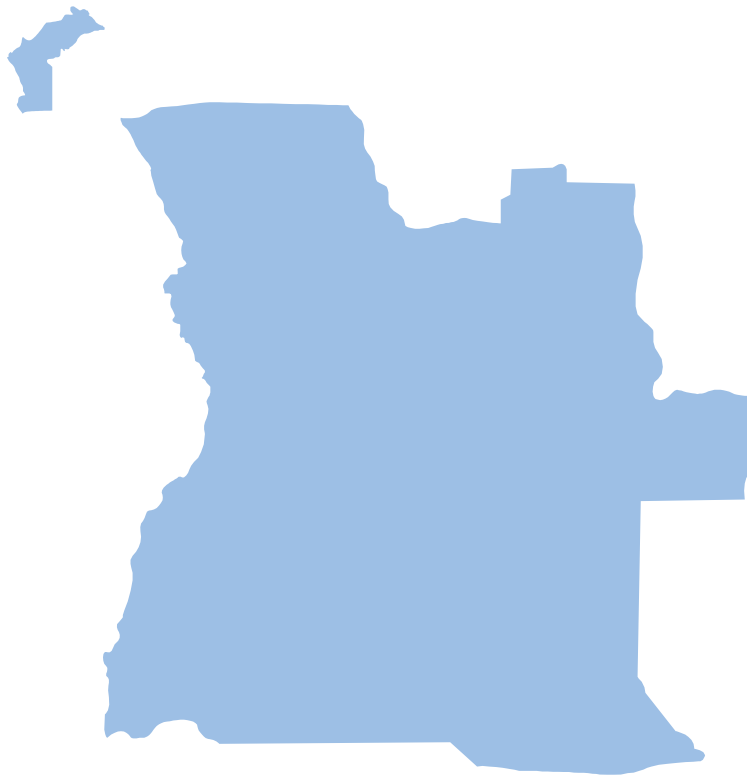




USAID
FROM THE AMERICAN PEOPLE

Angola

Economic Performance Assessment



December 2008

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Angola

Economic Performance Assessment

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

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

Under Contract No. GEG-I-00-04-00002-00, Task Order 004, 2006-2010, Nathan Associates continues to provide support to the EGAT Bureau by producing analytical reports evaluating economic growth performance in designated host countries. Through the same task order, Nathan is also developing a template for countries emerging from crisis, assessing data issues in countries with large gaps in their data, conducting in-depth sector reviews based on the diagnostic analysis in the country reports, and providing other analytical support to the EGAT Bureau.

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

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HIGHLIGHTS OF ANGOLA'S PERFORMANCE

Economic Growth	Angola's growth rate has averaged 15 percent per year over the past five years, among the highest in the world. Growth has been driven by massive expansion of the oil sector, while private investment has been exceedingly low.
Poverty and Inequality	Most of the data on poverty are outdated. The limited evidence available indicates that poverty remains severe, though probably improved since the end of the civil war. Income inequality is acute.
Economic Structure	The oil industry dominates the economy. About 85 percent of the labor force is in agriculture, producing 9.9 percent of GDP. Thus, labor productivity is exceedingly low in agriculture relative to other sectors.
Demography and Environment	The population of 17 million is very young and growing rapidly. Nearly half are age 14 or under, creating a very high youth dependency rate. Resources are being depleted and environmental health conditions are poor.
Gender	Extreme poverty compels high labor force participation for men and women. Education and health conditions are extremely poor for men and women.
Fiscal and Monetary Policy	The oil boom has created a big increase in revenues and a big budget surplus, much of which the government is investing in infrastructure and public services. Spending oil revenue creates inflationary pressures that are difficult to control through monetary policy so inflation remains in the double digits. The authorities need to strike a balance between macroeconomic stability and investment needs.
Business Environment	Angola ranks near the bottom of the World Bank Doing Business ratings, and scores poorly on governance indicators. Problems include impediments to starting a business, corruption, inadequate rule of law, and weak regulatory institutions. These problems create enormous barriers to investment outside the lucrative oil sector.
Financial Sector	The financial sector is still very small but developing rapidly and becoming more competitive, with strong growth in credit to the private sector. This rapid growth creates significant risks to credit quality, requiring strong supervision from the central bank.
External Sector	Angola enjoys a large current account surplus due mainly to oil exports. One effect of the massive resource earnings has been a sharp appreciation of the real exchange rate, undermining competitiveness in agriculture and manufacturing.
Economic Infrastructure	The government is focused on rebuilding infrastructure. Roads, ports, rail, electricity and telecommunication networks are in poor condition and require major investments.
Science and Technology	FDI in the oil sector has led to some technology transfer, but Angola has very few science and technology professionals and IPR protection is weak.
Health	Poor health seriously affects economic growth. Life expectancy is very low, and there are serious problems with maternal and child health. Barely half of the population has access to improved sanitation and clean water.
Education	Enrollment rates, though rising, are very low, and disparities between urban and rural education access, enrollment, and retention are extreme.
Employment and Workforce	The youth bulge will add more than a million workers to the labor force over the next five years, but problems with the business environment and labor market rigidities impede the creation of jobs in the formal sector.
Agriculture	Extremely low labor productivity and cereal yields per hectare signal widespread subsistence cultivation. Productivity could be much improved through investments in infrastructure and programs that stimulate commercial farming and higher value production on small family farms.

ANGOLA: STRENGTHS AND WEAKNESSES—SELECTED INDICATORS

Indicators, by Topic	Strengths	Weaknesses
Growth Performance		
Real GDP growth	X	
Growth of labor productivity		X
Gross fixed private investment		X
Investment productivity—incremental capital-output ratio (ICOR)	X	
Poverty and Inequality		
Human poverty index		X
Demography and Environment		
Population growth rate		X
Youth dependency rate		X
Gender		
Labor force participation rates, female	X	
Fiscal and Monetary Policy		
Government budget balance	X	
Government expenditures		X
Business Environment		
Rule of law index		X
Government effectiveness index		X
Control of corruption index		X
Cost of starting a business		X
Financial Sector		
Money supply (M2), % GDP		X
Domestic credit to the private sector	X	
Legal Right of Borrowers and Lenders	X	
External Sector		
Trade in goods and services, percentage of GDP	X	
Debt service ratio, % exports	X	
Current account balance	X	
Foreign direct investment, % GDP		X
Real effective exchange rate		X
Economic Infrastructure		
Overall infrastructure quality		X
Quality of infrastructure—ports		X
Quality of infrastructure—rail		X
Quality of infrastructure—electricity supply		X

Indicators, by Topic	Strengths	Weaknesses
Internet users, per 100 people		X
Science and Technology		
Intellectual property rights protection		X
Availability of scientists and engineers		X
Health		
Life expectancy at birth		X
Maternal mortality rate		X
Access to improved sanitation		X
Access to improved water source		X
Education		
Net primary enrollment rate		X
Employment and Workforce		
Labor force participation rate	X	
Growth of labor force		X
Rigidity of employment index		X
Agriculture		
Agriculture value added per worker		X
Cereal yield per hectare		X

Note: The chart identifies selective indicators for which performance is particularly strong or weak relative to benchmark standards, as explained in Appendix A. The data supplement presented in Appendix B provides full tabulation of the data and international benchmarks examined for this report, along with technical notes on data sources and definitions.

1. Introduction

This report is one of a series of economic performance assessments prepared for the EGAT Bureau to provide USAID missions and regional bureaus with a concise evaluation of key indicators covering a broad range of issues relating to economic growth performance in designated host countries. The report draws on a variety of international data sources¹ and uses international benchmarking against reference group averages, and statistical norms to identify major constraints, trends, and opportunities for strengthening growth and reducing poverty. For Angola, the reference groups are lower-middle-income countries globally (LMI), and lower-middle-income countries in sub-Saharan Africa (LMI-SSA).² For direct comparators, the study uses two large and dynamic lower-middle-income countries, Brazil and South Africa. Brazil is the largest and most dynamic economy of the former Portuguese colonial world and has achieved a solid record of rapid and sustained growth over the past decade. Angola and Brazil also have close relations and many trading contacts, and Angolans view Brazil's economy as a model for their own. South Africa represents an important regional aspiration case for Angola in many areas of economic performance.

METHODOLOGY

The methodology used here is analogous to examining an automobile dashboard to see which gauges are signaling problems. Sometimes a blinking light has obvious implications—such as the need to fill the fuel tank. In other cases, it may be necessary to have a mechanic probe more deeply to assess the source of the trouble and determine the best course of action.³ Similarly, the Economic Performance Assessment is based on an examination of key economic and social indicators to see which ones are signaling problems. Some “blinking” indicators have clear implications, while others may require further study to investigate the problems more fully and identify appropriate courses for programmatic action.

¹ Sources include the World Bank, the International Monetary Fund, the Millennium Challenge Corporation, the United Nations (including the Millennium Development Goals database), the World Economic Forum, and host-country documents and data sources. This report reflects data available as of October 2008.

² This group consists of Angola, Cameroon, Cape Verde, Congo (B), Lesotho, Namibia, Sudan, and Swaziland.

³ Sometimes, too, the problem is faulty wiring to the indicator—analogue here to faulty data.

The analysis is organized around two mutually supportive goals: transformational growth and poverty reduction.⁴ Broad-based growth is the most powerful instrument for poverty reduction. At the same time, programs to reduce poverty and lessen inequality can help to underpin rapid and sustainable growth. These interactions can create a virtuous cycle of economic transformation and human development.

Transformational growth requires a high level of investment and rising productivity. This is achieved by establishing a strong *enabling environment for private sector development*, involving multiple elements: macroeconomic stability; a sound legal and regulatory system, including secure contract and property rights; effective control of corruption; a sound and 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 and build capabilities for the poor. We call this the *pro-poor growth environment*. Here, too, many elements are involved, including effective education and health systems, policies facilitating job creation, agricultural development (in countries where the poor depend predominantly on farming), dismantling barriers to micro and small enterprise development, and progress toward gender equity.

The present evaluation must be interpreted with care. A concise analysis of selected indicators cannot provide a definitive diagnosis of economic performance problems, nor simple answers to questions about programmatic priorities. Instead, the aim of the analysis is to spot signs of serious problems affecting economic growth, subject to limits of data availability and quality. The results should provide insight about potential paths for USAID intervention, to complement on-the-ground knowledge and further in-depth studies.

The remainder of the report presents the most important results of the diagnostic analysis, in three sections: Overview of the Economy; Private Sector Enabling Environment; and Pro-Poor Growth Environment. Table 1-1 summarizes the topical coverage. Appendix A provides a brief explanation of the criteria used for selecting indicators, the benchmarking methodology, and a table showing the full set of indicators examined for this report. Appendix B provides a full tabulation of the data and international benchmarks examined for this report, along with technical notes on the data sources and definitions.

⁴ 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.

Table 1-1
Topic Coverage

Overview of the Economy	Private Sector Enabling Environment	Pro-Poor Growth Environment
<ul style="list-style-type: none"> • Growth performance • Poverty and inequality • Economic structure • Demographic and environmental conditions • Gender 	<ul style="list-style-type: none"> • Fiscal and monetary policy • Business environment • Financial sector • External sector • Economic infrastructure • Science and technology 	<ul style="list-style-type: none"> • Health • Education • Employment and Workforce • Agriculture

THE CURRENT ECONOMIC CRISIS

This report was written during the onset of a global financial crisis and economic downturn, reflecting data available as of October 2008. A precipitous drop in the world price of petroleum, Angola's dominant export, places the country's growth performance at risk in the short term; and heightened risk aversion in financial markets is likely to reduce the flow of international capital into emerging market economies and complicate trade financing. Although crisis management is the order of the day, the cyclical shocks will reverse over the medium term, at which point the structural conditions discussed in this report will again become the major determinants of growth and poverty reduction.

DATA QUALITY AND FORMAT

The breadth and quality of economic data for Angola are poor. Data for many indicators are unavailable or out of date. Links to many data reports listed on government websites (Banco Nacional de Angola or BNA, Ministry of Finance, Instituto Nacional de Estatística) were inoperative at the time of our research and where data were available time series tables were lacking. The World Bank's statistical capacity indicator for Angola is a very low 35 (on a rising scale of 1 to 100), meaning that the country meets few of the international criteria for accessible, useful, and reliable data on economic and social indicators. Brazil and South Africa both score 77 on this index. In addition, economic conditions in Angola have changed enormously in the past three years; hence, any data more than a few years old are not very relevant to an analysis of current growth prospects. Throughout this report, we note topics for which data are particularly sparse or problematic. Because robust and timely economic data are imperative for sound economic policy management and planning, improving data quality should be high on the list of priorities for technical assistance from donor agencies.

2. Overview of the Economy

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

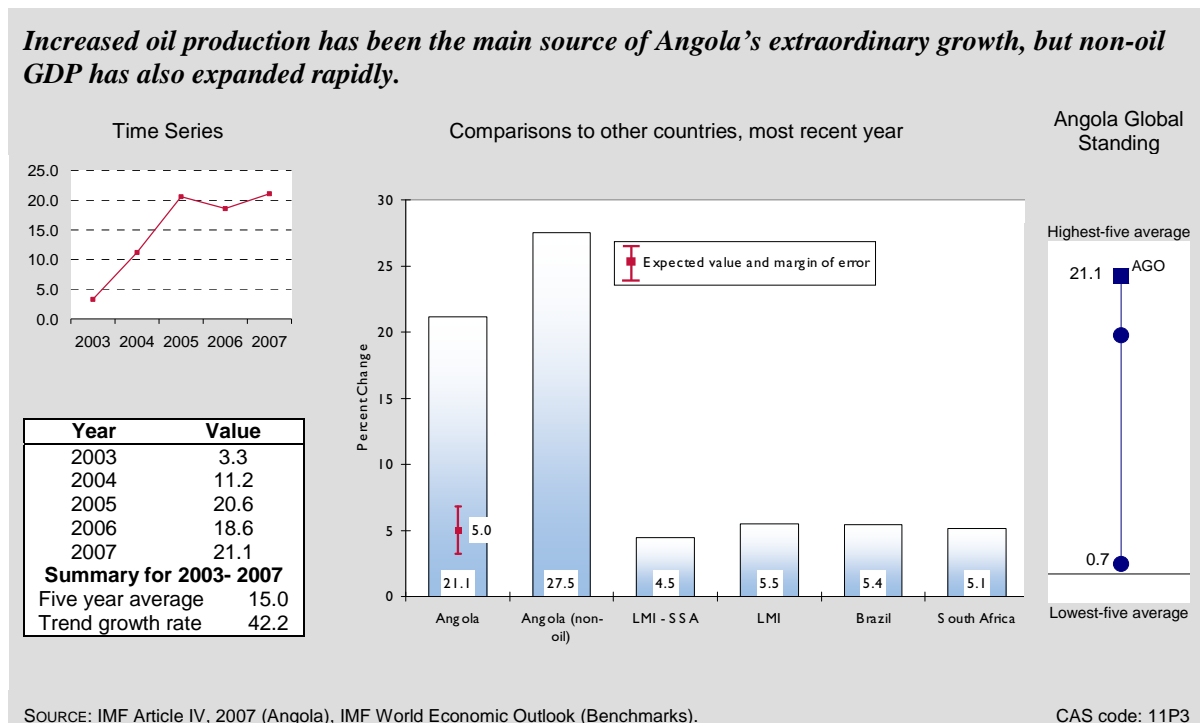
GROWTH PERFORMANCE

Angola has vast reserves of oil and diamonds, but weak governance and a tragic history of conflict have severely impeded the country's development. Many countries with similar resources have mismanaged them to the detriment of long-term economic and human development. In examining Angola's growth performance, therefore, one must attend to the challenges as well as the opportunities stemming from an abundance of natural resources. For example, after its major internal conflict ended in 2002, Angola's real GDP grew by 15 percent per year between 2003 and 2007, rising from 3.3 percent in 2003 to more than 20 percent in 2007 and placing the country among the world's top five performers.⁵ Driven largely by the boom in oil production such growth may not be sustainable. Rapid growth in sectors other than oil is attributed largely to rising oil and mineral production, soaring commodity prices, and government reconstruction programs—themselves financed mainly by oil and mineral revenues. In 2006, GDP growth outside the oil sector was estimated at 27.5 percent, including strong performance in manufacturing and agriculture, but from a very low base (Figure 2-1). Indeed, oil and diamonds together account for about 61 percent of GDP. Hence, the recent plunge in the world price for oil may weaken growth prospects significantly.

In 2007, Angola's per capita GDP jumped to \$5,591 in units of purchasing power parity (PPP) (US\$3,757 using the nominal exchange rate). This is far above the median for low-income countries in sub-Saharan Africa (PPP\$2,053), yet well below the income levels in Brazil (PPP\$9,695) and South Africa (PPP\$9,761). Per capita income has risen by 80 percent since 2003 (in PPP\$). But income gains have been highly concentrated and the poorest Angolans have benefited little from growth.

⁵ GDP citations in this section are from IMF, 2007 Article IV Consultation, Country Report No. 07/354, p. 3.

Figure 2-1
Real GDP Growth (total and non-oil)

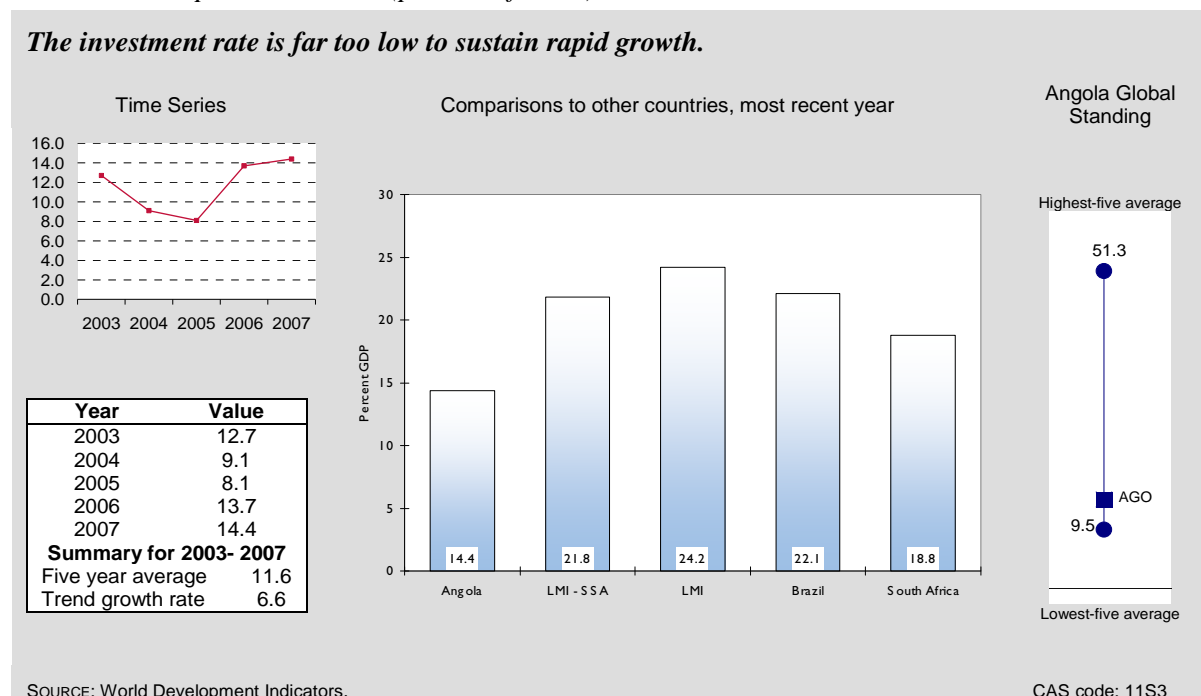


Despite Angola's high GDP growth rates and abundant resource wealth, its investment rate is astonishingly low. As recently as 2005, its investment rate was among the lowest in the world: 8.1 percent compared to a global low-five average of 9.5 percent. In 2006 (latest data), capital formation in the private sector was a mere 4.8 percent of GDP, again far below the global LMI average of 17.9 percent. In 2007, gross fixed investment amounted to only 14.4 percent of GDP, and the five-year average only 11.6 percent. These rates fall far short of the predicted value of 20.8 percent for a country with Angola's characteristics, as well as the median for LMI-SSA (21.8) and recent rates in Brazil (22.1) and South Africa (18.8) (Figure 2-2). Weak performance, however, is less surprising in view of Angola's difficult investment environment and, until very recently, serious macroeconomic instability. Such conditions deter investment, especially outside of the oil sector.

This combination of rapid growth and low investment results in an extremely high average level of investment productivity. For example, the incremental capital-output ratio (ICOR) shows the amount of investment needed per unit of extra output; a low ICOR indicates high efficiency, and vice versa. Angola's ICOR of 0.8 for the five years to 2007 is far better than all international benchmarks, including the predicted value of 4.3, the median for LMI-SSA (5.6), and the ICORs for Brazil (4.5) and South Africa (3.8). The five-year ICOR for Angola has also been improving steadily since 2003 as growth has accelerated on a very low base of investment. This unusual attribute most likely reflects the fact that strategic investments in extractive industries have produced enormous gains in GDP, on top of a postconflict bounce in production in other sectors due to the restoration of economic activities requiring little new investment. These highly favorable conditions are not sustainable in the medium run as the exploitation of additional

petroleum reserves will level off and continued growth in other sectors will require more investment. To maintain rapid growth, Angola will have to remove impediments to efficient private investment outside the oil and mineral industries.

Figure 2-2
Gross Fixed Capital Formation (percent of GDP)



POVERTY AND INEQUALITY

Data on poverty and inequality in Angola over the past five years are sparse and of poor quality. The data that are available show that poverty and inequality rates were severe in 2001/2002, near the end of the civil war when approximately 70 percent of the population was living on less than PPP\$1 per day. In addition, the degree of income inequality was among the highest in the world, as seen in the estimated Gini coefficient of 0.62. By comparison, Brazil’s most recent Gini coefficient (2007) was 0.57 and South Africa’s was 0.58.⁶

The UNDP’s Human Poverty Index (HPI) provides a broad gauge of poverty that takes into account deprivation in health and education as well as income poverty, with scores ranging from 1 to 100 for rising deprivation. In its 2007 Human Development Report, the UNDP gives Angola a score of 40.3 on the HPI, on the basis of information available as of 2005. This score is much worse than the regression benchmark of 30.5 for a country with Angola’s characteristics, and

⁶ UNDP, 2005 Millennium Goals Report Summary, p. 9. The Gini coefficient is a widely used indicator for inequality, ranging from 0.0 if all income accrues to one person, to 1.0 for perfect equality. Values above 0.6 are extremely high. Another standard indicator for inequality—the income share accruing to the poorest 20 percent of households—is not available for Angola.

even further from the other benchmarks, including the global LMI median (17.8) and scores for Brazil (9.7) and South Africa (23.5).

Given the paucity of data on other social indicators (e.g., gender, health, education), it is difficult to gauge Angola's progress in addressing poverty. But the dire situation of most households in 2002 and the concentrated pattern of growth since then suggest that the poorest Angolans have gained little over the past five years. The government's recent efforts to invest in economic and social infrastructure outside of Luanda should begin to yield benefits for at least some of the poor, but large reductions in poverty will require a sustained period of rapid and broad-based growth. Proper monitoring of any improvements will require the collection of more timely and reliable data on poverty.

