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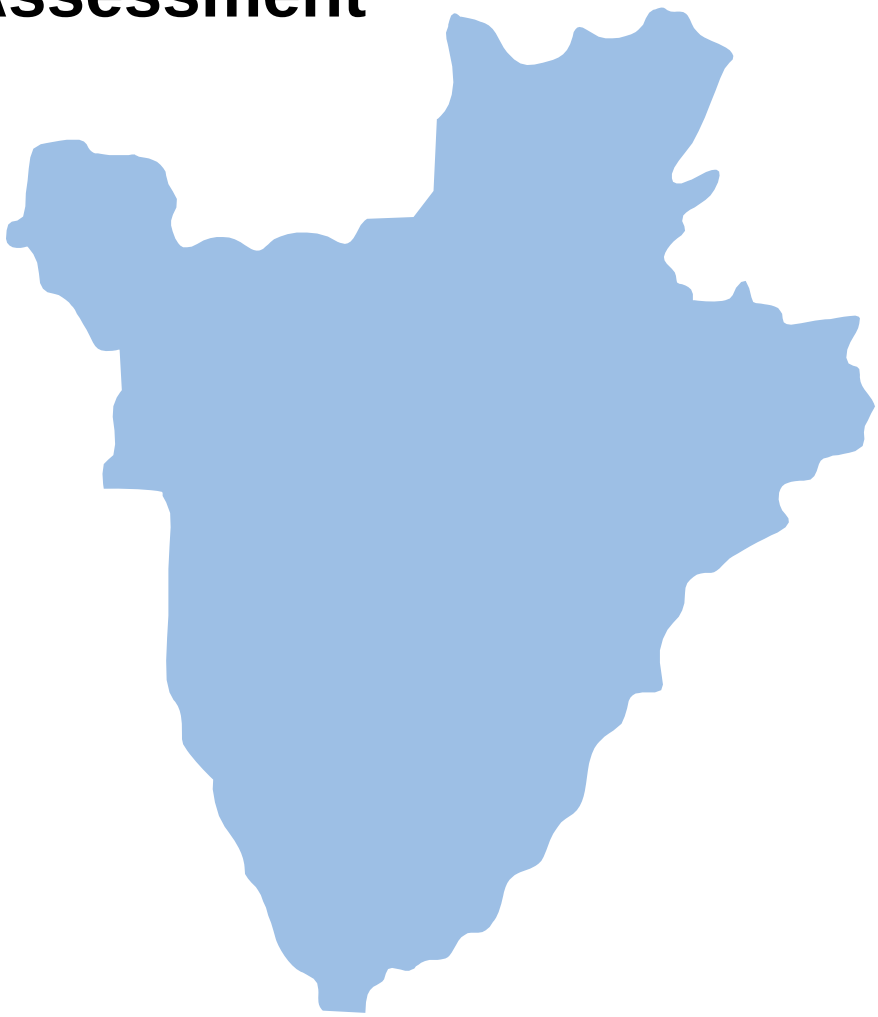
Burundi

Economic Performance Assessment



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Burundi

Economic Performance Assessment

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

- a synthesis of data drawn from numerous sources, including World Bank publications and other international data sets currently used by USAID for economic growth analysis, as well as accessible host-country data sources;
- international benchmarking to assess country performance in comparison to similar countries and groups of countries;
- an easy-to-read analytic narrative that highlights areas in which a country's performance is particularly strong or weak, thereby assisting in the identification of future programming priorities.

Under the CAS Project, Nathan Associates will also respond to mission requests for in-depth sector studies to examine more thoroughly particular issues identified by the data analysis in these country reports.

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HIGHLIGHTS OF BURUNDI'S PERFORMANCE

Economic Growth	Following over a decade of conflict, Burundi has the lowest per capita income in the world. Recent growth has been too slow and erratic to improve living standards, and the investment rate is too low to support rapid growth.
Poverty	According to the latest household survey data for 2002, 68 percent of the people live in absolute poverty.
Economic Structure	The labor force is concentrated in subsistence farming; there is an urgent need to improve small farm productivity.
Demography and Environment	Burundi is a small country with very high population density. Recent political stabilization may result in a population boom that would strain existing systems, including environmental resources. In addition, adult literacy rates are low.
Gender	Gender inequity is a major impediment to economic development.
Fiscal and Monetary Policy	Inflation is moderate, but macroeconomic stability is precarious. Government expenditure soared to 42 percent of GDP in 2004, while revenue was below 20 percent of GDP; grants cover most of the difference.
Business Environment	To generate rapid growth, Burundi needs to establish an attractive investment climate. Yet Burundi is below average for sub-Saharan Africa on most indicators of the quality of the legal and regulatory environment.
Financial Sector	Considering the recent conflict, banking indicators such as credit to nongovernment, the degree of monetization, and real interest rates are relatively good compared to regional benchmarks.
External Sector	Burundi is making good progress with structural reforms, but the ratio of trade to GDP is unusually low, and barriers to global integration remain high. The high concentration of exports on coffee and tea creates vulnerability to fluctuations in yields and international prices.
Economic Infrastructure	Burundi's poor infrastructure is a serious impediment to growth. Some signs of recent improvement can be seen, such as rising Internet usage and telephone density, albeit from very low levels.
Health	Health conditions are poor, as reflected in a very low life expectancy and high prevalence of HIV/AIDS.
Education	Education levels are extremely low, though there are signs of improvement.
Employment and Workforce	Burundi has a very high rate of labor force participation, indicating that child labor is widespread and that every able person has to work.
Agriculture	Agriculture is performing very poorly even though it is the most critical sector of the economy.

Note: This table summarizes highlights of the performance evaluation, which is based primarily on comparative benchmarking, though absolute standards are also taken into account. The methodology is explained in the Appendix.

BURUNDI: NOTABLE STRENGTHS AND WEAKNESSES—SELECTED INDICATORS[a]

Indicator, by Topic	Notable Strengths	Notable Weaknesses
Growth Performance		
Per capita GDP (PPP$ and US$)		X
Real GDP growth (% change)		X
Poverty and Inequality		
Poverty headcount, by national poverty line (%)		X
Demography and Environment		
Adult literacy rate (%)		X
Gender		
Adult literacy rate (ratio of male to female)		X
Fiscal and Monetary Policy		
Government expenditure (% GDP)		X
Business Environment		
Regulatory quality index		X
Financial Sector		
Domestic credit to the private sector		X
Real Interest rate	X	
External Sector		
Trade (% of GDP)		X
Concentration of exports		X
Economic Infrastructure		
Telephone density (lines per 1,000 people)		X
Health		
Access to improved water source (% population)	X	
Child immunization rate (%)	X	
Life expectancy at birth (years)		X
Public health expenditure (% GDP)		X
Education		
Net primary enrollment rate (%)		X
Persistence in school to grade 5 (%)	X	

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

Indicator, by Topic	Notable Strengths	Notable Weaknesses
Youth literacy rate (%)		X
Employment and Workforce		
Labor force participation rate (%)		X
Rigidity of employment index	X	
Agriculture		
Agricultural value added per worker (1995 US$)		X

1. Introduction

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

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

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

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

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

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

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

In turn, the impact of growth on poverty depends on policies and programs that create opportunities and build capabilities for the poor.[4] 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 of these conditions must be interpreted with caution, because a concise analysis of this sort does not provide a thorough diagnosis of the problems, or simple answers to questions about programmatic priorities. For Burundi, the standard analytical limitations are compounded by data problems and discontinuities due to the changing political situation. The aim, then, is to spot signs of serious problems for economic growth, based on a review of selected indicators, subject to limits of data availability and quality. The results should provide insight about potential paths for USAID intervention, to complement on-the-ground knowledge and further in-depth studies.

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

Table 1-1
Topic Coverage

Overview of the Economy	Private Sector Enabling Environment	Pro-Poor Growth Environment
• Growth Performance • Poverty and Inequality • Economic Structure • Demographic and Environmental Conditions • Gender	• Fiscal and Monetary Policy • Business Environment • Financial sector • External sector • Economic Infrastructure • Science and Technology	• Health • Education • Employment and Workforce • Agriculture

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

2. Overview of the Economy

This section reviews basic information on Burundi's macroeconomic performance, poverty and inequality, economic structure, demographic and environmental conditions, and indicators of gender equity.[1] Some of the indicators are descriptive rather than analytical, and are included to provide context for the performance analysis.

GROWTH PERFORMANCE

With an estimated GDP per capita of $91 in 2004, Burundi is the poorest country in the world (Figure 2-1, GDP Per Capita). Even before the civil conflict began in 1993, Burundi was one of the most impoverished nations in the world, and years of war and instability critically worsened the situation. From this destitute starting point, the need for sustainable economic growth is unquestionable. During the five years to 2004, the growth rate averaged only 2.0 percent per year, far too low to improve standards of living to a population that has been expanding by 1.9 percent per year (Figure 2-2, Real GDP Growth). Real GDP growth reached 5 percent in 2004, but in 2003 it was –1.2 percent. This erratic behavior reflects the economy's reliance on coffee and tea exports, which are subject to adverse weather conditions and fluctuating world prices. By World Bank estimates, the economy needs a growth rate of 5 percent per year over and above the population growth rate to reach pre-1993 levels by 2015.[2] This is particularly challenging because Burundi is small, densely populated, and landlocked. Yet a failure to achieve rapid growth will condemn future generations to deep poverty.

The immediate cause of slow growth centers on low investment and low productivity, which undoubtedly were worsened by decades of conflict. For 2003, gross fixed investment was estimated at just 11.6 percent of GDP (Figure 2-3, Share of Gross Fixed Investment). For the private sector alone, the latest data (for 2002) indicate that gross fixed investment totaled just 2.5 percent of GDP. Thus, government investment has been more than quadruple the investment in the private sector. To sustain even moderate growth, Burundi requires gross fixed investment rates comparable to those in Rwanda and Uganda (20.2 and 20.3 percent of GDP, respectively), which should be heavily weighted toward private investment (which accounts for 12.8 and 16.5 percent of GDP in Rwanda and Uganda, respectively).[3] Similarly, the data suggest that

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[1] A separate Data Supplement provides a full tabulation of the data for Burundi and the international benchmarks, including indicators not discussed in the text, as well as technical notes on the data sources and definitions.

[2] World Bank, Burundi, Country Brief website, updated March 2005.

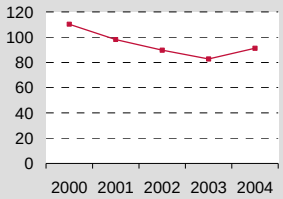
[3] The data on private investment for Rwanda and Uganda come from the statistical tables in IMF Country Reports 04/383 and 05/172, respectively.

investment productivity has been poor in Burundi. The five-year average incremental capital-output ratio (ICOR) of 8.8 shows that nearly $9 of gross investment has been needed per $1 of extra output. This is almost triple the investment required in Uganda and Rwanda (Figure 2-4, Investment Productivity), implying very low productivity. Labor force productivity in fact declined in the five years to 2003 (latest data). The underlying factors contributing to Burundi's low levels of investment and productivity poor performance are examined in sections 3 and 4.

