out of the military structure and former allegiances, and through counseling, training, and financial assistance, facilitate their social and economic integration into society, reducing the threat of a return to violence as a means of addressing conflict.

Human Rights Index

Source: Political Terror Scale website, www.politicalterroryscale.org/

This index measures the political violence and terror that a country experiences in a particular year. The indicator shows degrees to which a country experiences government-induced violence against its own population, from a low of 1 for countries under secure

rule of law with no imprisonment for one's views to a high of 5 for countries with violence in the form of assassinations and torture extended to the whole population. State-sponsored political terror (defined here as coercion directed at personal security) targets predominantly groups opposed to the state. It increases the risk of escalation of violence by encouraging moderates to espouse radical ideas (or becoming discouraged that peaceful resolution is possible), or by increasing the cost of nonviolent collective action, thus making resorting to violent means more attractive or economically viable. The data used in compiling this index come from two sources: yearly country reports by Amnesty International and the U.S. State Department Country Reports on Human Rights Practices.

Refugees and IDPs, per Capita

Sources: U. N. High Commissioner for Refugees, www.unhcr.org/4981b19d2.html and World Development Indicators

This indicator shows the extent of internal and international population displacement. Refugees and internally displaced people (IDPs) have fled their homes because of conflict or natural disaster. Those who cross international borders are considered refugees and are eligible to receive international protection and help under the 1951 Convention Related to the Status of Refugees and the 1967 Protocol Relating to the Status of Refugees. Those who remain within the borders of their country are IDPs; the international community is not under the same legal obligation to protect and assist IDPs. A large number of refugees can put pressure on land and fiscal resources in a host country or exacerbate tension among identity groups as a result of spillover effects from conflicts in neighboring countries. IDPs place significant costs on destination communities, particularly when the population flees to urban centers that lack sufficient social infrastructure to support a massive population increase. Both groups impose potential resettlement costs on postconflict administrations, including not only the cost of return and resettlement but also the resolution of conflict over property rights among those who fled (even decades earlier, such as in Burundi or Cambodia), those who remained, and those from elsewhere who settled in the area.

Postconflict Economic Growth

Conflict dampens economic growth by increasing both the costs and the risks of investing and engaging in commercial activity. It encourages capital flight that reduces funds for productive domestic investment that generates growth in production and income, while shifting the remaining investment incentives toward fast-return “windows of opportunity.” The principal indicators of growth performance available to researchers are per capita gross domestic product (GDP) and growth in real GDP over the past five years (if available). The supporting indicator, gross fixed capital formation, is nongovernmental domestic investment in fixed assets (buildings, machinery, equipment, infrastructure), a direct indicator of the private sector's perception of domestic stability.

Primary Indicators

Per Capita GDP, in Purchasing Power Parity Dollars

Source: IMF World Economic Outlook online database

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

This indicator converts local currency measures of per capita GDP into U.S. dollars using an estimate of the relative purchasing power of respective currencies rather than the prevailing market exchange rate. This is called the purchasing power parity (PPP) conversion. This measures the volume of economic activity relative to the size of the population and provides a close approximation to per capita income. The PPP measure eliminates the effect of exchange rate movements and effectively gauges trends; it also permits cross-country comparisons of economic prosperity.

Real GDP Growth

Sources: IMF Article IV Consultation Report for country data

www.imf.org/external/np/sec/aiv/index.htm; and IMF World Economic Outlook online database for international comparison data www.imf.org/external/ns/cs.aspx?id=28

GDP is the total value of goods and services produced by an economy. Measured at constant domestic prices, changes in GDP reflect changes in real output. The growth rate of real GDP is therefore a primary indicator of improvement (or lack of same) in the strength of the economy. If GDP growth exceeds population growth, then per capita income is rising and the country is improving its potential to reduce poverty and increase prosperity. Tangible medium-term improvement in living standards generally requires a sustained increase in per capita GDP of 3 percent per year or more. The relationship between growth and poverty reduction depends on changes in the distribution of income, but as a rule, incomes for the poor rise in line with GDP growth. Most social indicators also tend to improve with real per capita GDP. Although annual growth rates vary, depending on the business cycle, growth is usually strongly negative during conflict but strongly positive in the recovery period immediately after conflict as idle capacity returns to production and—in many countries—as a large humanitarian or peacekeeping presence boosts domestic demand. After a few years growth is expected to return to its average rate. A low average rate of growth suggests that a country's policies and institutional structures are failing to stimulate adequate investment, productivity, or job creation.

Supporting Indicator

Gross Fixed Investment, percentage of GDP

Source: IMF Article IV Consultation Report for country data

www.imf.org/external/np/sec/aiv/index.htm, World Development Indicators for international comparison data

Gross fixed investment is the total domestic expenditure on fixed assets (buildings, machinery, equipment, infrastructure), including replacement of depreciated assets, by both the private sector and the government. Fixed investment is a leading indicator of economic growth. Very low gross fixed investment indicates a lack of domestic confidence in the political and fiscal stability of the country.

Poverty and Inequality

Widespread poverty and income inequality are multidimensional conditions related to lack of security, education, health, income, and employment opportunities. High rates of poverty and inequality tend to increase socioeconomic tensions, which can ignite conflict and inhibit progress in achieving broad-based transformational growth. Reducing poverty and inequality is often a crucial component of postconflict recovery and reconstruction.

Primary Indicators

Income Share, Poorest 20 Percent

Source: World Development Indicators¹³

The income share accruing to the poorest quintile of households is a widely used measure of inequality. The indicator is derived from household survey data, which are compiled infrequently in most developing countries and are rarely found in conflict and postconflict countries. Thus, much of the information is missing, but income distribution statistics do not usually show much variation over short periods of time (unlike poverty data). An unusually low share of income for the poorest 20 percent, relative to benchmark standards, suggests that income gains are heavily skewed to the non-poor and serves as an alert for potential causes of conflict or, in a postconflict situation, a return to violence.

Percentage of Population Living on Less than \$1.25 PPP per Day

Source: World Development Indicators

This common international indicator of absolute poverty was originally defined by Martin Ravallion and colleagues in the World Bank *1990 World Development Report* as the U.S. dollar value around which clustered a sample of six LDC poverty lines, as the proportion of the population living on less than one dollar per day, in constant prices, with a conversion to dollars based on purchasing power parity rather than nominal exchange rates. The simple threshold was immediately accepted as an easily understood measure of extreme poverty. Repeating the exercise in 2005 with a more complete data set covering 75 countries, the same authors noted that the lowest 15 poverty lines clustered around \$1.25 and so revised the \$1/day figure. This is the main indicator used

¹³ The World Development Indicators database is subscription only. It can be obtained from <http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,menuPK:232599~pagePK:64133170~piPK:64133498~theSitePK:239419,00.html>.

by the United Nations to assess progress toward MDG Target 1—halving the poverty rate by 2015, relative to 1990s levels.

Poverty Headcount, National Poverty Line

Source: World Development Indicators

This indicator measures the proportion of the population living below the poverty line, as determined by national standards. This measure often gives results that differ from the headcount obtained from the international standard of \$1PPP per person per day. In many low-income countries, the national poverty line is defined by a minimum nutritional criterion, and computed from nationally representative household surveys. Because definitions vary from country to country, this indicator is less useful for benchmarking. In absolute terms, however, this indicator provides a better measure of the extent of poverty than the somewhat arbitrary PPP standard for very poor countries. It is also the most useful measure of relative poverty in countries where income levels for most disadvantaged groups are well above \$1 or \$2 per day in PPP terms.

Human Poverty Index

Source: UNDP, Human Development Report

<http://hdrstats.undp.org/indicators/18.html>

This is a composite indicator of poverty, including vulnerability to early death (measured by the probability of not surviving to age 40); exclusion of knowledge (measure by adult literacy); and deprivation in standard of living (measured by lack of access to improved water sources and child malnutrition).

Supporting Indicators

Population below Minimum Dietary Energy Consumption

Source: UN Millennium Indicators Database,

<http://millenniumindicators.un.org/unsd/mdg/Data.aspx>, based on FAO estimates

This is an MDG indicator, used to assess progress toward Target 2, halving hunger by 2015. The indicator is a direct measure of the proportion of the population unable to obtain a level of dietary energy consumption needed to survive. This is an important dimension of poverty, because undernourishment hurts labor productivity and earning capacity.

Economic Structure

This section provides background information about the structure of the economy as context for the analysis of other topics. The section focuses on the broad structure of output and the labor force, including a comparison of the two.

Primary Indicators

Output Structure

Source: World Development Indicators

The output structure is made up of the shares of value added for each major economic sector (agriculture, industry, and services) in total GDP. The indicator highlights the economic activities that contribute the most value to the economy. The time series shows structural changes underway. For example, an increasing ratio of industrial added value to GDP indicates that manufacturing, mining, and utilities industries (jointly) are growing more rapidly than the rest of the economy, and thus serving as leading sectors. In this case, USAID may wish to pursue trade competitiveness initiatives to further enhance industrial productivity through exports. In the medium to long term, developing countries experience a declining share of agriculture; lack of evidence to this effect suggests that the policy environment does not support structural transformation. The immediate postconflict situation often leads to major shifts in the composition of GDP. In particular, the construction industry often leads rehabilitation and may be a sign of optimism about the durability of the new peace, while the return of displaced rural persons, many of whom may have engaged in trade in an urban exile, would lead to a rapid rise in the share of agriculture and a fall in services. Care must be taken to verify the explanation underlying such a shift when it is seen in the data and not to mistake such immediate transformation for a dynamic restructuring process.

Labor Force Structure

Source: World Development Indicators

This indicator shows employment by major economic sector (agriculture, industry, and services) as a percentage of total employment. The time series representation indicates medium-term structural shifts in the labor market. A high concentration of employment in agriculture suggests that USAID might want to concentrate on rural areas. Conversely, signs of a significant labor force shift from agriculture to industry indicates that USAID workforce programs should focus on industrial development and development of urban centers. Data on immediate postconflict shifts in the labor force structure, like in the output structure, must be interpreted with care.

A comparison of the labor force structure and output structure shows relative labor productivity in the three major sectors. For instance, if a high percentage of the labor force is in agriculture but produces a low percentage of added value, then the average productivity in agriculture is low. But again, immediate postconflict shifts must be interpreted with caution, because returning IDPs and refugees in the agricultural labor force may still be restoring fallow fields to production or awaiting the first harvest. In such cases, USAID might focus on rural development programs to enhance productivity and income levels for the large rural labor force. Alternatively, the strategy might focus on accelerating structural transformation through urban development programs and improvements in rural-to-urban infrastructure.

Supporting Indicators

Adjusted Savings: Energy Depletion, Percent of GNI

Source: World Development Indicators

Energy depletion is equal to the product of unit resource rents and the quantities of energy extracted. Energy depletion includes crude oil, natural gas, and coal.

Adjusted Savings: Mineral Depletion, Percent of GNI

Source: World Development Indicators

Mineral depletion is equal to the product of unit resource rents and the quantities of mineral extracted. Mineral depletion refers to bauxite, copper, iron, lead, nickel, phosphate, tin, zinc, gold, and silver.

Large revenue from extractive sectors such as energy and minerals can play an important role in a postconflict environment, financing reconstruction and rehabilitation, or poor and nontransparent management of natural resources can heighten the risk of recurrent conflict (political or violent) by those who wish to capture resource rents.

Demography and Environment

Demographic factors have major effects on security, poverty, growth potential, labor markets, and comparative advantage in international trade and the quality of public services. Population pressure is also closely related to environmental conditions, and the two are often factors in or the source of violent conflict.

Primary Indicators

Adult Literacy Rate

Source: World Development Indicators

The adult literacy rate is defined as the percentage of people age 15 and above who can read and write, with understanding, a short, simple statement about everyday life. Adult literacy reflects the cumulative effect of educational attainment in prior years. Declines usually occur slowly with turnover in the adult population, to the extent that the literacy rate of new entrants is greater than that of the generation passing away. Countries in conflict, particularly those where a long period of failed social services leading up to the conflict, may show a “missing middle” featuring a high adult literacy rate representing older cohorts but low enrollment rates (described below). Following conflict this may translate into high enrollment but a low literacy rate among the young adult cohorts that would supply teachers. This has significant implications for donor reconstruction efforts.

Youth Dependency Ratio

Source: World Development Indicators

The youth dependency ratio is the ratio of the population under 15 to the working age population, age 15 to 64. It illustrates the number of youth dependents per potential worker. A large population under age 15 suggests an urgent need for programs to stimulate the creation of jobs and earning opportunities, and to cope with the growth in demand for secondary and higher education. In conflict environments, youth are particularly vulnerable to poverty and illness (see Gender and Children) and susceptible to recruitment by militias or brigands.