ECONOMIC STRUCTURE

Data on Angola's economic structure reflect the dominance of extractive industries, especially oil and diamonds, which account for nearly all of the 68.4 percent of GDP originating in the industrial sector. In contrast, the industrial sector accounts for 30.6 percent of GDP in Brazil, 30.9 percent in South Africa, and 31.1 percent for the global median in the LMI group (Figure 2-3). Between 2005 and 2007, shares of agriculture and services in GDP rose rapidly from 7.7 to 9.9 percent and 19.8 to 21.7 percent, respectively. Such rapid growth in these sectors, while a positive sign for diversification, started from an extremely low base and reflects recovery from nearly 30 years of civil war. The serious constraints on sustained, rapid growth in agriculture and services are discussed in detail in the sections on Business Environment and External Sector.

According to the only available estimate regarding labor force structure, 85 percent of Angolan workers are employed in agriculture, with the remaining 15 percent employed in industry and services.⁷ Netting out the share of the enclave oil and diamond sectors from GDP, there is still a large disparity between the labor force and value added shares in agriculture versus industry and services. A worker in industry or services produces, on average, more than 16 times as much value as a worker in agriculture.⁸ The vast majority of agricultural workers are involved in subsistence farming, a fact consistent with the very high incidence of poverty. Stimulating job creation in more productive sectors could attract labor into higher value uses and spur economic growth.

DEMOGRAPHY AND ENVIRONMENT

Angola's population of 17 million is growing by 2.8 percent per year, far outpacing growth in Brazil (1.2 percent), South Africa (0.4 percent), and the median for LMI-SSA (2.1 percent). Thus, Angola faces an exceptionally high rate of youth dependency; in 2007, an estimated 46 percent of the population was under the age of 15 and there were 90 dependents age 0 to 14 for every 100

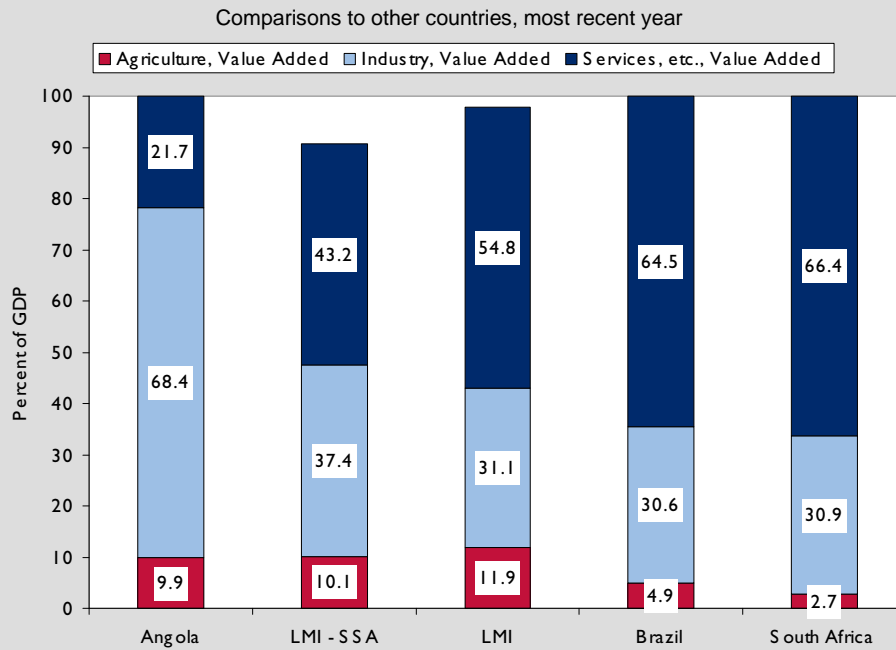
⁷ CIA World Factbook, 2007. See footnote 10 on the quality of these numbers.

⁸ Calculated by subtracting the oil share of GDP (61 percent) from the combined industry/services share and then comparing the contribution of labor in the agricultural sector to GDP versus the contribution of labor in the industry/service to the industry/service sector's (non-oil) contribution to GDP.

people of working age. This is much higher than the median youth dependency rate of 72 for LMI-SSA countries, and far above the rates for Brazil (41) and South Africa (50) (Figure 2-4). A

Figure 2-3
Output Structure

The industrial sector generates more than two-thirds of GDP, mainly from the extractive industries (oil and diamonds).

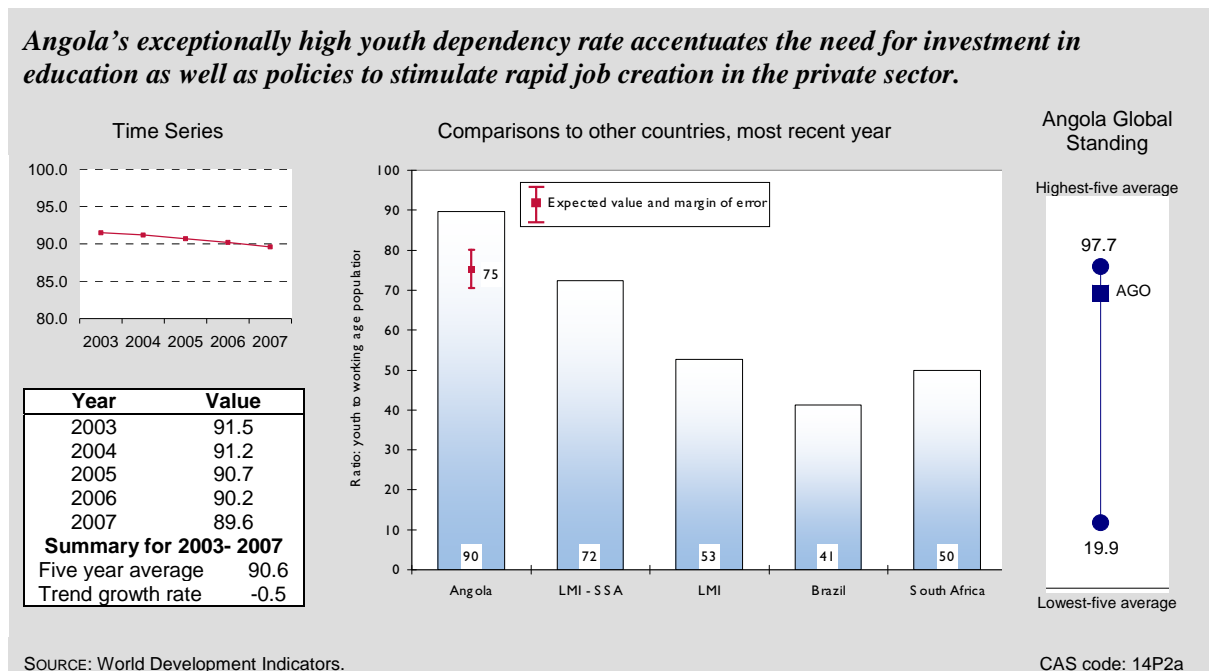


Note: For each country the sector by sector output structure shares equal 100 percent; however, the LMI and LMI-SSA sector shares may not equal 100 percent if the median values are from multiple countries.

SOURCE: Trade Map (Angola), World Development Indicators (Benchmarks)

CAS code: 13P2

Figure 2-4
Youth Dependency Rate



high youth dependency rate puts great stress on education and health systems; raises demand for jobs; and calls for policies that promote the labor-intensive growth that stimulates job creation. In some countries a high dependency rate has proven to be a risk factor for political instability, though this does not appear to be so at this time for Angola.⁹

Angola urbanized rapidly during the civil war when the countryside was beset with physical dangers. This trend has continued since the peace accord, as economic growth in the urban centers, mainly Luanda, has been a magnet for job seekers. Between 2003 and 2007, the percentage of population living in urban areas increased from an estimated 52 percent to 56 percent and is now well above the median for LMI-SSA countries of 48.3 percent.¹⁰ However, Brazil and South Africa are far more urbanized, at 85 percent and 60 percent, respectively. Urbanization has created a huge need for infrastructure investment in the metropolitan areas even as those living in Angola's vast rural expanses struggle to cope with extremely poor transport networks, health and education services, and even security services.

⁹ Henrik Urdal. 2004. *The Devil in the Demographics: The Effect of Youth Bulges on Domestic Armed Conflict, 1950–2000*. World Bank, Social Development Paper No. 14.

¹⁰ The urbanization rate of 55 percent appears to conflict with the estimate that 85 percent of the labor force works in agriculture. The conflict, however, may be attributable to agricultural households existing in areas designated as "urban." The average urban household has 6.2 members and the average rural household 5.1; this difference would boost the urban population share by one-fifth, other things being equal (USAID et al., *Angola Malaria Indicator Survey 2006-007*, November 2007, p. 10). Finally, lower enrollment rates in rural areas suggest that there may be more workers per household in rural areas. Until a proper census is completed, urbanization and labor force figures are at best rough estimates.

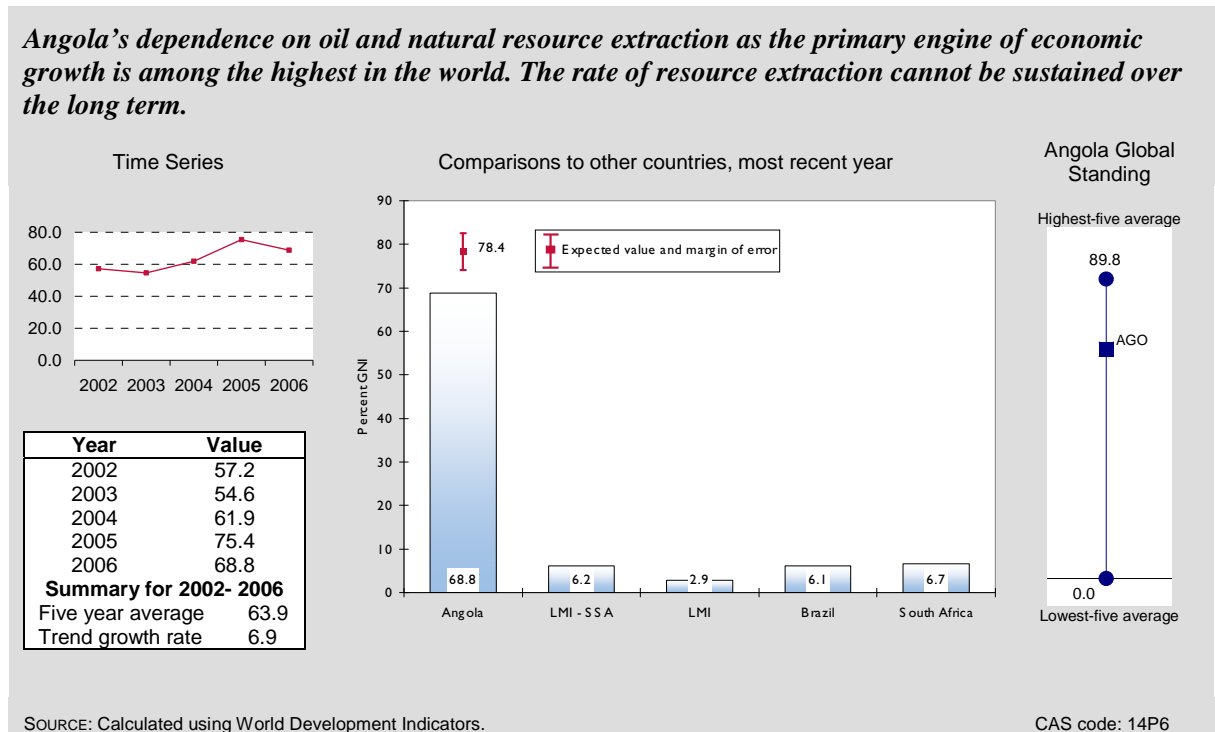
Rapid population growth and rapid economic growth based on resource extraction can also strain environmental resources. On one gauge of environmental sustainability—the Environmental Protection Index compiled by Yale and Columbia—Angola scores 39.5 on an ascending scale of 1 to 100, second to last out of 149 countries, far worse than Brazil (82.7) and South Africa (69). The most serious problems are urban air pollution, the impact of disease on life expectancy, inadequate sanitation (only 51 percent have access to improved sanitation), and lack of potable drinking water (only 53 percent have access).

With its economic growth driven largely by extraction of nonrenewable resources Angola faces resource depletion. According to World Bank estimates, the economic value of resource depletion in Angola amounted to an exceedingly high 68.8 percent of gross national income (GNI) in 2006, compared to 6.1 percent in Brazil and 6.7 percent in South Africa (Figure 2-5).¹¹ Thus, a very large portion of Angola's measured income derives from the sale of natural capital rather than from activities that create value. In economic terms, earnings from the sale of natural capital should be earmarked for other productive investments to generate sustainable value in the future.

As Angola's population and economy continue to grow, the environment will come under increasing pressure. In contrast to the governments of many African countries, the government of Angola has the financial capacity to bear the cost of environmental stewardship. In particular, the inflow of oil revenues places the government in a unique position to invest in sustainable environmental management to ensure long-term growth.

¹¹ The Bank's resource depletion indicator is the sum of the estimated economic value of the reduction in energy, mineral, and net forest reserves, expressed as a percentage of gross national income.

Figure 2-5
Resource Depletion (percent GNI)



GENDER

Gender equity enables faster economic growth by ensuring that all citizens can develop and apply their full productive capacities. A fundamental gauge of gender equity in health conditions and living standards is life expectancy at birth. In Angola, average life expectancy is dismally low: for males 40.1 years and for females 43.3 years (2005). The 3.2 year longevity differential in favor of women is below the median of 5.6 years for LMI countries and Brazil's 7.4 years. It is higher than differentials in South Africa (2.5 years) and the median for LMI-SSA (1 year). (Life expectancy figures for South Africa and LMI-SSA countries reflect early deaths from HIV/AIDS.) In countries with more advanced human development, women outlive men by 5 years of more, on average.

Other indicators of gender equity reveal additional development challenges facing Angola. Combined enrollment rates for primary, secondary, and tertiary education in 2004, for example, show that only 24 percent of females and 28 percent of males are enrolled in school. Although these statistics reflect better gender equity than the benchmarks, they more fundamentally illustrate extreme deficiencies in education. In comparison, the LMI-SSA median enrollment rate is 62 percent and 56.5 percent for males and females, respectively; in South Africa the combined enrollment rate for females surpasses that for males, at 77 percent and 76 percent, respectively. Improving access to health care and education for both men and women is an essential step toward enhancing the productive capacities of the country.

As in many developing countries, the labor force participation rate for men is higher than for women: 92.2 percent versus 75.6 percent. Both rates, however, are much higher than the LMI median (85.4 percent males and 52.0 percent females) and rates in Brazil (83.2 percent males and 61.5 percent females) and South Africa (82.2 percent males and 49.3 percent females). Judging by Angola's poor performance on other social indicators it is most likely that extreme poverty compels both women and men to work in order to eke out a basic living.

3. Private Sector Enabling Environment

This section reviews key indicators of the enabling environment for encouraging rapid and efficient growth of the private sector. Sound fiscal and monetary policies are essential for macroeconomic stability, which is a necessary though not sufficient condition for sustained growth. A dynamic market economy also depends on basic institutional foundations, including secure property rights, an effective system for enforcing contracts, and an efficient regulatory environment that does not impose undue barriers on business activities. Financial institutions play a major role in mobilizing and allocating savings, facilitating transactions, and creating instruments for risk management, though they can also cause instability without proper supervision. Access to the global economy is another pillar of a good enabling environment because the external sector is a central source of potential markets, modern inputs, technology, and finance, as well as competitive pressure for improving efficiency and productivity. Equally important is development of the physical infrastructure to support production and trade. Finally, developing countries need to adapt and apply science and technology to attract efficient investment, improve competitiveness, and stimulate productivity.

FISCAL AND MONETARY POLICY

Angola has made great strides in improving fiscal and monetary management over the past five years. The government has been running a large budget surplus and tightening monetary policy to bring inflation down to moderate levels. But macroeconomic stability is not yet entrenched, and conditions could worsen as a result of policy inconsistencies or exogenous shocks such as the recent precipitous fall in oil prices.

The centerpiece of fiscal policy in Angola is the fact that income from the oil and diamond industries has generated a huge flow of revenue into the national treasury. Over the past five years government revenue (excluding grants) averaged nearly 40 percent of GDP—more than twice the global median for LMI countries (19.8 percent), and considerably higher than the revenue ratios for Brazil (26.7 percent) or South Africa (27.2 percent). Government expenditures, amounting to 33.1 percent of GDP in 2007, have risen less rapidly than revenues, in part because the government has prudently adopted very conservative assumptions about the price of oil in determining spending targets. Nonetheless, the large fiscal surplus is dependent to an extreme

extent on world price of petroleum, with 77 percent of revenues coming from the oil sector alone in 2007.¹²

Focusing on the balance between *domestic* revenue and expenditure yields a different and far more troubling picture of the budget position. According to IMF estimates for 2007, non-oil revenues represented just 23 percent of government revenue, resulting in an enormous non-oil budget deficit of nearly 24 percent of GDP.¹³ This alternative calculation is very important for macroeconomic stability because there is an inflationary monetary injection into the economy when revenues raised externally are spent in the domestic economy. (This problem does not arise to the extent that the expenditures are on imported goods and services.) To achieve a more sustainable and less inflationary fiscal posture, the government will need to expand the domestic tax base while wisely managing domestic spending from the influx of oil revenues.

Looking at inflation, consumer prices rose by 13.3 percent in 2006 and 12.2 percent in 2007. These figures are a huge improvement over the early postconflict years, when inflation ran as high as 98.3 percent in 2003. Nonetheless, the recent inflation rates have been more than double the LMI-SSA median of 5.3 percent, more than triple the inflation rate in Brazil (3.6 percent), and well above the inflation rate in South Africa (7.1 percent) (Figure 3-1). At face value, these figures suggest that bringing inflation down to single digits should be an important policy objective, to establish a credible commitment to macroeconomic stability and increase confidence in the economy. However, reducing inflation to this level would require tighter fiscal and monetary policies, which may not be the best strategy in a rapidly growing economy with enormous needs for rebuilding infrastructure and improving public services following decades of warfare.

It is therefore appropriate for the government to manage the oil and mineral revenues by striking a balance between the objective of lowering inflation and the need for public expenditure to establish a strong basis for future growth. In doing so, it is essential for the government to avoid rekindling high inflation through excessive spending and to pay heed to the implications of sustained inflation for exchange rate management and competitiveness (see External Sector). In addition, given Angola's heavy dependence on oil revenue and the volatility of world oil markets, the government needs to continue basing its budget program on conservative assumptions about oil prices.

Turning to monetary policy, growth of the broad money supply (M2) declined from a highly inflationary 63.9 percent in 2003 to a rate of 38.6 percent in 2007 (Figure 3-2). This tightening of monetary growth has been a major tool in the fight against high inflation. But the rate of money supply growth is still very high compared to all of the benchmarks, including growth rates of

¹² IMF, 2007 Article IV Consultation, p. 17. On page 9, the IMF notes that expenditures for 2007 were based on revenue projections using a very conservative assumption of \$45 per barrel as the world price of oil.

¹³ *Ibid.*

Figure 3-1
Inflation Rate

The government has overcome a postconflict surge in inflation, but fiscal and monetary policies are still too expansionary to push inflation down into the single digits.

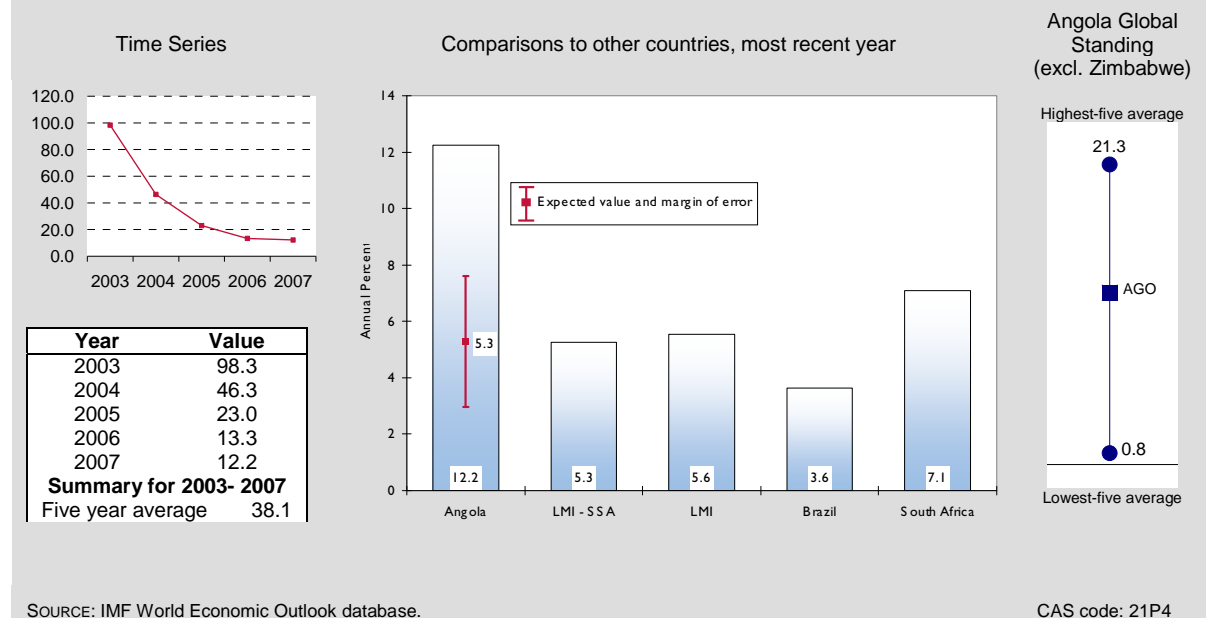
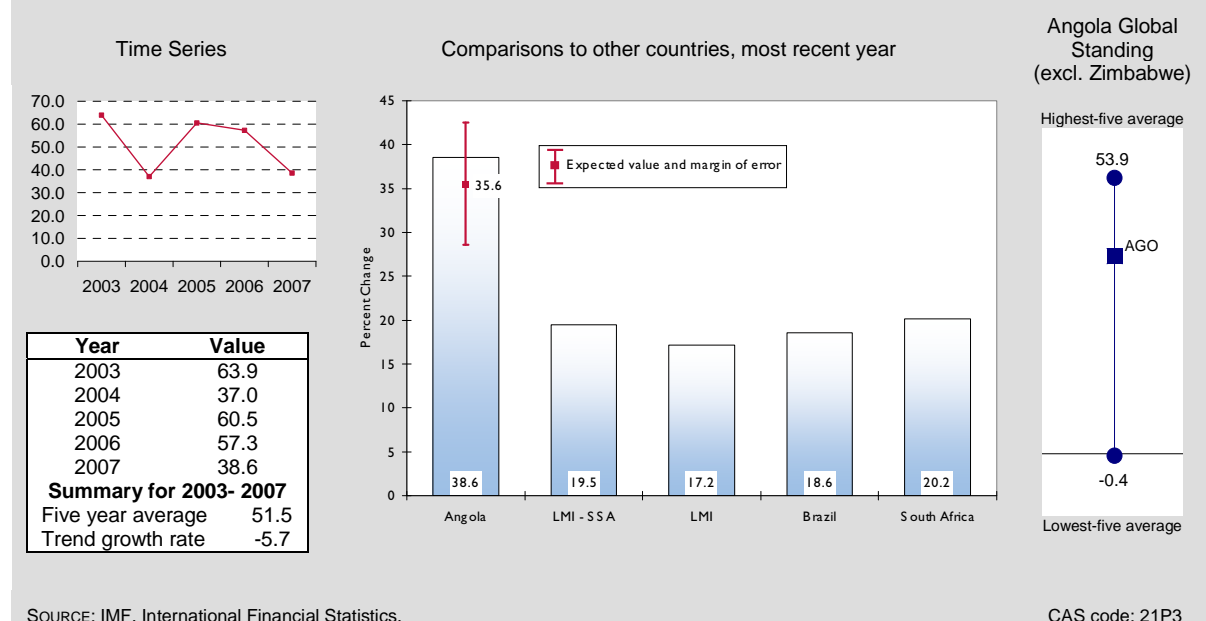


Figure 3-2
Growth in Money Supply (percent change)

Rapid growth of the money supply, driven by credit to the private sector, has contributed to inflationary pressures.