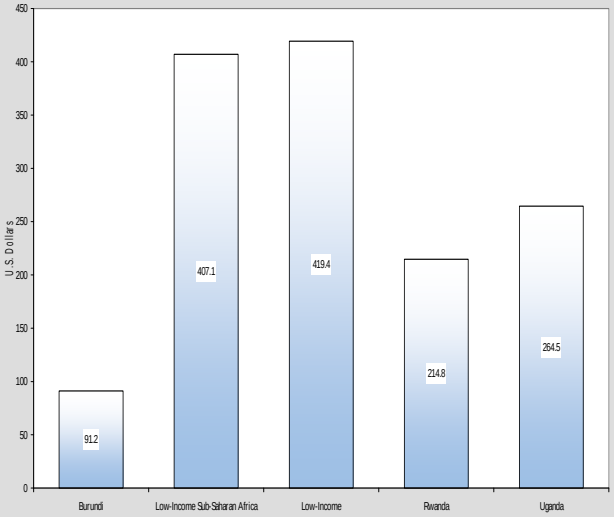
Figure 2-1
GDP Per Capita (current US$)

Burundi's per capita GDP is the lowest in the world

Time Series

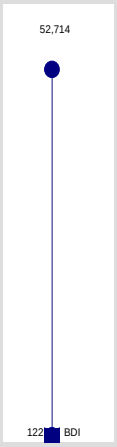


Year	Burundi Data
2000	110.3
2001	98.1
2002	89.7
2003	82.7
2004	91.2
Summary for 2000–2004	
Five-year average	94.4
Trend growth rate	-5.4



Burundi Global Standing

Highest-five average



Lowest-five average

Source: IMF World Economic Outlook 11p2

Figure 2-2
Real GDP Growth (Percent)

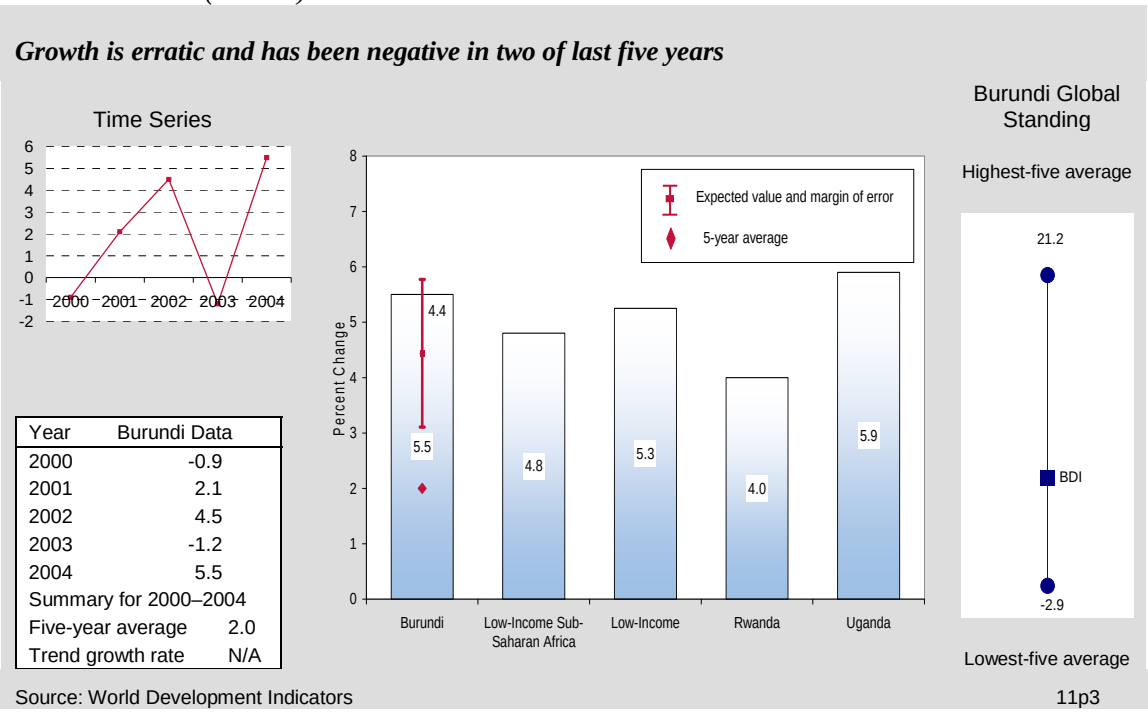


Figure 2-3
Share of Gross Fixed Investment (percent of GDP)

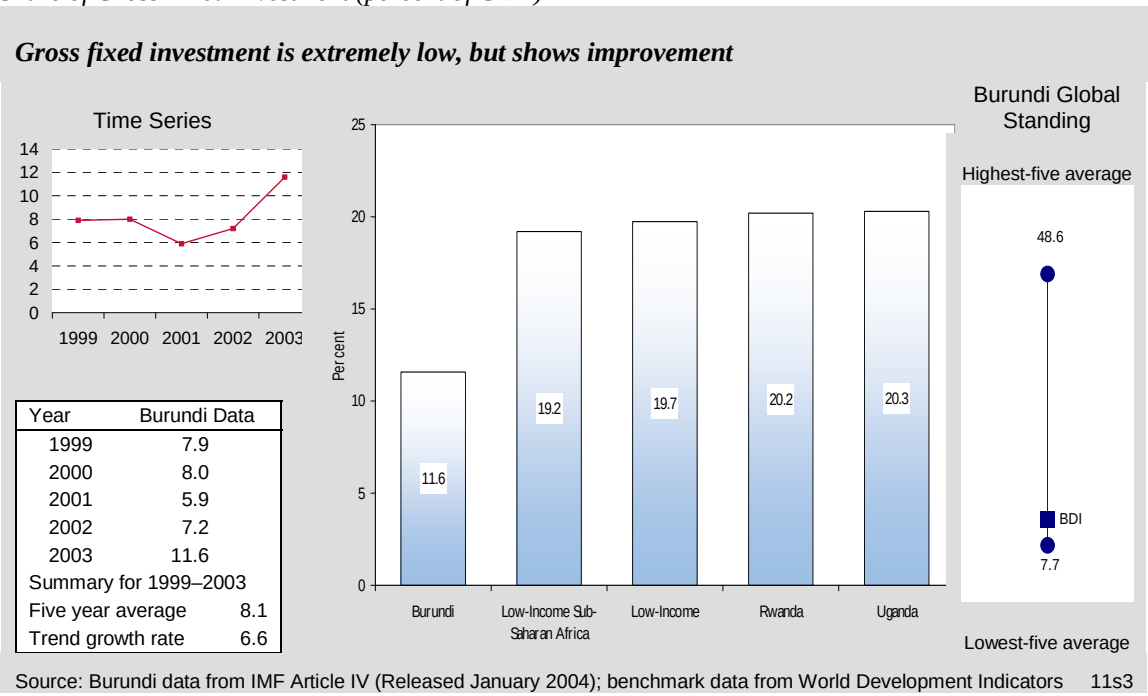
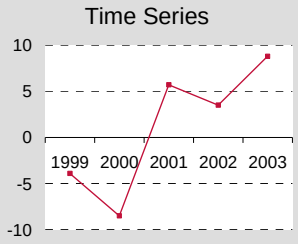
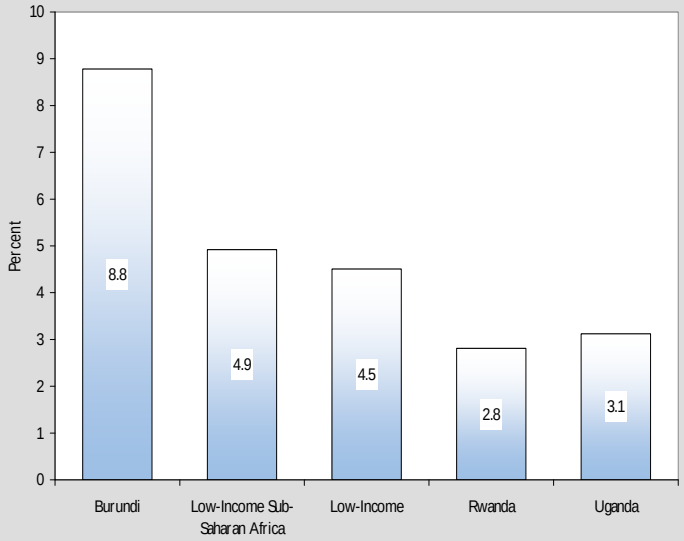


Figure 2-4
Investment Productivity (ICOR)

Approximately $9 of investment has been needed to get $1 of extra output



Year	Burundi Data
1999	-3.9
2000	-8.5
2001	5.7
2002	3.5
2003	8.8
Summary for 1999–2003	
Five-year average	1.1
Trend growth rate	N/A



Source: Calculated with World Development Indicator data 11s2

POVERTY AND INEQUALITY

Poverty in Burundi is severe and pervasive. Sixty,-eight percent of the population lived below the national poverty line in 2002. This is worse than all the benchmarks: Rwanda's rate is 60 percent, Uganda's rate is 35 percent and the regression benchmark—which estimates the expected poverty level for a country with Burundi's characteristics—is 56 percent.[4] This reality is reflected in the percentage of the population living on a diet that is insufficient for minimum energy requirements: 70 percent. As shown in Figure 2-5, this is more than double the average for low-income Africa (hereafter, LI Africa) and for all low-income countries (Figure 2-5, Population below Minimum Dietary Consumption), and also far worse than in Rwanda and Uganda. This is a grave concern because undernourishment seriously affects labor productivity and earning capacity.