Youth Bulge

Source: Individual country data sources

This indicator measures the ratio of the “youth bulge” or population ages 15–24 to the total population. In postconflict environments a large youth bulge, especially one that has high unemployment and lacks primary education, may increase the risk of return to violence. To curb civil unrest and accelerate economic growth USAID might consider creating programs to foster job opportunities for youth. In the short term, opportunities will often be heavily weighted toward public works programs. For the medium to long term, however, opportunities will need to arise from private investment.

Environmental Performance Index

Source: Center for International Earth Science Information Network at Columbia University and the Center for Environmental Law and Policy at Yale University, <http://epi.yale.edu/Home>

This is a weighted index of national environmental protection that tracks (1) environmental health, (2) air quality, (3) water resources, (4) biodiversity and habitat, (5) productive natural resources, and (6) sustainable energy. Environmental health represents 50 percent of the index and the others 10 percent each.

Population Growth Rate

Source: World Development Indicators

In countries with rapid population growth, faster GDP growth is needed to achieve a given improvement in per capita income. At the same time, rapid growth of the labor force leads to future production potential and the need for rapid job creation. Population growth is also an important determinant of the demand for public services that invest in the population, such as education and health.

Rural Population Density

Source: World Development Indicators

This indicator shows the nonurban population pressure per sq km of arable land. This indicator is an indirect measure of economic livelihood in rural areas, signaling pressure on land, food insecurity, or declining income-generating means. Conflict can arise from disputes over arable land and may be a source of violent confrontation or the result of competing claims on land by returning refugees or IDPs and the current cultivators. There

may be multiple claimants after long conflicts or massive restructuring by one or several administrations, as in Burundi or Cambodia.

Population Living in Urban Areas

Source: World Development Indicators

This indicator is defined as the proportion of a country's population living in cities and other designated urban areas, as a percentage of the total population. The most important programmatic implications relate to urban infrastructure planning, including schools, hospitals, roads, water supplies, and sanitation. Also, as many households displaced by conflict move to urban areas (rather than to UN-supported IDP camps, or where these do not exist) comparison with preconflict figures may provide an approximation of the severity of the conflict-related adjustment to be addressed by the government and its partners.

Supporting Indicators

Frequency and Scope of Natural Disasters

Source: Centre for Research on the Epidemiology of Disasters, Emergency Disasters database, www.emdat.be/Database/CountryProfile/countryprofiles.php

This indicator measures the frequency and human impact of natural disasters. Natural disasters, although not sharing causality, are often correlated with conflict. Unequal resource allocation from disaster assistance and reconstruction often acts as a trigger for conflict or sparks renewed conflict in fragile postconflict environments.

Net Migration Rate

Source: CIA World Factbook, www.cia.gov/library/publications/the-world-factbook/index.html

Net migration rate (migrants/1,000 population) is the difference between the number of people entering and leaving a country during the year per 1,000 people, based on midyear population. The net migration rate indicates the contribution of migration to overall population change. High levels of migration can cause problems, such as increasing unemployment and demand on public services and potential ethnic strife (if people are coming in) or a reduction in the labor force, perhaps in certain sectors or skill areas (if people are leaving). It could also signal a "brain drain" that could be damaging to the country's economic growth and overall development. The net migration rate may also be an indicator of the confidence that people attach to the medium-term political situation.

Gender and Children

The gender dimension of development is considered a cross-cutting theme for USAID. In conflict situations, women often face an undue burden, are internally displaced, and are victims of war crimes, such as sex slavery, rape and mutilation. Children are also vulnerable during conflict to malnutrition, lost schooling, the loss of parents, and

impressment into armed militias. Although broad statistics of violent crimes against women and children in conflict zones are not available, this section offers a number of proxy indicators. The primary indicators in this section are gender empowerment, primary completion rate, gross enrollment rate, life expectancy, and labor force participation rate.

Primary Indicators

Gender Empowerment

Source: UNDP Human Development Report

<http://hdrstats.undp.org/indicators/279.html>

This indicator captures gender inequality in three areas: political participation and decision making power, as measured by women's and men's participation in parliamentary seats; economic participation and decision making power, as measured by the percentage of women who serve as legislators, senior officials, professionals and in technical professions; and power over economic resources, as measured by estimated earned income.

Primary Completion Rate (Male and Female)

Source: World Development Indicators; based on data from UNESCO

This indicator is defined as the percentage of students completing the last year of primary school. It is 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.

Gross Enrollment Ratio, All Levels of Education (Male and Female)

Source: UNESCO

stats.uis.unesco.org/unesco/TableViewer/document.aspx?ReportId=136&IF_Language=eng&BR_Topic=0

This indicator measures the number of students enrolled in primary, secondary, and tertiary levels of education by gender, regardless of age, expressed as a percentage of the population of official school age for the three levels by gender. In postconflict situations, gross enrollment rates often exceed 100 percent because of large-scale enrollment by children who began their education late or resumed an education interrupted by conflict. An absence of such a surge may be a policy indicator of insufficient resources devoted to reinsertion and repatriation efforts.

Life Expectancy at Birth (Male and Female)

Source: World Development Indicators

Life expectancy at birth is defined as the number of years newborn infants would live, on average, given the prevailing age-specific mortality rates. Because the indicator incorporates mortality risk at all ages, it is a primary indicator of the overall health of the

population. As such, it is the basic health component in the UNDP's Human Development Index. Life expectancy is also a strong and robust predictor of economic growth. Conflict can reduce life expectancy, primarily because of deprivation and the collapse of public health systems. The value for postconflict countries generally is not greatly affected by casualties among adult males who fight in the conflict because, except for possible higher mortality among veterans, age-specific death rates after the conflict are generally unaffected by past conflict. In countries that are afflicted with a high rate of HIV/AIDS, life expectancy has plunged among geographically mobile young adults such as soldiers and militia members and their sexual partners. In some cases life expectancy is below 40 years—a reversal of decades of health progress—with major consequences for private sector development, the delivery of public services, growth, and poverty.

Labor Force Participation Rate (Male and Female)

Source: World Development Indicators

The labor force participation rate is the proportion of the population age 15 and older that is economically active: all people who supply labor for the production of goods and services during a specified period. It includes both the employed and the unemployed. The participation rate shows the size of the pool of workers relative to the adult population. Low values suggest that many people (often women) lack opportunities to take part in gainful activities. The gender breakdown, when available, pinpoints the extent of the problem of women's participation in the workforce and the need for programs targeted at improving opportunities for women when the labor force participation rate is abnormally low, or because of widowed heads of households, it is abnormally high.

Supporting Indicators

Internally Displaced Females per Capita

Source: United Nations High Commission for Human Rights (UNHCR), www.unhcr.org/4981b19d2.html and World Development Indicators

This indicator counts internally displaced women protected or assisted by UNHCR—only a fraction of the internally displaced females in conflict zones.

Use of Child Soldiers, Government and Political

Source: Coalition to Stop the use of Child Soldiers, www.child-soldiers.org/library/global-reports

If an insurgent group cannot reach its goals with an adult army, it may enlist children or forcefully demand that children participate in the fighting. For its part, the government may also impress children into the armed forces.

PRIVATE SECTOR ENABLING ENVIRONMENT

Private sector development is essential for encouraging and supporting rapid and efficient growth, including fiscal and monetary policy, development of the financial sector, global integration, the institutional environment for doing business, the economic infrastructure, and capacity for science and technology. International experience shows that this is an area of weakness in conflict and postconflict economies that need to focus first on macroeconomic stability and government capacity to build confidence among potential investors and to launch broad-based, inclusive growth where the lack of such inclusiveness may have been at the origin of conflict. Exhibit 2-3 lists the Postconflict Analytical Template's 24 primary indicators for the private sector enabling environment.

Exhibit 2-3

Private Sector Enabling Environment—24 Primary Indicators

Economic Stabilization and Government

Capacity

- Government Effectiveness Index *
- Government expenditure, % GDP*
- Government revenue, excluding grants, % GDP*
- Money supply growth *
- Inflation rate*

Business Environment

- Control of Corruption Index*
- Rule of Law Index*
- Voice and Accountability
- Ease of Doing Business Index rank*

Financial Sector

- Domestic credit to private sector, % GDP*
- Interest rate spread*
- Money supply, % GDP*

External Sector

- Aid, % GNI*
- Current account balance, % GDP
- Debt service ratio, % exports*
- Export growth of goods and services*
- FDI, % GDP*
- Gross international reserves, months of imports*
- Present value of debt, % GNI*
- Remittance receipts, % exports*
- Concentration of exports*

Economic Infrastructure

- Logistics Performance Index- infrastructure
 - Number of electrical outages- per month
 - Telephone Density, fixed line and mobile per 100 people*
-

**Indicators found in the CAS template.*

Economic Stabilization and Government Capacity

Government's fiscal and monetary policies are the key instruments for ensuring macroeconomic stability. The main concerns in postconflict economies are ensuring that the central government has the capacity to maintain a sustainable fiscal balance and low and stable inflation and follow transparent policies that make the government accountable to the population. Avoiding high inflation will help attract foreign direct investment, can induce confidence in the financial system, and benefits the poor, who are least able to hedge or protect themselves from erosion in the value of their assets and incomes. On these grounds, the MCC includes the inflation rate as a basic indicator of economic freedom. Monetary policy is the direct determinant of inflation. Similarly, as a country

recovers from conflict, fiscal measures will determine resources devoted to reconstruction. The government budget must balance critical services to support growth and poverty reduction and stimulation of the private sector.

Primary Indicators

Government Effectiveness Index

Source: World Bank Institute, Governance Indicators, www.govindicators.org

The Government Effectiveness Index measures the quality of public and civil services and the degree of the public sector's independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

Government Expenditure, Percent of GDP

Source: IMF Article IV Consultation Report for country data, www.imf.org/external/np/sec/aiv/index.htm; IMF World Economic Outlook for comparison data www.imf.org/external/ns/cs.aspx?id=28

This indicator measures current and capital expenditures by the central government as a percentage of GDP. Although high government spending diverts resources from the private sector either through taxation or the financial system, in postconflict countries low spending when contrasted to comparator countries indicates an aspiration for recovery of the fiscal resources required to provide essential social services.

Government Revenue, Percent 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 international comparison data

This indicator measures the mobilization of tax receipts and government revenue from other sources such as mineral royalties and fees, relative to the size of the economy. A comparison with the level in similar (comparator) countries is important to suggest attainable medium-term targets for policy makers.

Money Supply Growth

Source: IMF Article IV Consultation Report for latest country data www.imf.org/external/np/sec/aiv/index.htm; World Development Indicators for international comparison data

This indicator is defined as the year-to-year percentage change in the supply of broad money (M_2), which consists of currency in circulation plus deposits in the banking system, excluding those of the government. This is a central indicator of monetary policy management, because excess growth in the supply of money relative to the rate of real economic growth is the principal cause of high and sustained inflation. Rapid money supply growth is often driven by central bank financing of government deficits. In

postconflict environments it may also indicate renewed confidence in the national currency, voluntary de-dollarization, and monetary deepening; such a favorable process would be accompanied by low inflation. Rapid or unstable growth of the money supply may indicate the need for technical assistance to the central bank or policy reform regarding legal and operational relations between the central bank and central government.

Inflation Rate

Source: IMF World Economic Outlook database,
www.imf.org/external/ns/cs.aspx?id=28

This indicator reflects the annual percentage change in the cost to the average consumer of acquiring a fixed basket of goods and services (the basket may change at specific intervals to reflect changes in the consumption pattern). High inflation reflects a monetary policy that accommodates imprudent fiscal deficits or monetizes significant foreign exchange inflows such as those due to massive postconflict donor aid or peacekeeping expenditure or natural resource revenue. Its presence may indicate the need for technical assistance to policymakers who are unable to control money creation.

Supporting Indicators

Overall Government Budget Balance, Including Grants, Percent of GDP

Source: World Development Indicators, national data sources, or IMF Article IV Consultation Report, www.imf.org/external/np/sec/aiv/index.htm

The overall budget balance is the difference between total revenue plus grants and total expenditure. The overall budget balance shows the size of the central government's financing requirement, which must be met by borrowing from the domestic financial system or from foreign lenders. A large and persistent deficit is a serious concern because of these consequences, and because this condition is fiscally unsustainable. The IMF may impose a cash-based balanced budget on a government reestablishing its processes after conflict so its budget commitments cannot exceed amounts in Treasury. Such a government may run a budget surplus because of a lack of capacity to execute spending rapidly after it is approved as the end of a fiscal year approaches. The MCC uses this measure of fiscal responsibility as an indicator of a government's commitment to ruling justly.

Interest Payments as Share of Total Government Expenditure

Source: IMF Article IV Consultation Report,
www.imf.org/external/np/sec/aiv/index.htm or World Economic Outlook,
www.imf.org/external/ns/cs.aspx?id=28

The breakdown of government expenditure for interest payments shows the relative fiscal burden. These details can point towards programmatic priorities for achieving fiscal

stability and freeing funds for social needs. Further research may be required to verify that these interest payments are actually being made rather than accumulating as arrears.