20.2 percent in South Africa, 18.6 percent in Brazil, and the median 19.5 percent for LMI-SSA countries. It should be noted, however, that the demand for money balances has been growing by

more than 21 percent per year simply because of the real expansion of the economy. In addition, the economy is remonetizing, which further raises demand for money balances (see Financial Sector). On both counts, 38.6 percent growth of the money supply is less inflationary than it appears at first glance. Yet it is still higher than warranted to achieve single-digit inflation. In addition, as GDP growth slows down from recent oil-driven peaks, money supply growth will have to slow down in parallel to avoid further inflationary pressures.

The main source of monetary growth has been a rapid expansion of bank credit to the private sector, which accounted for 87.3 percent of the increase in broad money in 2007. In this environment, a too-tight monetary policy will impede growth by restricting credit to the booming economy (though rapid credit growth entails risks of its own, as discussed below). As with fiscal policy, monetary policy has to strike a prudent balance between macroeconomic stability, as a foundation for sustainable growth, and meeting the needs of the growing economy. This balancing also requires coordination between the fiscal and monetary authorities, because excessive injections of money into the domestic economy through the government budget limit options for monetary management. Donor agencies may be able to help in this process through support for capacity building in the Ministry of Finance and the central bank, Banco Nacional de Angola (BNA).

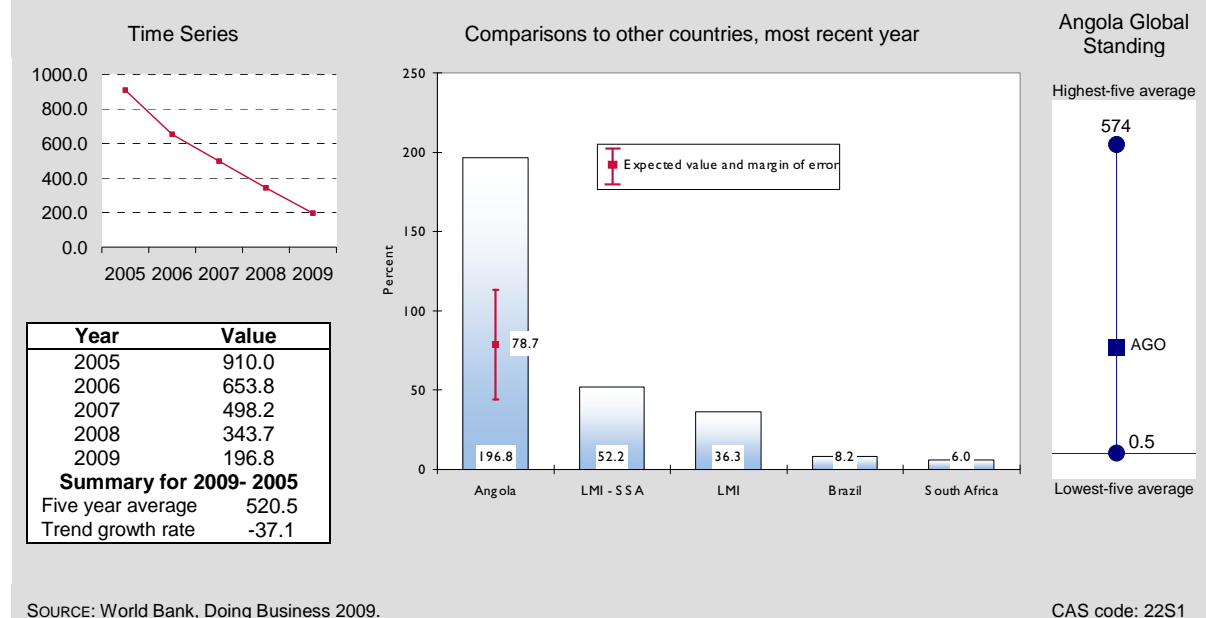
BUSINESS ENVIRONMENT

Institutional barriers to doing business, including corruption in government, are critical determinants of private sector development and prospects for sustainable growth. The World Bank's 2009 composite Ease of Doing Business indicator (reflecting conditions in early 2008) ranked Angola 168 out of 181 countries, lower than Brazil (125) and much lower than South Africa (32). Angola performed poorly in nearly every component of the composite index. For example, even though the cost of starting a business in Angola has fallen over the past five years, it is still very high at an estimated 196.8 percent of Gross National Income (GNI) per capita in 2008 (and much of the improvement is due to rapid growth in GNI rather than better policy). In contrast, the cost in Brazil is 8.2 percent of GNI per capita and in South Africa 6.0 percent (Figure 3-3). The vast majority of small businesses in Angola simply cannot afford to formally register. The process for starting a business is somewhat better. Start ups in Angola must complete 8 procedures that take an estimated 68 days, which is better than in Brazil (18 procedures, 152 days), but worse than the global median for LMI countries (10 procedures, 41 days), and in South Africa (6 procedures, 22 days).

Likewise, the World Bank estimates that the total tax payable for a standardized business case in Angola adds up to 53.2 percent of operating profit. This is less of a burden than a similar business would face in Brazil (69.4 percent), but still heavy compared to the burden in South Africa (34.2 percent) and the global LMI median (42.3 percent). Angola also ranks very low in many other Doing Business indicators, such as enforcing a contract by litigating a sales dispute, which takes an estimated 1,011 days, or nearly twice the time in Brazil (616 days) and South Africa (600 days), as well as the global LMI median (585 days).

Figure 3-3
Cost of Starting a Business (percent GNI per capita)

The cost of starting a business has dropped sharply relative to GNI per capita, because the latter has been increasing; but high costs are still a serious impediment to formalization of small businesses.



Taken together, the Doing Business indicators reveal an interesting pattern: in numbers of procedures Angola often matches or does better than the median for LMI-SSA countries but in amount of time spent on procedures, it usually fares worse than LMI-SSA countries, Brazil, and South Africa. Taking more time to complete fewer procedures likely reflects operational problems in inefficiently managed agencies staffed with poorly trained or unmotivated public officials.

Angola also scores poorly on the World Bank Institute's annual ratings on quality of governance (which range from -2.5 for very poor to +2.5 for excellent, with 0.0 as the global median). On the Control of Corruption Index, Angola's score of -1.1 for 2007 is considerably below that of Brazil (-0.2), South Africa (+0.3), and the global LMI median (-0.6). Its score is also poor on the Rule of Law Index (-1.3), the Government Effectiveness Index (-1.2), and the Regulatory Quality Index (-1.0). All of these scores fall short of the international benchmarks. For example, on Rule of Law, for which the global LMI median is -0.6, the World Bank scores Brazil -0.4 and South Africa +0.2.

Weak scores on nearly all business environment indicators reveal serious institutional problems that will impede private sector development outside the oil and mineral sectors and the attraction of investment needed to spur broad-based growth and rapid job creation. Given the dominance of the oil sector and the desire of the government to diversify the economy, resolving institutional issues should be a high priority for the government and the donor community.

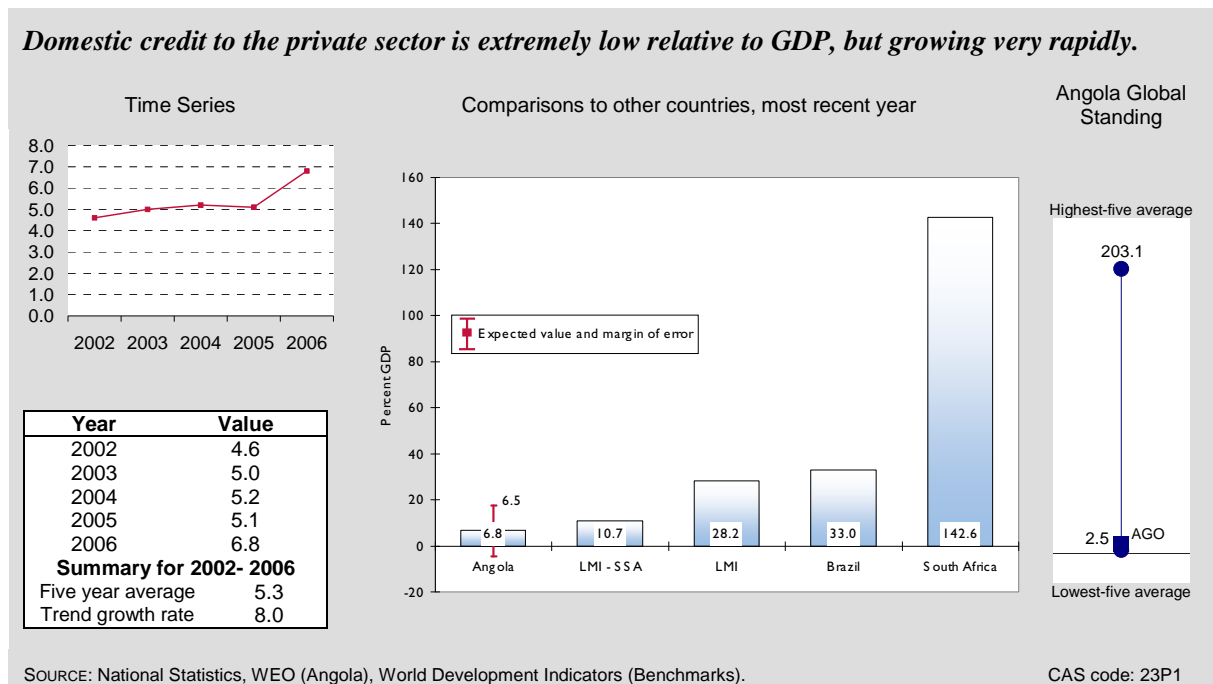
FINANCIAL SECTOR

A sound and efficient financial sector is a key to mobilizing savings, fostering productive investment, and improving risk management. A poorly regulated financial sector can also be a major source of risk, as events in world financial markets in 2008 have demonstrated. In Angola, all key indicators of financial sector performance have improved in recent years.

A basic indicator of financial development is monetary deepening as measured by the ratio of broad money (consisting of currency plus bank deposits) to GDP. In Angola, this ratio has risen rapidly, going from 11.9 percent of GDP in 2005 to 16.3 percent in 2007 as inflation abated. The 2007 figure is consistent with the predicted value of 15 percent for a country with Angola's characteristics and is close to the LMI-SSA median of 20.3 percent. Not surprisingly, it lags far behind ratios in Brazil (58.9 percent) and South Africa (63.9 percent), and the global median for lower-middle-income countries (41.7 percent).

Despite rapid growth of bank loans in the past few years (see Fiscal and Monetary Policy), domestic credit to the private sector amounted to just 6.8 percent of GDP in 2006 and 7.2 percent by mid-2007 (latest data). These figures indicate that the banking system is still very underdeveloped relative to the international benchmarks. The median for LMI-SSA countries is 10.7 percent and for all LMI countries 28.2 percent; in Brazil domestic credit to the private sector amounted to 33 percent of GDP and in South Africa 142.6 percent (Figure 3-4).

Figure 3-4
Domestic Credit to the Private Sector (percent GDP)



One important sign of progress in financial development can be seen in the spread between deposit and lending rates, which dropped from more than 65 percentage points during the high-inflation period after the peace accord to just 10.1 percentage points in 2006. The latter figure was

only slightly above the LMI-SSA median of 9 percentage points, though still much higher than the global LMI median of 7 percentage points and the 4 point spread in South Africa's highly efficient banking system. Brazil, in contrast, has registered an aberrantly high spread of nearly 37 percentage points, reflecting a very tight stance for monetary policy. For Angola, the sharp drop in this indicator reflects rising liquidity and greater competition in the banking system, which has greatly improved access to finance for qualified individuals and businesses.¹⁴ While these are very positive trends, overly rapid growth of bank lending can feed inflation and create systemic risks in a financial sector whose banking skills and risk management systems are not highly developed. The government and BNA must therefore manage monetary policy cautiously and ensure careful supervision of bank lending to guard against a damaging deterioration in credit quality.

Stronger competition among the banks also led to a rapid drop in the real (inflation-adjusted) interest rate on bank loans from 27.8 percent in 2004 to 4.2 percent in 2006. The rate then jumped to 17.4 percent in 2007 as the central bank tightened monetary policy to combat inflation and curtail the rapid growth of credit. The latter rate is very high compared to nearly every benchmark, including the global LMI median of 6.5 percent and South Africa's 4.7 percent. Brazil again is exceptional, with a real rate of 37.5 percent in 2007.

While credit to the private sector has been expanding rapidly, there have also been widespread concerns about insufficient term lending for productive investments. To address this problem, the government established the Development Bank of Angola (BDA), which began operations in 2007, to promote domestic investment and support implementation of the national development plan. According to a recent study conducted for USAID:

The BDA will manage a Development Fund that receives 5% of the government's fiscal revenue from the oil industry and 2% of revenue from the diamond industry.... BDA will directly finance projects involving US\$5 million or more, and extend credit lines to partner commercial banks for smaller projects. Additionally, BDA will undertake capital investments, offer long term financing to commercial banks, provide grants for business development services, and offer risk guarantees of up to 90% to commercial banks. Initially BDA is focusing on financing value chains in four priority sectors: maize, beans, cotton, and construction materials."¹⁵

In effect, the BDA is a channel for routing oil revenues through the banking sector to support development of designated non-oil sectors. If this development fund is well managed with lending based on sound appraisal standards (as intended), then the BDA can make an important contribution to development and diversification of the economy. But if BDA uses a significant portion of the fund to finance investments that are not fundamentally viable, it will merely be redistributing wealth not facilitating sustainable growth of competitive industries.

¹⁴ The Services Group and Nathan Associates Inc. 2008. Developing the Supply of Financial Services and Improving the Efficiency of the Banking Sector in Angola. USAID.

¹⁵ *Ibid*, p. 4.

For most emerging economies stock market capitalization is another key indicator of financial development. Angola is one of the few countries in southern Africa that does not yet have a functioning stock market, a clear sign of financial sector underdevelopment. The government passed a Capital Markets Act in 2006, and a stock exchange is due to open in late 2008 or early 2009 under the supervision of a Capital Markets Commission as the regulatory authority.

In addition to macroeconomic stability, a fundamental requirement for financial sector development is an effective regulatory environment. In the World Bank's Doing Business Report for 2009, Angola scored 4.0 (on a scale of 0 for poor to 10 for excellent) on the index of Legal Right of Borrowers and Lenders. Surprisingly, this score beats that of Brazil (3.0) and matches the LMI median (4.0). South Africa, however, provides a far more positive model for Angola, with a score of 9.0.

The development of an efficient financial system takes a long time. It requires institutions with skilled personnel and strong risk-management systems, an effective supervisory structure, a supportive legal and judicial system, public confidence in financial institutions, and a business climate that facilitates the growth of creditworthy clients. While Angola has been making impressive strides in all these areas, the financial system is still very underdeveloped relative to the standards in most LMI countries.

EXTERNAL SECTOR

Fundamental changes in international commerce and finance, including reduced transport costs, advances in telecommunications technology and lower policy barriers, have fueled a rapid increase in global integration in the past 25 years. The international flow of goods and services, capital, technology, ideas, and people offers great opportunities for Angola to boost growth and reduce poverty by stimulating productivity and efficiency, providing access to new markets and ideas, and expanding the range of consumer choice. At the same time, globalization creates new challenges, including the need for reforms to take full advantage of international markets and cost-effective approaches to cope with the resulting adjustment costs and regional imbalances.

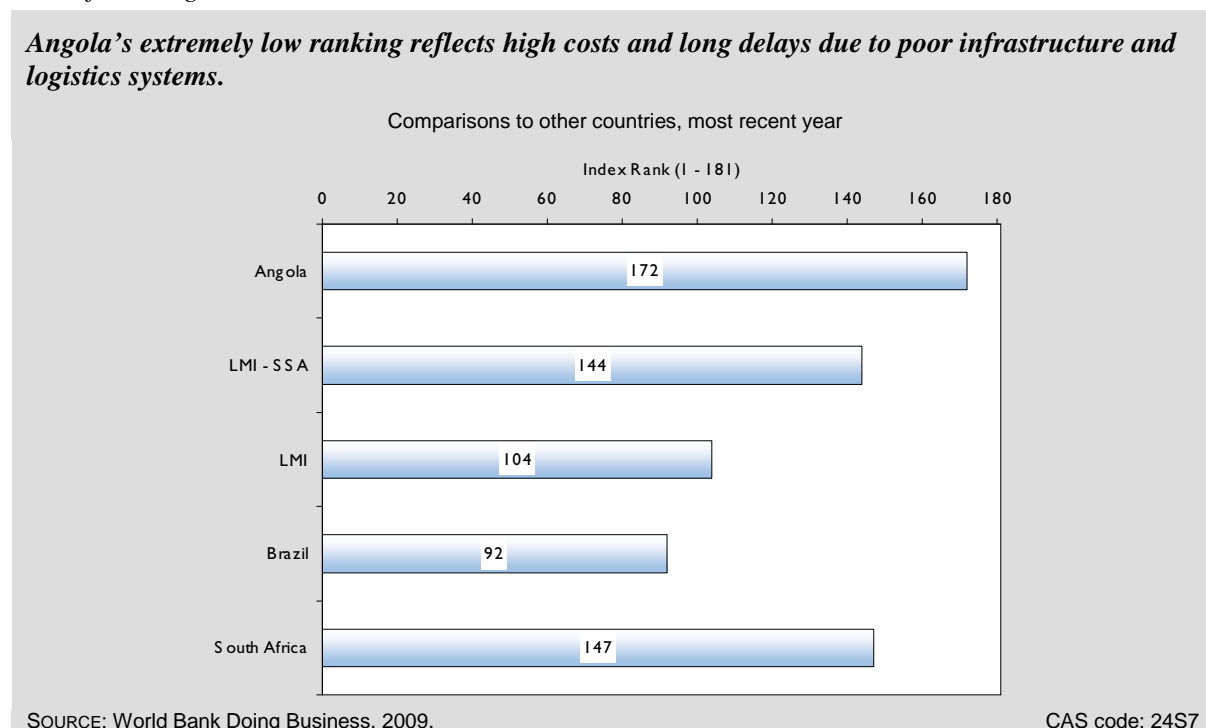
International Trade and the Current Account Balance

Since the end of civil war in 2002, Angola has benefited greatly from rapid growth in the volume of exports—76 percent in 2005 and 37.2 percent in 2006—due to the development of new offshore oil fields, combined with rapidly rising international prices for oil. In volume terms alone, export growth has been much higher than in Brazil (3.5 percent) or South Africa (7 percent). The boom in export earnings has created a large and growing current account surplus and a rapid accumulation of foreign exchange reserves to cushion against external shocks, as well as a large increase in government revenues to finance infrastructure and public services (see Fiscal and Monetary Policy).

Of course, these highly favorable developments are heavily dependent on conditions in the volatile world market for petroleum, which accounted for more than 95 percent of Angola's

exports in 2007; in sharp contrast, less than 0.1 percent of exports are represented by agriculture and manufactures, apiece.¹⁶ Unfortunately, underlying institutional and structural weaknesses cloud prospects for export diversification. In the World Bank's 2009 Doing Business report, Angola ranks just 172 out of 181 countries on ease of trading across borders. This is far below the low rank for median LMI-SSA countries (144), the global median for LMI countries (104), and rankings for South Africa (147) and Brazil (92) (Figure 3-5). Angola's extremely low ranking reflects how its poor infrastructure and logistics systems make it costly and time consuming to move goods into and out of the country.

Figure 3-5
Ease of Trading Across Borders



Trade policy, as such, is less of a problem. This can be seen in Angola's relatively high score of 73.0 (out of 100) on the Heritage Foundation's Trade Policy Index for 2008. For comparison, the scores for Brazil and South Africa are 70.8 and 74.2, respectively, and the global LMI median is 71.2. The Heritage Foundation commends Angola for reforming its trade policies, but points out that many nontariff barriers such as subsidies, import restrictions, inadequate customs capacity, prohibitive regulations and standards, and weaknesses in protecting intellectual property rights, add to the costs of trade or impede the flow of goods across borders.¹⁷

¹⁶ COMTRADE data, 2006.

¹⁷ Heritage Foundation. *2008 Index of Economic Freedoms*, p. 82.

Overall, the Angolan economy is heavily reliant on international trade, with recorded exports plus imports totaling 108.2 percent of GDP in 2007. Interestingly, this trade ratio has declined over the past five years, from 132.7 percent of GDP in 2003, due to less rapid (but still very fast) growth of imports. Nonetheless, Angola imports most foodstuffs, construction materials, capital goods, and consumer goods, especially in the urban centers of Luanda, Benguela, and Huambo. Angola's overall trade ratio is close to the median for LMI-SSA countries (110.3 percent), but far higher than the corresponding figures for Brazil (23.5 percent) and South Africa (64.3 percent), where local production capacity is much more diversified and competitive.

Economic diversification, of course, is a long-term process that has just gotten underway in Angola after decades of destructive conflict. As discussed in other sections of this report, the process requires a commitment to macroeconomic stability, development of financial markets, improvements in the business environment, and extensive investments in infrastructure, health, and education. Prospects for diversification are also heavily influenced by exchange rate policies. The concern is that large inflows of foreign exchange from oil and mineral exports have led to a strengthening of the kwanza in nominal terms and to inflationary pressures. As a result, the real effective exchange rate (REER) rose from 117.5 in 2003 to 206.9 in 2007, based on an index defined to equal 100.0 for the year 2000 (see Figure 3-6).¹⁸ Thus, the inflation-adjusted value of the kwanza has risen by 76 percent in the past five years relative to the value of trading-partner currencies, and more than doubled since 2000. This is a classic symptom of a widely recognized economic syndrome in which a bounty of resource riches leads to a nominal appreciation of the local currency and/or a high inflation rate (relative to that of major trading partners), which can undermine the competitiveness and creditworthiness of current or prospective producers of tradable goods for either export or import substitution, be they manufactured goods, agricultural products, or services.