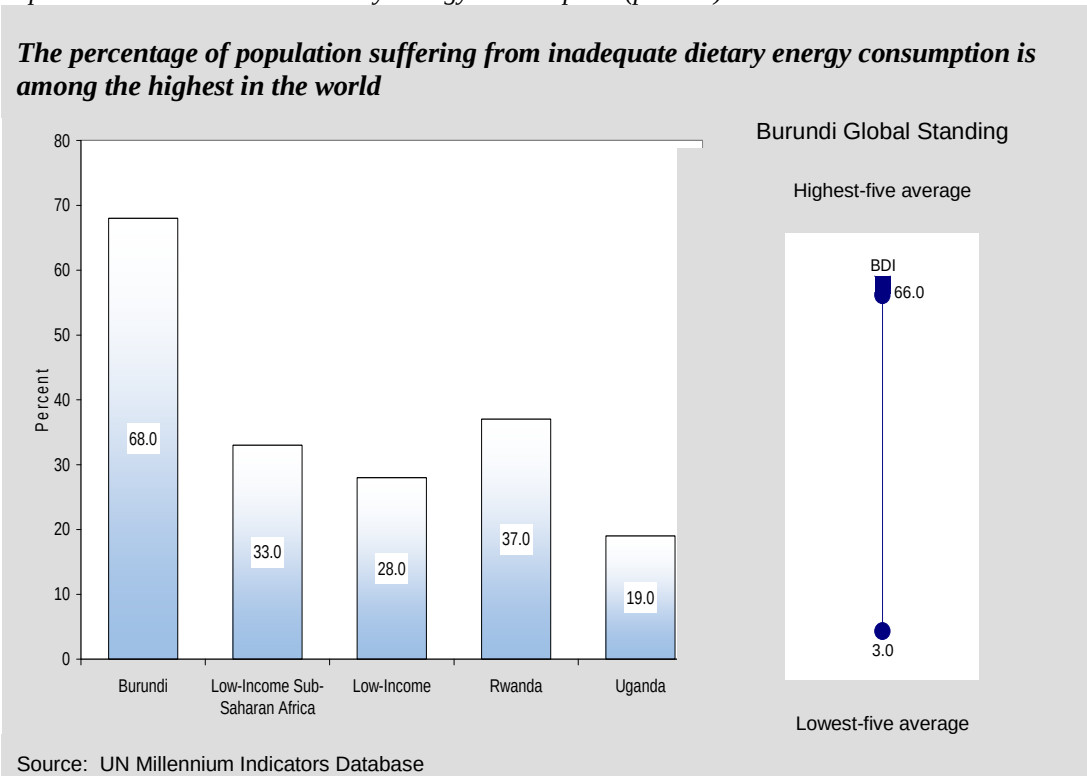
A broader measure of poverty, the UNDP Human Poverty Index (HPI), which takes into account access to safe water, literacy, and health, as well as nutrition, Burundi's score of 45.8 for 2002 ranked the country 82nd in deprivation out of 95 developing countries.[5] By this poverty gauge, deprivation in Burundi is similar to the LI Africa average of 45.0 and Rwanda's score of 44.7.

[4] National poverty lines differ across countries, thus cross-country comparisons must be interpreted with caution. Due to insufficient poverty data in the World Development Indicators 2005 for other countries in the region, the regional averages cannot be used here as a benchmark for comparison.

[5] Burundi's score was 45.8 in 2002. The Human Poverty Index ranges from 0 (no deprivation) to 100 (extreme deprivation). UNDP, Human Development Report 2004, Cultural Liberty in Today's Diverse World. http://hdr.undp.org/statistics/data/indic/indic_17_1_1.html

Uganda's score of 36.4 indicates that much better conditions can be achieved through strong growth and a pro-poor policy environment.

Figure 2-5
Population below Minimum Dietary Energy Consumption (percent)



Burundi's main strategies to combat poverty, as outlined in the Interim Poverty Reduction Strategy Paper (PRSP, January 2004), focus on resolving problems of governance and insecurity, stabilizing the macroeconomic framework, improving access to basic social services, improving social protection for war victims, controlling HIV/AIDS and other epidemics, and struggling for gender equality. Donor programs in these areas may help Burundi start on the long path of poverty reduction. The final PRSP is scheduled for release in 2005; its completion will be an important sign of commitment by Burundi's government to address the poverty problem.

ECONOMIC STRUCTURE

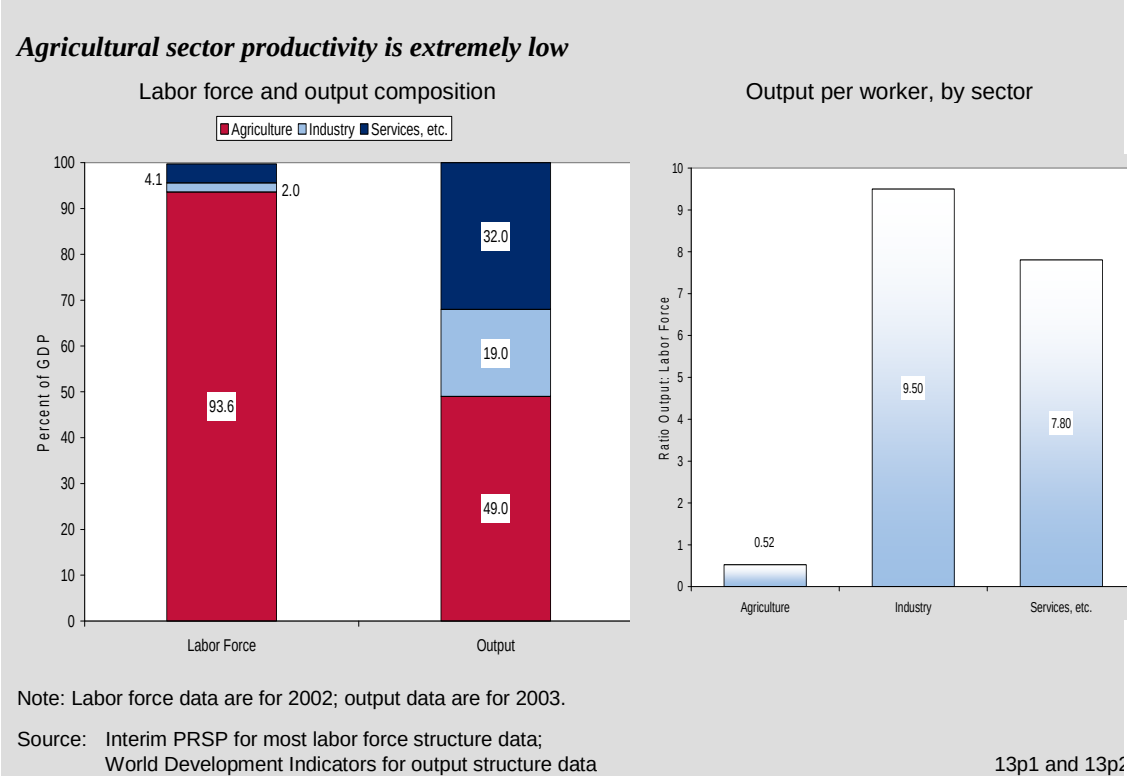
The structure of output in Burundi is indicative of a very low level of development. Over the five years to 2003, the share of GDP originating in agriculture fell fall slightly to 49 percent, but remains far higher than all benchmark standards; the shares in industry[6] and services rose marginally to about 19 and 32 percent, respectively. The manufacturing sector is comprised mostly of small and medium enterprises engaged mostly in agricultural processing, beverages, consumer goods, textiles, hides and skins, and construction material. Key factors contributing to

[6] In addition to manufacturing, "industry" includes mining and quarrying, electricity, gas and water, and construction.

the stagnant economic structure are physical isolation, poor transport facilities, high population density, and serious land degradation, as discussed below.

Agriculture employs 93 percent of the labor force. Only 2 percent of workers are engaged in industry; yet they produce close to 20 percent of GDP. The service industry employs just 4 percent of the labor force but produces nearly a third of GDP. Clearly, labor productivity in agriculture is extremely low compared to the other sectors (Figure 2-6, Labor Force and Output Structure). There is an immediate and critical need for the government and donors to develop programs for increasing productivity in agriculture. At the same time, the rapid creation of opportunities outside agriculture is essential to increase incomes and stimulate economic transformation.

Figure 2-6
Labor force and output structure, percent of GDP



Note: Labor force data are for 2002; output data are for 2003.

Source: Interim PRSP for most labor force structure data;
World Development Indicators for output structure data

13p1 and 13p2

DEMOGRAPHY AND ENVIRONMENT

Burundi is a small, landlocked country with the second-highest population density in LI Africa.[7] With 90 percent of its 7 million people living in rural settings, Burundi is also one of the least urbanized countries in the world. Most of the volcanic arable land, which accounts for a large share of the territory, is entirely devoted to agriculture, making small-scale subsistence farming the largest economic activity. But population pressure is accelerating environmental degradation,

[7] U.S. Department of State, Bureau of African Affairs, *Background Note: Burundi*, June 2005.

and soil erosion is reducing productive potential. A new index, the Environmental Sustainability Index (ESI), combines data on 76 environmental variables. Burundi's score of 40.0 (out of 100) is well below the regression benchmark of 46.3 and the average for LI Africa of 44.9, as well as the scores for Rwanda (44.8) and Uganda (51.3). Components of the ESI reveal serious problems with population stress on the land, ecosystem stress, weak science and technology, and poor human sustenance.

Burundi's estimated population growth rate of 1.9 percent for 1999–2003 is below the average of 2.3 percent for LI Africa, but virtually the same as the trend in GDP growth of 2.0 percent (2000-2004), leading to stagnant living conditions. The slow population growth rate is evidently due to emigration and high mortality, because the total fertility rate (TFR) remains very high, at 5.7 in 2003.[8] With a calming of the conflict, mortality rates are likely to decline and refuges will return, as common in post-conflict situations, resulting in a looming population boom. In fact, the United Nations reports a drastic increase in the numbers of refugees returning from Rwanda and Tanzania since the June elections.[9] A substantial increase in population will not only put a strain on social services and environmental resources, but also increase the rate of GDP growth needed for effective poverty reduction. Furthermore, population pressure on the land can itself cause of political instability, in the absence of new economic opportunities and rising living standards.

Reflecting the high fertility rate, each person of working age in Burundi has 0.92 dependents. This is comparable to the dependency rates for LI Africa, Rwanda, and Uganda. Indeed, the entire region has nearly one dependent per person of working age. This high level of age dependency is both a symptom and a cause of deep poverty. On a positive note, the estimated dependency rate for Burundi declined marginally, from 0.96 in 1999, and the estimated TFR has also fallen, from 6.3 in 1997. With the restoration of peace and security, these numbers may trend upward.