Subsidies and Other Current Transfers as Share of Total Government Expenditure

Source: IMF Article IV Consultation Report, www.imf.org/external/np/sec/aiv/index.htm or World Economic Outlook, www.imf.org/external/ns/cs.aspx?id=28

The breakdown of government expenditure for subsidies and other current transfers shows the relative fiscal burden on the central government. These details can point to programmatic priorities for achieving fiscal stability.

Institutional Capacity

Source: Fund for Peace, Failed States Index, www.fundforpeace.org/

This is a fundamental indicator of peace sustainability. The Fund for Peace computes this index by analyzing leadership, police, military, civil service, and judiciary capacity.

Business Environment

This section examines indicators relating to the institutional foundations for doing business, which strongly influence prospects for the private sector to flourish and provide income and employment to the country's population. The primary institutional impediments to growth in postconflict countries are corruption and the destruction of infrastructure by prolonged conflict. Performance on these indicators could serve as a baseline. Donors should consider prioritizing microeconomic interventions in the areas of civil service reform, legal and regulatory reform, and development of institutional capacity to implement more streamlined market-support systems.

Primary Indicators

Control of Corruption Index

Source: World Bank Institute, Governance Indicators, www.govindicators.org

The Control of Corruption index is an aggregation of 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 the capture of the state by elites and private interests. Corruption can undermine reform, institutions, and regulatory frameworks. A low score therefore signals major strategic problems for business development, though further analysis is needed to identify the specific forms and loci of corruption so that appropriate programmatic responses can be developed. Among other things, programs to reduce corruption can be pursued by dismantling unnecessary legal and regulatory constraints and reengineering necessary regulations to minimize the scope for discretion. The 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.

Rule of Law Index

Source: World Bank Institute, Governance Indicators, www.govindicators.org

The Rule of Law index is constructed by the World Bank Institute as a composite of various survey results on the extent to which the public has confidence in the rule of law, the incidence of crime, the reliability of the judicial system, and the enforceability of contracts. The indicator therefore is a broad gauge of the effectiveness of the legal system and the rule of law. The index is on a scale of -2.5 to +2.5. Austria, Denmark, Iceland, New Zealand, Sweden, and Switzerland receive scores above +1.9, while Afghanistan and Somalia receive scores of lower than -1.9.

Voice and Accountability

Source: World Bank Institute, Governance Indicators, www.govindicators.org

This index measures a government's capacity to transfer power in a legitimate manner and offer civil liberties and political rights. Even though this is a subjective index of perception, the index is based on a broad range of sources: 31 data sources produced by 25 organizations, ranging from international organizations to political and business risk-rating agencies (Afrobarometer, Latinobarometro), think tanks, and NGOs.

Ease of Doing Business Index

Source: World Bank, Doing Business, www.doingbusiness.org

The Doing Business reports measure how efficient, accessible and simple to implement individual countries' regulations are with respect to 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. The more efficient, accessible, and simple to implement they are, the better the enabling environment for private sector growth is assumed to be. In 2009, the Ease of Doing Business index ranked economies from 1 to 181 (the list of countries is growing). The composite index is a simple average of country percentile rankings on each of the 10 topics covered in Doing Business.

Supporting Indicators

Time to Start a Business

Source: World Bank, Doing Business, www.doingbusiness.org

This indicator measures the number of person-days required to register a simple limited liability company in an urban center. It reflects the extent of barriers faced by anyone wanting to set up business, be it a local entrepreneur or a foreign corporation. Low scores suggest the need for programmatic intervention to reform business laws and streamline business regulations to reduce the time, number of permits, and cost of starting a business. This is an MCC indicator for assessing government commitment to economic freedom.

Procedures to Start a Business

Source: World Bank, Doing Business, www.doingbusiness.org

This indicator measures the number of procedural steps required to legalize a simple limited liability company. Together with the time and cost measures (above), it provides a picture of the complexity of the bureaucracy facing new business entrants in each country. Many OECD countries have between two and seven steps to register a business.

Cost of Starting a Business

Source: World Bank, Doing Business, www.doingbusiness.org

This indicator measures the legally required cost of starting a simple limited liability company, expressed as a percentage of GNI per capita (to normalize for the average ability to pay in each country). Coupled with the number of days and the number of procedures required to start a business, this indicator fills out the picture of how the business regulatory environment facilitates or hinders business entry, a critical element of dynamic efficiency.

Time to Enforce a Contract

Source: World Bank, Doing Business, www.doingbusiness.org

This indicator measures the minimum length of time (measured in days) required to enforce a contract through the court system, taking into account each step in the procedural process. It reflects the effectiveness and responsiveness of the judicial system by showing the cost in time and effort of enforcing a contract. The more days that it takes to resolve such a contract dispute, the higher the cost and risk of operating a business.

Procedures to Enforce a Contract

Source: World Bank, Doing Business, www.doingbusiness.org

This indicator measures the number of procedural steps 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, and the like, to proceed with enforcement action.

Cost to Enforce a Contract, Percent of Claim

Source: World Bank, Doing Business, www.doingbusiness.org

This indicator measures the official cost required by law to enforce a contract. This includes court and enforcement costs and average attorney fees where the use of attorneys is mandatory or common. Cost is recorded as a percentage of the claim, assumed to be equivalent to 200 percent of income per capita.

Time to Register Property

Source: World Bank, Doing Business, www.doingbusiness.org

This indicator presents the number of days required to officially register the transfer of title for business property. The indicator also serves as reflection of the general level of bureaucracy and inefficiency of the regulatory environment. Difficulties in registering property can be a major obstacle to starting and expanding a business, and obtaining finance.

Financial Sector

For normal economic activities to resume in postconflict environments, the financial sector must be viable. Normal economic activities range from basic means of payment for monetary transactions to trade finance, to deposit mobilization and complex schemes for financing investment. The depth, stability, and quality of financial institutions indicate the economy's capacity for mobilizing savings, allocating financial resources, fostering entrepreneurship, and improving risk management to ensure a lasting peace.

Primary Indicators

Domestic Credit to Private Sector, Percent of GDP

Source: IMF Article IV Consultation Report for country data, www.imf.org/external/np/sec/aiv/index.htm; World Development Indicators for benchmark data

The volume of bank credit to the private sector relative to GDP is a primary indicator of whether banks and other financial institutions are successfully mobilizing funds to finance private sector business. A low value for this indicator relative to the benchmarks is a sign of a weak banking system or a large diversion of financial resources to the public sector or both.

Interest Rate Spread

Source: World Development Indicators

The interest rate spread is the difference between the average interest rate on loans to prime customers and the interest rate on deposits in the banking system. This indicator reflects the combined effect of five factors: innate lending risks due to structural characteristics of the economy; the cost of bad debts due to poor lending decisions, perhaps resulting from political pressures or corruption; uncertainty due to weak credit information systems or collateral mechanisms; market power in the banking system, reflecting a lack of effective competition in the financial markets; and high operating costs in intermediating deposits into loans. Relatively high values are a sign of inefficiency in the banking system or poor institutional foundations for the development of the financial markets.

Money Supply, Percent of GDP

Source: IMF Article IV Consultation Report for country data, www.imf.org/external/np/sec/aiv/index.htm; World Development Indicators for benchmark data

The ratio of broad money to GDP is a principal indicator of the degree of monetization of the economy and the size and depth of the banking system. Broad money (M_2) consists of currency in circulation plus deposits in the banking system, excluding those of the government. This ratio is strongly correlated with the overall level of economic development. A high value relative to the benchmark standard implies that the banking system is widely used as a store of wealth and means of payment. A low value is a strong indicator of an underdeveloped financial sector, lack of confidence in the currency, and a large subsistence economy, which can help explain low rates of saving, inefficient patterns of investment, and poor growth performance. By implication, financial sector programs may be an important strategic objective for USAID intervention. In particular, donors might consider creating programs that strengthen, broaden, and deepen the financial system, including sustainable financing for micro, small, and medium enterprises.

Supporting Indicators

Real Interest Rate

Source: IMF Article IV Consultation Report for country data, www.imf.org/external/np/sec/aiv/index.htm; World Development Indicators for benchmark data

This indicator measures the bank lending rate, after adjusting for inflation (using the GDP deflator). The importance of this adjustment can be seen by considering a simple example. If one borrows for one year at an interest rate of 20 percent in an environment with 30 percent inflation, the real value of repayments is 10 percent less than the amount received for the loan. The effective cost of borrowing—the resources that must be surrendered to repay the loan—is less than zero. In contrast, with 2 percent inflation, a 20 percent interest rate is a very high cost of borrowing, approximately 18 percent. Very high real interest rates impede business borrowing for anything other than rapid-turnover activities such as trading. A high cost of borrowing even for prime customers can be a sign of inefficiency in the banking system, a high rate of nonperforming loans, poor credit information systems, or lack of competition in the financial markets.

Banking Sector Default Rate

Source: IMF, Financial Soundness Indicators (FSI), Coordinated Compilation Exercise (CCE) for FSIs: core series of nonperforming loans to total loans, www.imf.org/external/np/sta/fsi/part.asp and individual country central bank documents.

Data on comparators for the banking sector default rate may be difficult to obtain. This indicator shows the degree of risk in the banking system (with a higher number indicating

higher risk) by taking the total of nonperforming loans as a fraction of the total value of the loan portfolio.

External Sector

This section of the template examines the extent to which postconflict countries are connected to the rest of the world. Postconflict countries often depend heavily on donor funding and private capital flows and on legitimate and illegitimate commodity exports.

Primary Indicators

Aid, Percent of GNI

Source: IMF Article IV Consultation Report for country data, www.imf.org/external/np/sec/aiv/index.htm; World Development Indicators for benchmark data

This indicator measures official development assistance from OECD countries and official aid from non-OECD countries as a percentage of gross national income. It is a descriptive indicator of dependency on foreign aid. The ratio may be particularly high in countries with GNI depressed by conflict and aid swollen by the presence of international peacekeepers; this threatens both the competitiveness of the economy and—when the relief is withdrawn—the motors of economic growth and fiscal soundness. In countries with high ratios of aid to GNI, USAID might focus on strategic interventions to enhance revenue mobilization.

Current Account Balance, Percent of GDP

Source: National sources or IMF Article IV Consultation Report, www.imf.org/external/np/sec/aiv/index.htm; for latest country data; World Development Indicators for benchmark data

The current account balance is the net inflow of foreign exchange resulting from cross-border current (as distinct from capital) transactions: that is, exports and imports of goods and services, net payments of factor incomes (including profits, royalties, and interest payments), and transfer payments (including remittances and official grants). A deficit needs to be financed by net capital inflows or depletion of official foreign exchange reserves. Large, persistent, and growing deficits are a sign of chronic fiscal imbalances, problems with competitiveness, and a misaligned exchange rate. These conditions are often a harbinger of impending crises. The balance of payments, however, must balance (including changes in reserves). Hence low-income countries often run long-term current account deficits as a consequence of running capital account surpluses due to foreign aid and foreign direct investment. In these circumstances a moderate current account deficit is not a problem as long as the inflows are sustainable over the medium term, and the debt dynamics manageable.

Debt Service Ratio, Percent of Exports

Source: IMF Article IV Consultation Report for country data, www.imf.org/external/np/sec/aiv/index.htm; World Development Indicators for benchmark data

The debt service ratio is defined as the sum of interest and principal payments made by or due from a country in a given year, expressed as percentage of exports of goods and services. The indicator measures the extent to which current export earnings are encumbered or offset by the cost of debt service. This ratio is considered to be a key indicator of a country's debt burden. Along with other country risk measures, this indicator is used to assess the sustainability of a country's debt position, the burden of debt on the balance of payments, and the likelihood of a debt or balance-of-payments crisis. Caution must be taken in interpreting this measure if the country is accumulating payments arrears rather than servicing its debt.

Export Growth of Goods and Services

Source: IMF Article IV Consultation Report for country data, www.imf.org/external/np/sec/aiv/index.htm; World Development Indicators for benchmark data

Year-on-year export growth is a basic dynamic measure of trade performance. This indicator can be defined in terms of current U.S. dollars or constant local currency units. The U.S. dollar measure shows changes in the purchasing power of export earnings in terms of the dominant currency for international trade, but the interpretation is complicated by movement in the exchange rate between the dollar, as well as dollar price inflation (though this has not been a serious issue in recent years.) Export growth in constant local currency units shows performance in volume terms but does not measure actual foreign currency earnings, which may be affected by international price changes as well as volume. Comparing both figures allows one to distinguish between real volume growth and the effect of changes in exchange rates and prices. Subpar export performance is a symptom of poor growth in volume or declining export prices. Either way, the indicator suggests a strategic need for programs to strengthen policies and institutions to enable the private sector to increase exports and diversify export composition or markets.