Many countries, such as Nigeria and Gabon, have suffered severe setbacks in development after this REER syndrome took hold. Others have remedied the problem through prudent policies for managing the surge in export earnings. Norway, for example, has managed the rapid growth of oil revenues that began in the 1950s by establishing an offshore Petroleum Fund to save foreign currency earnings, by restraining domestic spending of oil revenues to limit inflationary effects of such revenues, and by investing heavily in education and technology to strengthen productivity and thereby counteract adverse effects on competitiveness.¹⁹ A recent USAID study of Angola's financial sector cites Indonesia as another interesting case:

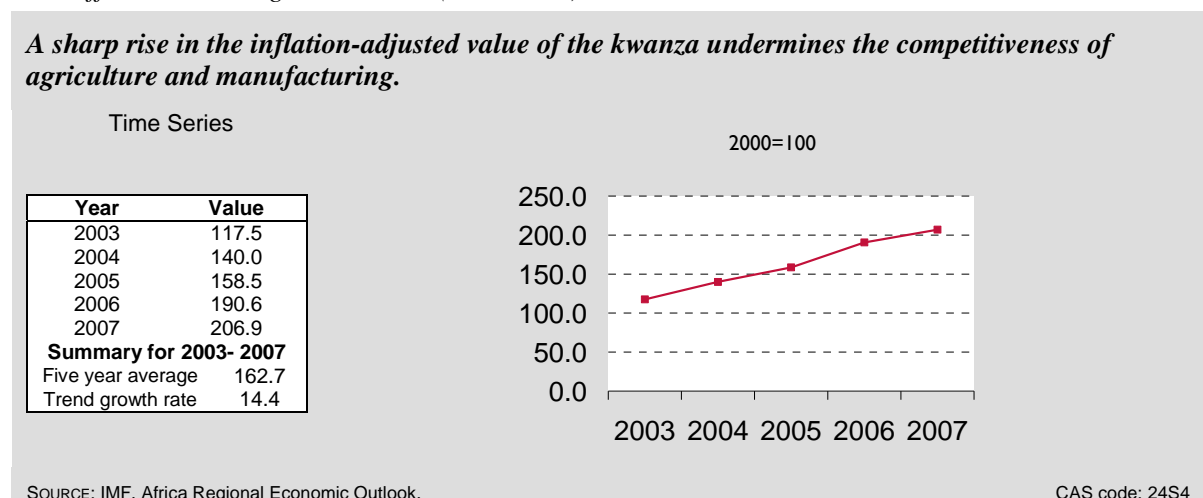
[T]he [Indonesian] government saw that that the appreciation of the rupiah was eroding profits for other exporters and producers competing against imports. In response, they engineered a dramatic 50% nominal depreciation in 1978 through their management of international reserves. The government repeated this act with another 55% depreciation of the rupiah after the second oil price jump in 1980-82.

¹⁸ IMF, <https://www.internationalmonetaryfund.org/external/country/ago/index.htm>, accessed October 20, 2008.

¹⁹ Larsen, Erling Roed. 2004. Escaping the Natural Resource Curse and the Dutch Disease? Discussion Paper No. 377, Statistics Norway, Research Department.

As a result, the real exchange rate was about the same in 1984 as in 1970. These policies helped to trigger an era of broad-based growth and poverty reduction.”²⁰

Figure 3-6
Real Effective Exchange Rate Index (2000=100)



Authorities in Angola need to weigh seriously the effect of the natural resource bounty on the competitiveness of other domestic industries—especially with regard to the viability of new investments, since there are precious few producers in manufacturing or commercial agriculture. This requires a careful assessment of policy options. Tightening fiscal policy, as in Norway, may be undesirable at this time because of the pressing need to spend on reconstruction and basic public services—even though this fiscal stance makes it more difficult to bring inflation down to single digits. Similarly, a large nominal devaluation, as in Indonesia, might be undesirable because it would create a short-term impulse of even higher inflation by increasing the local currency price of imported goods and services.

The most constructive approach for dealing with real exchange rate effects of the massive export earnings from natural resources is to invest a large share of revenue gains in infrastructure in order to improve productivity, reduce transport and communications costs, and set the stage for the emergence of more competitive nonresource industries. Investments in health, education, and market supporting institutions are also extremely important. A careful study of particular industries would be needed to determine whether the productivity and cost improvements from such investment will be sufficient to outweigh the adverse effects on competitiveness due to movements in the REER.

To minimize the impact of government expenditure on the inflation and exchange rates, the government can increase the share involving external payments. Using foreign exchange earnings to purchase imports or external services has a neutral effect on those rates, unlike spending in the

²⁰ The Services Group and Nathan Associates Inc., p. 162.

domestic economy. Such purchases include equipment for construction and the extension of utilities; computer supplies for schools, hospitals, and government agencies; overseas education for professionals and technical workers; or foreign technical expertise to contribute to national development.

To complement these approaches to managing the resource boom, the government must also continue investing a substantial share of resource earnings offshore to contain pressure for further real appreciation and to smooth out economic adjustments to the strong kwanza. This is especially important to the extent that the foreign exchange earnings are (or could be) temporary, as proved to be the case for the spike in petroleum prices earlier this year. Indeed, a case can be made for managing the foreign exchange earnings that accrue to the government with a view to engineering a gradual real depreciation of the exchange rate, in order to enhance the competitiveness of new investments outside the resource sector.

Foreign Investment, External Assistance, and International Reserves

Foreign direct investment can catalyze productivity gains by transferring technology, developing human capital, and enhancing access to global supply chains. In 2007, net FDI flows to Angola were actually negative, at -2.4 percent of GDP.²¹ Angola has been attracting large investments for offshore drilling so the negative figure indicates that inflows have been more than offset by outflows in the form of distributed profits or intracompany loan repayments to foreign investors. The net FDI inflow compares poorly with the LMI-SSA median of 5.4 percent of GDP, and with Brazil and South Africa's rather low figures of 2.6 and 2.0 percent of GDP, respectively (Figure 3-7). A negative net flow of FDI in the oil industry is understandable during a period of record-high petroleum prices. The more serious problem is Angola's inability to attract investment outside the oil enclaves because of its poor environment for private sector development, including REER issues, as discussed in other sections of this report.

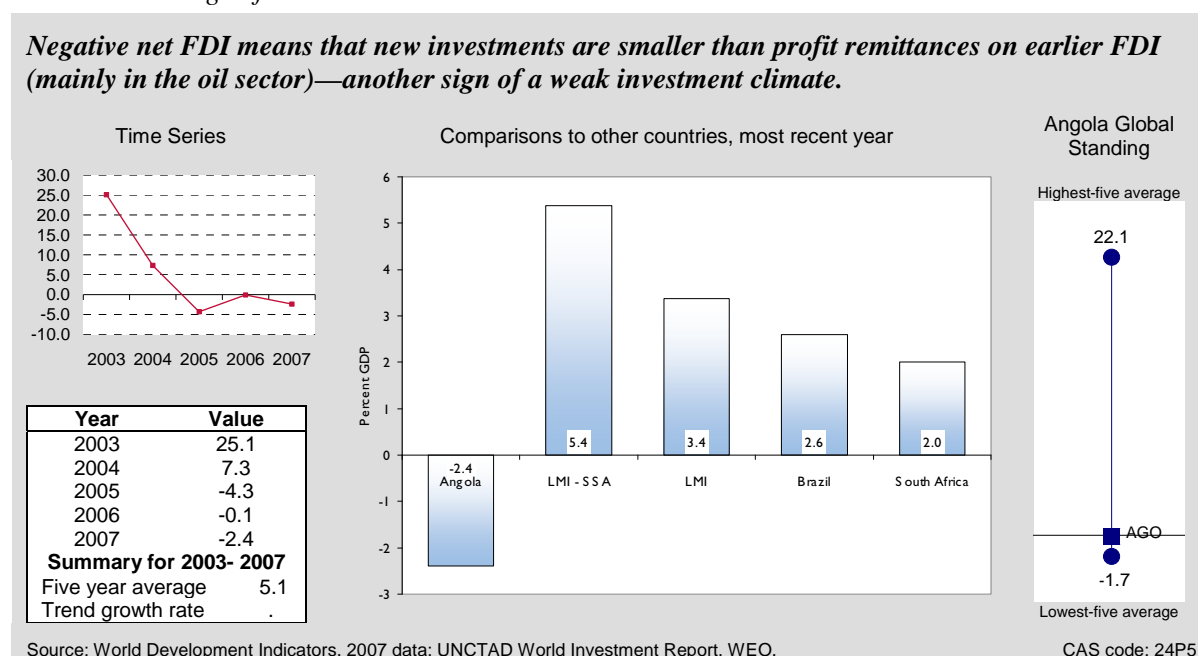
Because of its oil wealth, Angola is largely independent of foreign aid. Official development assistance in 2006 amounted to only 0.4 percent percent of GNI. This rate is miniscule by African standards—the median for LMI-SSA is 5.1 percent—and similar to more developed countries such as Brazil (0.0 percent) and South Africa (0.3 percent). The external debt burden is also low and shrinking, as the ratio of debt service to exports has declined from 23.7 percent in 2003 to just 8.7 percent in 2006. Angola's oil wealth has put it in the enviable position of having no particular problems with debt overhang or aid dependency.

Another very favorable effect of the oil wealth is that Angola's international reserves have increased rapidly, reaching 5.7 months of import cover by the end of 2007. A more recent report from the Bank of Angola indicates that reserves soared to 17 months of import cover by early

²¹ The 2007 data on net FDI flows are from UNCTAD's World Investment Report 2008, p. 254. The ratio reported here is computed using the U.S. dollar value of GDP from the IMF, World Economic Outlook, October 2008.

October 2008, just before the plunge in crude oil prices.²² These reserves are very high by any standard, and demonstrate that the government is already using the accumulation of reserves to avoid pumping oil earnings too rapidly into the domestic economy, which would worsen inflation and accentuate the REER problems from real appreciation of the kwanza.

Figure 3-7
FDI as Percentage of GDP



In summary, Angola's strong external sector performance is dominated by the highly favorable effects of tapping the country's vast oil reserves. The rapid export growth, the strong current account balance, the increase in international reserves, and the absence of aid and debt dependency all rely directly on the thriving oil sector. Now that oil prices have suddenly and steeply declined, the cushion against further shocks has worn very thin, at least temporarily. The unexpected change for the worse in world market conditions underscores the need for policies and programs to diversify the export sector and the economy at large, attract new investors outside the oil sector, and make good use of oil revenues to improve infrastructure, invest in education and training, and improve the productivity of the whole economy.

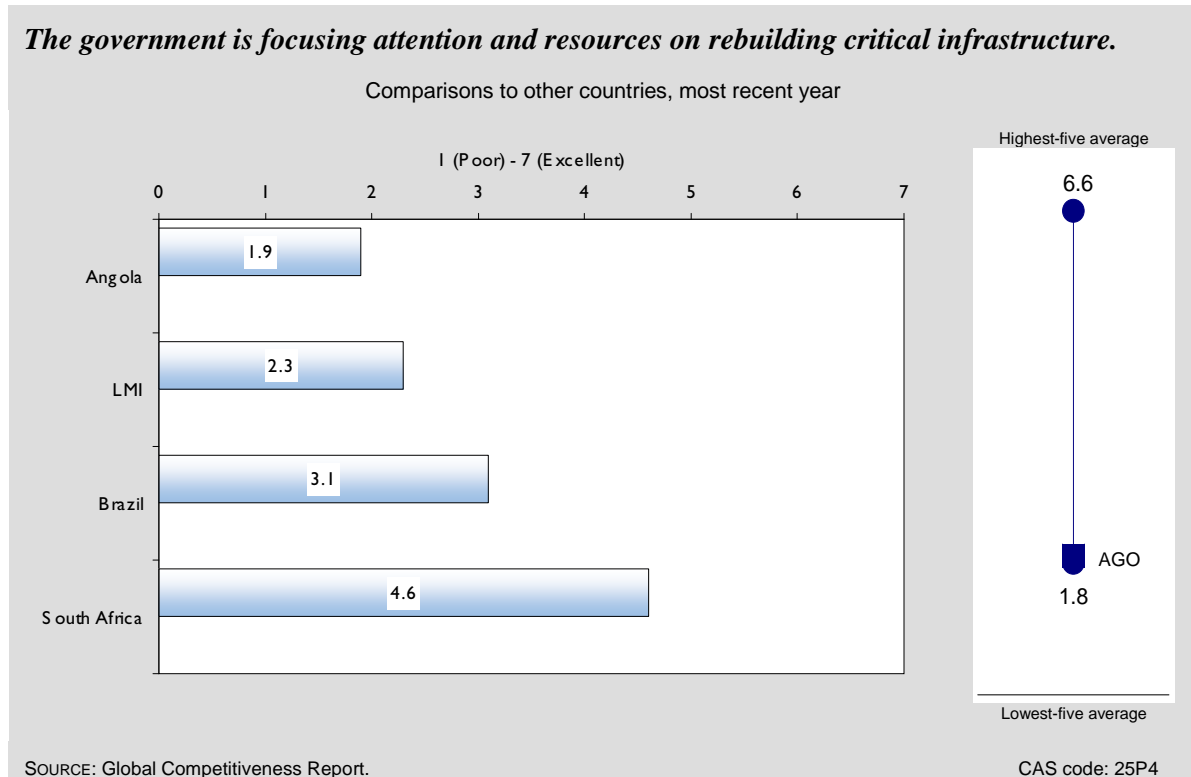
ECONOMIC INFRASTRUCTURE

Reliable physical infrastructure—for transportation, communications, power, and information technology—is crucial for improving competitiveness and productive capacity. Since the civil war ended in 2002, the Angolan government has been concentrating attention and resources on rebuilding the country's infrastructure. China has been assisting these efforts, providing more than \$4.5 billion in oil-backed loans for more than 100 projects in energy, water, health,

²² Source: Communication from USAID/Maputo.

education, telecommunications, fisheries, and public works.²³ The need for this investment is evident in the World Economic Forum's (WEF) ratings for infrastructure quality, which are based on a survey of executive opinion in each country. On a scale of 1 to 7 (poor to excellent), the WEF accords Angola a very low score of 1.9 for 2007, markedly below ratings for Brazil (3.1) and South Africa (4.6), and short of the global LMI median of 2.3 (Figure 3-8).²⁴

Figure 3-8
Overall Infrastructure Quality



The country's port facilities have been impeding trade flows, including imports of equipment and material for large-scale construction projects. For 2007, Angola received a weak score of 2.5 on the WEF assessment of port quality (again on a scale of 1 to 7); this is far below South Africa's score of 4.4 and the global LMI median of 3.1. Surprisingly, Brazil scored only 2.6, showing that respondents are equally disenchanted with port facilities in both countries, even though Brazil's ports and trade facilitation overall are much better than Angola's. Evidently, executives in Brazil have in mind a much higher standard of performance when they fill out the WEF questionnaire.

²³ The Export-Import Bank of China (EximBank) pledged \$2 billion oil-banked loans to Angola in March 2004, \$500 million in May 2007, and another \$2 billion in September 2007. See Indira Campos and Alex Vines, "Angola and China: A Pragmatic Partnership," Center for Strategic and International Studies, March 2008.

²⁴ Angola ratings available in the World Economic Forum's Africa Competitiveness Report 2007.

The situation is similar for rail development. As one would expect, given the wartime destruction of rail lines throughout Angola, the country scores 1.5 in the WEF survey, compared to 3.4 for South Africa and 1.9 as the global LMI median. Here, too, Brazil's remarkably low score of 1.7 belies the fact that its rail system is incomparably more developed than Angola's.

Angola's score of 2.2 for electricity infrastructure is somewhat better than other infrastructure rankings in absolute terms, but again far short of the benchmarks: 4.9 for Brazil, 4.0 for South Africa, and the LMI median of 3.9. A recent survey indicates that fewer than two in five households (38 percent) have access to electricity, and those that do are concentrated in urban areas where 66 percent of households have electricity compared to just 9 percent in rural areas.²⁵

Road development is more difficult to benchmark because population density, topography, and suitable road quality vary from one country to another. A common proxy is the percentage of roads that are paved. On this basis the World Bank estimates that only 10.4 percent of Angola's roads are paved, which is far below the predicted value of 29.5 percent for a country with Angola's characteristics and the global LMI median of 57.2 percent. But in South Africa only 17.3 percent of the roads are paved, and in Brazil only 5.5 percent. These low values presumably show that the countries have vast networks of unpaved roads, rather than a lack of paved ones for major corridors. Hence, these comparisons mainly show that the indicator itself is not very revealing. Nonetheless, for Angola the very low score does reflect a poor road system.

ICT infrastructure is also critically underdeveloped in Angola. Telephone density, measured as the number of fixed and mobile phone lines per 100 people, stood at just 14.3 in 2007. This is a big improvement from 1.5 subscribers in 2003, and is slightly above the LMI-SSA median of 11.7; yet the density of phone service in Angola is still substantially below the LMI median of 58.1 lines per 100 people, as well as the densities for Brazil (83.7 lines) and South Africa (98.6 lines). An equally dramatic gap can be seen in Internet usage per 100 people. For this indicator the LMI-SSA median is 3 users, while Brazil and South Africa have 26 and 8 users per 100 people, respectively. In contrast, Angola has just 0.6 users per 100 people. This weakness in ICT use is a serious constraint on competitiveness in the global economy, and efficiency gains for many domestic industries.

Overall, the quality of Angola's transportation, energy, and ICT infrastructure are major impediments to investment outside the oil sector and a drag on prospects for broad-based growth. The government is therefore on firm ground in focusing on infrastructure development as an early priority during the current reconstruction phase of postconflict economic recovery.

SCIENCE AND TECHNOLOGY

Science and technology are vital to a dynamic business environment and a driving force behind productivity and competitiveness. Even for lower-middle income countries such as Angola, transformational development depends on acquiring and adapting technology from the global

²⁵ Angola Malaria Indicator Survey, 2006–2007. p. xi.

economy. Lack of capacity to access and use technology prevents an economy from leveraging the benefits of globalization.

Unfortunately, very few international indicators can be used to judge performance in this area for low- and lower-middle-income countries. From the limited information available, it appears that science and technology capability in Angola is very weak compared to regional and income group benchmarks, largely as a legacy of the war. For example, the annual WEF survey of executive perceptions of country competitiveness includes a rating for the availability of scientists and engineers. For 2007, Angola received a score of 2.4 (on an ascending scale of 1 to 7), placing it next to last among 128 countries covered by the ratings. This score reflects a severe deficiency in science and technology education (see Education).

Another diagnostic indicator is the WEF's index of FDI Technology Transfer, which gauges the degree to which FDI integrates new technology into an economy (on an ascending scale of 1 to 7). Angola's score of 4.7 in 2007 is on par with the LMI median of 4.6, and not far below the scores for Brazil (5.1) and South Africa (5.3). This relatively good result is not surprising given that FDI coming in to Angola consists largely of high tech offshore drilling operations.

Less encouraging is Angola's low score of 2.6 on the WEF's Intellectual Property Protection Index, compared to the LMI median of 3.0, Brazil 3.3, and South Africa 5.2 (on an ascending scale of 1 to 7). Weak protection of intellectual property rights can discourage investment involving innovative or proprietary technologies. IPR reform and capacity building are areas in which donor interventions can provide important assistance.

4. Pro-Poor Growth Environment

Rapid growth is the most powerful and dependable instrument for poverty reduction, but the link from growth to poverty reduction is not mechanical. In some circumstances, income growth for poor households exceeds the overall rise in per capita income; in others, the poor are left far behind. A pro-poor growth environment stems from policies and institutions that improve opportunities and capabilities for the poor while reducing their vulnerabilities. Pro-poor growth is associated with investment in primary health and education, the creation of jobs and income opportunities, the development of skills, microfinance, agricultural development, and gender equality. This section focuses on four of these issues: health, education, employment and the workforce, and agricultural development.

HEALTH

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

Life expectancy at birth is commonly regarded as the best overall indicator of health status of a population. In 2008, the United States Census Bureau estimated life expectancy in Angola at just 37.9 years.²⁶ This figure is lower than the World Bank's 2006 estimate of 42.4 years—but both figures are among the lowest in the world. By comparison, the median life expectancy in LMI-SSA countries is 51.3 years, in LMI countries 70.6 years, and in South Africa 50.7 years. Moreover, the LMI-SSA countries and South Africa are much more affected by premature deaths from the AIDS virus. HIV prevalence rates in LMI-SSA and South Africa are estimated at 5.1 percent and 18.1 percent respectively, compared to 2.1 percent in Angola.

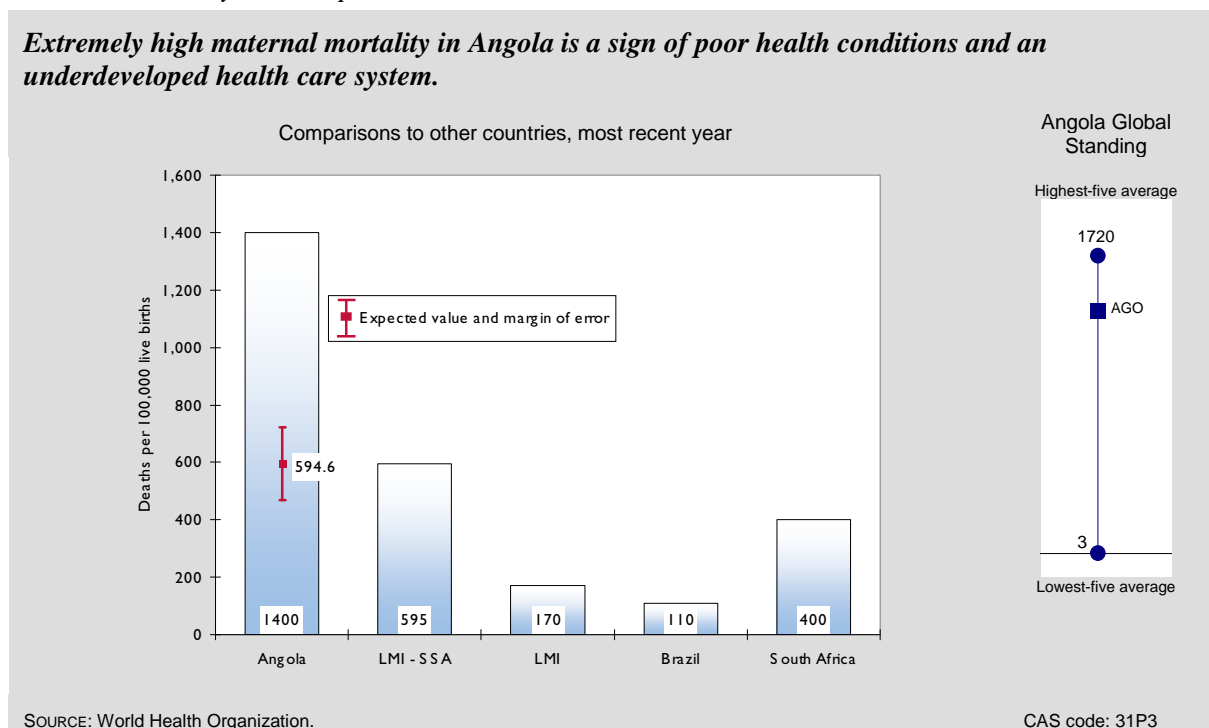
Access to improved water and sanitation are among the most important determinants of health. In 2006, just half of the population in Angola had access to improved sanitation and clean water. Although the level of access to sanitation surpasses the LMI-SSA median (36 percent), it is below that of South Africa (59 percent) and significantly below that of Brazil (77 percent). And access

²⁶ United States Census Bureau, International Programs Center. International Database, August 2008.

to clean water is much worse than all of benchmarks: LMI-SSA median (70 percent), South Africa (93 percent) and Brazil (91 percent).