Another vital characteristic of the population is the adult literacy rate. At 50.4 percent in 2002, the literacy rate in Burundi is very low by all standard comparisons (Figure 2-7, Adult Literacy Rate). Nonetheless, the trend was favorable from 1998 to 2002. This is a significant achievement (if the estimates are accurate) because adult literacy is usually slow to change, as an indicator of the stock of basic human capital.[10]

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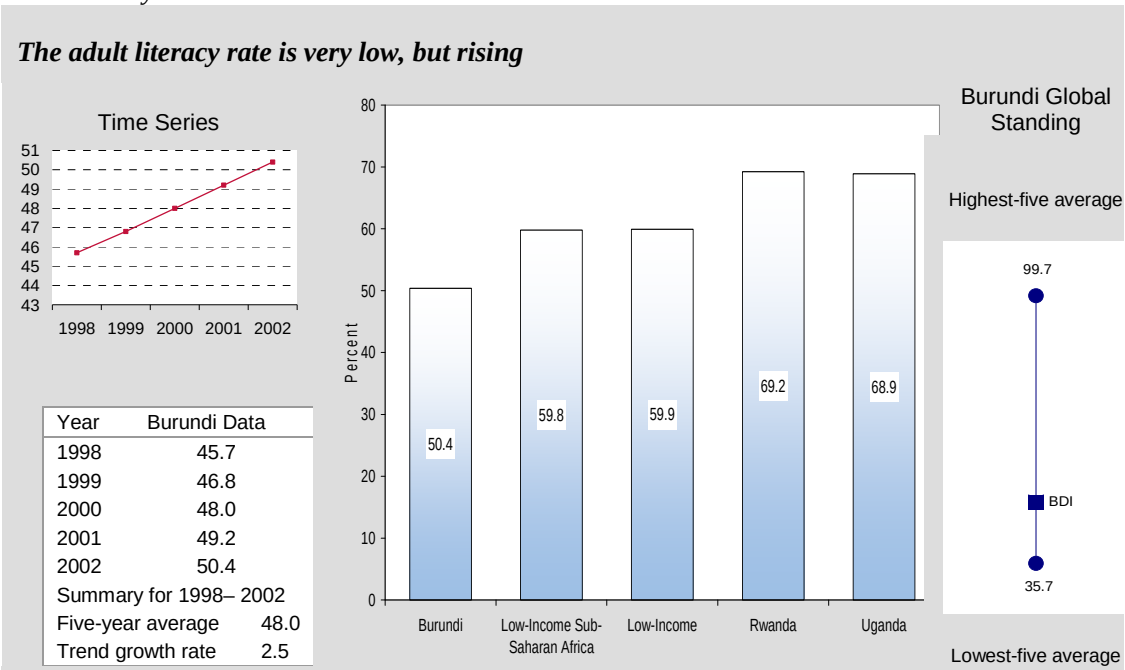
[8] World Development Indicators, 2005. The TFR is the number of live births an average woman would have over the course of her child-bearing years, given prevailing age-specific fertility and mortality rates.

[9] United Nations High Commission for Refugees, Press Briefing, August 12, 2005, http://www.unog.ch/80256EDD006B9C2E/(httpNewsByYear_en)/E025B92711B5431DC125705B0051C046?OpenDocument

[10] See UNESCO, EFA Global Monitoring report 2003/4 at http://portal.unesco.org/education/en/

Figure 2-7
Adult Literacy Rate



GENDER

The Interim PRSP indicates that cultural biases restricting women's access to resources and problems in integrating women into decision-making bodies are major impediments to gender equity in Burundi. These problems are reflected in the adult literacy rate, which is 53 percent higher for men than for women; this degree of disparity is far greater than in the benchmark groups and countries (Figure 2-8, Male-to-Female Adult Literacy Ratio). Educating women is a leading priority in part because of the effect of female education on economic growth: better educated women are more productive, have fewer children, are less prone to fall victim to HIV/AIDS, and pass along better health and education to their children. Focusing on the school age population, the gross enrollment rate for males in 2002 was 31 percent higher than for females, signaling a continuation of sharp gender imbalances in education. Here, too, the disparity in Burundi is far greater than the average for LI Africa (20 percent) or the values for Uganda (7 percent) and Rwanda (12 percent).

Another sign of gender disadvantage is seen in the life expectancy indicator. In most of the world, women live significantly longer than men, often by five years or more in countries with higher human development. In Burundi, life expectancy is nearly identical for both women and men, at just over 41 years.

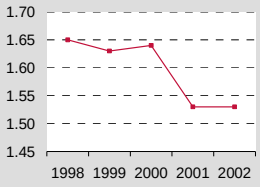
As stated in the interim PRSP, the conflict in Burundi has disrupted families and reinforced gender imbalances. Reducing this inequality is essential for poverty elimination because women bear a disproportionate burden of lack of opportunities and access to education and health services. Gender considerations should influence the design of all donor programs. For economic

growth programs, assistance aimed at enhancing the productivity of subsistence farming, promoting off-farm opportunities for women, and developing gender-sensitive microfinance programs are possible priorities for donor consideration.

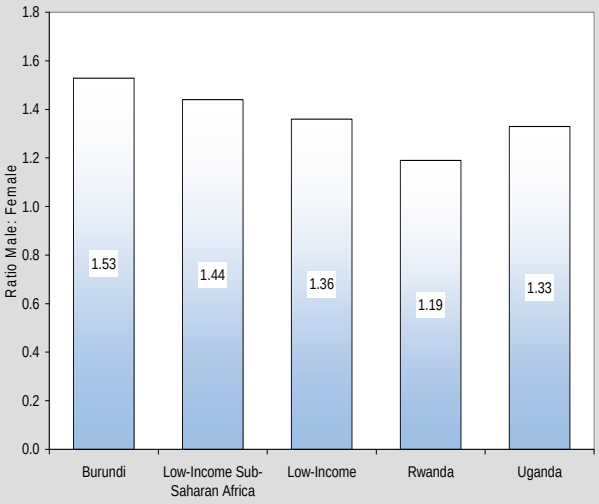
Figure 2-8
Male-to-Female Adult Literacy Ratio

There is a very large gender disparity in adult literacy

Time Series

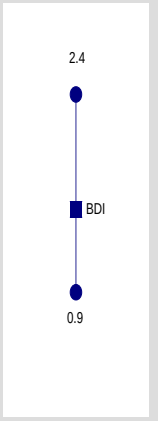


Year	Burundi Data
1998	1.65
1999	1.63
2000	1.64
2001	1.53
2002	1.53
Summary for 1998–2002	
Five-Year Average	1.60
Trend Growth Rate	-2.2



Burundi Global Standing

Highest-five average



Lowest-five average

Source: Burundi data from the interim PRSP (released by IMF in January 2004). Benchmark data from World Development Indicators.

15

3. Private Sector–Enabling Environment

This section reviews indicators for key components of the enabling environment for encouraging rapid and efficient growth of the private sector. Sound fiscal and monetary policies are essential for macroeconomic stability, 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 saving, facilitating transactions, and creating instruments for risk management. Access to the global economy is another pillar of a good enabling environment, because the external sector is a central source of potential markets, modern inputs, technology, and finance, as well as competitive pressure for efficiency and rising productivity. Equally important is development of the physical infrastructure to support production and trade. Finally, developing countries need to adapt and apply science and technology as a basis for attracting efficient investment, improving competitiveness, and stimulating productivity growth.[1]

FISCAL AND MONETARY POLICY

The government's fiscal and monetary policies get mixed reviews. The inflation rate dropped from 24.3 percent in 2000 to under 8 percent in 2004[2] (Figure 3-1, Inflation Rate), but this still exceeded the IMF program target of 5.5 percent because of rising petroleum prices and higher-than-programmed money-supply growth.[3] At the same time, the government's fiscal posture is poor. For 2004, the IMF estimates that the overall government budget deficit (including grants) amounted to 8.0 percent of GDP, up sharply from 6.6 percent in 2003 and 1.4 percent in 2002.[4]

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[1] The Science and Technology section usually included in Economic Performance Assessments is excluded from this report because of a lack of data.

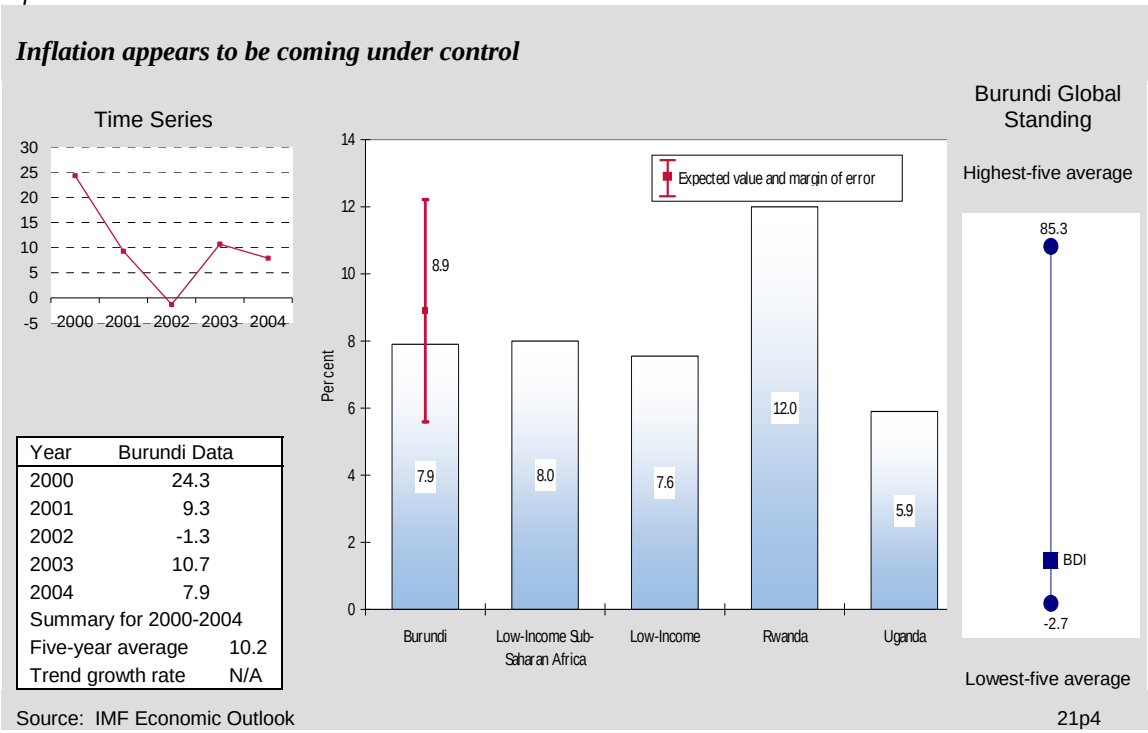
[2] An MCA indicator.

[3] IMF, Burundi: First Review under the Three-Year Arrangement under the Poverty Reduction and Growth Facility and Request for Waiver of Performance Criteria, December 21, 2004.

[4] Budget data for 2004 are IMF projections based on outturns through September. See IMF, Burundi: First Review Under the Three-Year Arrangement Under the Poverty Reduction and Growth Facility and Request for Waiver of Performance Criteria, December 21, 2004. The IMF program called for a primary budget surplus of 0.5 percent of GDP; the actual deficit was 3.1 percent of GDP. The primary balance is calculated as the difference between revenue and primary expenditure, defined in this case as non-interest

On a commitment basis, the IMF estimated a *surplus* for 2004 of 0.3 percent of GDP; the large difference reflects donor support that did not materialize, totaling over 8 percent of GDP. Nonetheless, donor grants in 2004 still covered a large share of the gap between government expenditure (42.2 percent of GDP) and domestic revenue (19.4 percent of GDP).

Figure 3-1
Inflation Rate



The budget deficit has been driven by expenditures, which soared from 26 percent of GDP in 2000–2002 to an estimated 42 percent in 2004. A large increase in 2003 was triggered partly by subsidies to cover losses in the coffee sector due to a drop in production related to drought and falling world prices.[5] Although coffee production and earnings improved in 2004, government expenditure continued to rise sharply. According to the IMF's Poverty Reduction and Growth Facility (PRGF) review, this increase stemmed largely from outlays on the political transition and peace process, and domestically financed component of donor-funded project spending.

expenditure plus domestically financed capital expenditure and net lending, excluding special programs such as elections and DDR/SSR expenditures as well as foreign-financed projects.