Foreign Direct Investment, Percent of GDP

Source: IMF Article IV Consultation Report for country data, www.imf.org/external/np/sec/aiv/index.htm; World Development Indicators for benchmark data

Foreign direct investment is a cross-border investment to acquire a lasting management interest in an enterprise. It includes the initial investment and reinvestment of earnings. The present indicator is a net figure that takes into account inward and outward FDI. Access to net inflows of FDI is one of the most important sources of financial leverage from the global economy because FDI often brings not only capital but also technology,

know-how, and access to global supply chains. FDI is usually low during a conflict—although mining investment by opportunistic investors may increase when militias control parts of a national territory—but frequently spikes upward later if the peace is perceived by potential investors, including the country’s own diaspora, as a lasting one. Countries with low scores following conflict would be well served by programs to facilitate FDI, directly or indirectly, by addressing the basic factors that make an economy attractive to foreign investors.

Gross International Reserves, Months of Imports

Source: IMF Article IV Consultation Report for country data, www.imf.org/external/np/sec/aiv/index.htm; World Development Indicators for benchmark data

This indicator measures the stock of foreign exchange reserves in terms of the number of months of imports of goods and services covered. A crude rule of thumb is that reserves should be sufficient to cover no less than three months of imports, and preferably four or more. Lower reserve levels signal an urgent need for a balance-of-payment adjustment through macroeconomic policies or a devaluation of the exchange rate. This is an important indicator of the risk of a balance of payments crisis or debt default. USAID programs can be structured to strengthen a government’s international reserve management and improve the country’s balance of payments position through policy and institutional reforms.

Present Value of Debt, Percent of GNI

Source: World Development Indicators

This indicator measures the aggregate present value of future debt service obligations. It is a far better measure than the nominal face value of external debt because it takes into account timing and concessionality. Because of the value of money, a million dollar loan at 2 percent interest over 10 years is a far smaller liability than a million dollar loan at 10 percent interest due next month. The World Bank classifies as “severely indebted” countries with a present value of debt service greater than 80 percent of GNI. A high debt burden constrains a country’s ability to finance development programs to improve the investment climate and reduce poverty. It also suggests a high degree of continued dependency on donor funding. In addition, large debt obligations discourage investment by increasing country risk. Finally, when debt from severely indebted poor countries trades at a discount to face value on international markets, so-called “vulture funds” may purchase debt with the intention of taking countries to court to negotiate a higher buyback as a condition for debt reduction by the multilateral development banks, complicating debt reduction efforts. Thus, this indicator can signal the importance of supporting debt reduction efforts and improving the country’s balance of payments prospects. This interpretation applies as well to the next indicator.

Remittance Receipts, Percent of Exports

Source: IMF Article IV Consultation Report for country data, www.imf.org/external/np/sec/aiv/index.htm; World Development Indicators for benchmark data

Remittances are funds sent home by nationals living and working in other countries, usually to family members in the country of origin. As migration has increased with globalization, remittances have become a critical source of foreign currency for many developing countries. In some cases, they approach or exceed export earnings, and are essential in supporting a sustainable current account balance. Countries in conflict may generate a significant diaspora, a portion of which prefers its new life to repatriation after the conflict but seeks to support relatives who remained behind. Where remittances are significant, USAID may consider designing interventions to reduce the cost of cash transfers and improve the developmental impact of these resources.

Concentration of Exports

Source: ITC COMTRADE
<http://www.intracen.org/tradstat/sitc3-3d/>

This indicator shows the share of the top three export products, by 3-digit SITC category, in total merchandise exports. It supplements the previous indicator by providing information at the commodity/product level on the concentration of exports. A high percentage of the top three export products indicates high vulnerability to changes in the world market conditions or domestic supply conditions for a handful of products. This indicator will help diagnose the need for aid programs to target export diversification and non-traditional export promotion programs.

Supporting Indicators

Trade Logistics Performance Index—Customs

Source: World Bank Logistics Performance Index
info.worldbank.org/etools/tradesurvey/mode1a.asp

The overall Trade Logistics Performance Index is a simple average of a country's score on seven dimensions: the efficiency and effectiveness of clearance process by customs and other border control agencies; the quality of transport and IT infrastructure for logistics; the ease and affordability of arranging shipments; competence in the local logistics industry (e.g., transport operators, customs brokers); ability to track and trace shipments; domestic logistics costs (e.g., local transportation, terminal handling, warehousing); and the timeliness of shipments in reaching destination. This indicator captures the first dimension.

Trade in Goods and Services, Percent of GDP

Source: IMF Article IV Consultation Report for country data, www.imf.org/external/np/sec/aiv/index.htm; World Development Indicators for benchmark data

This indicator is defined as the value of imports plus exports (of goods and services) as a percentage of GDP. The trade ratio is widely used as a measure of integration into the world economy. Caution is needed in interpreting this as an indicator of policy openness or competitiveness, however, because countries that are large or distant from major markets tend to have low ratios regardless of whether their policy regime is open or not. Similarly, small countries typically have a high trade ratio even with protectionist policies. Oil exporters also may have high trade ratios despite a restrictive policy regime. As long as these factors are taken into account in the benchmarking, a relatively high trade ratio indicates that the country is a strong performer in trade integration, whereas a low ratio suggests that the country is closed. In the latter case, USAID may consider prioritizing programs to reduce impediments to trade and strengthen trade capacity, while mitigating the negative effects of trade liberalization on domestic industries, unemployment, and other social consequences.

Real Effective Exchange Rate (REER)

Source: IMF Article IV Consultation Report for country data, www.imf.org/external/np/sec/aiv/index.htm

The REER is an index number computed by the IMF (base 2000=100) to measure the change in a country's exchange rate vis-à-vis a trade-weighted average of major international currencies, adjusted for relative changes in respective price levels. The index is defined so that an increase indicates a real appreciation of the local currency—the opposite of the usual exchange rate measure. Thus, a rise in the REER indicates that the local currency is strengthening in real terms relative to a basket of major currencies. This can be due to an appreciation of the nominal exchange rate or high inflation that is not matched by devaluation or a combination of these factors. Basically, a rise in the REER means that a country's exports become less competitive in foreign markets and its local products less competitive compared to imports in domestic markets. Conversely, a decline in the REER indicates a real depreciation relative to major currencies, with corresponding implications for export and import competitiveness. If exports are dominated by an enclave of minerals or an energy sector that is not also a major source of employment, the country risks a rise in the REER, threatening its traditional exports. This phenomenon is frequently referred to as “Dutch Disease” after the Netherlands' experience when North Sea oil was discovered. Major foreign exchange inflows from relief or peacekeeping forces may have a similar effect. Changes in the REER help to explain trade and current account performance. The analysis can point to a focus on exchange rate policies, macroeconomic policies, and programs to restore competitiveness, such as reducing trade and investment impediments that increase domestic costs.

Country Credit Rating

Source: Institutional Investor Magazine

www.iimagazine.com/Rankings/RankingsCountryCredit.aspx

This indicator measures individual countries' creditworthiness by asking senior economists and risk managers for their predictions on credit risk, exchange rate risk, valuation correction, and risk impact. The rating is on a scale of 0 to 100, with 100 the best.

Economic Infrastructure

Physical infrastructure—transportation, communications, and power—is necessary for improving a country's competitiveness and private sector development. Lack of reliable infrastructure services raises costs, diminishes productivity, and undermines competitiveness, impeding reconstruction and advances in economic and social development. The rebuilding of damaged infrastructure and building of new infrastructure also has the potential to generate large-scale, short- to medium-term employment. This is particularly important in postconflict countries where unemployment and underemployment can lead to renewed social tension and violence.

Primary Indicators

Logistics Performance Index—Infrastructure

Source: World Bank Logistics Performance Index

<http://info.worldbank.org/etools/tradesurvey/mode1a.asp>

The overall Trade Logistics Performance Index is a simple average of a country's score on seven factors: the efficiency and effectiveness of the clearance process by customs and other border control agencies; the quality of transport and IT infrastructure for logistics; the ease and affordability of arranging shipments; competence in the local logistics industry (e.g., transport operators, customs brokers); the ability to track and trace shipments; domestic logistics costs (e.g., local transportation, terminal handling, warehousing); and the timeliness of shipments in reaching destination. This indicator captures the second dimension.

Number of Electrical Outages, per Month

Source: World Bank, Enterprise Surveys, Infrastructure.

www.enterprisesurveys.org/ExploreTopics/CompareAll.aspx?topic=infrastructure

The number of electrical outages indicator shows the average number of power outages in a typical month as reported by survey respondents. These data are available for a small number of countries. A high percentage of outages indicate that the quality of a country's electricity services are poor and likely impede economic activity. In such cases, USAID might consider supporting programs that improve a country's infrastructure planning.

Telephone Density, Fixed Line and Mobile per 100 People

Source: World Development Indicators

The telephone density indicator measures the number of subscribers to telephone mainlines and mobile phone connections, per 100 people. Mobile phone service has been growing rapidly throughout the world. Most countries have licensed multiple, competitive providers. In contrast, fixed lines in many countries are limited in coverage, with connections difficult and costly to obtain. Fixed-line and mobile phones are close substitutes, so the combined measure is the best benchmark for assessing the availability of basic communications infrastructure, which is essential for economic growth. Poor comparative scores suggest the need for regulatory reform, increased competitiveness in telecommunications, and measures to expand private investment in the telecommunications industry.

Supporting Indicators

Internet Users per 100 People

Source: International Telecommunications Union

<http://www.itu.int/ITU-D/ICTEYE/Indicators/Indicators.aspx>

The number of Internet users per 100 people is a proxy for the availability of IT infrastructure. The idea that Internet technology allows developing countries to leapfrog up the technological ladder is probably overblown, but there is no doubt that IT can be used to accelerate development and address humanitarian needs in even the poorest economies. Low scores on this indicator indicate a need and opportunity for aid programs to support a wide range of programs to develop the ITC sector, including regulatory reform, IT training, expansion of ITC service networks such as the Last Mile Initiative, and enhancement of IT systems in the public service, ranging from schools and health centers to tax administration and public finance management.

Roads Paved, Percent of Total Roads

Source: World Development Indicators

The percentage of paved roads is a proxy for the quality of road infrastructure. Lower-income and conflict-affected countries often have fewer paved roads. If the percentage is decreasing, it might mean that the roads are not being maintained or are being destroyed. To enable better access of goods to markets it is essential that quality of road infrastructure is improved. Where the percentage of paved roads is low, USAID might consider supporting programs that help to improve a country's infrastructure planning and capital budgeting.

Percentage of Households with Access to Electricity

Source: Individual country sources

This indicator measures the percentage of households that have electrical power. A low percentage of households with access to electricity indicate that a country's electricity

services are poor and likely impede economic activity. In such cases, USAID might consider supporting programs that improve a country's infrastructure planning.

Overall Infrastructure Quality

Source: Global Competitiveness Report, World Economic Forum

www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report/index.htm

The index measures executives' perceptions of general infrastructure in their respective countries. 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).

Quality of Infrastructure—Air, Ports, Railroads, Electricity, and Roads

Source: Global Competitiveness Report, World Economic Forum

www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report/index.htm

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

PRO-POOR GROWTH ENVIRONMENT

Rapid growth is the most powerful and dependable instrument for poverty reduction. A pro-poor growth environment stems from policies and institutions that improve opportunities and capabilities for the poor, while reducing their vulnerability by improving livelihoods, building assets, and enhancing mechanisms to cope with shocks. In fragile states and postconflict countries, however, these policies and institutions may be weak or nonexistent. Sustainable economic development hinges on the establishment and implementation of programs to improve primary health and education, the creation of jobs and income opportunities, labor market skills, microfinance, agricultural development (for countries with large and poor rural population), and gender equality.

Exhibit 2-4

Pro-Poor Growth Environment—13 Primary Indicators

Health

- Child mortality rate*
- Maternal mortality ratio*
- Life expectancy at birth

Education

- Net primary enrollment rate*
- Net secondary enrollment rate*
- Gross tertiary enrollment*
- Primary completion rate*

- Youth literacy rate*

Employment and Workforce

- Labor force participation rate*
- Rigidity of Employment Index*
- Economically active children, % children ages 7-14 years
- Unemployment rate ages 15-24

Agriculture

- Agricultural value added per worker*

* Indicator found in the Country Analytical Template.

Health

Health programs are a major form of investment in human capital and a significant determinant of long-term economic growth and poverty reduction. A critical element of postconflict reconstruction is the reestablishment of health care infrastructure as well as economic interventions that strengthen primary health care and expand access to clean water and sanitation. As countries recover from conflict, economic growth programs must take into account reduction of child mortality, improvement in maternal health, and the combat of HIV/AIDS, malaria and other diseases (all MDG goals). Hence, an analysis of the economic growth environment would be incomplete without a review of basic health indicators.

Primary Indicators

Child Mortality Rate

Source: World Development Indicators

The child mortality rate is defined as the number of children dying before reaching the age of five, per 1,000 live births in a given year. The child mortality rate is influenced by socioeconomic factors such as malnutrition and access to primary healthcare. It is also a strong predictor of economic performance and therefore is a basic health component in the UNDP's Human Development Index.