Limited access to health services in general and an acute lack of trained professionals to assist during pregnancy and birth contribute to Angola's extremely high maternal mortality rate (MMR), estimated at 1,400 maternal deaths per 100,000 live births (2005). This is more than double the expected value for a country with Angola's characteristics and considerably worse than every one of the benchmarks (Figure 4-1). One reason for Angola's high maternal mortality rate is that only an estimated 47 percent of births are attended by skilled health professionals (2006), compared to the LMI-SSA median of 65 percent and South Africa's 92 percent (2003).²⁷ In urban areas, 71 percent of births are attended by a skilled health professional, but in rural areas only 26 percent are attended.

Figure 4-1
Maternal Mortality, Deaths per 100,000 Live Births



Other key indicators show very weak performance on child health services as well. Child immunization rates dropped from an estimated 61.5 percent in 2004 to 46.0 percent in 2006. This is far short of the expected value of 70.2 percent for Angola, the LMI-SSA median (71.5 percent), and the immunization rates for Brazil (99.0 percent) and South Africa (92.0 percent). In addition,

²⁷ Based on data from Angola Malaria Indicator Survey, 2006–2007, which collected information from 2,599 households and conducted 2,973 interviews of women.

UNICEF estimates that nearly 35 percent of children suffer from chronic malnutrition.²⁸ Malaria is another major health problem among children in Angola. An estimated 35 percent of all deaths in children under the age of five are due to malaria,²⁹ and Angola's overall infant and child mortality rates of 154 and 260 per 1,000 births respectively (2005) are among the highest in the world.³⁰

These deep-seated health problems reflect the effects of three decades of civil war that destroyed much of Angola's health care system, which was already weak in terms of both access and quality prior to the war. Angola's current budget allocation for health, amounting to just 2.8 percent of GDP, is insufficient to improve primary health services or rebuild the health care infrastructure. Additional government and donor support is required to strengthen health outcomes, both as a basic human need and as an essential investment in human capital.

EDUCATION

Investment in education is another cornerstone for economic growth and development. For Angola many of the standard CAS indicators on education are either unavailable or too out of date to be of much value, given the enormous changes that have taken place in the economy over the past five years. One thing that is very clear is that the education system, like the health care system, was severely disrupted by the war.

The few indicators available for the postconflict period show that improvements have been underway. For example, the gross primary school enrollment rate climbed from 56.7 percent in 2000 to 91.1 percent in 2003 (latest data).³¹ In 2002, the net primary enrollment was 56.8 percent for males and 41.3 percent for females.³² This is much lower than the expected values of 73.1 percent and 68.2 percent for a country with Angola's characteristics, as well as the LMI-SSA medians for males (74.8 percent) and females (77.8 percent) (Figure 4-2). However, it is a strong improvement from rates in 2000: 46.8 percent for males and 40 percent for females. Moreover, there are large differences between rural and urban areas: only 44 percent of rural children are reported to be in school, compared to 60 percent of urban children. Primary school retention in rural areas is also a problem. Of those who start, only 46 percent complete primary school and enroll in the fifth grade.³³

²⁸ UNICEF Humanitarian Action Report 2008, http://www.unicef.org/har08/files/har08_Angola_countrychapter.pdf, accessed October 28, 2008.

²⁹ Angola Malaria Indicator Survey.

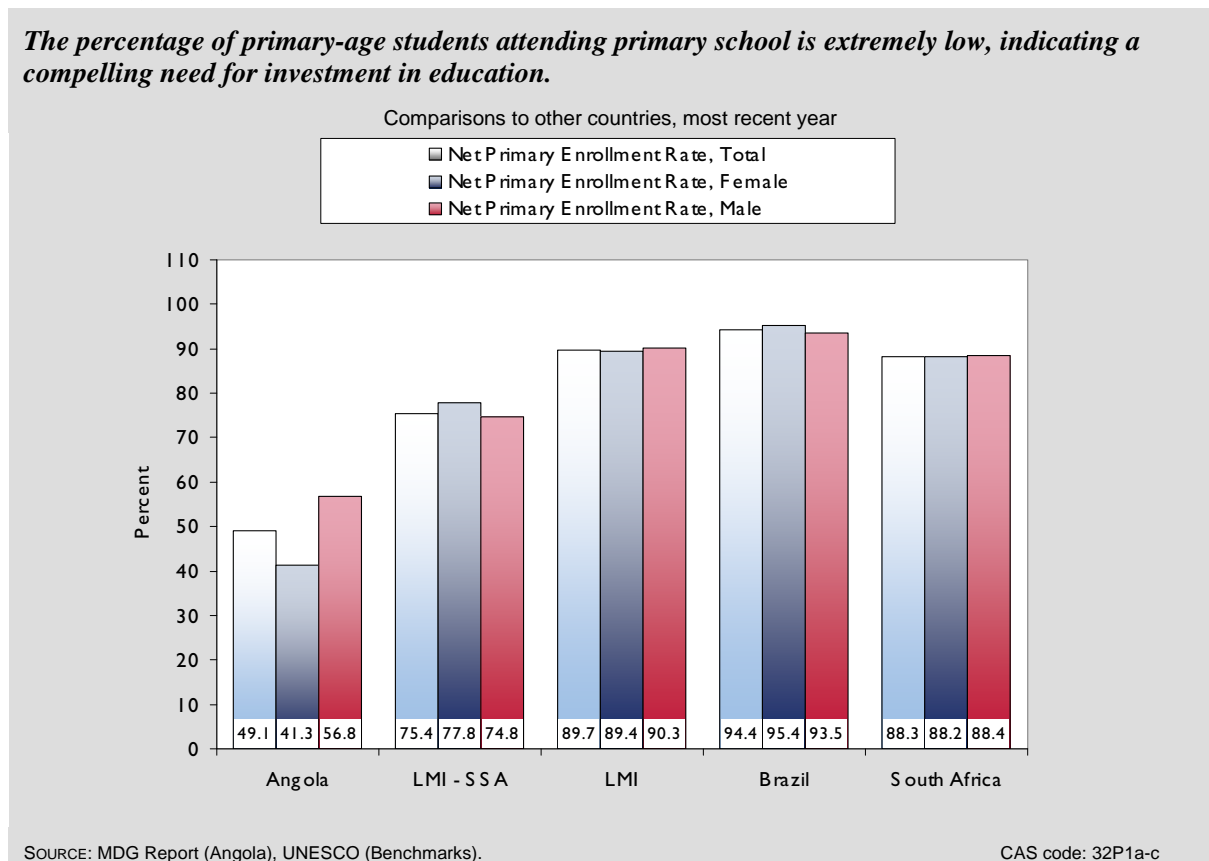
³⁰ UNICEF: The State of the World's Children, 2008.

³¹ Angola: Millennium Goals Report Summary, 2005, p. 13.

³² *Ibid.*

³³ World Bank. 2007. Angola: Oil, Broad-based Growth, and Equity, p. 11.

Figure 4-2
Net Primary Enrollment



As a result of the low enrollment rates in primary school, UNICEF estimates that the youth literacy rate is 84 percent for males and 63 percent for females (latest data).³⁴ These rates are low in absolute terms and relative to the expected values of 93.4 percent for males and 71.6 percent for females for a country with Angola's characteristics.

As demonstrated decisively in recent research, the quality of education is even more important than quantity.³⁵ Unfortunately, no data are available on educational quality for Angola. One very crude proxy is government expenditure on education, which rose from 2.5 percent of GDP in 1999 to 3.4 percent in 2003, but then dropped back to 2.5 percent in 2004 and 2005 (latest data).³⁶ It is true that nominal GDP more than doubled from 2003 to 2004 because of inflation, but education expenditure in 2004 and 2005, as a percentage of GDP, was still below 1999

³⁴ Data refer to the most recent year available during the period specified in the column heading (2000–2006), UNICEF Statistics, http://www.unicef.org/infobycountry/angola_statistics.html.

³⁵ Eric Hanushek and Ludger Woessmann. The Role of Cognitive Skills in Economic Development. *Journal of Economic Literature*, XLVI: 3, pp. 607-668.

³⁶ World Bank. 2007. Angola Public Expenditure Review: Volume II Sectoral Review, p. 51.

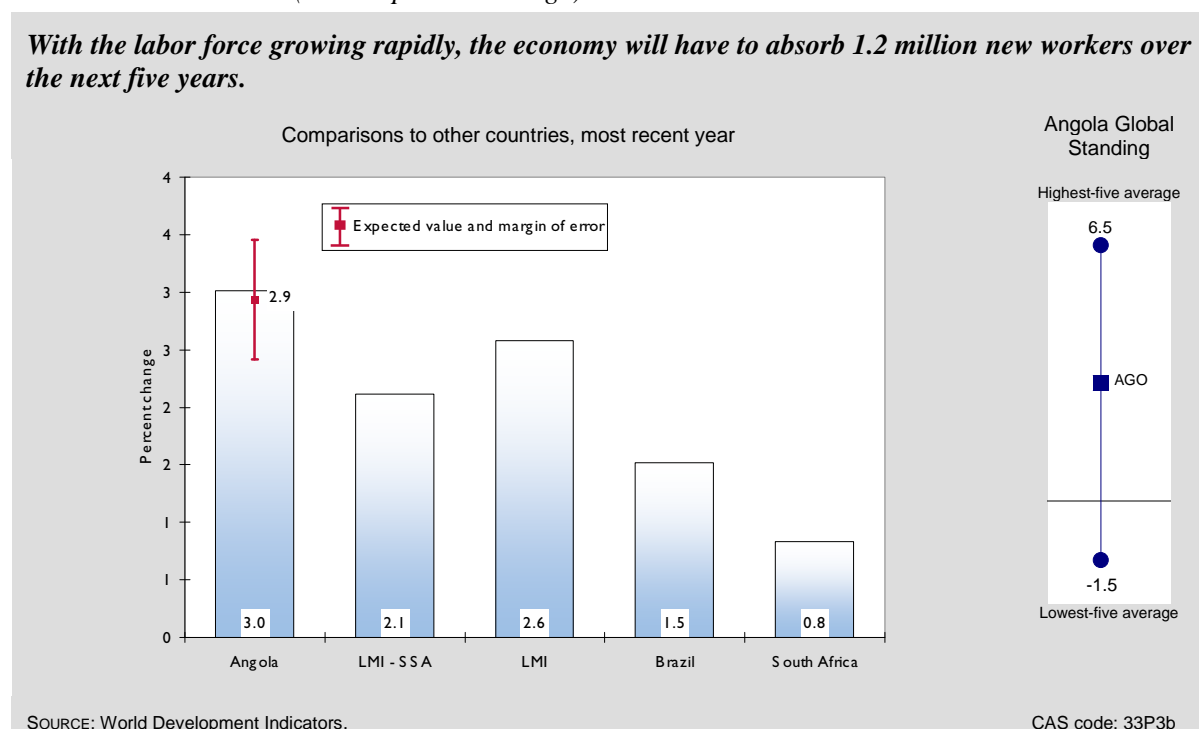
levels.³⁷ In short, there is a pressing need for further investment in Angola’s future through education.

EMPLOYMENT AND WORKFORCE

The Angolan work force was estimated at 7.3 million people in 2006. In the five years to 2006, the labor force grew at an estimated average of 3.2 percent per year, compared to the LMI-SSA median of 2.1 percent, Brazil’s 1.5 percent, and South Africa’s 0.8 percent (Figure 4-3). Given Angola’s youthful population (see Demography and Environment), these figures indicate that the economy needs to absorb 1.2 million new workers over the next five years.

In 2006, the labor force participation rate was 83.7 percent, well above Brazil’s 72.2 percent, South Africa’s 65.5 percent, and the LMI-SSA median of 60.9 percent. The high participation rates are not surprising because poverty compels people to engage in some form of economic activity, however meager the earnings may be.

Figure 4-3
Growth in Labor Force (annual percent change)



As mentioned earlier in this report, the most severe constraint on productive job creation is the lack of private investment, especially outside the enclave oil sector. Labor market rigidity also impedes investment and job creation. The World Bank’s Doing Business 2009 report includes an index on the Rigidity of Employment (reflecting conditions in 2008). This index measures the

³⁷ *Ibid.*

difficulty that firms face in hiring and firing workers. The index is based on data from knowledgeable respondents within each country for a standardized business case. Angola scored 69.0, on a scale of 0 to 100 from minimum to maximum rigidity. This is 20 points worse than all of the benchmarks and well outside the normal range for a country with Angola's characteristics—from 44.6 to 62.1, with an expected value of 53.4. To put this in perspective, the World Bank estimates that the cost of firing a worker in the standardized case is 58 weeks of wages, compared to the LMI median of 53 weeks, Brazil's 37 weeks, and 24 weeks in South Africa. Policies and regulations that increase the cost of firing workers increase the risks of hiring them the first place and make it difficult for businesses to adjust their workforce to market conditions.

Job creation, first and foremost, requires a transformation in the business enabling environment and further infrastructure improvements to attract private sector investment. While politically difficult, labor market reforms can directly encourage businesses to expand employment opportunities for the growing workforce.

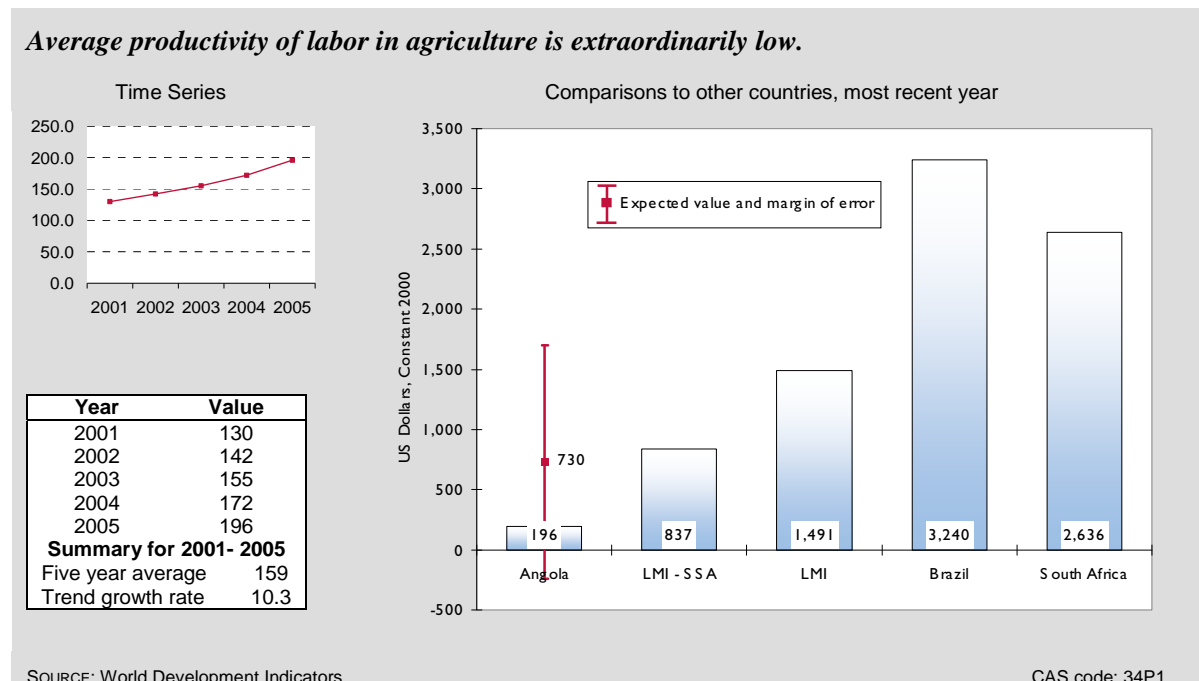
AGRICULTURE

The revitalization of Angola's once vibrant agriculture sector is important for broadly based growth and poverty reduction. The country's principal food crops are cassava, corn, citrus fruits, bananas and sweet potatoes, and the leading cash crops are coffee, cotton, and sisal. Recent evidence suggests that the sector has been rebounding rapidly in response to resettlement of displaced populations, extensive de-mining, improvements in infrastructure, and better access to finance. Most land in Angola is highly suitable for cultivation and is not under pressure from population density: Angola has 13.7 persons per square kilometer, far fewer than in Brazil (22.6) South Africa (39.2), Zimbabwe (34.6), and Uganda (156.9).³⁸

As discussed in the Economic Structure section, agriculture's share of GDP has risen from 8.3 to 9.9 percent over the past five years, even as GDP has been growing at impressive double-digit rates. Overall, value added in agriculture grew at an average annual rate of 15.3 percent from 2003 to 2007. As the rural economy recovered, value added per worker in agriculture (in constant 2000 prices) rose steadily from \$141 in 2002 to \$196 in 2005 (latest data). Yet these numbers still remain far below every benchmark, including the expected value of \$730 for a country with Angola's structural characteristics, the LMI-SSA median of \$837, and the global LMI median \$1,491, as well as South Africa's \$2,636, and Brazil's impressive \$3,240. In addition, Angola's cereal yields, which averaged 575 kilograms per hectare from 2001 to 2006 with no upward trend, are also far below most benchmarks. These include global LMI median yields (2,036), yields for Brazil (3,212) and South Africa (3,143) and the expected value for a country with Angola's characteristics (1,453 kilograms). However, the average cereal yield for Angola is near the LMI-SSA median (626 kilograms) (Figure 4-4).

³⁸ World Bank. World Development Indicators, 2008.

Figure 4-4
 Agriculture Value Added per Worker (in constant 2000 US\$)



Sustained growth in agriculture will require major investments in farm-to-market infrastructure, improvements in the business enabling environment to attract private investment, and possibly reforms in agricultural policy. The need for reform is suggested by Angola’s mediocre score of 3.3 on WEF’s 2007 index of Agriculture Policy Costs, which ranges from 1 (excessively burdensome) to 7 (well balanced). By this measure policy in Angola is less supportive than the policy regimes in Brazil (4.1) and South Africa (4.5), as well as in LMI countries, which had a median score of 3.6.

As data on value added per worker and cereal yields per hectare both suggest, agricultural technologies in Angola remain primitive. The scope for growth through infrastructure investments—farm-to-market road networks, railroad lines, cold-chain facilities, electric power and other utilities—is abundant. Other interventions include programs to support the emergence of commercial farming, facilitate the introduction of higher value crops on small farms, and improve agronomic techniques for traditional crops on family farms that dominate the sector. Programs that enhance productivity and earnings on family farms can also do much to reduce poverty.

Appendix A. CAS Methodology

CRITERIA FOR SELECTING INDICATORS

The economic performance evaluation in this report balances the need for broad coverage and diagnostic value with the requirement of brevity and clarity. The analysis covers 15 topics related to economic growth and just over 100 variables. For the sake of brevity, the write-up in the text highlights issues for which the “dashboard lights” appear to be signaling problems and which suggest priorities for USAID intervention. The table below provides a full list of indicators examined for this report. The data supplement in Appendix B contains the complete data set for Angola, including data for benchmark comparisons, and technical notes for every indicator.

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

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

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

¹ Deeper analysis using more detailed data (Level III) is beyond the scope of this series.

20 percent of households can be used to gauge income inequality. We use the income share because it is simpler and more sensitive to changes.

BENCHMARKING METHODOLOGY

Comparative benchmarking is the main tool used to evaluate each indicator. The analysis draws on several criteria rather than a single mechanical rule. The starting point is a comparison of performance in the country being assessed relative to the average for countries in the same income group and region—for Angola, lower-middle income countries in sub-Saharan Africa.² 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.³

For selected variables, a second source of benchmark values uses statistical regression analysis to establish an expected value for the indicator, controlling for income and regional effects.⁴ This approach has three advantages. First, the benchmark is customized to 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.⁵

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

² Income groups as 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.

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

⁴ This is a cross-sectional OLS regression using data for all developing countries. For any indicator, Y , the regression equation takes the form: Y (or $\ln Y$, as relevant) = $a + b * \ln \text{PCI} + c * \text{Region} + \text{error}$ – 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 Angola is computed by plugging in Angola-specific values for PCI and Region. Where applicable, the regression also controls for population size and petroleum exports (as a percentage of GDP).

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

STANDARD CAS INDICATORS

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

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

Indicator	Level ^a	MDG, MCA, or EcGov ^b
Net barter terms of trade	II	
Real effective exchange rate (REER)	II	EcGov
Structure of merchandise exports	II	
Trade policy index (0 for poor to 100 for excellent)	II	MCA, EcGov
Ease of trading across borders ranking	II	EcGov
Economic Infrastructure		
Internet users, per 100 people	I	MDG
Logistics performance index, infrastructure (1 poor to 5 excellent)	I	EcGov
Telephone density—fixed line and mobile, per 100 people	I	MDG
Quality of infrastructure index (1 poor to 7 excellent)	I	EcGov
Quality of infrastructure—railroads, ports, air transport, and electricity	II	
Roads paved, % total roads	II	
Science and Technology		
FDI and technology transfer index (1 for poor to 7 for excellent)	I	
Availability of scientists and engineers index (1 for poor to 7 for excellent)	I	
Science and technology journal articles per million people	I	
IPR protection index (1 for poor to 7 for excellent)	I	
Health		
HIV prevalence	I	
Life expectancy at birth	I	
Maternal mortality rate	I	MDG
Access to improved sanitation	II	MDG
Access to improved water source	II	MDG
Births attended by skilled health personnel	II	MDG
Child immunization rate	II	MCA
Prevalence of child malnutrition, weight for age	II	
Public health expenditure, % GDP	II	MCA, EcGov
Education		
Net primary enrollment rate – female, male, total	I	MDG
Primary completion rate – female, male, total	I	
Youth literacy rate, all, male, female	I	
Net secondary enrollment rate	I	
Gross tertiary enrollment rate	I	
Education expenditure, primary, % GDP	II	MCA, EcGov
Expenditure per student, % GDP per capita—primary, secondary, and tertiary	II	EcGov
Pupil-teacher ratio, primary school	II	
Employment and Workforce		
Labor force participation rate, total	I	
Rigidity of employment index (0 for minimum rigidity to 100 for maximum)	I	EcGov
Size and growth of the labor force	I	

Indicator	Level ^a	MDG, MCA, or EcGov ^b
Unemployment rate	I	
Economically active children, % children ages 7-14	I	
Firing costs, weeks of wages	II	EcGov
Agriculture		
Agriculture value added per worker	I	
Cereal yield	I	
Growth in agricultural value-added	I	
Fertilizer consumption (100 grams per hectare of arable land)	II	
Agricultural policy costs index (1 for poor to 7 for excellent)	II	EcGov
Crop production index	II	
Livestock production index	II	
Agricultural export growth	II	

^a Level I = primary performance indicators, Level II = supporting diagnostic indicators

^b MDG—Millennium Development Goal indicator

MCA—Millennium Challenge Account indicator

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

Appendix B. Data Supplement

This supplement presents a full tabulation of the data and international benchmarks examined for this report, along with technical notes on the data sources and definitions.