[5] The subsidies include payments to a large state-owned coffee processor, which the government has not succeeded in privatizing. IMF, *Burundi: First Review*, December 21, 2004.

Although expenditures have climbed, revenue has fluctuated between 19 and 21 percent of GDP in the past five years.[17] Nonetheless, the IMF's PRGF review notes "buoyant receipts from the income tax, reflecting strengthened tax administration"[6] (Exhibit 3-1).

Monetary policy has been under pressure to accommodate these large fiscal deficits. In 2004, the broad money supply grew by 18.6 percent, with net credit to government accounting for 99 percent of this growth. On the brighter side, credit to the private sector increased in line with the growth of nominal GDP,[7] while interest rates and the exchange rate remained reasonably stable.

The government has been taking serious steps to overcome the unsustainable fiscal imbalances encountered in 2003 and 2004. Given the country's extreme lack of resources, it is imperative that the government manage its fiscal position prudently, to establish a credible macroeconomic policy environment for fostering private investment and maintaining donor support.

IMF Program Status for Burundi

The IMF approved a three-year PRGF arrangement for Burundi in January 2004. In the first PRGF review, in January 2005, the IMF stated, "The overall program performance was mixed owing to fiscal slippages and delays in implementing structural reforms. Notwithstanding these broadly positive developments, Burundi faces enormous challenges, including the need to complete the political transition and the demobilization of armed combatants, to secure debt relief, and to address widespread poverty and work to meet the Millennium Development Goals.

BUSINESS ENVIRONMENT

Institutional barriers to doing business, including corruption in government, are critical determinants of private sector development and prospects for sustainable growth. Compared to regional benchmarks, Burundi's performance on institutional indicators is about average for the region; these standards, however, do not exemplify a strong enabling environment for private investment. There is great need to reduce impediments to doing business and great scope to do so.

Corruption is the foremost problem. According to the World Bank Institute, only 6 percent of all countries in the world rate worse than Burundi on its Control of Corruption Index, which is a central indicator for Millennium Challenge Account (MCA) eligibility.[8] According to the *UN Global Corruption Report—Central Africa 2003*,[9] the entire region has failed to implement effective institutional and legal safeguards against corruption.

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[6] IMF, Burundi: First Review under the Three-Year Arrangement under the Poverty Reduction and Growth Facility and Request for Waiver of Performance Criteria, December 21, 2004, page 9.

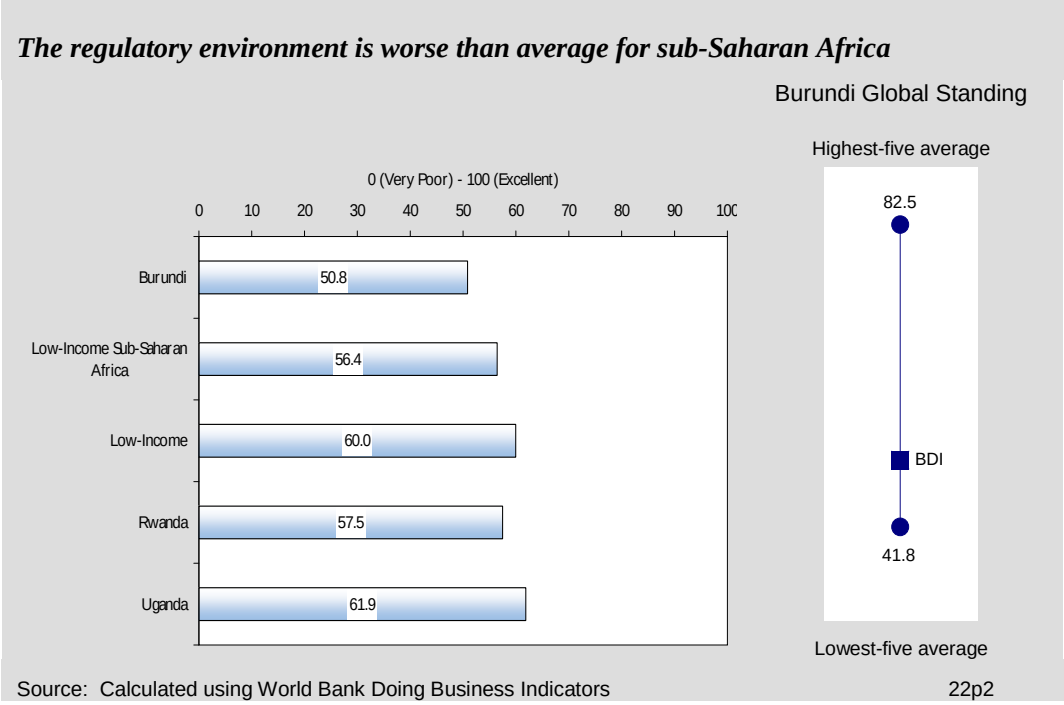
[7] The increase in credit to government and the private sector sum to more than 100 percent of the increase in money supply, because other components of money growth were negative, notably the change in net foreign assets of the banking system.

[8] The World Bank's Control for Corruption Index is used in this report because Transparency International has no data for a Corruption Perception Index for Burundi. See http://info.worldbank.org/governance/kkz2004/sc_country.asp.

[9] Published by the UNPAN, http://unpan1.un.org/intradoc/groups/public/documents/APCITY/UNPAN008452.pdf

Burundi also receives a poor score on the World Bank's Rule of Law index, another MCA indicator . This index shows the extent to which citizens have confidence in and abide by the rules in society. On a scale of -2.5 to 2.5, Burundi's score is -1.5, well below the scores of Rwanda and Uganda (-0.9 and -0.8, respectively) and the average for LI Africa (-1.0). These findings are corroborated by a composite index of Doing Business indicators,[10] which shows that Burundi's institutional environment is deficient even by regional standards. On a scale of 0 to 100, Burundi scores 50.8, compared to an average of 56.4 for LI Africa (Figure 3-2, Doing Business Composite Index).

Figure 3-2
Doing Business *Composite Index*



These indicators convey a consistent message: institutional constraints severely impair private sector development. Consequently, programs to control corruption and promote institutional reform should be the principal focus of donor agencies and the government.

FINANCIAL SECTOR

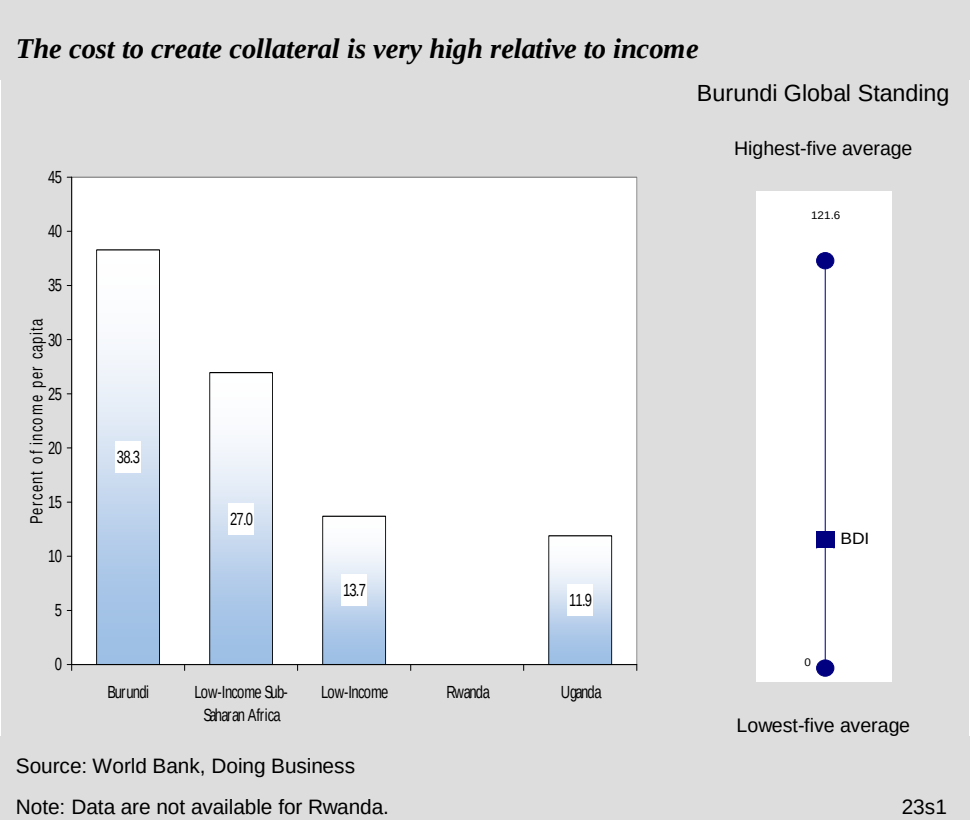
A sound, efficient, and competitive financial sector is a fundamental mechanism for mobilizing savings, allocating financial resources, fostering entrepreneurship, and improving risk management. Burundi's banking system is surprisingly robust given the extremely low level of development. One basic indicator of financial development is the degree of monetization, measured by the ratio of broad money (currency plus bank deposits) to GDP. For Burundi, the

[10] The composite index has been constructed for this report on the basis of guidance from USAID/EGAT. See the technical notes in the Data Supplement for details.

ratio has risen from 19.9 percent in 1999 to 28.1 percent in 2004, well above the LI Africa average (21.6 percent), as well the figures for Rwanda (17.5) and Uganda (18.9). Another favorable sign is that real interest rate on loans, at 5.9 percent in 2003, is lower than the benchmarks, though with fluctuations from year to year. Domestic credit to the private sector is surprisingly high at 25.3 percent of GDP in 2004; the corresponding figure for the comparator economies is 11 percent or less.[11] Unfortunately, sources do not provide data on the interest rate spread (lending rate minus deposit rate), a gauge of efficiency in the banking system.

Two indicators suggest that major obstacles to financial development still exist. First, the cost to create collateral (38.3 percent of per capita income) is well above the LI Africa average of 27.0 percent and Uganda's score of 11.9 percent[12] (Figure 3.3, Cost to Create Collateral).

Figure 3-3
Cost to Create Collateral (percent of per capita income)



Also, Burundi's Country Credit Rating Index from the Institutional Investor is 13.1 (on a 0–100 scale), whereas the LI Africa average is 18.9, Rwanda's score is 14.5, and Uganda's 21.2.[13]

[11] These figures are questionable, since they imply that domestic credit to the private sector is nearly as large as the money supply, which is 28.1 percent of GDP. Data come from WDI 2005, and the IMF's latest PRGF review (December, 2004, Table 4, page 25).

[12] No figure is available for Rwanda.

[13] An MCA indicator.