Maternal Mortality Ratio

Source: United Nations MDG website

<http://unstats.un.org/unsd/mdg/Default.aspx>

The Maternal Mortality Ratio (MMR) is defined as the number of women who die during pregnancy and childbirth, per 1,000,000 live births, due to causes related to or aggravated by the pregnancy or its management. The MMR reflects the risk to mothers in childbearing. The MMR is 30 times higher in developing countries, on average, than in developed countries. The MMR is influenced by socioeconomic conditions; female health and nutrition preceding pregnancy; the prevalence of complications in pregnancy and childbirth; and the availability and use of health care facilities, including prenatal and obstetric care. All of these may adversely affect civilian populations in countries in conflict. The UN uses the MMR for tracking progress in improving maternal health (and it is MDG 5).

Life Expectancy at Birth

Source: World Development Indicators

For definition see Gender and Children Section.

Supporting Indicators

HIV Prevalence

Source: UNAIDS website for most recent country data

<http://www.unaids.org/en/KnowledgeCentre/HIVData/default.asp>; World Development Indicators for group benchmark data

The HIV prevalence rate is the percentage of the population ages 15–49 that is infected with HIV. In most developing countries, the figures are estimated from clinical data for women using prenatal clinics. The worldwide death toll from AIDS is more than 2 million annually, and more than 30 million people are estimated to be infected by the virus (UNAIDS, 2008). The associated economic burden is enormous—for families, communities, businesses, government budgets, and whole economies. Estimates suggest that when the prevalence of HIV/AIDS reaches 8 percent the cost in growth is estimated at about 1 percent a year. MDG 7 calls for halting and beginning to reverse the spread of HIV/AIDS by 2015. When possible, economic growth programs in high-prevalence countries should incorporate HIV/AIDS components, to complement the pure health focus of the U.S. President's Emergency Plan for AIDS Relief (PEPFAR).

Access to Improved Sanitation

Source: World Development Indicators

This indicator is defined as the percentage of a population with adequate disposal facilities (private or shared, but not public) that effectively prevent human, animal, and insect contact with excreta. Along with access to safe water, adequate sanitation is essential for reducing exposure to a wide range of diseases and improving health outcomes. Halving the proportion of people without access to improved sanitation is an MDG target for ensuring environmental sustainability (Goal 7).

Access to Improved Water Source

Source: World Development Indicators

This indicator is defined as the percentage of a 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. Safe drinking water is essential to lowering the frequency of gastrointestinal illnesses, which are major killers in many developing countries. Access to clean water is associated with higher levels of education and income, with causality running in both directions. Halving the proportion of people without sustainable access to safe water supplies is an MDG target for ensuring environmental sustainability (Goal 7).

Prevalence of Child Malnutrition—Weight for Age

Source: World Development Indicators

This indicator measures the percentage of children under age five whose weight for age is more than two standard deviations below the median for the international reference

population. Child malnutrition is a major contributing factor to child mortality. Poorly nourished children are susceptible to disease and infection and far more vulnerable when these threats strike. The prevalence of child malnutrition is a basic indicator of nutrition status. Rural populations displaced by conflict from their sources of food production may require immediate but short-term targeted assistance. More generally, low values suggest that USAID should consider prioritizing economic programs to improve income opportunities for the poor, as well as food security and education programs for women.

Public Health Expenditure, Percent of GDP

Source: MCC for most recent country data

<http://www.mcc.gov/mcc/selection/scorecards/index.shtml>; World Development Indicators for benchmarking data

This indicator is defined as recurrent and capital spending by government on public health at all levels, as a percentage of GDP. This includes expenditure financed by external loans and grants, or social (or compulsory) health insurance programs. This definition has been adopted by the MCC as an indicator of country performance in Investing in People. The indicator, however, must be interpreted with caution. A country where total government spending is a small share of GDP may have a low value for this indicator even if the health share is relatively high. Also, some low-income countries skew public health spending toward hospital services that mainly benefit better-off urban groups. Nonetheless, a low level of public health expenditure compared to the benchmark suggests that the government's fiscal management may be shortchanging critical health needs. If the country has a low value for this indicator and also for overall government expenditure as a percentage of GDP, then enhancing domestic revenue mobilization may be required to finance essential public services.

Education

Like health, education is a fundamental investment in human capital, and a basic input for transformational growth and poverty reduction. Education – particularly primary school for girls -- is strongly associated with better family health and nutrition, greater opportunities for women, smaller family size, and other profound socio-economic changes. In addition, education can diminish grievances in conflicted or post conflict societies where there was resentment over favored groups and discrimination toward others. USAID's new Strategic Management guidelines include three program components in the area of education: improving the quality of basic education, improving institutions of higher education (including advanced technical institutions); and improving the quality of the workforce. Education is also highlighted in MDGs 2 and 3: achieve universal primary education, and promote gender equality and empower women.

Primary Indicators

Net Primary Enrollment Rate (Total, Male and Female)

Source: World Development Indicators

This indicator measures the proportion of the primary school age population (according to national regulations) who are enrolled in primary schools. The maximum net enrollment rate is 100%. A low net enrollment rate indicates that many school age children are left behind because they never had the opportunity to attend, have dropped out, or have repeated grades. These problems are often a consequence of poverty and fore-runners of continued poverty in the next generation. The strategic response by USAID can focus either on education interventions, or poverty-oriented economic programs. This indicator is one of the MDG indicators for tracking progress towards achieving universal primary education (Goal 2).

Net Secondary Enrollment Rate

Source: World Development Indicators

This indicator measures the proportion of the secondary school age population (according to national regulations) who are enrolled in secondary schools. The maximum net enrollment rate is 100%. Secondary education aims to lay the foundation for lifelong learning and human development. This indicator can be compared to the net primary enrollment rate to determine the number of secondary school age children who drop out, do not have the opportunity to attend, or have had to repeat grades following the termination of their primary school education.

Gross Tertiary Enrollment Rate

Source: World Development Indicators

Gross enrollment rates in tertiary education measures 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.

Primary Completion Rate (Total)

Source: World Development Indicators; based on data from the United Nations Education, Scientific, and Cultural Organization UNESCO

For definition see Gender and Children Section.

Youth Literacy Rate

Source: World Development Indicators

This indicator is defined as the literacy rate among the population age 15–24. Literacy is defined by the UN as the ability to read and write a short simple statement about one's everyday life, with comprehension. In contrast to the overall adult literacy rate (see Overview section), which represents the cumulative effect of decades of educational outcomes, the youth literacy rate reflects more recent performance in educating children. It also focuses attention on the basic educational achievement of new or recent entrants to the workforce, who will form the core of the future labor force. The rate may fall severely

in populations exposed to conflict, a fall that can be addressed by special catch-up programs in addition to the rehabilitation of the educational system. A very low score on youth literacy suggests limited prospects for transformational growth in the medium run. It also may affect the structure of donor interventions to promote private sector development.

Secondary Indicators

Expenditure on Primary Education, Percent of GDP

Source: MCC, <http://www.mcc.gov/mcc/selection/scorecards/index.shtml>

This indicator, which is defined as total expenditures on education by all levels of government, as a percentage of GDP, is used by the MCC as an indicator of government commitment to Investing in People. The MCC obtains the data from national sources via US embassies, because the figures are not readily available from standard international statistical sources. Nonetheless, the MCC data set covers a sufficient number of countries for most applications of the template, including the benchmarking analysis. Education expenditure is used in the template as an indicator of educational quality. As with expenditure on health as a percentage of GDP, the figures must be interpreted with caution. Countries can have a small share of GDP devoted to primary education even though a large budget share is devoted to this purpose, if overall revenue and expenditure are low relative to GDP. Nonetheless, low public spending on education, compared to the benchmark standard, is a signal that the government may be shortchanging critical education needs in its public expenditure program.

Pupil-Teacher Ratio, Primary School

Source: World Development Indicators

This indicator is simply the number of pupils enrolled in primary school divided by the number of primary school teachers. Evidence of the link between class size and educational outcomes is far from clear-cut. Nonetheless, there is a presumption that small classes permit teachers to offer more individual attention to students, and thereby facilitate learning. Thus, the pupil-teacher ratio is widely used as a rough indicator of educational quality, and a measure of the country's commitment to primary education. For economic growth programs, a very high pupil-teacher ratio suggests the need for strengthening domestic resource mobilization and budget programming for training and hiring teachers.

Employment and Workforce

The most important mechanism for delivering the benefits of growth to postconflict economies is to provide more and better earning opportunities, whether in informal activities, self-employment, or formal jobs. Workforce development programs are key to the recovery of a postconflict economy. Public and private institutions that provide job-related training assist in the rehabilitation of essential industries and the establishment of

new business sector. Many fragile states generally do not compile or report detailed labor force statistics for the formal sector, and informal sector statistics are rarely collected.

Primary Indicators

Labor Force Participation Rate (Total)

Source: Derived from World Development Indicators data

For Definition see Gender and Children Section.

Rigidity of Employment Index

Source: World Bank, Doing Business, www.doingbusiness.org

This index of labor market rigidity is constructed as the average of three components: Difficulty of Hiring index, Rigidity of Hours index, and Difficulty of Firing index. The subindices are compiled by the World Bank from survey responses. A high value, both in absolute terms and relative to the benchmarks, suggests that the legal and regulatory environment is impeding job creation and labor reallocation. Labor market reforms are therefore indicated as a possible strategic priority. This is a difficult political issue, though. Labor unions can be expected to resist any weakening of labor regulations, even if the rigidity stands in the way of job creation. Many officials, too, view burdensome regulations as essential for the protection of workers, without understanding the high indirect costs in terms of lost investment, productivity, and job creation.

Economically Active Children, Percent of Children Ages 7–14

Source: World Development Indicators

This indicator shows the extent to which children are involved in economic activity for at least one hour in the referenced week of the survey. A high number of economically active children mean that less time is spent in school, depressing the economic potential of a country. Often, it is also an indicator of high poverty levels, where all household members must work to survive, irrespective of age.

Unemployment Rate Ages 15-24 (Total and Male)

Source: World Development Indicators

Technical details for this indicator are country specific, but the standard definition of the unemployment rate ages 15-24 is the percentage of workers in the labor force (as defined above) who do not have work *and* are seeking employment. This information is not available for many USAID host countries, but where the data can be obtained, the indicator is too important to leave out of the analysis. Lack of data may preclude benchmarking, but in any case, the analysis can be based on absolute values rather than relative comparative standards. In very poor countries, the overall unemployment rate is often very low because few workers can afford the luxury of not having at least an informal job while seeking employment. In this case, a low rate may not indicate strong labor market performance. But if the unemployment rate is very high, there is no

ambiguity about the presence of a major structural mismatch between the supply and demand for labor, at least in the formal sector. More detailed diagnosis would be required to establish the root causes (for instance, conflict may target the destruction of the physical plant of formal enterprises, while predatory government regulators or tax authorities may drive them into the informal sector and thereby distort statistics on demand for labor), and the appropriate forms of intervention. High unemployment rates among young males can be a primary driver of conflict and should be considered during the postconflict and reconstruction phases.

Supporting Indicators

Informal Sector Employment, Percent of Labor Force

Source: National data sources

Informal sector employment is defined as economic activity that falls outside the formal economy regulated by economic and legal institutions. It is economic activity that is not taxed and thus does not contribute to government coffers. As with unemployment, this information is not available for many USAID host countries, but where the data can be obtained, the indicator is too important to leave out of the analysis.

Agriculture

Agriculture has a special status in many developing countries as the major source of employment for a large fraction of the population, including the provision of subsistence livelihood. One of the major aims of fostering stability is for countries to recover by shifting labor to productive market-oriented activities, including off-farm rural enterprises or modern farming, as well as urban employment opportunities. In the medium term, programs that improve productivity or market opportunities for the rural poor can have a major impact on security and poverty and contribute to per capita income.

Primary Indicators

Agricultural Value-Added per Worker

Source: World Development Indicators

This indicator is calculated as the value added in agriculture, measured in constant local currency units (at 1995 prices), divided by the labor force in agriculture. Value added is the value of agricultural output less purchases of intermediate goods by agricultural producers. International comparisons for this indicator are tricky because of differences in factor endowments. In some countries, it is efficient to use a large input of labor per unit of production, in which case output per worker will be relatively low. But extremely low or stagnant levels of productivity are signs of serious problems with agricultural development. In such cases, USAID may consider pursuing programs to boost agricultural productivity through agricultural research and outreach, technology

innovation and transfer, agricultural policy analysis and reform, and support for agricultural education and training.

Supporting Indicators

Crop Production Index

Source: World Development Indicators

This indicator shows agricultural production for each period relative to the base period 1999–2001. It includes all crops except fodder crops. The regional and income group aggregates for the FAO's production indexes are calculated from the underlying values in international dollars, normalized to the base period 1999–2001. The data in this table are three-year averages. As an indicator of changes in crop production this can be helpful in signaling a strategic need for programs to improve crop production practices.