	Growth Performance							
	Statistical Capacity Indicator	Per capita GDP, in Purchasing Power Parity Dollars	Per capita GDP, in current U.S. Dollars	Real GDP Growth	Growth of Labor Productivity	Investment Productivity, Incremental Capital-Output Ratio (ICOR)	Gross Fixed Investment, % of GDP	Gross Fixed Private Investment, % of GDP
Indicator Number	11P0	11P1	11P2	11P3	11S1	11S2	11S3	11S4
<i>Angola Data</i>								
<i>Latest Year (T)</i>	2008	2007	2007	2007	2007	2007	2007	2006
Value Year T	35	5,591	3,757	21.1	0.2	0.8	14.4	4.8
Value Year T-1	37	4,627	2,847	18.6	15.1	0.8	13.7	3.2
Value Year T-2	37	3,694	1,988	20.6	17.0	1.1	8.1	4.0
Value Year T-3	38	3,455	1,322	11.2	7.1	1.8	9.1	5.1
Value Year T-4	35	3,117	959	3.3	0.5	3.0	12.7	.
Average Value, 5 year	36.4	4,097	2,175	15.0	8.0	1.5	11.6	.
Growth Trend	-0.3	14.6	35.0	42.2	-11.1	-35.7	6.6	.
<i>Benchmark Data</i>								
Regression Benchmark	49.0	.	.	5.0	2.9	4.3	20.8	.
Lower Bound	42.5	.	.	3.2	1.0	1.1	17.1	.
Upper Bound	55.4	.	.	6.8	4.8	7.5	24.6	.
<i>Latest Year Brazil</i>	2008	2007	2007	2007	2005	2007	2007	.
Brazil Value Latest Year	77	9,695	6,938	5.4	1.2	4.5	22.1	.
<i>Latest Year South Africa</i>	2008	2007	2007	2007	2005	2007	2007	2001
South Africa Value Latest Year	77	9,761	5,906	5.1	4.1	3.8	18.8	13.4
LMI - SSA	58.2	2,053	652	4.5	2.9	5.6	21.8	.
LMI	67.5	3,692	1,608	5.5	2.7	4.6	24.2	17.9
High Five Avg.	90.7	49,317	41,413	16.7	6.7	42.2	51.3	.
Low Five Avg.	24.7	365	156	0.7	-15.9	-160.5	9.5	.

	Poverty and Inequality					
	Human Poverty Index (0 for no deprivation to 100 for high deprivation)	Income Share, Poorest 20%	Percentage of Population Living on Less Than \$1 PPP per Day	Poverty Headcount, National Poverty Line	PRSP Status	Population % Below Minimum Dietary Energy Consumption
Indicator Number	12P1	12P2	12P3	12P4	12P5	12S1
Angola Data						
<i>Latest Year (T)</i>	2005	.	2003	2001	n/a	2002
Value Year T	40.3	.	70.0	68.0	.	38.0
Value Year T-1	40.9	.	.	.	.	.
Value Year T-2	.	.	.	.	.	.
Value Year T-3	.	.	.	.	.	.
Value Year T-4	.	.	.	.	.	.
Average Value, 5 year	.	.	.	.	.	.
Growth Trend	.	.	.	.	.	.
Benchmark Data						
Regression Benchmark	30.5	5.4	.	41.9	.	12.4
Lower Bound	24.8	4.7	.	36.0	.	6.4
Upper Bound	36.2	6.1	.	47.8	.	18.4
<i>Latest Year Brazil</i>	2005	2005	2001	2003	n/a	2002
Brazil Value Latest Year	9.7	2.9	8.2	21.5	.	8.0
<i>Latest Year South Africa</i>	2005	2000	2000	.	n/a	.
South Africa Value Latest Year	23.5	3.5	10.7	.	.	.
LMI - SSA	33.3	.	.	.	.	25.0
LMI	17.8	6.5	.	.	.	12.0
High Five Avg.	56.7	.	.	55.1	.	67.0
Low Five Avg.	3.9	.	.	15.2	.	2.5

	Economic Structure					
	Labor Force Structure (Employment in agriculture, % total)	Labor Force Structure (Employment in industry, % total)	Labor Force Structure (Employment in services, % total)	Output structure (Agriculture, value added, % GDP)	Output structure (Industry, value added, % GDP)	Output structure (Services, etc., value added, % GDP)
Indicator Number	13P1a	13P1b	13P1c	13P2a	13P2b	13P2c
Angola Data						
<i>Latest Year (T)</i>	.	.	.	2007	2007	2007
Value Year T	.	.	.	9.9	68.4	21.7
Value Year T-1	.	.	.	8.9	69.7	21.4
Value Year T-2	.	.	.	7.7	72.6	19.8
Value Year T-3	.	.	.	8.6	66.1	25.3
Value Year T-4	.	.	.	8.3	67.4	24.3
Average Value, 5 year	.	.	.	8.7	68.8	22.5
Growth Trend	.	.	.	3.8	0.8	-3.9
Benchmark Data						
Regression Benchmark	39.2	15.9	44.8	13.7	62.0	22.1
Lower Bound	32.9	13.6	39.2	9.4	57.4	16.3
Upper Bound	45.4	18.2	50.4	18.1	66.6	27.8
<i>Latest Year Brazil</i>	2004	2004	2004	2007	2007	2007
Brazil Value Latest Year	21.0	21.0	57.9	4.9	30.6	64.5
<i>Latest Year South Africa</i>	2003	2003	2003	2007	2007	2007
South Africa Value Latest Year	10.3	24.5	65.1	2.7	30.9	66.4
LMI - SSA	.	.	.	10.1	37.4	43.2
LMI	33.5	20.3	45.3	11.9	31.1	54.8
High Five Avg.	65.1	38.9	80.4	56.9	70.2	85.3
Low Five Avg.	0.2	9.1	24.2	0.3	9.4	18.0

	Demography and Environment							
	Adult Literacy Rate	Youth Dependency Rate	Elderly Dependency Rate	Environmental Performance Index (1 poor to 100 very good)	Population Size (Millions)	Population Growth, Annual %	Percent of Population Living in Urban Areas	Resource Depletion, % GNI
Indicator Number	14P1	14P2a	14P2b	14P3	14P4a	14P4b	14P5	14P6
Angola Data								
<i>Latest Year (T)</i>	2001	2007	2007	2007	2007	2007	2007	2006
Value Year T	67.4	89.6	4.7	39.5	17.0	2.8	55.8	68.8
Value Year T-1	.	90.2	4.7	39.3	16.6	2.8	54.9	75.4
Value Year T-2	.	90.7	4.7	.	16.1	2.9	54.0	61.9
Value Year T-3	.	91.2	4.8	.	15.6	3.0	53.0	54.6
Value Year T-4	.	91.5	4.8	.	15.2	3.0	52.0	57.2
Average Value, 5 year	.	90.6	4.7	.	16.1	2.9	53.9	63.6
Growth Trend	.	-0.5	-0.5	.	2.9	-1.9	1.8	6.9
Benchmark Data								
Regression Benchmark	66.4	75.4	5.1	.	16.5	2.4	55.5	78.4
Lower Bound	55.2	70.6	3.8	.	16.3	2.1	47.8	74.1
Upper Bound	77.6	80.1	6.3	.	16.7	2.8	63.2	82.6
<i>Latest Year Brazil</i>	2007	2007	2007	2007	2007	2007	2007	2006
Brazil Value Latest Year	90.5	41.3	9.6	82.7	191.6	1.2	85.1	6.1
<i>Latest Year South Africa</i>	2007	2007	2007	2007	2007	2007	2007	2006
South Africa Value Latest Year	88.0	49.8	7.0	69.0	47.6	0.4	60.3	6.7
LMI - SSA	.	72.4	6.2	58.3	2.9	2.1	48.3	6.2
LMI	.	52.7	8.1	69.6	5.8	1.3	53.5	2.9
High Five Avg.	98.4	97.7	28.7	89.1	626.6	4.0	100.0	89.8
Low Five Avg.	45.8	19.9	2.8	37.4	0.0	-0.8	12.4	0.0

	Gender						
	Girls' Primary Completion Rate	Gross Enrollment Rate, All Levels of Education, Male	Gross Enrollment Rate, All Levels of Education, Female	Life Expectancy, Male	Life Expectancy, Female	Labor Force Participation Rate, Male	Labor Force Participation Rate, Female
Indicator Number	15P1	15P2a	15P2b	15P3a	15P3b	15P4a	15P4b
Angola Data							
<i>Latest Year (T)</i>	.	2004	2004	2005	2005	2007	2007
Value Year T	.	28.0	24.0	40.1	43.3	92.2	75.6
Value Year T-1	.	.	.	39.6	42.5	92.2	75.7
Value Year T-2	.	.	.	.	.	92.3	75.8
Value Year T-3	.	.	.	.	.	91.6	75.6
Value Year T-4	.	.	.	.	.	91.9	75.8
Average Value, 5 year	.	.	.	.	.	92.0	75.7
Growth Trend	.	.	.	.	.	0.1	0.0
Benchmark Data							
Regression Benchmark	71.5	63.5	51.2	53.1	56.7	88.8	62.3
Lower Bound	61.0	58.3	44.7	50.0	53.7	85.7	54.5
Upper Bound	82.1	68.8	57.7	56.2	59.7	91.8	70.1
<i>Latest Year Brazil</i>	2001	2004	2004	2005	2005	2007	2007
Brazil Value Latest Year	111.4	84.0	88.0	68.1	75.5	83.2	61.5
<i>Latest Year South Africa</i>	2004	2004	2004	2005	2005	2007	2007
South Africa Value Latest Year	100.0	76.0	77.0	49.5	52.0	82.2	49.3
LMI - SSA	66.0	62.0	56.5	48.1	49.0	80.6	54.6
LMI	91.8	69.0	70.0	67.2	72.8	85.4	52.0
High Five Avg.	122.6	101.2	106.8	78.7	84.2	98.8	91.9
Low Five Avg.	20.0	28.0	21.8	38.5	38.9	66.6	19.6

	Fiscal and Monetary Policy										
	Government Expenditure, % of GDP	Government Revenue, % of GDP	Growth in the Money Supply	Inflation Rate	Overall Budget Balance, Including Grants, % of GDP	Composition of Government Expenditure (Wages and salaries)	Composition of Government Expenditure (Goods and services)	Composition of Government Expenditure (Interest payments)	Composition of Government Expenditure (Subsidies and other current transfers)	Composition of Government Expenditure (Capital expenditure)	Composition of Government Expenditure (Other expenditure)
Indicator Number	21P1	21P2	21P3	21P4	21P5	21S1a	21S1b	21S1c	21S1d	21S1e	21S1f
<i>Angola Data</i>											
<i>Latest Year (T)</i>	2007	2007	2007	2007	2007	2006	2006	2006	2006	2006	2006
Value Year T	33.1	35.2	38.6	12.2	2.2	26.9	24.1	4.7	16.1	28.1	0.0
Value Year T-1	31.6	46.4	57.3	13.3	14.8	27.6	27.6	5.4	20.1	15.0	1.8
Value Year T-2	33.3	40.5	60.5	23.0	7.4	26.8	24.7	6.0	22.1	13.3	6.5
Value Year T-3	38.5	36.4	37.0	43.6	-1.6	28.0	35.4	4.1	14.4	17.2	0.9
Value Year T-4	44.3	37.1	63.9	98.3	-6.4	.	.	.	.	.	.
Average Value, 5 year	36.2	39.1	51.5	38.1	3.3	.	.	.	.	.	.
Growth Trend	-7.8	1.4	-5.7	-53.5	.	.	.	.	.	.	.
<i>Benchmark Data</i>											
Regression Benchmark	.	23.7	35.6	5.3	.	.	.	.	.	.	.
Lower Bound	.	19.9	28.6	3.0	.	.	.	.	.	.	.
Upper Bound	.	27.5	42.5	7.6	.	.	.	.	.	.	.
<i>Latest Year Brazil</i>	2006	2007	2007	2007	2006	.	.	.	.	.	.
Brazil Value Latest Year	26.3	26.7	18.6	3.6	0.4	.	.	.	.	.	.
<i>Latest Year South Africa</i>	2007	2007	2007	2007	2007	2006/07	2006/07	2006/07	2006/07	2006/07	2006/07
South Africa Value Latest Year	26.3	27.2	20.2	7.1	0.9	31.9	13.8	10.5	39.5	4.3	0.0
LMI - SSA	26.5	.	19.5	5.3	-3.2	.	.	.	.	.	.
LMI	.	19.8	17.2	5.6	-2.2	.	.	.	.	.	.
High Five Avg.	.	44.4	53.9*	21.3*	7.9	.	.	.	.	.	.
Low Five Avg.	.	8.7	-0.4	0.8	-8.3	.	.	.	.	.	.

* global high excluding Zimbabwe

Fiscal and Monetary Policy (cont'd)

	Composition of Government Revenue (Taxes of income, profits and capital gains)	Composition of Government Revenue (Taxes on goods and services)	Composition of Government Revenue (Taxes on international trade)	Composition of Government Revenue (Social contributions)	Composition of Government Revenue (Other taxes)	Composition of Government Revenue (Grants and other revenue)	Composition of Government Revenue (Taxes on oil)	Composition of Money Supply Growth (Domestic credit to the public sector)	Composition of Money Supply Growth (Domestic credit to the private sector)	Composition of Money Supply Growth (Domestic credit to non-financial public enterprises)	Composition of Money Supply Growth (Net foreign assets, reserves)	Composition of Money Supply Growth (Other items net)
Indicator Number	21S2a	21S2b	21S2c	21S2d	21S2e	21S2f	21S2g	21S3a	21S3b	21S3c	21S3d	21S3e
<i>Angola Data</i>												
<i>Latest Year (T)</i>	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007
Value Year T	6.1	5.8	4.0	2.0	2.5	2.1	77.6	8.9	87.3	3.3	40.6	-40.2
Value Year T-1	6.7	3.9	4.1	3.7	1.8	0.6	79.1	-148.2	60.1	2.0	239.1	-53.0
Value Year T-2	5.8	6.2	4.3	1.9	2.1	1.3	79.4	-43.9	33.1	2.8	110.5	-2.5
Value Year T-3	.	.	.	.	.	.	.	-47.3	53.8	5.0	123.9	-35.5
Value Year T-4	.	.	.	.	.	.	.	7.1	43.0	5.0	70.1	-25.3
Average Value, 5 year	.	.	.	.	.	.	.	-44.7	55.5	3.6	116.8	-31.3
Growth Trend	.	.	.	.	.	.	.	.	15.3	-17.5	-4.3	-13.3
<i>Benchmark Data</i>												
Regression Benchmark	14.3	25.3	20.8	6.1	2.1	38.6	.	.	.	.	.	.
Lower Bound	8.5	17.3	14.4	1.3	0.3	31.8	.	.	.	.	.	.
Upper Bound	20.1	33.3	27.2	10.8	4.0	45.3	.	.	.	.	.	.
<i>Latest Year Brazil</i>	.	.	.	.	.	.	.	2007	2007	2007	2007	2007
Brazil Value Latest Year	.	.	.	.	.	.	.	24.8	138.6	-0.2	44.7	-108.0
<i>Latest Year South Africa</i>	2006	2006	2006	2006	2006	2006	2006	2007	2007	2007	2007	2007
South Africa Value Latest Year	50.8	32.9	4.2	2.0	3.1	7.0	0.0	-4.2	134.0	2.2	13.4	-45.3
LMI - SSA	.	.	.	.	.	.	.	.	.	.	.	.
LMI	.	.	.	.	.	.	.	.	.	.	.	.
High Five Avg.	54.5	62.6	41.4	46.3	16.7	77.0	.	.	.	.	.	.
Low Five Avg.	1.8	4.7	-1.6	0.4	0.0	4.0	.	.	.	.	.	.

	Business Environment								
	Control of Corruption Index (-2.5 for poor to 2.5 for excellent)	Ease of Doing Business Ranking (1 to 181)	Rule of Law Index (-2.5 for very poor to 2.5 for excellent)	Regulatory Quality Index (-2.5 for very poor to 2.5 for excellent)	Government Effectiveness Index (-2.5 for very poor to 2.5 for excellent)	Cost of Starting a Business % GNI per Capita	Procedures to Enforce a Contract	Procedures to Register Property	Procedures to Start a Business
Indicator Number	22P1	22P2	22P3	22P4	22P5	22S1	22S2	22S3	22S4
<i>Angola Data</i>									
<i>Latest Year (T)</i>	2007	2009	2007	2007	2007	2009	2009	2009	2009
Value Year T	-1.1	168	-1.3	-1.0	-1.2	196.8	46	7	8
Value Year T-1	-1.2	169	-1.3	-1.1	-1.2	343.7	46	7	12
Value Year T-2	-1.2	.	-1.4	-1.3	-1.0	498.2	46	7	12
Value Year T-3	-1.3	.	-1.4	-1.2	-1.2	653.8	46	7	12
Value Year T-4	-1.2	.	-1.4	-1.3	-1.1	910.0	46	7	12
Average Value, 5 year	-1.2	.	-1.4	-1.2	-1.1	520.5	46	7	11
Growth Trend	1.8	.	1.8	6.1	-1.5	-37.1	0	0	-8.1
<i>Benchmark Data</i>									
Regression Benchmark	-1.0	147.3	-1.2	8.2	-1.2	78.7	40.5	6.7	11.7
Lower Bound	-1.2	126.8	-1.4	8.1	-1.4	44.2	37.3	5.6	10.1
Upper Bound	-0.8	167.7	-0.9	8.2	-0.9	113.3	43.6	7.9	13.3
<i>Latest Year Brazil</i>									
Brazil Value Latest Year	-0.2	125	-0.4	0.0	-0.1	8.2	45	14	18
<i>Latest Year South Africa</i>									
South Africa Value Latest Year	0.3	32	0.2	0.5	0.7	6.0	30	6	6
LMI - SSA	-0.8	139.5	-0.9	-0.7	-0.8	52.2	42.0	6.5	11.0
LMI	-0.6	113.0	-0.6	-0.4	-0.5	36.3	39.0	6.0	10.2
High Five Avg.	2.4	.	2.0	1.8	2.2	574.0	53.7	13.9	18.5
Low Five Avg.	-1.6	.	-1.9	-2.3	-1.9	0.5	22.9	1.6	2.4

	Business Environment (cont'd)					
	Time to Enforce a Contract	Time to Register Property	Time to Start a Business	Total Tax Payable by Business, % operating profit	Business Costs of Crime, Violence and Terrorism (1 for poor to 7 for excellent)	Senior Manager Time Spent Dealing with Government Regulations (%)
Indicator Number	22S5	22S6	22S7	22S8	22S9	22S10
<i>Angola Data</i>						
<i>Latest Year (T)</i>	2009	2009	2009	2009	2007	2006
Value Year T	1,011	334	68	53.2	2.4	7.1
Value Year T-1	1,011	334	119	53.2	.	.
Value Year T-2	1,011	334	119	53.2	.	.
Value Year T-3	1,011	334	119	53.2	.	.
Value Year T-4	1,011	334	119	.	.	.
Average Value, 5 year	1,011	334	109	.	.	.
Growth Trend	0.0	0.0	-11.2	.	.	.
<i>Benchmark Data</i>						
Regression Benchmark	565.5	87.3	66.3	56.5	.	17.3
Lower Bound	409.9	44.4	43.1	44.4	.	15.0
Upper Bound	721.1	130.3	89.4	68.6	.	19.7
<i>Latest Year Brazil</i>	2009	2009	2009	2009	2007	2003
Brazil Value Latest Year	616	42	152	69.4	2.8	7.2
<i>Latest Year South Africa</i>	2009	2009	2009	2009	2007	2003
South Africa Value Latest Year	600	24	22	34.2	2.3	9.2
LMI - SSA	747.5	88.0	56.5	44.7	.	7.1
LMI	584.5	46.7	40.5	42.3	4.0	9.2
High Five Avg.	1,611.6	485.8	287.7	243.1	6.6	13.9
Low Five Avg.	182.6	2.1	4.3	11.5	2.0	1.7

	Financial Sector							
	Domestic Credit to Private Sector, % GDP	Interest Rate Spread	Money Supply (M2), % GDP	Stock Market Capitalization Rate, % GDP	Credit Information Index (0 for poor to 6 for excellent)	Legal Rights of Borrowers and Lenders (0 for poor to 10 for excellent)	Real Interest Rate	Number of Microfinance Borrowers
Indicator Number	23P1	23P2	23P3	23P4	23P5	23S1	23S2	23S3
<i>Angola Data</i>								
<i>Latest Year (T)</i>	2006	2006	2007	.	2009	2009	2007	.
Value Year T	6.8	10.1	16.3	.	4	4	17.4	.
Value Year T-1	5.1	54.3	13.9	.	4	4	4.2	.
Value Year T-2	5.2	66.9	11.9	.	4	4	25.2	.
Value Year T-3	5.0	69.9	12.8	.	4	4	27.8	.
Value Year T-4	4.6	48.6	13.8	.	4	4	-3.2	.
Average Value, 5 year	5.3	50.0	13.7	.	4	4	14.3	.
Growth Trend	8.0	-34.0	4.3	.	0	0	.	.
<i>Benchmark Data</i>								
Regression Benchmark	6.5	9.5	15.0	47.0	2.4	3.2	1.3	.
Lower Bound	-4.5	7.4	1.8	26.5	0.5	1.9	-1.9	.
Upper Bound	17.4	11.7	28.2	67.5	4.3	4.6	4.6	.
<i>Latest Year Brazil</i>	2001	2006	2007	2007	2009	2009	2007	.
Brazil Value Latest Year	33.0	36.9	58.9	104.3	5	3	37.5	.
<i>Latest Year South Africa</i>	2001	2006	2007	2007	2009	2009	2007	.
South Africa Value Latest Year	142.6	4.0	63.9	300.3	6	9	4.7	.
LMI - SSA	10.7	9.0	20.3	.	2.5	4.5	6.9	.
LMI	28.2	7.0	41.7	18.5	2.6	4.0	6.5	.
High Five Avg.	203.1	.	198.9	219.8	6.0	9.8	35.2	.
Low Five Avg.	2.5	.	8.3	0.6	0.0	0.4	-20.7	.