These indicators suggest that important institutional constraints need to be addressed to strengthen the financial system. Neither do these indicators shed light on the availability of banking services or the quality of bank credit. Ensuring a sound banking system is a paramount concern, because a banking crisis undermines the foundation for growth.

EXTERNAL SECTOR

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

International Trade and Current Account

The most common indicator of openness is the ratio of exports plus imports to GDP (Figure 3-4, Trade Ratio). For the five-year period 2000–2004, this trade ratio averaged just 35.7,[14] which is significantly below the regression benchmark (67.4) and the average for LI Africa (59.7).

However, the trade ratios for Uganda (38.7) and Rwanda (36.2) are also very low, suggesting that being landlocked in the center of Africa is a fundamental barrier to trade. Even so, Burundi's trade regime remains restrictive. According to the Millennium Challenge Corporation, Burundi's score on the Trade Policy Index (TPI) from the Heritage Foundation is a 5 (on a scale from 1, excellent, to 5, very poor). This indicates that trade barriers are seriously hindering the free flow of foreign commerce.[15] Under the IMF-supported reform program, the authorities are implementing structural reforms to reduce the number of tariff bands and the import duty rates, lift some trade restrictions, and liberalize the coffee sector.[16] In addition, Burundi joined the COMESA free trade agreement in 2004, eliminating duties on imports from partner countries. These are important steps to overcome the constraints imposed by a very small and impoverished domestic market.

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[14] Data for 2004 are IMF projections made after or on September 2004 for the IMF's Burundi: First Review under the Three-Year Arrangement under the Poverty Reduction and Growth Facility and Request for Waiver of Performance Criteria, December 21, 2004.

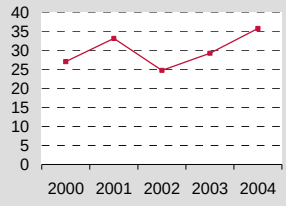
[15] The Heritage Foundation website does not present a score for Burundi after 2000 (when it was 4.0), though information is provided through 2003. The score of 5.0 from the Millennium Challenge Corporation is evidently an estimate using the Heritage Foundation methodology.

[16] IMF, Burundi: First Review under the Three-Year Arrangement under the Poverty Reduction and Growth Facility and Request for waiver of Performance Criteria, December 21, 2004.

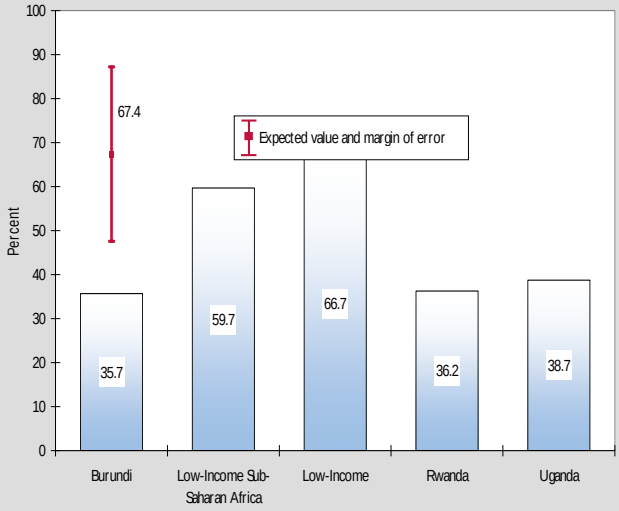
Figure 3-4
Trade Ratio (Exports plus Imports as Percent of GDP)

Burundi remains poorly integrated into the world economy

Time Series

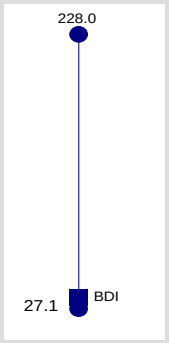


Year	Burundi Data
2000	27.0
2001	33.1
2002	24.7
2003	29.2
2004	35.7
Summary for 2000–2004	
Five-year average	29.9
Trend growth rate	4.4



Burundi Global Standing

Highest-five average



Lowest-five average

Source: IMF, First Review Under the Three-year Arrangement Under the Poverty Reduction and Growth Facility and Request for Waiver of Performance Criteria December, 2004. 21p4

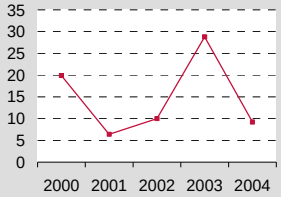
Currently, however, exports are concentrated in coffee and tea, leaving the country highly vulnerable to price shocks and weather fluctuations. There is a slight trend toward diversification, with food production (mostly coffee and tea) dropping to 93.1 percent of total exports in 2002 (latest data), from 99.1 percent in 1998. Starting from an extremely low base, export earnings have been increasing fairly rapidly, but with large fluctuations in the growth rate from year to year. For the period 2000–2004, export growth averaged 14.9 percent per year, which exceeds all benchmark standards (Figure 3-5, Growth of Exports). Taken together, these indicators suggest that the most pressing need is for programs to foster export diversification, a point the government is well aware of.

The overall current account deficit has averaged 9.1 percent of GDP over the period 2000–2004; this is close to the regression benchmark of 8.4 for an African country with Burundi's level of income. The sustainability of this deficit depends entirely on continued access to international financial support, as discussed below.

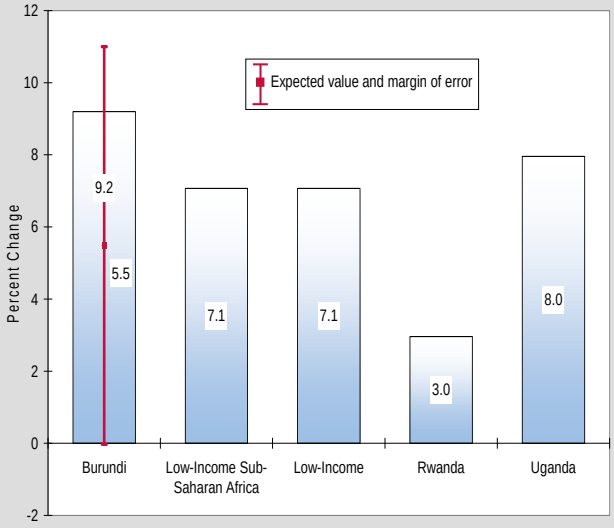
Figure 3-5
Growth of Exports (Goods and Services)

Exports have been recovering rapidly, even with a drop in world coffee prices

Time Series

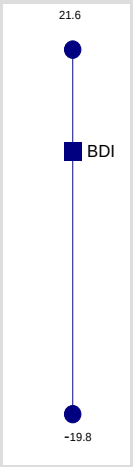


Year	Burundi Data
2000	19.9
2001	6.4
2002	10.0
2003	28.8
2004	9.2
Summary for 2000–2004	
Five-year average	14.9
Trend growth rate	N/A



Burundi Global Standing

Highest-five average



Lowest-five average

Source: World Development Indicators 24p4

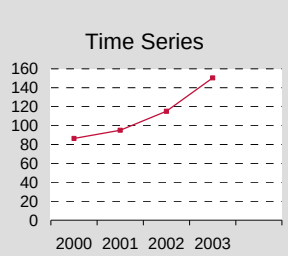
International Financing

In early August 2005, Burundi reached the decision point under the enhanced HIPC program, which required completion of the interim PRSP and satisfactory compliance with the IMF program arrangement.[17] This event is crucial, because the country has faced an unmanageable and unsustainable debt burden (Figure 3-6, Present Value of Debt). At 150.4 percent of GDP, the present value of Burundi's debt obligations was more than double the benchmark standards. As a result, Burundi qualified for interim debt relief covering over 90 percent of the present value of the country's external debt. Given the low level of export earnings and negligible inflows of private capital, Burundi relies heavily on foreign aid to cover its debt service payments, as well as the costs of reconstruction, political rehabilitation, and economic development. Lower debt service costs therefore free up resources for other pressing needs. In addition, new foreign assistance must center on grants or loans on very lenient terms to minimize building up new debt.

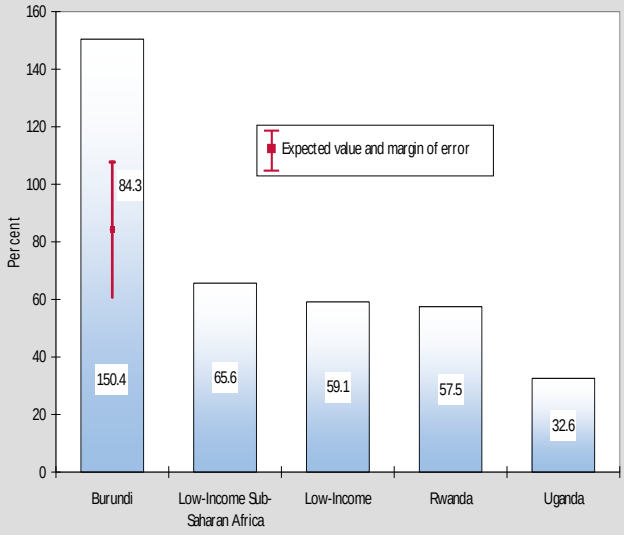
[17] IMF, Press Release, August 5, 2005.

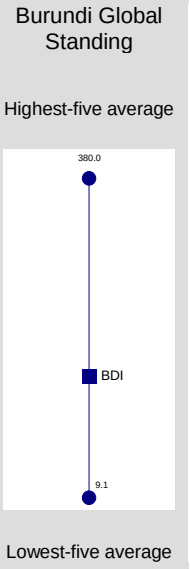
Figure 3-6
Present Value of Debt (percent of GNI)

Before HIPC debt relief, the present value of debt was more than double the benchmark standards



Year	Burundi Data
2000	86.4
2001	95.1
2002	115.1
2003	150.4
Summary for 2000-2003	
Four-year average	111.7
Trend growth rate	20.4