Agricultural Export Growth

Source: World Development Indicators; based on World Bank staff estimates from the COMTRADE database

This indicator shows the annual increase in agricultural exports. The indicator is calculated by multiplying two indicators contained in WDI, agricultural raw materials exports, as a percentage of merchandise exports, by merchandise exports. The annual growth rate is then calculated from the resulting series. Data are in current U.S. dollars.

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Appendix A. Postconflict Template Indicators

Indicator	Level ^a	MDG, MCA, EcGov, CAS std ^b
Statistical Capacity		
Statistical Capacity Indicator	I	CAS std
Profile of Postconflict Recovery		
Failed State Index score	I	
Episode of significant violence, highest magnitude in previous 10 years	I	
Type of conflict, highest magnitude in previous 10 years	I	
Societal-systemic impact, highest magnitude in previous 10 years	I	
Disarmament, Demobilization and Reintegration	II	
Human Rights Index	II	
Refugees and IDPs per capita	II	
Postconflict Economic Growth		
Per capita GDP, \$PPP	I	CAS std
Real GDP growth	I	CAS std
Gross Fixed Investment, % GDP	II	CAS std
Poverty and Inequality		
Income share, poorest 20%	I	CAS std
Population living on less than \$1.25 PPP per day	I	CAS std
Poverty headcount, national poverty line	I	MDG, CAS std
Human Poverty Index	I	
Population below minimum dietary energy consumption	II	MDG, CAS std
Economic Structure		
Output structure	I	CAS std
Labor force structure	I	CAS std
Adjusted savings: energy depletion, % GNI	II	EcGov
Adjusted savings: mineral depletion, % GNI	II	EcGov

Indicator	Level ^a	MDG, MCA, EcGov, CAS std ^b
Demography and Environment		
Adult literacy rate	I	CAS std
Youth dependency ratio	I	CAS std
Youth bulge	I	
Environmental performance index	I	CAS std
Population growth rate	I	CAS std
Rural population density	I	
Population living in urban areas	I	CAS std
Frequency and scope of natural disasters	II	
Net migration rate	II	
Gender and Children		
Gender empowerment	I	
Primary completion rate, male and female	I	MCA, CAS std
Gross enrollment ratio, all levels of education, male and female	I	MDG; CAS std
Life expectancy at birth, male and female	I	CAS std
Labor force participation rate, male and female	I	CAS std
Internally displaced females, per capita	II	
Use of child soldiers, government and political	II	
Economic Stabilization and Government Capacity		
Government Effectiveness Index	I	EcGov
Government expenditure, % GDP	I	EcGov; CAS std
Government revenue, % GDP	I	EcGov; CAS std
Money supply growth	I	EcGov; CAS std
Inflation rate	I	MCA; CAS std
Overall government budget balance, including grants, % GDP	II	MCA, EcGov, CAS std
Interest payments as a share of total government expenditure	II	CAS std
Subsidies and other current transfers as a share of total government expenditure	II	CAS std
Institutional capacity	II	
Business Environment		
Control of corruption index	I	CAS std
Rule of law index	I	MCA, EcGov; CAS std
Voice and accountability	I	
Ease of doing business index	I	EcGov; CAS std;
Time to start a business	II	MCA; EcGov; CAS std
Procedures to start a business	II	EcGov; CAS std

Indicator	Level ^a	MDG, MCA, EcGov, CAS std ^b
Cost of starting a business	II	MCA; EcGov; CAS std
Time to enforce a contract	II	EcGov; CAS std
Procedures to enforce a contract	II	EcGov; CAS std
Cost to enforce a contract, % claim	II	
Time to register property	II	EcGov; CAS std
Financial Sector		
Domestic credit to private sector, % GDP	I	CAS std
Interest rate spread	I	CAS std
Money supply, % GDP	I	CAS std
Real Interest rate	II	CAS std
Banking sector default rate	II	
External Sector		
Aid , % GNI	I	CAS std
Current account balance, % GDP	I	CAS std
Debt service ratio, % exports	I	MDG; CAS std
Export growth of goods and services	I	CAS std
Foreign direct investment, % GDP	I	CAS std
Gross international reserves, months of imports	I	EcGov; CAS std
Present value of debt, % GNI	I	CAS std
Remittance receipts, % exports	I	CAS std
Concentration of exports	I	CAS std
Logistics Performance Index – customs	II	
Trade in goods and services, % GDP	II	CAS std
Real effective exchange rate (REER)	II	EcGov; CAS std
Country credit rating	II	
Economic Infrastructure		
Logistics Performance Index – infrastructure	I	
Number of electrical outages, per month	I	
Telephone density, fixed line and mobile per 100 people	I	CAS std
Internet users per 100 people	II	MDG; CAS std
Roads paved, % total roads	II	CAS std
Percentage of households with access to electricity	II	
Overall infrastructure quality	II	EcGov; CAS std
Quality of infrastructure— air, ports, railroads, electricity, and roads	II	CAS std
Health		
Child mortality rate	I	MDG

Indicator	Level ^a	MDG, MCA, EcGov, CAS std ^b
Maternal mortality ratio	I	MDG; CAS std
Life expectancy at birth	I	CAS std
HIV prevalence	II	CAS std
Access to improved sanitation	II	MDG; CAS std
Access to improved water source	II	MDG; CAS std
Prevalence of child malnutrition (weight for age)	II	CAS std
Public health expenditure, % GDP	II	MCA, EcGov; CAS std
Education		
Net primary enrollment rate	I	MDG; CAS std
Net secondary enrollment rate	I	CAS std
Gross tertiary enrollment rate	I	CAS std
Primary completion rate, total	I	MDG; CAS std
Youth literacy rate	I	CAS std
Expenditure on primary education, % GDP	II	MCA, EcGov; CAS std
Pupil-teacher ratio, primary school	II	CAS std;
Employment and Workforce		
Labor force participation rate, total	I	CAS std
Rigidity of employment index	I	EcGov, CAS std
Economically active children, % children ages 7-14	I	CAS std
Unemployment rate ages 15-24, total and male	I	
Informal sector employment, % labor force	II	
Agriculture		
Agriculture value added per worker	I	CAS std
Crop production index	II	EcGov, CAS std
Agricultural export growth	II	CAS, std

^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;

CAS std –Standard CAS template indicator for template version, December 2006.

Appendix B. 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 when 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:

<http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20541648~pagePK:64133150~piPK:64133175~theSitePK:239419,00.html>

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

Coverage Data are available for the majority of USAID countries.

CAS Code 01P1

PROFILE OF POSTCONFLICT RECOVERY

Failed States Index Score

Source: Fund for Peace, Failed States Index,

www.fundforpeace.org/web/index.php?option=com_content&task=view&id=99&Itemid=140

Definition The Failed States Index assesses violent internal conflicts and measures the impact of mitigating strategies. Published annually by Fund for Peace, the index rates 12 social, economic, and political or military indicators, including mounting demographic pressures, massive movement of refugees or internally displaced persons, legacy of vengeance-seeking group grievance or group paranoia, chronic and sustained human flight, uneven economic development along group lines, sharp and/or severe economic decline, criminalization and/or delegitimization of the state, progressive deterioration of public services, suspension or arbitrary application of the rule of law and widespread violation of human rights; security apparatus operates as a "state within a state;" rise of factionalized elites; and intervention of other states or external political actors. Each indicator is ranked on a scale of 1 (low) to 10

(high). A high ranking reflects high intensity or pressure on the state (more likely to foster conflict), whereas a low ranking reflects lower intensity or pressure on the state (less likely to foster conflict). The rankings for the 12 indicators are combined to determine the country's overall score.

Coverage Data are available for all USAID countries.

CAS Code 11P1

Episode of Significant Violence, Highest Magnitude in Previous 10 years

Source: Center for Systemic Peace, "Major Episodes of Political Violence 1946-2008," compiled by Monty G. Marshall, latest update available at www.systemicpeace.org/warlist.htm.

Definition The variable tells the date and duration of the conflict episode with the highest magnitude in the past 10 years. At times delineating the exact beginning or end of a conflict is difficult, so the years presented are considered most likely to capture the transformative periods of the episodes.

Coverage Data available for all USAID countries.

CAS Code 11P2

Type of Conflict, Highest Magnitude in Previous 10 years

Source: Center for Systemic Peace, "Major Episodes of Political Violence 1946-2008," compiled by Monty G. Marshall, latest update available at: www.systemicpeace.org/warlist.htm.

Definition: This indicator tries to capture the characteristics of the conflict episode. Episode type is listed according to two character codes. The first character denotes whether the conflict is (C)ivil-intrastate involving rival political groups; (E)thnic-intrastate involving the state agent and a distinct ethnic group; or (I)nternational event-interstate, usually two or more states but may denote a distinct polity resisting foreign domination (colonialism). The second character connotes either an episode of (V)iolence used as an instrument without necessarily exclusive goals; (W)ar-violence between distinct, exclusive groups with the intent to impose a unilateral result to the contention; or

i(N)dependence attempts to forcibly remove an existing foreign domination.

CAS Code 11P3

Magnitude of Societal-Systemic Impact, Highest Magnitude in Previous 10 years

Source: Center for Systemic Peace, “Major Episodes of Political Violence 1946-2008,” compiled by Monty G. Marshall, latest update available at

www.systemicpeace.org/warlist.htm.

Definition This variable captures the highest magnitude of conflict episode in the last 10 years. Each episode is ranked on a scale impact of 1 (smallest) to 10 (greatest). Magnitude scores reflect multiple factors including state capabilities, interactive intensity (means and goals), area and scope of death and destruction, population displacement, and episode duration.

Coverage Data available for all USAID countries.

CAS Code 11P4

Disarmament, Demobilization, and Reintegration

Source: Graduate Institute of International Studies in Geneva, Switzerland, Small Arms Survey, Cumulative Index 2001–2006, Search for “Where are DDR programmes currently being implemented?”

www.unddr.org/whatisddr.php#11

Data are also available from the UN DDR Resource Centre www.unddr.org/.

Definition This indicator is a yes/no indicator that shows whether the military powers that perpetuated conflict are reforming through a formal UN-led Disarmament, Demobilization and Reintegration program.

Coverage Data available for only UN-sponsored DDR programs, covering about 13 countries.

CAS Code 11S1

Human Rights Index

Source: Gibney, M., Cornett L., and Wood, R. (2007), “Political Terror Scale 1976–2007,”

www.politicalterrorstale.org/

Definition This variable shows the degree to which countries experience government-induced violence against their own population (1 is best and 5 is worst). The scores range from countries under secure rule of law with no imprisonment for their views, to violence in the form of assassinations and torture extended to the whole population. State-sponsored political terror (defined here as coercion directed at personal security) targets predominantly groups opposed to the state. It could lead eventually to the escalation of violence by pushing moderates to espouse radical ideas (after becoming less convinced that peaceful resolution is possible), or by increasing the cost of collective action, thus making resorting to violent means more attractive or economically viable. The “data” for the PTS is provided by the annual reports on human rights practices that are published by Amnesty International (A) and the U.S. State Department (S). Scores based on the U.S. State Department annual report are used in the Economic Recovery Report.

Coverage Data are available for 188 countries.

CAS Code 11S2

Refugees and IDPs per Capita

Source: United Nations High Commissioner for Refugees, www.unhcr.org/statistics.html and World Development Indicators.

Definition Number of refugees and IDPs divided by total population. Refugees include persons recognized under the 1951 Convention relating to the Status of Refugees, its 1967 Protocol, the 1969 OAU Convention Governing the Specific Aspects of Refugee Problems in Africa, those recognized in accordance with the UNHCR Statute, persons granted a complementary form of protection, and persons granted temporary protection. Internally displaced persons (IDPs) are defined as “persons or groups of persons who have been forced or obligated to flee or leave their homes or places of habitual residence, in particular as a result of avoiding or in order to avoid the effect of armed conflict, situations of generalized violence, violations of human rights, or natural or manmade disasters, and who have not crossed an internationally recognized state border.” (Guiding Principles on Internal Displacement, Introduction, para. 2). Unlike refugees, who have been deprived of the protection of their state of origin, IDPs remain legally under the protection of national authorities of their country of habitual residence. Internally displaced persons are those forced to flee their homes because their lives were at danger, but unlike refugees, they did not cross international borders. Estimates come from various sources, including the Internal Displacement Monitoring Center, United Nations High Commission for Human Rights, and United Nations Office for the Coordination of Humanitarian Affairs. Total population is based on the de facto definition of population, which counts all residents regardless of legal status or citizenship—except for refugees not permanently settled in the country of asylum, which are generally considered part of the population of their country of origin.

Coverage 75 USAID countries

CAS Code 11S3

POSTCONFLICT ECONOMIC GROWTH

Per capita GDP, \$PPP

Source: International Monetary Fund (IMF) World Economic Outlook database, updated every 6 months:

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 65 USAID countries.