	External Sector										
	Aid, % of GNI	Current Account Balance, % GDP	Debt Service ratio, % Exports	Exports Growth, Goods and Services	Foreign Direct Investment, % GDP	Gross International Reserves, Months of Imports	Gross Private Capital Inflows, % GDP	Present Value of Debt, % GNI	Remittance Receipts, % Exports	Trade, % GDP	Trade in Services, % GDP
Indicator Number	24P1	24P2	24P3	24P4	24P5	24P6	24P7	24P8	24P9	24P10	24P11
<i>Angola Data</i>											
<i>Latest Year (T)</i>	2006	2007	2006	2006	2007	2007	2001	2006	.	2007	2006
Value Year T	0.4	11.0	8.7	37.2	-2.4	5.7	24.0	33.0	.	108.2	19.9
Value Year T-1	1.6	23.7	10.9	76.0	-0.1	6.0	9.6	.	.	111.7	22.7
Value Year T-2	6.6	16.8	16.5	42.1	-4.3	2.5	40.2	.	.	128.7	25.9
Value Year T-3	4.0	3.5	23.7	13.8	7.3	1.6	17.3	.	.	123.4	25.2
Value Year T-4	4.2	-5.2	.	.	25.1	0.9	5.4	.	.	132.7	30.9
Average Value, 5 year	3.4	10.0	.	.	5.1	3.3	19.3	.	.	120.9	24.9
Growth Trend	-54.7	.	.	.	.	50.1	24.1	.	.	-5.1	-9.8
<i>Benchmark Data</i>											
Regression Benchmark	0.6	23.8	7.1	5.3	2.9	4.7	3.4	34.3	0.6	99.3	16.8
Lower Bound	-4.4	18.9	3.4	-1.0	0.2	3.2	0.9	12.5	-10.2	82.9	10.8
Upper Bound	5.6	28.7	10.7	11.5	5.6	6.1	5.8	56.1	11.4	115.7	22.8
<i>Latest Year Brazil</i>	2006	2007	2001	2007	2007	2007	2005	2006	2005	2007	2007
Brazil Value Latest Year	0.0	0.1	30.5	3.5	2.6	10.9	2.7	26.3	2.6	23.5	4.7
<i>Latest Year South Africa</i>	2006	2007	2001	2007	2007	2007	2005	2006	2005	2007	2007
South Africa Value Latest Year	0.3	-7.4	7.2	7.0	2.0	3.7	5.1	15.5	1.0	64.3	10.9
LMI - SSA	5.1	-2.6	12.1	8.0	5.4	1.9	5.9	33.0	5.1	110.3	21.8
LMI	3.6	-1.6	10.1	7.5	3.4	3.8	3.8	33.0	17.7	88.2	19.7
High Five Avg.	53.8	23.8	38.2	43.5	22.1	15.8	197.8	374.7	87.1	294.4	98.5
Low Five Avg.	0.0	-29.3	0.7	-5.8	-1.7	0.3	-4.2	4.9	0.1	28.4	4.8

External Sector (Cont'd)

	Concentration of Exports	Inward FDI Potential Index (0 for poor to 1 for excellent)	Net Barter Terms of Trade (2000 = 100)	Real Effective Exchange Rate (REER) (2000 = 100)	Structure of Merchandise Exports (Agricultural raw materials exports)	Structure of Merchandise Exports (Fuel exports)	Structure of Merchandise Exports (Manufactures exports)	Structure of Merchandise Exports (Ores and metals exports)	Structure of Merchandise Exports (Food exports)	Trade Policy Index (0 for very poor to 100 for excellent)	Ease of Trading Across Borders Ranking (1 to 181)
Indicator Number	24S1	24S2	24S3	24S4	24S5a	24S5b	24S5c	24S5d	24S5e	24S6	24S7
<i>Angola Data</i>											
<i>Latest Year (T)</i>	.	2005	2006	2007	2006	2006	2006	2006	2006	2008	2009
Value Year T	.	0.2	196.6	206.9	0.1	97.8	0.1	1.8	0.1	73.0	172
Value Year T-1	.	0.2	173.9	190.6	.	.	.	.	.	73.0	169
Value Year T-2	.	0.2	128.0	158.5	.	.	.	.	.	68.0	.
Value Year T-3	.	0.2	102.7	140.0	.	.	.	.	.	.	.
Value Year T-4	.	0.1	91.9	117.5	.	.	.	.	.	.	.
Average Value, 5 year	.	0.2	138.6	162.7	.	.	.	.	.	.	.
Growth Trend	.	3.9	20.5	14.4	.	.	.	.	.	.	.
<i>Benchmark Data</i>											
Regression Benchmark	.	0.2	177.9	.	.	142.0	-42.2	0.0	0.1	61.5	165.8
Lower Bound	.	0.1	163.6	.	.	136.9	-54.5	-5.7	-13.7	56.5	142.6
Upper Bound	.	0.2	192.2	.	.	147.1	-30.0	5.8	14.0	66.5	188.9
<i>Latest Year Brazil</i>	.	2005	2006	.	2006	2006	2006	2006	2006	2008	2009
Brazil Value Latest Year	.	0.2	103.8	.	3.7	7.7	50.8	10.8	25.0	70.8	92
<i>Latest Year South Africa</i>	2005	2005	2006	2007	2006	2006	2006	2006	2006	2008	2009
South Africa Value Latest Year	29.1	0.2	125.3	95.1	1.8	9.4	53.0	28.7	7.1	74.2	147
LMI - SSA	.	0.1	119.2	.	4.7	1.1	55.7	0.3	15.7	42.8	144
LMI	41.8	0.2	100.1	100.2	1.9	7.4	37.0	3.5	16.0	71.2	104
High Five Avg.	95.1	0.5	116.7	144.6	52.6	92.2	95.1	56.9	91.4	87.9	.
Low Five Avg.	16.8	0.1	85.2	59.1	0.0	0.0	1.7	0.0	0.3	22.9	.

	Economic Infrastructure								
	Internet Users per 100 people	Logistics Performance Index, Infrastructure (1 for poor to 5 for excellent)	Telephone Density, Fixed Line and Mobile per 100 people	Overall Infrastructure Quality Index	Quality of Infrastructure - Air Transport Infrastructure Index (1 for poor to 7 for excellent)	Quality of Infrastructure - Port Infrastructure Quality Index (1 for poor to 7 for excellent)	Quality of Infrastructure - Rail Development Index (1 for poor to 7 for excellent)	Quality of Infrastructure - Quality of Electricity Supply Index (1 for poor to 7 for excellent)	Roads, Paved (% total)
Indicator Number	25P1	25P2	25P3	25P4	24S1a	25S1b	25S1c	25S1d	25S2
<i>Angola Data</i>									
<i>Latest Year (T)</i>	2007	2007	2006	2007	2007	2007	2007	2007	2001
Value Year T	0.6	2.3	14.3	1.9	3.3	2.5	1.5	2.2	10.4
Value Year T-1	0.6	.	10.6	.	.	.	.	.	10.4
Value Year T-2	0.5	.	5.3	.	.	.	.	.	10.4
Value Year T-3	0.5	.	2.9	.	.	.	.	.	.
Value Year T-4	0.4	.	1.5	.	.	.	.	.	.
Average Value, 5 year	0.5	.	6.9	.	.	.	.	.	.
Growth Trend	10.4	.	58.2	.	.	.	.	.	.
<i>Benchmark Data</i>									
Regression Benchmark	1.1	2.0	10.5	.	.	.	.	.	29.5
Lower Bound	-2.6	1.9	-30.4	.	.	.	.	.	14.5
Upper Bound	4.7	2.2	51.3	.	.	.	.	.	44.5
<i>Latest Year Brazil</i>	2007	2007	2007	2007	2007	2007	2007	2007	2000
Brazil Value Latest Year	26.1	2.8	83.7	3.1	4.0	2.6	1.7	4.9	5.5
<i>Latest Year South Africa</i>	2007	2007	2007	2007	2007	2007	2007	2007	2001
South Africa Value Latest Year	8.3	3.4	98.6	4.6	5.9	4.4	3.4	4.0	17.3
LMI - SSA	3.1	2.0	11.7	.	.	.	.	.	.
LMI	8.8	2.3	58.1	2.3	4.1	3.1	1.9	3.9	57.2
High Five Avg.	80.9	4.2	87.9	6.6	6.6	6.6	6.5	6.8	100.0
Low Five Avg.	0.1	1.5	2.1	1.8	2.4	1.4	1.1	1.5	4.8

	Science and Technology			
	FDI Technology Transfer Index (1 for poor to 7 for excellent)	Availability of Scientists and Engineers (1 for poor to 7 for excellent)	Scientific and Technology Journal Articles, per Million People	IPR Protection (1 for poor to 7 for excellent)
Indicator Number	26P1	26P2	26P3	26P4
<i>Angola Data</i>				
<i>Latest Year (T)</i>	2007	2007	.	2007
Value Year T	4.7	2.4	.	2.6
Value Year T-1	.	.	.	.
Value Year T-2	.	.	.	.
Value Year T-3	.	.	.	.
Value Year T-4	.	.	.	.
Average Value, 5 year	.	.	.	.
Growth Trend	.	.	.	.
<i>Benchmark Data</i>				
Regression Benchmark	.	.	34.0	.
Lower Bound	.	.	-1,211.6	.
Upper Bound	.	.	1,279.7	.
<i>Latest Year Brazil</i>	2007	2007	2005	2007
Brazil Value Latest Year	5.1	4.4	9,889.0	3.3
<i>Latest Year South Africa</i>	2007	2007	2005	2007
South Africa Value Latest Year	5.3	3.6	2,392.0	5.2
LMI - SSA	.	.	.	.
LMI	4.6	4.2	192.0	3.0
High Five Avg.	6.1	6.1	75,711.9	6.3
Low Five Avg.	3.6	2.7	55.1	2.0

	Health								
	HIV Prevalence	Life Expectancy at Birth	Maternal Mortality Rate, per 100,000 Live Births	Access to Improved Sanitation	Access to Improved Water Source	Births Attended by Skilled Health Personnel	Child Immunization Rate	Prevalence of Child Malnutrition, Weight for Age	Public Health Expenditure, % GDP
Indicator Number	31P1	31P2	31P3	31S1	31S2	31S3	31S4	31S5	31S6
<i>Angola Data</i>									
<i>Latest Year (T)</i>	2007	2008	2005	2006	2006	2006	2006	2001	2003
Value Year T	2.1	37.9	1,400	50.0	51.0	47.0	46.0	30.5	2.8
Value Year T-1	.	.	.	.	.	.	46.0	.	3.0
Value Year T-2	.	42.4	.	.	.	.	61.5	.	1.9
Value Year T-3	.	42.0	.	.	.	.	54.0	.	.
Value Year T-4	.	.	.	.	.	.	60.5	.	.
Average Value, 5 year	.	.	.	.	.	.	53.6	.	.
Growth Trend	.	.	.	.	.	.	-7.1	.	.
<i>Benchmark Data</i>									
Regression Benchmark	3.2	56.6	594.6	37.7	63.6	70.8	70.2	24.3	1.5
Lower Bound	1.7	53.7	467.6	29.5	57.0	61.8	64.2	20.3	0.8
Upper Bound	4.7	59.4	721.6	45.9	70.1	79.8	76.2	28.3	2.2
<i>Latest Year Brazil</i>	2007	2006	2005	2006	2006	2003	2006	2003	2001
Brazil Value Latest Year	0.6	72.1	110	77.0	91.0	96.6	99.0	3.7	3.3
<i>Latest Year South Africa</i>	2007	2006	2005	2006	2006	2003	2006	.	2001
South Africa Value Latest Year	18.1	50.7	400	59.0	93.0	92.0	92.0	.	3.5
LMI - SSA	5.1	51.3	595.0	36.0	70.0	64.9	71.5	.	2.9
LMI	0.2	70.6	170.0	77.0	88.0	89.6	88.6	10.3	3.0
High Five Avg.	21.6	81.7	1,720.0	100.0	100.0	.	99.0	.	11.4
Low Five Avg.	0.1	41.9	2.6	11.4	34.0	.	35.6	.	0.6

	Education										
	Net Primary Enrollment Rate, Total	Net Primary Enrollment Rate, Female	Net Primary Enrollment Rate, Male	Primary Completion Rate, Total	Primary Completion Rate, Female	Primary Completion Rate, Male	Youth Literacy Rate, Total	Youth Literacy Rate, Male	Youth Literacy Rate, Female	Net Secondary Enrollment Rate, Total	Gross Tertiary Enrollment Rate, Total
Indicator Number	32P1a	32P1b	32P1c	32P2a	32P2b	32P2c	32P3a	32P3b	32P3c	32P4	32P5
<i>Angola Data</i>											
<i>Latest Year (T)</i>	2002	2002	2002	2003	.	.	.	.	.	.	2005
Value Year T	49.1	41.3	56.8	30.6	.	.	.	.	.	.	2.9
Value Year T-1	.	.	.	.	.	.	.	.	.	.	2.4
Value Year T-2	38.2	40.0	46.8	.	.	.	.	.	.	.	3.1
Value Year T-3	.	.	.	.	.	.	.	.	.	.	0.8
Value Year T-4	.	.	.	.	.	.	.	.	.	.	.
Average Value, 5 year	.	.	.	.	.	.	.	.	.	.	.
Growth Trend	.	.	.	.	.	.	.	.	.	.	.
<i>Benchmark Data</i>											
Regression Benchmark	71.9	68.2	73.1	77.7	71.5	74.0	77.8	93.4	71.6	44.3	5.8
Lower Bound	65.4	61.4	67.0	68.1	61.0	64.4	68.5	88.3	59.8	36.2	-1.0
Upper Bound	78.3	75.0	79.1	87.2	82.1	83.7	87.1	98.6	83.3	52.3	12.6
<i>Latest Year Brazil</i>	2005	2005	2005	2005	2001	2001	2004	2004	2004	2005	2005
Brazil Value Latest Year	94.4	95.4	93.5	106.1	111.4	109.9	96.8	95.8	97.9	78.6	25.5
<i>Latest Year South Africa</i>	2004	2004	2004	2004	2004	2004	.	.	.	2000	2006
South Africa Value Latest Year	88.3	88.2	88.4	100.2	100.0	100.4	.	.	.	61.7	15.4
LMI - SSA	75.4	77.8	74.8	65.0	66.0	61.1	.	.	.	.	3.9
LMI	89.7	89.4	90.3	92.6	91.8	91.9	.	.	.	55.1	22.4
High Five Avg.	99.4	99.6	99.6	125.2	122.6	125.7	99.6	99.6	99.6	97.1	79.3
Low Five Avg.	41.4	36.0	46.7	25.9	20.0	30.7	62.2	70.9	52.9	7.7	0.6

	Education (cont'd)				
	Expenditure on Primary Education, % GDP	Educational Expenditure per Student, % GDP per capita, Primary	Educational Expenditure per Student, % GDP per capita, Secondary	Educational Expenditure per Student, % GDP per capita, Tertiary	Pupil-teacher Ratio, Primary School
Indicator Number	32S1	32S2a	32S2b	32S2c	32S3
Angola Data					
<i>Latest Year (T)</i>	.	.	.	2005	.
Value Year T	.	.	.	65.5	.
Value Year T-1
Value Year T-2
Value Year T-3
Value Year T-4
Average Value, 5 year
Growth Trend
Benchmark Data					
Regression Benchmark	.	6.5	24.1	146.9	32.6
Lower Bound	.	3.3	18.0	95.5	28.3
Upper Bound	.	9.7	30.2	198.2	36.9
<i>Latest Year Brazil</i>	.	2004	2004	2004	2005
Brazil Value Latest Year	.	12.8	11.5	32.6	21.0
<i>Latest Year South Africa</i>	.	2005	2005	2006	2004
South Africa Value Latest Year	.	14.3	17.6	50.3	35.6
LMI - SSA	.	12.7	.	141.0	32.1
LMI	.	12.4	17.1	38.5	26.1
High Five Avg.	.	28.9	49.7	482.5	63.3
Low Five Avg.	.	6.0	6.6	7.9	9.9

	Employment and Workforce						
	Labor Force Participation Rate, Total	Rigidity of Employment Index (0 for minimum rigidity to 100 for maximum rigidity)	Size of the Labor Force	Growth of the Labor Force, Labor Force, Annual % Change	Unemployment Rate	Economically Active Children, % Children Ages 7-14	Firing Costs, Weeks of Wages
Indicator Number	33P1	33P2	33P3a	33P3b	33P4	33P5	33S1
<i>Angola Data</i>							
<i>Latest Year (T)</i>	2006	2009	2006	2006	.	2001	2009
Value Year T	83.7	69	7,329,352	3.0	.	30.1	58.0
Value Year T-1	83.8	66	7,114,847	3.2	.	.	58.0
Value Year T-2	83.4	66	6,896,870	3.7	.	.	58.0
Value Year T-3	83.7	69	6,652,065	2.9	.	.	58.0
Value Year T-4	83.7	69	6,464,220	3.2	.	.	58.0
Average Value, 5 year	83.7	68	6,891,471	3.2	.	.	58.0
Growth Trend	0.0	-0.4	3.2	-0.2	.	.	0.0
<i>Benchmark Data</i>							
Regression Benchmark	76.0	53.4	6,865,423.0	2.937	13.1	20.4	.
Lower Bound	71.4	44.6	5,308,945.3	2.4	10.4	12.2	.
Upper Bound	80.5	62.1	8,421,900.7	3.5	15.8	28.5	.
<i>Latest Year Brazil</i>	2006	2009	2006	2006	2004	2004	2009
Brazil Value Latest Year	72.2	46	93,082,509	1.5	8.9	7.0	37.0
<i>Latest Year South Africa</i>	2006	2009	2006	2006	2005	.	2009
South Africa Value Latest Year	65.5	42	19,996,481	0.8	26.7	.	24.0
LMI - SSA	60.9	40.0	1,100,749	2.1	.	.	48.5
LMI	68.9	31.7	2,738,322	2.6	10.2	.	53.0
High Five Avg.	92.4	72	311,642,397.8	6.5	28.0	.	226.3
Low Five Avg.	50.1	0	50,909.4	-1.5	1.8	.	0.0

	Agriculture							
	Agriculture Value Added per Worker	Cereal Yield	Growth in Agricultural Value-Added	Fertilizer Consumption (100 grams per hectare of arable land)	Agricultural Policy Costs Index (1 for poor to 7 for excellent)	Crop Production Index (1999-2001 = 100)	Livestock Production Index (1999-2001 = 100)	Agricultural Export Growth
Indicator Number	34P1	34P2	34P3	34P4	34S1	34S2	34S3	34S4
<i>Angola Data</i>								
<i>Latest Year (T)</i>	2005	2006	2007	2005	2007	2004	2004	.
Value Year T	196	485.4	23.6	22.6	3.3	119.2	100.0	.
Value Year T-1	172	597.8	9.8	45.0	.	121.2	100.0	.
Value Year T-2	155	481.5	17.0	17.9	.	117.8	100.0	.
Value Year T-3	141	668.7	14.1	16.6	.	117.2	100.4	.
Value Year T-4	130	640.1	12.1	.	.	100.2	100.4	.
Average Value, 5 year	159	574.7	15.3	.	.	115.1	100.2	.
Growth Trend	10.2	-6.7	9.7	.	.	3.8	-0.1	.
<i>Benchmark Data</i>								
Regression Benchmark	730.4	1,452.7	4.6	54.6	.	110.8	107.4	15.8
Lower Bound	-241.8	911.9	2.0	-596.7	.	103.7	101.8	-35.8
Upper Bound	1,702.6	1,993.5	7.2	705.9	.	117.9	113.1	67.4
<i>Latest Year Brazil</i>	2005	2006	2007	2005	2007	2004	2004	2006
Brazil Value Latest Year	3,240	3,212.4	1.5	1,365.5	4.1	126.5	123.6	12.5
<i>Latest Year South Africa</i>	2005	2006	2007	2005	2007	2004	2004	0
South Africa Value Latest Year	2,636	3,143.0	4.8	451.4	4.5	102.6	108.6	0.7
LMI - SSA	837	626.2	2.0	54.1	.	104.1	104.7	20.0
LMI	1,491	2,036.1	3.4	460.9	3.6	107.3	107.1	14.5
High Five Avg.	49,898.7	27,557.6	14.5	17,297.0	5.1	131.0	142	361,825.6
Low Five Avg.	90.7	372.2	-9.4	3.0	2.6	65.3	86.8	-27.6

Technical Notes

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

STATISTICAL CAPACITY

Statistical Capacity Indicator

Source: World Bank, updated annually, at <http://go.worldbank.org/20WZB3DB90>

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

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

CAS Code # 01P1

GROWTH PERFORMANCE

Per capita GDP, in Purchasing Power Parity Dollars

Source: World Bank International Comparison Program, at <http://go.worldbank.org/VMCB80AB40>

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 #11P1

Per capita GDP, in current US Dollars

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

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

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

Coverage: Data are available for about 85 USAID countries.

CAS Code #11P2

Real GDP Growth

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

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

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

Coverage: Data are available for about 85 USAID countries.

CAS Code #11P3

Growth of Labor Force Productivity

Source: World Development Indicators. Estimated by calculating the annual percentage change of the ratio of GDP (constant 2000 US\$) (NY.GDP.MKTP.KD) to the population age 15–64 who participate in the labor force, which in turn is the product of the total population (SP.POP.TOTL) times the product of percentage of total population in this age group (SP.POP.1564.IN.ZS) and the labor force participation rate in this age group (SL.TLF.ACTI.ZS).

Definition: Labor productivity is defined here as the ratio of GDP (in constant prices) to the size of the working age population (age 15–64) that participate in the labor force.

Coverage: Data are available for about 85 USAID countries.

CAS Code # 11S1

Investment Productivity, Incremental Capital-Output Ratio (ICOR)

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

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

Coverage: Data are available for about 81 USAID countries.

CAS Code #11S2

Gross Fixed Investment, Percentage of GDP

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

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

Coverage: Data are available for about 84 USAID countries.

CAS Code # 11S3

Gross Fixed Private Investment, Percentage of GDP

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

government expenditure (percent of GDP) (GB.XPD.TOTL.GD.ZS).

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

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

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

CAS Code #11S4

POVERTY AND INEQUALITY

Human Poverty Index

Source: UNDP, Human Development Report.

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

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

Coverage: Data are available for about 60 USAID countries.

CAS Code #12P1

Income Share, Poorest 20 Percent

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

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

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

CAS Code # 12P2

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

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

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

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

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

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

CAS Code #12P3

Poverty Headcount, National Poverty Line

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

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

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

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

CAS Code #12P4

PRSP Status

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

Definition: Yes or no variable showing whether a country has (or not) completed a PRSP (introduced by the World Bank and IMF to ensure host-country ownership of poverty reduction programs).

Coverage: All countries having PRSPs are so indicated.

CAS Code #12P5

Percent of Population below Minimum Dietary Energy Consumption

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

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

Coverage: Data are available for about 82 USAID countries.

CAS Code # 12S1

ECONOMIC STRUCTURE

Employment or Labor Force Structure

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

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

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

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

CAS Code #13P1

Output Structure

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

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

Coverage: Data are available for about 86 USAID countries.

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

CAS Code #13P2

DEMOGRAPHY AND ENVIRONMENT

Adult Literacy Rate

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

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

Coverage: Data are available for about 66 USAID countries.

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

CAS Code #14P1

Youth Dependency Rate

Source: World Development Indicators, most recent publication series.

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

Coverage: Data are available for about 89 USAID countries.

CAS Code #14P2a

Elderly Dependency Rate

Source: World Development Indicators, most recent publication series.

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

Coverage: Data are available for about 89 USAID countries.