Source: World Development Indicators 24p8

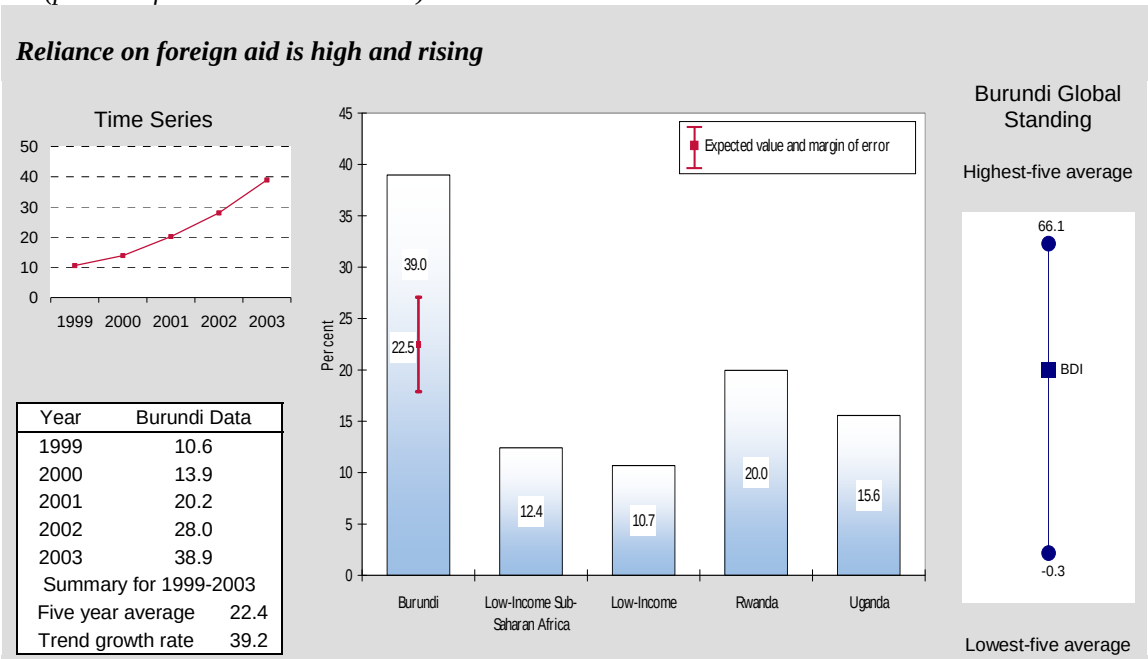
In 2003, foreign aid amounted to 39.0 percent of GDP, more than double the benchmark standards (Figure 3-7, Aid), and almost twice the value of exports of goods and services. The high inflow of foreign aid is both a sign of donor support for post-conflict reconstruction and an opportunity to set the country on a development path and establish more favorable conditions to attract private investment. The situation also gives donors an opportunity to encourage broader and deeper reforms. Since Burundi has ongoing programs with the IMF and the World Bank, there are grounds for optimism that the government will pursue the reforms that are needed to improve the climate for private investment. With the anticipated release of the full PRSP in 2005, Burundi will be a step closer to finalizing its debt reduction through the HIPC process.

In addition to success in obtaining debt relief, and recent growth of exports, there are other positive signs in the external sector. International reserves rose from a crisis level of 1.3 months of imports in 2001 to more than 4 months of imports in 2004. The restitution of reserves reduces the risk of instability and improves confidence in the government's ability to manage the economy. The government also implemented foreign exchange auctions starting in 2000 to reduce imbalances between the supply and demand for foreign exchange and provide more efficient price signals to the market.[18] Following the opening of private foreign-exchange bureaus, the differential between the official and parallel exchange rates closed to about 3 percent in 2004, indicating success in establishing market-determined rates.[19]

[18] IMF, Burundi: First Review Under the Three-Year Arrangement Under the Poverty Reduction and Growth Facility, December, 2004.

[19] Calculations based on IMF, Burundi: First Review under the Three-Year Arrangement under the Poverty Reduction and Growth Facility, December, 2004. Figure 2, page 20.

Figure 3-7
Aid (percent of Gross National Income)



Source: World Development Indicators 24p1

On balance, though, the good news is meager. Burundi faces great challenges in stimulating export growth, and will have to rely heavily on foreign aid for years to come. Aggressive reforms are needed now to begin the long process of stimulating and diversifying exports, and improving the climate for attracting private foreign investment, so that the country can gradually reduce its vulnerability to commodity price shocks and its dependency on aid.

ECONOMIC INFRASTRUCTURE

A country's physical infrastructure—for transportation, communications, power, and information technology—is the backbone for improving competitiveness and expanding productive capacity. In every respect, Burundi's infrastructure is in very poor condition, as expected for a country that has suffered through a prolonged civil war and where tensions continue. According to the interim PRSP (January 2004), a great deal of infrastructure was destroyed during the years of conflict, and an acute shortage of basic infrastructure services remains to support the productive sector. Constraints relating to water supply, energy transmission, transportation networks, and communication systems prohibit the growth of manufacturing even where value added is high. Rural electrification is also an issue throughout the country; even in years of surplus harvest, the lack of facilities to preserve and process the crops leads to high spoilage losses, a high price to pay in a country that relies so heavily on agriculture for its livelihood.

Very few hard data are available for benchmarking the quality of Burundi's infrastructure. The Global Competitiveness Report, which is the main source for infrastructure indicators for this series of country reports, does not cover Burundi. Also not available are standard WDI data on

electricity production and consumption, the rail network, and paved roads.[20] The absence of infrastructure data, in itself, is indicative of the fact that infrastructure has been largely neglected. The few figures that are available confirm the poor conditions. Looking at communications infrastructure, the telephone density in Burundi—12.4 lines per 1,000 people in 2003—is just a third of the average for LI Africa (37.9 lines), and well below the figure for Uganda (32.7 lines). Telephone density in Rwanda is also very low (16.4 lines), but still better than in Burundi. Nonetheless, the trend is positive; since the signing of the peace accords, telephone density has increased fourfold. The Internet infrastructure is also poorly developed. The country had just 2.0 Internet users per 1,000 people in 2003. This figure has risen steadily over the past few years but is still below LI Africa's average of 4.3 users per 1,000 people and the levels in Rwanda (3.1) and Uganda (4.9).

For Burundi's authorities and the donor community, the rehabilitation and expansion of market-supporting infrastructure and social infrastructure destroyed by the conflict is one of the foremost priorities for helping the country get on track for sustainable and equitable long-term growth.

[20] Although these are not standard indicators, they were considered due to lack of Global Competitiveness Report data.

4. Pro-Poor Growth Environment

Rapid growth is the most powerful and dependable instrument for poverty reduction, yet the link between growth and poverty is not mechanical. In some countries, the structure of development fosters income growth for poor households that is faster than overall per capita income growth, while in other settings growth benefits the non-poor disproportionately. A pro-poor growth environment stems from policies and institutions that improve opportunities and capabilities for the poor, while reducing their vulnerabilities. These characteristics are associated with improvements in primary health and education, the creation of jobs and income opportunities, the development of skills, micro-finance, agricultural development (for countries like Burundi with a large population of rural poor), and gender equality.[1] This section focuses on four of these issues that contribute to pro-poor growth: health; education; employment and the workforce; and agricultural development.

HEALTH

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

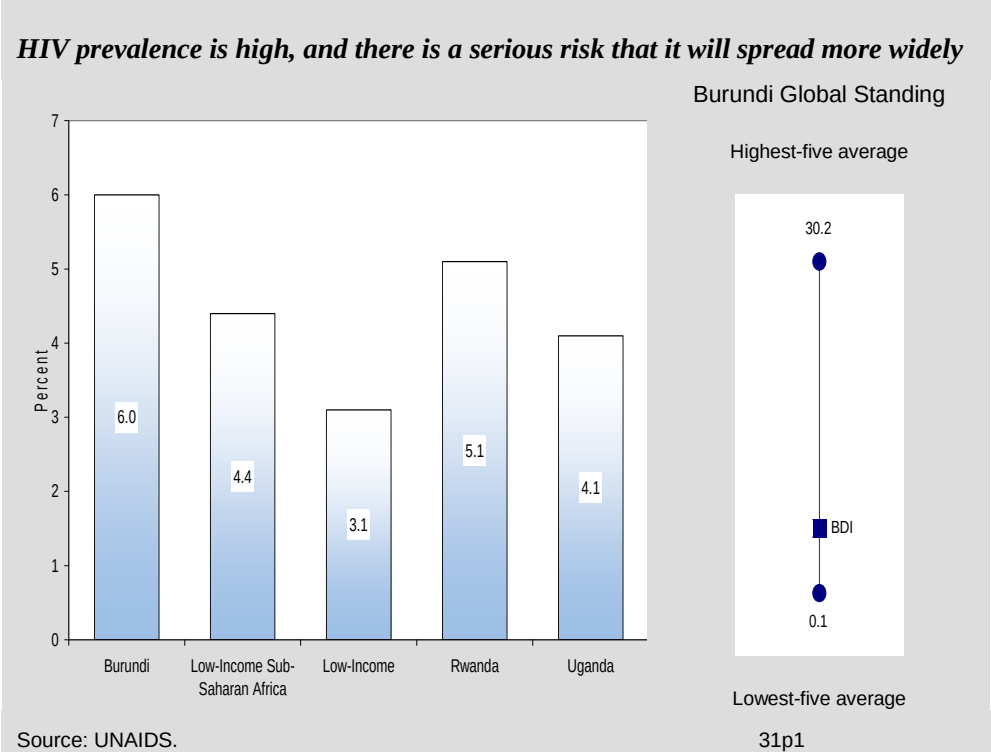
Burundi's performance on health indicators is mixed: many indicators paint a dire picture, while others show a commitment to improvements. On the broadest indicator of health status, life expectancy, Burundi's performance is poor. For 2003, average life expectancy was just 41.6 years. This is similar to those of Rwanda (39.8 years) and Uganda (43.2 years), but well under the tragically low average for LI Africa (46.2 years), a region suffering from poverty and HIV/AIDS. The prevalence of poor health and premature death affects all aspects of the economy, including labor productivity, saving rates, the delivery of public services, and the education of future generations.

The prevalence of HIV/AIDS among adults in Burundi stood at 6.0 percent at 2003, exceeding all benchmarks (Figure 4-1, HIV Prevalence). The need to fight this pandemic is one of the main themes stressed in Burundi's interim PRSP. At the current prevalence rate, there is a high risk of

[1] Since this report focuses on economic growth performance, the template does not cover emergency relief or safety nets.

the virus spreading quickly through the population, especially as mobility is restored with the winding down of the conflict. If this were to happen, the associated economic burden would be enormous – for families, communities, businesses, government budgets, and the economy as a whole.

Figure 4-1
HIV/AIDS Prevalence (percent)



Another troubling indicator is the estimated maternal mortality rate (MMR): 1,000 deaths per 100,000 births. This is well above the average of 880 for LI Africa, which is also the figure for Uganda.[2] It is better, though, than the estimated MMR for Rwanda (1,400), as well as the regression benchmark for a country with Burundi's characteristics (1,210). The high incidence of undernutrition (see Poverty section) is likely to play a major role in maternal deaths, as is the lack of health personnel. The percentage of births attended by skilled health personnel (25.2 in 2002) is one of the lowest in the world. The ratio of government health expenditure to GDP has also been among the worst in the world; at an estimated 1.0 percent of GDP in 2004, health spending is less than half the average for LI Africa (2.1) and the standards achieved in Rwanda (3.2) and Uganda (2.1). Recalling that GDP is the lowest in the world, the paucity of public sector financing for health programs is even more glaring. At a minimum, the budget process should aim at increasing health expenditure to the regional average as a percentage of GDP, but strong donor support will be needed to make serious gains in health status. More fundamentally, a long period of rapid growth is needed to overcome budget constraints that hamper the health system.

[2] UN Millennium Indicators Database states that the rate is based on the regression results, rather than actual figures.