CAS Code 12P1

Real GDP Growth

Source: IMF World Economic Outlook database, updated every six months

www.imf.org/external/ns/cs.aspx?id=28; latest country data from IMF Article IV Consultation Report:

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 12P2

Gross Fixed Investment, Percentage of GDP

Source: IMF Article IV Consultation Report for country data, www.imf.org/external/np/sec/aiv/index.htm; 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 12S1

POVERTY AND INEQUALITY

Income Share, Poorest 20%

Source: World Development Indicators, most recent publication series SLDST.FRST.20. These are World Bank staff estimates based on primary household survey data obtained from government statistical agencies and World Bank country departments. An alternative source is the country's Poverty Reduction Strategy Paper:

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 going back to 1997; for the period since 2000, data are available for about 35 USAID countries.

CAS Code 13P1

Population Living on Less than \$1.25 PPP per Day

Source: World Development Indicators, most recent publication series SI.POV.DDAY, original data from Development Research Group. An alternative source is the country's Poverty Reduction Strategy Paper:

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

Definition The indicator captures the percentage of the population living on less than \$1.25 a day at 2005 international prices. As a result of revisions in PPP exchange rates, poverty rates for individual countries cannot be compared with poverty rates reported in WDI editions prior to 2009.

Coverage Data are available for about 59 USAID countries going back to 1997; data for 2000 or later are available for about 40 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 differences in quality.

CAS Code 13P2

Poverty headcount, national poverty line

Source: World Development Indicators, most recent publication series SI.POV.NAHC. An alternative source is the country's Poverty Reduction Strategy Paper:

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 are available for only 19 countries for 2000 or later; data are available for about 49 countries going back

to 1997. For most countries, data can be obtained from the PRSP.

Data quality Measuring the percentage of people living 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 13P3

Human Poverty Index

Source: UNDP, Human Development Report. <http://hdrstats.undp.org/indicators/18.html> for most recent edition; updates are at <http://hdr.undp.org/en/statistics/data/>

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

Coverage Data are available for about 60 USAID countries.

CAS Code 13P4

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 13S1

ECONOMIC STRUCTURE

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 14P1a-c

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. An alternative source is the 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 countries, data can be obtained from the PRSP.

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

CAS Code 14P2a-c

Adjusted Savings: Energy Depletion, percentage of GNI

Source: World Development Indicators, most recent publication series NY.ADJ.DNGY.GN.ZS.

Definition Energy depletion is equal to the product of unit resource rents and the physical quantities of energy extracted. It covers crude oil, natural gas, and coal.

Coverage Data are available for about 88 USAID countries.

CAS Code 14S1a

Adjusted Savings: Mineral Depletion, percentage of GNI

Source: World Development Indicators, most recent publication series NY.ADJ.DMIN.GN.ZS.

Definition Mineral depletion is equal to the product of unit resource rents and the physical quantities of minerals extracted. It refers to bauxite, copper, iron, lead, nickel, phosphate, tin, zinc, gold, and silver.

Coverage Data are available for about 88 USAID countries.

CAS Code 14S1b

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 aged 15 and over 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 15P1

Youth Dependency Ratio

Source: World Development Indicators, most recent publication series SP.POP.DPND.YG.

Definition Youth dependency ratio is ratio of dependents—people younger than 15—to the working-age population—those ages 15–64. For example, 0.7 means there are 7 dependents for every 10 working-age people.

Coverage Data are available for about 89 USAID countries.

CAS Code 15P2

Youth Bulge

Source: Obtained from individual country sources.

Definition Youth bulge is calculated as the percentage of the population ages 15–24 divided by the total population (WDI SP.POP.TOTL)

Coverage Data are available for about 35 USAID countries.

CAS Code 15P3

Environmental Performance Index

Source: Center for International Earth Science Information Network at Columbia University, and the Center for Environmental Law and Policy at Yale University.
<http://epi.yale.edu/Home>.

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 giving more weight to environmental health (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 (for very poor performance) to 100 (for very good performance).

Coverage Data are available for about 80 USAID countries.

Data quality The 2006 pilot EPI and 2008 EPI differ in several structural and substantive areas. As a result comparison between both years are not appropriate.

CAS Code 15P4

Population Growth Rate

Source: World Development Indicators, most recent publication series SP.POP.GROW.

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

Coverage Data are available for about 88 USAID countries.

CAS Code 15P5

Rural Population Density

Source: World Development Indicators, most recent publication series EN.RUR.DNST

Definition Rural population density (rural population per sq. km of arable land) is the rural population divided by the arable land area. Rural population is calculated as the difference between the total population and the urban population. Arable land includes land defined by the FAO as land under temporary crops (double-cropped areas are counted once), temporary meadows for mowing or for pasture, land under market or kitchen gardens, and land temporarily fallow. Land abandoned as a result of shifting cultivation is excluded. Estimates are from the Food and Agriculture Organization and World Bank population estimates.

Coverage Nearly all relevant countries.

CAS Code 15P6

Population Living in Urban Areas

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; because these definitions vary greatly, cross-country comparisons should be made with caution.

CAS Code 15P7

Frequency and Scope of Natural Disasters

Source: Centre for Research on the Epidemiology of Disasters, Emergency Events Database,

www.emdat.be/Database/CountryProfile/countryprofiles.php

Definition This indicator measures the human-impact effects of natural disasters and the frequency of these occurrences. Natural disasters are defined as natural hazard events that have at least one of the following human-impact effects: 10 or more people reported killed, 100 people reported affected, declaration of a state of emergency, or call for international assistance. The scope is measured by the total number of people affected. This includes the number of people suffering from physical injuries, trauma, or an illness requiring medical treatment as a direct result of a disaster, the number of people needing immediate assistance for shelter, and the people requiring immediate assistance during a period of emergency; it can also include displaced or evacuated people.

Coverage Data are available for nearly all USAID countries.

CAS Code 15S1a-b

Net Migration Rate

Source: CIA World Factbook,

<https://www.cia.gov/library/publications/the-world-factbook/index.html>

Definition Net migration rate (migrants per 1,000 population) is the difference between the number of persons entering and leaving a country during the year per 1,000 persons (based on midyear population). An excess of persons entering the country is referred to as net immigration (e.g., 3.56 migrants per 1,000 population); an excess of persons leaving the country as net emigration (e.g., -9.26 migrants per 1,000 population).

Coverage Data are available for nearly all USAID countries.

Data quality The source does not specify the estimating methodology.

CAS Code 15S2

GENDER AND CHILDREN

Gender Empowerment

Source: UNDP, Human Development Report, hdrstats.undp.org/indicators/279.html.

Definition Captures gender inequality in three areas: political participation and decision-making power, as measured by women's and men's participation in parliamentary seats; economic participation and decision-making power, as measured by two indicators – women's and men's percentage shares of positions as legislators, senior officials and managers and women's and men's percentage shares of professionals and technical positions; and power over economic resources, as measured by estimated earned income.

Coverage Data are available for half of USAID countries.

CAS Code 16P1

Primary Completion Rate, Male and Female

Source: World Development Indicators, most recent publication series: series SE.PRM.CMPT.MA.ZS (male), SE.PRM.CMPT.FE.ZS (female). Based on data from United Nations Education, Scientific, and Cultural Organization (UNESCO) Institute of Statistics.

Definition Primary completion rate is the percentage of students completing the last year of primary school. It is 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 128 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 16P2

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

Source: United Nations Organization for Education, Science, and Culture UNESCO: http://stats.uis.unesco.org/unesco/TableViewer/document.aspx?ReportId=136&IF_Language=eng&BR_Topic=0

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

Coverage Data are available for about 80 USAID countries.

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

CAS Code 16P3a-b

Life Expectancy at birth, Male and Female

Source: Estimated from UNDP Human Development Indicators:

<http://hdrstats.undp.org/indicators/271.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 16P4a-b

Labor Force Participation Rate, Male and Female.

Source: World Development Indicators, most recent publication series: SL.TLF.CACT.MA.ZS (male) SL.TLF.CACT.FE.ZS (female). Based on data from International Labour Organization (ILO)

Definition: The proportion of the population ages 15 and older that is economically active: 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 16P5a-b

Internally Displaced Females per Capita

Source: UNHCR, 2005 Global Refugee Trends, Annex, Table 14, www.unhcr.org/statistics.html and World Development Indicators, most recent publication series SP.POP.TOTL.

Definition: Internally displaced women protected or assisted by UNHCR, divided by total population estimates.

Coverage: Data are available for 14 USAID countries.

Data quality Most of the world's internal-displacement situations are not covered by UNHCR and are thus not reflected in these statistics.

CAS Code 16S1

Use of Child Soldiers, Government and Political

Source: Text in country reports of Child Soldiers.org, www.child-soldiers.org/library/global-reports, and The UN DDR Resource Centre www.unddr.org/

Definition The 2002 Optional Protocol to the UN Convention on the Rights of the Child set 18 as the minimum age for participation in hostilities, for compulsory recruitment by governments, and all recruitment into armed groups. The use of child soldier is therefore defined as an individual under the age of 18 participating in government forces or in armed political groups.

Coverage Data are available for approximately 70 percent of USAID countries.

Data quality Information for country entries was gathered from a wide range of sources, including governments, UN agencies and peacekeeping missions, other intergovernmental

organizations, news media, academic sources, and human rights and humanitarian organizations. Information was also provided by coalition members and partners and by local nongovernmental organizations, journalists, lawyers, activists, and others in many countries. The Child Soldier Global Report data was recoded as follows: E, I, S, or G = 1 (yes); P, B or L = 2 (possibly); N or N/A = 0 (no).

CAS Code 16S2a-b

ECONOMIC STABILIZATION AND GOVERNMENT CAPACITY

In the World Development Indicators for 2005, the World Bank adopted the Government Finance Statistics 2001 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 (GFS) 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). Most countries do not use the new GFS system, so country coverage of fiscal data in WDI 2005 is limited. For this reason, the template continues to use data from IMF Article IV consultations and domestic country websites on a cash outlays and receipts system.

Government Effectiveness Index

Source: World Bank Institute, Governance Indicators, www.govindicators.org

Definition Based on perception surveys from 17 sources, this index measures the quality of public and civil services and the degree of the public sector's independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

Coverage Data are available for all USAID countries.

CAS Code 21P1

Government Expenditure, Percent of GDP

Source: IMF Article IV Reviews for latest country data:

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

Original data from the IMF, Government Finance Statistics Yearbook, and World Bank estimates.

Definition Total expense of the central government as a percent of GDP.

Coverage Data are available for about 70 percent of USAID countries.

CAS Code 21P2

Government Revenue, Percent of GDP

Source: IMF Article IV reviews for latest country data:

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

World Development Indicators for benchmarking data (GC.REV.XGRT.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 nonrepayable receipts (other than grants), measured as a share of GDP. Grants represent monetary aid going to the central government that has no repayment requirement.

Coverage Data are missing for about 24 USAID countries.

CAS Code 21P3

Money Supply Growth

Source: Latest country data are from national data sources or IMF Article IV Reviews:

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 quasimoney) measured as the change in end-of-year totals relative to the preceding year. M2 is made up of 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 (IFS).

Coverage Data are available for about 81 USAID countries.

CAS Code 21P4

Inflation Rate

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

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 21P5

Overall Government Budget Balance, including Grants, Percent of GDP

Source: For countries using the new GFS system (see explanation at the beginning of this section), benchmarking data on a government's cash surplus or 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. The latest country data are obtained from national data sources or from IMF Article IV Reviews: www.imf.org/external/np/sec/aiv/index.htm.

Definition The cash surplus or 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 GFS system, the template will continue to focus on the overall budget balance, using data from alternative sources. 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 that 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 2005 for 41 USAID countries.

CAS Code 21S1

Interest Payments/Total Government Expenditure

Source: National data sources or IMF Article IV consultative reports:

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

Definition Interest payments as a percent of total expense.

Coverage Data are available for about half of USAID countries.

Data quality Many countries report 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 21S2

Subsidies and Other Current Transfers/Total Government Expenditure

Source: National data sources or IMF Article IV consultative reports:

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

Definition Subsidies and other current transfers as a percent of total expense.

Coverage Data are available for about half of USAID 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 21S3

Institutional Capacity

Source: Fund for Peace, content analysis

www.fundforpeace.org/web/index.php?option=com_content&task=view&id=99&Itemid=140

Definition Fund for Peace computes this index by analyzing leadership, police, military, civil service, and judiciary capacity, applying a rating to each element on a 1 (worst) to 5 (best) scale and summing the result.

Coverage Data are available for all USAID countries.

CAS Code 21S4

BUSINESS ENVIRONMENT

Control of Corruption Index

Source: World Bank Institute, Governance Indicators: www.govindicators.org

Definition The Control of Corruption index is an aggregation of 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 the “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 and 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

Rule of Law Index

Source: World Bank Institute, Governance Indicators: www.govindicators.org. This indicator is based on perceptions of the legal system, drawn from 12 data sources.