CAS Code #14P2b

Environmental Performance Index

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

Definition: The Environmental Performance Index (EPI) is a composite index of national environmental protection, which tracks (1) environmental health, (2) air quality, (3) water resources, (4) biodiversity and habitat, (5) productive natural resources, and (6) sustainable energy. The index is a weighted average of these six policy categories, with more weight given environmental health, (i.e., $EPI = 0.5 \times \text{environmental health} + 0.1 \times (\text{air quality} + \text{water resources} + \text{productive natural resources} + \text{biodiversity and habitat} + \text{sustainable energy})$). The index values range from 0 (very poor performance) to 100 (very good performance). The 2008 edition is considered a work in progress.

Coverage: Data are available for about 80 USAID countries.

CAS Code #14P3

Population Size and Growth

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

Definition: Total population counts all residents regardless of legal status or citizenship—except refugees not permanently

settled in the country of asylum. Annual population growth rate is based on the de facto definition of population.

Coverage: Data are available for about 88 USAID countries.

CAS Code # 14P4

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

CAS Code #14P5

Resource Depletion, Percent GNI

Source: World Development Indicators, most recent publication series: NY.ADJ.DNGY.GN.ZS (energy), NY.ADJ.DMIN.GN.ZS (minerals), NY.ADJ.DFOR.GN.ZS (forests). Sum of energy depletion + mineral depletion + net forest depletion, as a percentage of gross national income.

Definition: Resource depletion, as a percent of GNI is an indicator of environmental sustainability. 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.

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.

Net forest depletion is calculated as the product of unit resource rents and the excess of roundwood harvest over natural growth.

Coverage: Data are available for about 80 USAID countries.

Data Quality: Though each component is itself constructed from an estimate, the methodology is reasonably sound. Note however, the World Bank does not provide an estimate of soil depletion.

CAS Code #14P6

GENDER

Girls' Primary Completion Rate

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

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

Coverage: Data are available for about 80 USAID countries.

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

CAS Code #15P1

Gross Enrollment 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 #15P2

Life Expectancy, Male and Female

Source: Estimated from UNDP Human Development Indicators:

<http://hdrstats.undp.org/indicators/270.html> and <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 #15P3

Labor Force Participation Rate, Male and Female

Source: World Development Indicators, most recent publication series: SL.TLF.ACTI.MA.ZS (male)

SL.TLF.ACTI.FE.ZS (female). Based on data from International Labour Organization (ILO)

Definition: The percentage of the working-age population (15-64) that is in the labor force. The labor force is made up of people who meet the International Labor Organization definition of the economically active population: all people who supply labor for the production of goods and services during a specified period. It includes both the employed and the unemployed.

Coverage: Data are available for about 88 USAID countries.

CAS Code #15P4

FISCAL AND MONETARY POLICY

In the World Development Indicators for 2005, the World Bank has adopted a new system for government budget statistics, switching from data based on cash outlays and receipts to a system with revenues booked on receipt and expenses booked on accrual, in accordance with the IMF's *Government Financial Statistics Manual, 2001*. On the revenue side, the changes are minor, and comparisons to the old system may still be valid. There is a major change, however, in the reporting of capital outlays, which are now treated as balance sheet entries; only the annual capital consumption allowance (depreciation) is reported as an expense. Hence, the data on total *expense* is not comparable to the former data on total *expenditure*. In addition, WDI 2005 now provides data on the government's cash surplus/deficit; this differs from the previous concept of the overall budget balance by excluding net lending minus repayments (which are now a financing item under net acquisition of financial assets). Many countries do not use the new GFS system, so country coverage of fiscal data in WDI 2005 is limited. For these reasons, the template will continue

to use some data from WDI 2004, along with new data from WDI 2005 and subsequent WDI series, as appropriate.

Government Expense, Percentage of GDP

Source: IMF Article IV consultation report for latest country data www.imf.org/external/np/sec/aiv/index.htm;

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

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

CAS Code # 21P1

Government Revenue, excluding grants, Percentage of GDP

Source: IMF Article IV consultation report for latest country data www.imf.org/external/np/sec/aiv/index.htm; World Development Indicators for benchmarking data (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 non-repayable receipts (other than grants), measured as a share of GDP. Grants represent monetary aid going to the central government that has no repayment requirement.

Gaps: Data missing for about 24 USAID countries.

CAS Code # 21P2

Growth in Broad Money Supply

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

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

Coverage: Data are available for about 81 USAID countries.

CAS Code #21P3

Inflation Rate

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

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

Coverage: Data are available for about 85 USAID countries.

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

CAS Code # 21P4

Overall Budget Balance, Including Grants, Percentage of GDP

Source: For countries using the new GFS system (see explanation at the beginning of this section), benchmarking

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

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

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

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

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

CAS Code # 21P5

Composition of Government Expense

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

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

Coverage: Data are available for the majority of USAID countries. As explained at the beginning of this section, WDI stopped reporting government *expenditures* in 2005. The template will include this variable when the required data can be obtained from IMF Article IV consultation report or national data sources for the target country and the comparison countries.

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

CAS Code # 21S1

Composition of Government Revenue

Source: The latest country and comparison country data are taken from national data sources or from IMF Article IV consultation reports:

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

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

Coverage: Data are available for about 46 USAID countries.

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

CAS Code # 21S2

Composition of Money Supply Growth

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

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

Coverage: Data are available for about 86 USAID countries.

CAS Code # 21S3

BUSINESS ENVIRONMENT

Control of Corruption Index

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

Definition: The Control of Corruption index is an aggregation of various indicators that measure the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests. Index ranges from -2.5 (for very poor performance) to +2.5 (for excellent performance).

This is also an MCC indicator, under the criterion of ruling justly. The MCC rescales the values as percentile rankings relative to the set of MCA eligible countries, ranging from a value from 0 (for very poor performance) to 100 (for excellent performance). Some country reports use the MCC scaling.

Coverage: Data are available for nearly all USAID countries.

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

CAS Code # 22P1

Ease of Doing Business Index

Source: World Bank, Doing Business Indicators
<http://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: starting a business, dealing with licenses, hiring and firing, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, and closing a business.

Coverage: Data are available for nearly all USAID countries.

CAS Code # 22P2

Rule of Law Index

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

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

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

Coverage: Data are available for nearly all USAID countries.

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

CAS Code #22P3

Regulatory Quality Index

Source: World Bank Institute;

<http://www.govindicators.org>

Definition: The regulatory quality index measures the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development. It is computed from survey data from multiple sources. The index values range from -2.5 (for very poor performance) to +2.5 (excellent performance).

This is also an MCC indicator, under the criterion of encouraging economic freedom. The MCC rescales the values as percentile rankings relative to the set of MCA eligible countries, ranging from a value from 0 (for very poor performance) to 100 (for excellent performance). Some country reports use the MCC scaling.

Gaps: Data are available for nearly all USAID countries.

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

CAS Code #22P4

Government Effectiveness Index

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

Definition: This index, based on 17 component sources, measures "the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies." The index values range from -2.5 (very poor performance) to +2.5 (excellent performance).

Coverage: Data are available for nearly all USAID countries.

CAS Code #22P5

Cost of Starting a Business

Source: World Bank, Doing Business; Starting a Business category;

<http://www.doingbusiness.org/ExploreTopics/StartingBusiness/>

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

Coverage: Data are available for nearly all USAID countries.

CAS Code #22S1

Procedures to Enforce a Contract

Source: World Bank, Doing Business; Enforcing Contracts category:

<http://www.doingbusiness.org/ExploreTopics/EnforcingContracts/>

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

Coverage: Data are available for nearly all USAID countries.

CAS Code # 22S2

Procedures to Register Property

Source: World Bank, Doing Business; Registering Property category:

<http://www.doingbusiness.org/ExploreTopics/RegisteringProperty/>

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

Coverage: Data are available for nearly all USAID countries.

CAS Code #22S3

Procedures to Start a Business

Source: World Bank, Doing Business; Starting a Business category:

<http://www.doingbusiness.org/ExploreTopics/StartingBusiness/>

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

Coverage: Data are available for nearly all USAID countries.

CAS Code # 22S4

Time to Enforce a Contract

Source: World Bank, Doing Business; Enforcing Contracts category:

<http://www.doingbusiness.org/ExploreTopics/EnforcingContracts/>

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

Coverage: Data are available for nearly all USAID countries.

CAS Code # 22S5

Time to Register Property

Source: World Bank, Doing Business; Registering Property category:

<http://www.doingbusiness.org/ExploreTopics/RegisteringProperty/>

Definition: The time required to accomplish the full sequence of procedures to transfer a property title from the seller to the

buyer when a business purchases land and a building in a peri-urban area of the country's most populous city. Every required procedure is included whether it is the responsibility of the seller, the buyer, or where it is required to be completed by a third party on their behalf.

Coverage: Data are available for nearly all USAID countries.

CAS Code #22S6

Time to Start a Business

Source: World Bank, Doing Business; Starting a Business category:

<http://www.doingbusiness.org/ExploreTopics/StartingBusiness/>

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

Coverage: Data are available for nearly all USAID countries.

CAS Code #22S7

Total Tax Payable by Business

Source: World Bank, Doing Business, Paying Taxes Category:

<http://www.doingbusiness.org/ExploreTopics/PayingTaxes/>

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

Coverage: Data are available for nearly all USAID countries

CAS Code #22S8

Business Costs of Crime, Violence and Terrorism Index

Source: Global Competitiveness Report, World Economic Forum.

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

Coverage: Data are available for about 52 USAID countries.

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

CAS Code #22S9

Senior Manager Time Spent Dealing with Government Regulations

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

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

Coverage: Data available for about 80 USAID countries.

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

CAS Code #22S10

FINANCIAL SECTOR

Domestic Credit to Private Sector, Percentage of GDP

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

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

Coverage: Data are available for about 82 USAID countries.

CAS Code # 23P1

Interest Rate Spread

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

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

Coverage: Data are available for about 66 USAID countries.

CAS Code # 23P2

Money Supply, Percentage of GDP

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

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

Coverage: Data are available for about 81 USAID countries.

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

CAS Code # 23P3

Stock Market Capitalization Rate, Percentage of GDP

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

Definition: This variable is defined as the market capitalization, also known as market value (the share price times the number of shares outstanding), of all the domestic

shares listed on the country's stock exchange as a percentage of GDP.

Coverage: Data are available for about 54 USAID countries.

CAS Code # 23P4

Credit Information Index

Source: World Bank, Doing Business; Getting Credit Category:

<http://www.doingbusiness.org/ExploreTopics/GettingCredit/>

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

Coverage: Data are available for nearly all USAID countries.

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

CAS Code # 23P5

Legal Rights of Borrowers and Lenders Index

Source: World Bank Doing Business; Getting Credit category:

<http://www.doingbusiness.org/ExploreTopics/GettingCredit/>

The index is based on data collected through research of collateral and insolvency laws supported by survey data on secured transactions laws.

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

Coverage: Data are available for nearly all USAID countries.

CAS Code # 23S1

Real Interest Rate

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

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

Coverage: Data are available for about 68 USAID countries.

CAS Code # 23S2

Number of Active Microfinance Borrowers

Source: The Mix Market.

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

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

Coverage: Data are available for about 68 USAID countries.

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

CAS Code # 23S3

EXTERNAL SECTOR

Aid, Percentage of GNI

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

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

Coverage: Data are available for about 84 USAID countries.

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

CAS Code #24P1

Current Account Balance, Percentage of GDP

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

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

Coverage: Data are available for about 79 USAID countries.

CAS Code # 24P2

Debt Service ratio

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

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

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

Coverage: Data are available for about 77 USAID countries.

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

CAS Code # 24P3

Exports Growth, Goods and Services

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

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

Definitions: Annual growth rate of exports of goods and services based on constant local currency units. Exports

include the value of merchandise, freight, insurance, transport, travel, royalties, license fees, and other services, such as communication, construction, financial, information, business, personal, and government services. They exclude labor and property income (formerly called factor services), as well as transfer payments.

Coverage: Data are available for about 81 USAID countries.

CAS Code # 24P4

Foreign Direct Investment, Percentage of GDP

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

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

Coverage: Data are available for about 82 USAID countries.

CAS Code #24P5

Gross International Reserves, Months of Imports

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

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

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

Coverage: Data are available for about 77 USAID countries.

CAS Code # 24P6

Gross Private Capital Inflows, Percentage of GDP

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

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

Coverage: Information on coverage is not easily accessible.

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

CAS Code #24P7

Present Value of Debt, Percentage of GNI

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

Definition: Present value of debt is the sum of short-term external debt plus the discounted sum of total debt service payments due on public, publicly guaranteed, and private non-guaranteed long-term external debt over the life of existing loans. The indicator measures the value of debt relative to the GNI.

Coverage: Data are available for about 80 USAID countries.

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

CAS Code # 24P8

Remittances Receipts, Percentage of Exports

Source: Latest country data obtained from national data sources or IMF Article IV consultation reports: www.imf.org/external/np/sec/aiv/index.htm. Benchmarking data are obtained from World Development Indicators, most recent publication and remittances data compiled by the World Bank at <http://go.worldbank.org/QOWEWD6TA0>. The figure is constructed by dividing workers' remittances (receipts), by exports of goods and services, WDI 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 all USAID countries.

CAS Code # 24P9

Trade, Percentage of GDP

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

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

Coverage: Data available for about 84 USAID countries.

CAS Code # 24P10

Trade in Services, Percentage of GDP

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

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

Coverage: Data available for about 80 USAID countries.

CAS Code # 24P11

Concentration of Exports

Source: Constructed with ITC COMTRADE data by aggregating the value for the top three export product groups (SITC Rev.3) and dividing by total exports. Raw data: <http://www.intracen.org/tradstat/site3-3d/indexre.htm>

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

Coverage: Available for about 74 USAID countries.

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

CAS Code # 24S1

Inward FDI Potential Index

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

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

Coverage: Data are available for about 77 USAID countries.

CAS Code # 24S2

Net Barter Terms of Trade

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

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

Coverage: Data are available for about 51 USAID countries.

CAS Code # 24S3

Real Effective Exchange Rate (REER)

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

Definition: The REER is an index number with base 2000=100, which measures the value of a currency against a weighted average of foreign currencies. It is calculated as the nominal effective exchange rate divided by a price deflator or index of costs. The IMF defines the REER so that an increase in the value represents a real appreciation of the home currency, and a decrease represents a real depreciation.

Coverage: Information on coverage is not easily accessible.

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

CAS Code # 24S4

Structure of Merchandise Exports

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

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

Coverage: Data are available for about 78 USAID countries.

Data Quality: The classification of commodity groups follows the Standard International Trade Classification (SITC) revision 1, but most countries report using later revisions of the SITC. Tables are used to convert data reported in one system to another and this may introduce errors of classification. Shares may not sum to 100 percent because of unclassified trade.

CAS Code # 24S5

Trade Policy Index

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

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

Coverage: Data are available for about 83 USAID countries.

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

CAS Code # 24S6

Ease of Trading Across Borders Ranking

Source: World Bank, Doing Business, Trading Across Borders category:

<http://www.doingbusiness.org/ExploreTopics/TradingAcrossBorders/>

Definitions: The 181 economies covered by the Doing Business report are ranked on the ease with which one may import into and export out of the economy. The ranking is based on a simple average of the economy's ranking on each of the composite indicators for Trading Across Borders: number of documents to import and export, cost to import and export, and time to import and export.

Coverage: Data are available for nearly all USAID countries.

CAS Code # 24S7

ECONOMIC INFRASTRUCTURE

Internet Users per 100 people

Source: World Development Indicators, most recent publication series IT.NET.USER.P2, derived from the International Telecommunication Union database.

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

Coverage: Data are available for about 88 USAID countries.

CAS Code # 25P1

Logistics Performance Index, Infrastructure

Source: World Bank, Logistics Performance Index (LPI) www.worldbank.com/lpi. The Infrastructure Quality is one component of the Logistics Performance Index.

Definition: The LPI ranks countries on a scale of 1 to 5 (lowest to highest) in terms of IT, telecommunications and transportation infrastructure. It is based on a survey of more

than 800 logistics professionals who each operate in at least eight countries.

Coverage: Data are available for about 80 USAID countries.

CAS Code # 25P2

Telephone Density, Fixed Line and Mobile

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

Definition: The indicator is the sum of subscribers to telephone mainlines and mobile phones per 100 people. Fixed lines represent telephone mainlines connected to the public switched telephone network. Mobile phone subscribers refer to users of cellular-based technology with access to the public switched telephone network.

Coverage: Data are available for about 88 USAID countries.

CAS Code #25P3

Overall Infrastructure Quality Index

Source: Global Competitiveness Report, World Economic Forum.

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

Coverage: Data are available for about 52 USAID countries.

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

CAS Code # 25P4

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

Source: Global Competitiveness Report, World Economic Forum.

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

Coverage: Data are available for about 52 USAID countries.

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

CAS Code #25S1

Roads, paved (% total)

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

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

Coverage: Data are available for nearly all USAID countries.

CAS Code #25S2

SCIENCE AND TECHNOLOGY

FDI Technology Transfer Index

Source: Global Competitiveness Report, World Economic Forum.

Definition: The index measures executives' perceptions of FDI as a source of new technology for the country.

Executives grade, on a scale from 1 to 7, whether foreign direct investment in their country brings little new technology (1), or is an important source of new technology (7).

Coverage: Data are available for about 52 USAID countries.

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

CAS Code # 26P1

Availability of Scientists and Engineers Index

Source: Global Competitiveness Report, World Economic Forum.

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

Coverage: Data are available for about 52 USAID countries.

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

CAS Code #26P2

Science and Technology Journal Articles, per Million People

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

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

Coverage: Data are available for about 82 USAID countries.

CAS Code #26P3

IPR Protection Index

Source: Global Competitiveness Report, World Economic Forum.

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

Coverage: Data are available for about 52 USAID countries.

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

CAS Code #26P4

HEALTH

HIV Prevalence

Source: UNAIDS for most recent country data: http://data.unaids.org/pub/GlobalReport/2006/2006_GR_AN_N2_en.pdf. World Development Indicators, most recent publication for benchmark data, series SH.DYN.AIDS.ZS.

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

Coverage: Data are available for about 79 USAID countries.

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

CAS Code # 31P1

Life Expectancy at Birth

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

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

Coverage: Data are available for about 88 USAID countries.

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

CAS Code # 31P2

Maternal Mortality Rate

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

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

Coverage: Data are available for about 87 USAID countries.

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

CAS Code # 31P3

Access to Improved Sanitation

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

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

Coverage: Data are available for about 82 USAID countries.

CAS Code #31S1

Access to Improved Water Source

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

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

Coverage: Data are available for about 83 USAID countries.

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

CAS Code # 31S2

Births Attended by Skilled Health Personnel

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

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

Coverage: Data are available for about 62 USAID countries.

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

CAS Code # 31S3

Child Immunization Rate

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

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

Coverage: Data are available for about 88 USAID countries.

CAS Code #31S4

Prevalence of Child Malnutrition—Weight for Age

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

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

Coverage: Data are available for about 55 USAID countries.

CAS Code # 31S5

Public Health Expenditure, Percentage of GDP

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

<http://www.mcc.gov/selection/scorecards/2007/index.php>

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

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

Coverage: Data are available for about 88 USAID countries.

CAS Code #31S6

EDUCATION

Net Primary Enrollment Rate—Female, Male and Total

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

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

Coverage: Data are available for about 80 USAID countries.

Data Quality: Enrollment rates are based on data collected during annual school surveys, which are typically conducted at the beginning of the school year, and do not reflect actual rates of attendance during the school year. In addition, school

administrators may report exaggerated enrollments because teachers often are paid proportionally to the number of pupils enrolled. The indicator does not measure the quality of the education provided.

CAS Code # 32P1

Primary Completion Rate – Female, Male, and Total

Source: World Development Indicators, most recent publication, series SE.PRM.CMPT.FE.ZS (female), SE.PRM.CMPT.MA.ZS (male), and 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 # 32P2

Youth Literacy Rate—Female, Male, and Total

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

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

Coverage: Data are available for about 67 USAID countries.

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

CAS Code #32P3

Net Secondary Enrollment Rate, Total

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

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

Coverage: Not available for draft.

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

CAS Code #32P4

Gross Tertiary Enrollment Rate, Total

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

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

Coverage: Not available for draft.

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

CAS Code #32P5

Expenditure on Primary Education, Percentage of GDP

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

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

Coverage: Data are available for about 58 USAID countries.

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

CAS Code #32S1

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

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

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

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

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

CAS Code # 32S2

Pupil-teacher Ratio, Primary School

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

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

Coverage: Data are available for about 76 USAID countries.

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

CAS Code # 32S3

EMPLOYMENT AND WORKFORCE

Labor Force Participation Rate

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

Definition: The percentage of the working age population (15-64) that is in the labor force. The labor force comprises people who meet the International Labor Organization

definition of the economically active population: all people who supply labor for the production of goods and services during a specified period. It includes both the employed and the unemployed.

Coverage: Data are available for about 88 USAID countries.

CAS Code #33P1

Rigidity of Employment Index

Source: World Bank, Doing Business, Employing workers category:

<http://www.doingbusiness.org/ExploreTopics/EmployingWorkers/>

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

Coverage: Data are available for nearly all USAID countries.

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

CAS Code # 33P2

Size and Growth of the Labor Force

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

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

Coverage: Data are available for about 88 USAID countries.

CAS Code #33P3

Unemployment Rate

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

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

Coverage: Data are available for about 50 USAID countries.

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

CAS Code # 33P4

Economically Active Children, Percentage Children Ages 7-14

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

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

CAS Code # 33P5

Firing Costs, Weeks of Wages

Source: World Bank, Doing Business, Employing Workers Category:
<http://www.doingbusiness.org/ExploreTopics/EmployingWorkers/>.

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

Coverage: Data available for nearly all USAID countries.

CAS Code # 33S1

AGRICULTURE

Agriculture Value Added per Worker

Source: World Development Indicators, most recent publication series EA.PR.D.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

Cereal Yield

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

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

Coverage: Data are available for about 84 USAID countries.

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

CAS Code # 34P2

Growth in Agricultural Value-Added

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

Definition: The indicator measures the annual growth rate for agricultural value added, in constant local currency. Regional

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

Coverage: Data are available for about 84 USAID countries.

CAS Code # 34P3

Fertilizer Consumption (100 grams per hectare of arable land)

Source: World Development Indicators, most recent publication series AG.CON.FERT.ZS, derived from Food and Agriculture Organization Production Yearbook and data files.

Definition: Fertilizer consumption (100 grams per hectare of arable land) measures the quantity of plant nutrients used per unit of arable land. Fertilizer products cover nitrogenous, potash, and phosphate fertilizers (including ground rock phosphate). Traditional nutrients--animal and plant manures--are not included. The time reference for fertilizer consumption is the crop year (July through June). 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.

Coverage: Data available for

CAS Code #34P4

Agricultural Policy Costs Index

Source: Global Competitiveness Report, World Economic Forum.

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

Coverage: Data are available for about 52 USAID countries.

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

CAS Code # 34S1

Crop Production Index

Source: World Development Indicators, most recent publication series AG.PR.D.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 # 34S2

Livestock Production Index

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

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

Coverage: Data are available for about 85 USAID countries.

Data Quality: See comments on the Crop Production Index.

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Agriculture Export Growth

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

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

Coverage: Not available for draft.

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