Definition The Rule of Law Index is an aggregation of indicators that measure the extent to which agents have confidence in and abide by the rules of society. It 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 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 their legal environment.

CAS Code 22P2

Voice and Accountability

Source: World Bank Institute, Governance Indicators: www.govindicators.org.

Definition Based on seven representative sources, this index measures the government’s capacity to transfer power in a legitimate manner and offer civil liberties and political rights. Although this is a subjective index of perception, the index is based on a broad range of sources: 31 data sources produced by 25 organizations, ranging from international organizations to political and business risk-rating agencies (Afrobarometer, Latinobarometro), think tanks, and NGOs.

Coverage Data are available for all USAID countries.

CAS Code 22P3

Ease of Doing Business Index

Source: World Bank, Doing Business Indicators: www.doingbusiness.org/

Definition The Ease of Doing Business index ranks economies from 1 to 181. 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 2006: 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 22P4

Time to Start a Business

Source: World Bank, Doing Business; Starting a Business category: www.doingbusiness.org/

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 22S1

Procedures to Start a Business

Source: World Bank, Doing Business; Starting a Business category: www.doingbusiness.org/

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 22S2

Cost of Starting a Business

Source: World Bank, Doing Business; Starting a Business category: www.doingbusiness.org/

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

Coverage Data are available for nearly all USAID countries.

CAS Code 22S3

Time to Enforce a Contract

Source: World Bank, Doing Business; Enforcing Contracts category: www.doingbusiness.org/

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 22S4

Procedures to Enforce a Contract

Source: World Bank, Doing Business; Enforcing Contracts category: www.doingbusiness.org/

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, and the like, to proceed with enforcement action.

Coverage Data are available for nearly all USAID countries.

CAS Code 22S5

Cost to Enforce a Contract, Percent of Claim

Source: World Bank, Doing Business; Enforcing Contracts category: www.doingbusiness.org/

Definition Cost is recorded as a percentage of the claim, assumed to be equivalent to 200% of income per capita. Only official costs required by law are recorded, including court and enforcement costs and average attorney fees where the use of attorneys is mandatory or common.

Coverage Data are available for nearly all USAID countries.

CAS Code 22S6

Time to Register Property

Source: World Bank, Doing Business; Registering Property category: www.doingbusiness.org/

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

Coverage Data are available for nearly all USAID countries.

CAS Code 22S7

FINANCIAL SECTOR

Domestic Credit to Private Sector, Percent of GDP

Source: IMF Article IV reviews or national data sources for latest country data www.imf.org/external/np/sec/aiv/index.htm.

; World Development Indicators, most recent publication series FS.AST.PRVT.GD.ZS for benchmarking data. The WDI data originate with IMF International Financial Statistics and data files and World Bank estimates.

Definition Domestic credit to the private sector refers to financial resources provided to the private sector, such as through loans, purchases of nonequity 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 are 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, Percent of GDP

Source: Latest country data obtained from national data sources or IMF Article IV reviews: 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 the 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

Real Interest Rate

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

Definition The 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 23S1

Banking Sector Default Rate

Source: IMF, Financial Soundness Indicators, Coordinated Compilation Exercise for Financial Soundness Indicators: core series of nonperforming loans to total loans, www.imf.org/external/np/sta/psi/datars1.htm

Definition This is calculated by taking the value of nonperforming loans as the numerator and the total value of the loan portfolio (including nonperforming loans, and before the deduction of specific loan loss provisions) as the denominator.

Coverage Data are available for 29 USAID countries.

CAS Code 23S2

EXTERNAL SECTOR

Aid, Percent of GNI

Source: Latest country data obtained from national data sources or IMF Article IV Reviews: 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, Percent of GDP

Source: Latest country data from national data sources or 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 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 GDP.

Coverage Data are available for about 79 USAID countries.

CAS Code 24P2

Debt Service Ratio, Percent of Exports

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

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 on present value of debt, percent of GNI, about debt data reported.

CAS Code 24P3

Export Growth of Goods and Services

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

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, Percent of GDP

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

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 reviews: 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 are made up of 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 the number of months of imports of goods and services.

Coverage Data are available for about 77 USAID countries.

CAS Code 24P6

Present Value of Debt, Percent 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 nonguaranteed, 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 among 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 24P7

Remittance Receipts, Percent of Exports

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

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 24P8

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: 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 Data are available for about 74 USAID countries.

Data quality Smuggling is a serious problem in some countries that do not report trade data to the United Nations, ITC uses partner country data. This approach has a number of shortcomings: ITC does not cover trade with nonreporting countries; transshipments may hide the actual source of supply; and transport cost and insurance are included in measuring exports but excluded in measuring imports.

CAS Code 24P9

Trade Logistics Performance Index—Customs

Source: Latest country score obtained from World Bank Logistics Performance Index country scorecard: info.worldbank.org/etools/tradesurvey/mode1a.asp

Definition The Logistics Performance Index is a simple average of a country's score on seven dimensions: the efficiency and effectiveness of clearance process by customs and other border control agencies; the quality of transport and IT infrastructure for logistics; the ease and affordability of arranging shipments; competence in the local logistics industry (e.g., transport operators, customs brokers); ability to track and trace shipments; domestic logistics costs (e.g., local transportation, terminal handling, warehousing); and the timeliness of shipments in reaching destination. This indicator captures the first dimension.

Coverage Data available for about 150 countries.

CAS Code 24S1

Trade in Goods and Services, Percent of GDP

Source: Latest country data obtained from national data sources or IMF Article IV Consultation Report: 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 24S2

Real Effective Exchange Rate (REER)

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

Definition The REER is an index number with base 1995=100 that 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 REER 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 24S3

Country Credit Rating

Source: Institutional Investor Magazine

www.iimagazine.com/Rankings/RankingsCountryCredit.aspx

Definition Institutional Investor Magazine measures individual countries' creditworthiness by asking senior economists and risk managers for their predictions on credit risk, exchange rate risk, valuation correction, and risk impact. The rating is on a scale of 0 to 100 with 100 being the best rating possible.

Coverage Data are available for about 80 USAID countries.

CAS Code 24S4

ECONOMIC INFRASTRUCTURE

Logistics Performance Index—Infrastructure

Source: Latest country score obtained from World Bank Logistics Performance Index country scorecard: info.worldbank.org/etools/tradesurvey/mode1a.asp

Definition The Logistics Performance Index is a simple average of a country's score on seven factors: the efficiency and effectiveness of the clearance process by customs and other border control agencies; the quality of transport and IT infrastructure for logistics; the ease and affordability of arranging shipments; competence in the local logistics industry (e.g., transport operators, customs brokers); the ability to track and trace shipments; domestic logistics costs (e.g., local transportation, terminal handling, warehousing); and the timeliness of shipments in reaching destination. This indicator captures the second dimension.

Coverage Data available for about 150 countries.

CAS Code 25P1

Number of Electrical Outages, per Month

Source: World Bank, Enterprise Surveys, Infrastructure. www.enterprisesurveys.org/

Definition This indicator shows the average number of power outage in a typical month.

Coverage Data available for a small number of countries.

CAS Code 25P2

Telephone Density, Fixed Line and Mobile per 100 People

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 100 people. Fixed lines represent telephone main lines 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

Internet Users per 100 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 100 people.

Coverage Data are available for about 88 USAID countries.

CAS Code 25S1

Roads Paved, Percent of Total Roads

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

Percentage of Households with Access to Electricity

Source: Obtained from individual country sources.

Definition Access to electricity is defined as the percentage of households that have electrical power.

Coverage Data are available for about 25 USAID countries.

CAS Code 25S3

Overall Infrastructure Quality

Source: Global Competitiveness Report, World Economic Forum

www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report/index.htm

Definition The index measures executives' perceptions of general infrastructure in their respective countries. 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 25S4

Quality of Infrastructure—Air, Ports, Railroads, Electricity, and Roads

Source: Global Competitiveness Report, World Economic Forum:

www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report/index.htm

Definition The index measures executives' perceptions of general infrastructure in their own countries. Executives grade, on a scale from 1 to 7, whether air transport, ports, railroads, electricity and roads 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 executives' perceptions.

CAS Code 25S5 a-e

HEALTH**Child Mortality Rate (per 1,000 Live Births)**

Source: World Development Indicators, most recent publication series SH.DYN.MORT.

Definition The indicator is the number of children dying before reaching the age of five, per 1,000 live births in a given year, if subject to current age-specific mortality rates.

Coverage Data are available for about 87 USAID countries.

CAS Code 31P1

Maternal Mortality Ratio

Source: Millennium Development Goals Indicators, 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 their sisters. The estimates pertain to 12 years or so before the survey, making them unsuitable for monitoring recent changes.

CAS Code 31P2

Life Expectancy at Birth

Source: World Development Indicators, most recent publication, males SP.DYN.LE00.MA.IN, females SP.DYN.LE00.FE.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, by sex.

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 or survey. Extrapolations may not be reliable for monitoring changes in health status or for comparative analytical work.

CAS Code 31P3

HIV Prevalence

Source: UNAIDS for most recent country data:

http://data.unaids.org/pub/GlobalReport/2008/20080813_gr08_prev1549_1990_2007_en.xls. 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 31S1

Access to Improved Sanitation

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

Definition The indicator is the percentage of the 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.

Data quality Coverage rates may include nonfunctioning systems.

CAS Code 31S2

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 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 31S3

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 31S4

Public Health Expenditure, Percent of GDP

Source: Latest data for host country are obtained from the MCC:

www.mcc.gov/mcc/selection/scorecards/index.shtml

International benchmarking data from World Development Indicators, most recent publication (SH.XPD.PUBL.ZS), based on WHO, World Health Report, and updates 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 borrowing and grants (including donations from international agencies and NGOs), and social (or compulsory) health insurance funds.

Coverage Data are available for about 88 USAID countries.

CAS Code 31S5

EDUCATION**Net Primary Enrollment Rate, Total, Male and Female**

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 enrolled in primary schools according to national regulations. 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 32P1a-c

Net Secondary Enrollment Rate

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 Data are available for half of USAID countries.

Data quality A break in the series between 1997 and 1998 is due to a change from International Standard Classification of Education (ISCED) 76 to ISCED97. Recent data are provisional.

CAS Code 32P2

Gross Tertiary Enrollment Rate

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 Data are available for nearly all USAID countries.

Data quality A break in the series between 1997 and 1998 is due to a change from International Standard Classification of Education (ISCED) 76 to ISCED97. Recent data are provisional.

CAS Code 32P3

Primary Completion Rate

Source: World Development Indicators, most recent publication, SE.PRM.CMPT.ZS (total).

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 128 USAID countries

CAS Code # 32P4

Youth Literacy Rate

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 32P5

Expenditure on Primary Education, Percent of GDP

Source: Millennium Challenge Corporation:

www.mcc.gov/mcc/selection/scorecards/index.shtml. *Definition* The indicator is the total expenditure 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

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 affect the quality of teaching and learning and pupil performance.

CAS Code 32S2

EMPLOYMENT AND WORKFORCE**Labor Force Participation Rate**

Source: World Development Indicators, most recent publication series: SL.TLF.CACT.ZS. Based on data from International Labour Organization (ILO).

Definition The proportion of the population ages 15 and older that is economically active: 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, Employing workers category:

www.doingbusiness.org/ExploreTopics/EmployingWorkers/

Definition The 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. The index ranges in value from 0 (minimum rigidity) to 100 (maximum rigidity).

Coverage Data are available for nearly all USAID countries.

Data quality Compiled by the World Bank from survey responses to in-country specialists.

CAS Code 33P2

Economically Active Children, percent of 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.

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

Coverage Data are available for 35 USAID countries.

CAS Code 33P3

Unemployment Rate Ages 15–24, Total and Male

Source: World Development Indicators, most recent publication series SL.UEM.1524.ZS and SL.UEM.1524.MA.ZS.

Definitions: Youth unemployment refers to the share of the labor force ages 15–24 without work but available for and seeking employment.

Coverage Data are available for 35 USAID countries.

Data quality Definitions of labor force and unemployment differ by country; thus caution is needed when benchmarking.

CAS Code 33P4a-b

Informal Sector Employment, Percent of Labor Force

Source: Normally obtained from national sources such as a labor market survey.

Definition Informal sector employment is defined as economic activities that fall outside the formal economy regulated by economic and legal institutions. It is economic activity that is not taxed or included in the government's GNP.

Coverage Data are available for about 20 USAID countries.

Data quality The indicator is inherently difficult to calculate and the methodology may differ by country; thus caution is needed when benchmarking.

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 2000 U.S. dollars.

Coverage Data are available for about 80 USAID countries.

CAS Code 34P1

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 semi-official 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 34S1

Agricultural Export Growth

Source: World Development Indicators, most recent publication series TX.VAL.AGRI.ZS.UNs, Agricultural raw materials exports (percentage 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.

Definition 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 Data are available for about 85 USAID countries.

CAS Code 34S2.