Another sign of poor health is the high prevalence of child malnutrition, which was estimated at 45.1 percent in 2000 (latest data). This is significantly worse than the average for LI Africa (30.8), and the rates in Uganda and Rwanda, (24.3 and 22.9 percent, respectively). The poor nutrition status of children bolsters the urgency of donor support for programs to improve food security, income opportunities for poor households, and education programs for women.

Signs show, however, that the government is committed to achieving better health conditions. Access to improved water sources stood at 79.0 percent in 2002, above all the benchmarks. The child immunization rate of 74.5 percent is also commendable, given that the average for LI Africa is just 69.0 percent; nonetheless, it is well below the achievements in Rwanda (93 percent) and Uganda (81.5 percent).

EDUCATION

Many of Burundi's education indicators are on par with regional benchmarks, and most show improvement, but far more resources will be needed for the country to reach a higher platform of human capital development. The net primary enrollment rate climbed from 44.7 percent in 1998 to 57.4 percent in 2002 (latest data). The latter figure is well above the regression benchmark for a country with Burundi's low level of income. Even so, it is below the LI Africa average of 64.3 percent and far inferior to Rwanda's achievement of 86.7 percent.[3] As discussed in the gender section, the gender disparity is large, with net enrollment rates of 52 percent and 62 percent for female and male children, respectively. Both figures, however, have risen rapidly in recent years. Though enrollment rates remain low, the persistence of students to grade 5 (total, male, and female) is better than the regional and country comparisons, although the latest data are from 2001. The *total* persistence rate is 67.5 percent, significantly above the regression benchmark of 57.1 percent.

As a legacy of low enrollment in prior years, youth literacy remains very low, at 66.1 percent in 2002 (latest data). By comparison, the youth literacy rate in Rwanda has reached 84.9 percent and in Uganda 80.2 percent. Here, too, there have been clear signs of improvement, with youth literacy rising from 61.5 to 66.1 percent in the five years to 2002. With rising enrollments and a high rate of persistence in school, the youth literacy rate should continue to rise steadily.

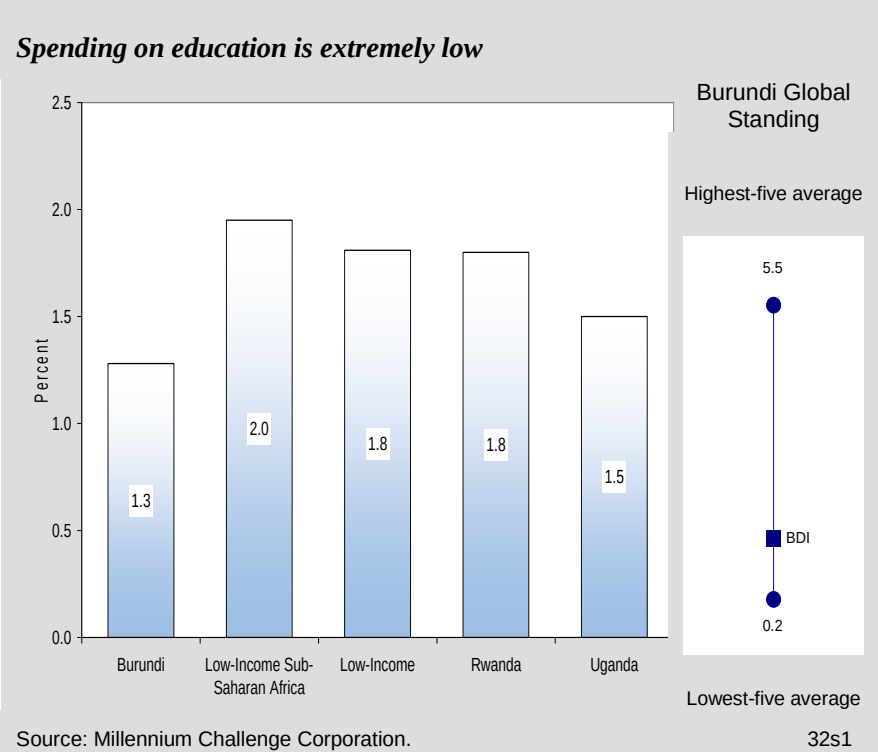
Even so, greater investment is needed in education if Burundi is to unlock the potential of its labor force (Figure 4-2, Primary Education Expenditure). At 1.3 percent of GDP, government expenditure on primary education falls short of the LI Africa average (2.0 percent), and the levels observed in Rwanda (1.8 percent) and Uganda (1.5 percent).[4] This low ratio, coupled with the extremely low and stagnant per capita GDP, signifies that government expenditure on primary education is insufficient. One must not be misled by data showing that expenditure per student as a percent of GDP per capita is high in Burundi relative to regional standards (for primary, secondary, and tertiary levels), because the base for this ratio—GDP per capita—is less than half the benchmark values and the number of students remains very low relative to the school age

[3] UNESCO Institute for Statistics does not provide data on Uganda for this indicator.

[4] This is an MCA indicator.

population.[5] The need to increase income levels is urgent to allow the government to provide adequate education and health services.

Figure 4-2
Primary Education Expenditure (percent of GDP)



The quality of education is also a concern, as suggested by the pupil-to-teacher ratio in primary schools, which stood at 49.9 pupils per teacher in 2002. This ratio is a bit higher than regional average of 46.9, but slightly better than the figures for Rwanda (59.9) and Uganda (52.7). Furthermore, the pupil–teacher ratio has fallen from 57.0 in 1998, perhaps indicating government commitment to improvement.

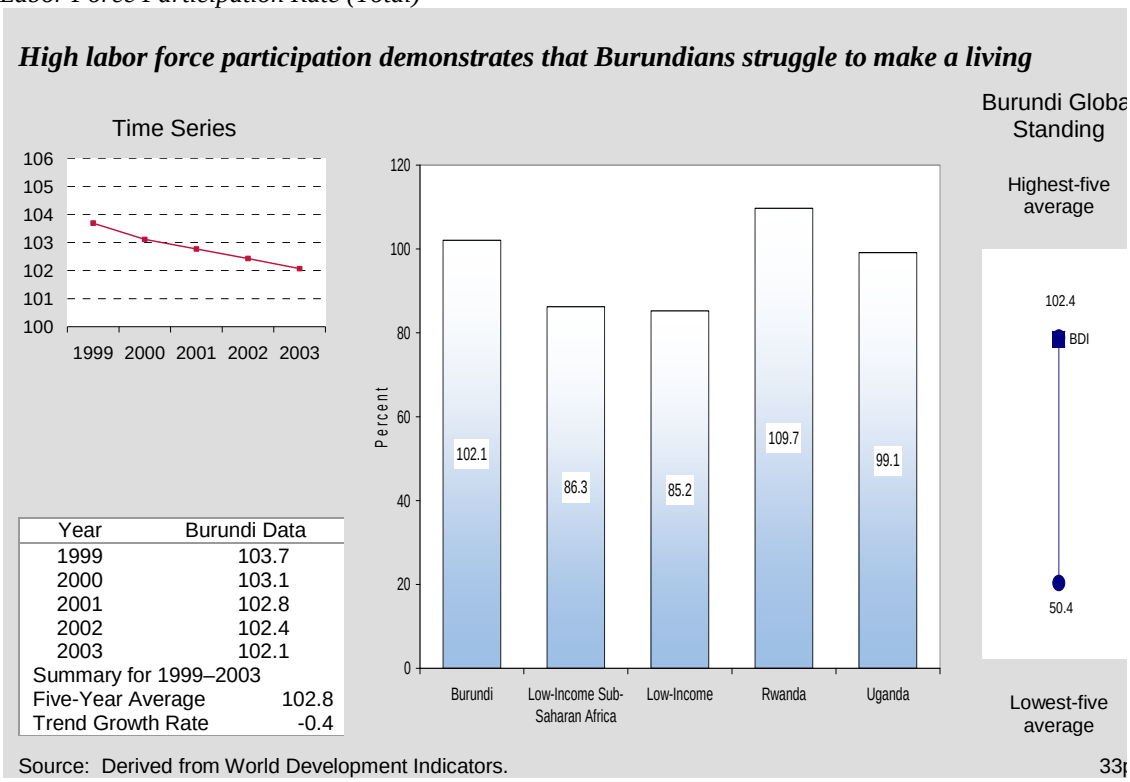
The bottom line is that education is a key to development. It results in a more productive labor force and creates a profound socioeconomic impact on families and on society as a whole. The educational system in Burundi needs to improve, especially in light of the country's youthful and growing population; to achieve this improvement, expenditure on education needs to rise. As for health, sustained donor support will be needed to help Burundi achieve more in education. As improvements in the quality and quantity of education contribute to economic growth, the expanding economy will gradually relax the extreme resource constraint that fosters donor dependency, leading to a virtuous circle of development.

[5] Burundi's expenditure per student was 12.5 percent, 63.5 percent, and 545.5 percent of GDP per capita for primary, secondary, and tertiary, respectively. LI Africa's average expenditures were 11.8 percent, 33.0 percent, and 201.3 percent of GDP per capita.

EMPLOYMENT AND WORKFORCE

Burundi has one of the highest labor force participation rates in the world, at 102.1 percent in 2003 (Figure 4-3, Labor Force Participation Rate). The ratio of workers to working age population can exceed 100 percent only if many participants in the labor force fall outside the 15–64 age group. The figure for Burundi therefore suggests widespread reliance on child labor, as well as an immediate need for all able adults to work to support their families. The participation rate in Burundi is notably higher than the LI Africa average of 86.3, but comparable to Rwanda's and Uganda's levels of 109.7 percent and 99.1 percent, respectively. According to the interim PRSP (January 2004), heavy demographic pressure combined with the collapse of the agricultural sector during the conflict, a mismatch between jobs and skills, an unskilled labor force, and pervasive underemployment all lead to a situation where wage earners do not make enough to meet basic needs.

Figure 4-3
Labor Force Participation Rate (Total)



The labor force is growing at an estimated rate of 2.3 percent per year, resulting in the need to create jobs or income opportunities for roughly 90,000 workforce entrants per year. As noted in the interim PRSP, the labor market is struggling under demographic pressure, with a severe mismatch between skills and jobs, inadequate access to finance for many businesses, and rural underemployment. Donor interventions are needed to improve the business-enabling environment, as well as for workforce development.

Job creation is also hindered by institutional impediments to hiring and firing. This can be seen in the World Bank's Rigidity of Employment index. A high value of the indicator suggests that the

legal and regulatory environment impedes job creation and labor reallocation. On a scale ranging from 0 (minimum rigidity) to 100 (maximum rigidity), Burundi's score is 50 for 2004. While this is better than the regression benchmark of 56 and the average for LI Africa of 65, as well as Rwanda's exceedingly high score of 76, the degree of rigidity stands in stark contrast to Uganda's score of 7, indicating very flexible labor markets. Thus, Burundi's index value is very high by absolute standards, indicating that improvements in the regulatory environment are needed to facilitate job creation, increase productivity, and make Burundi's labor force more competitive.

AGRICULTURE

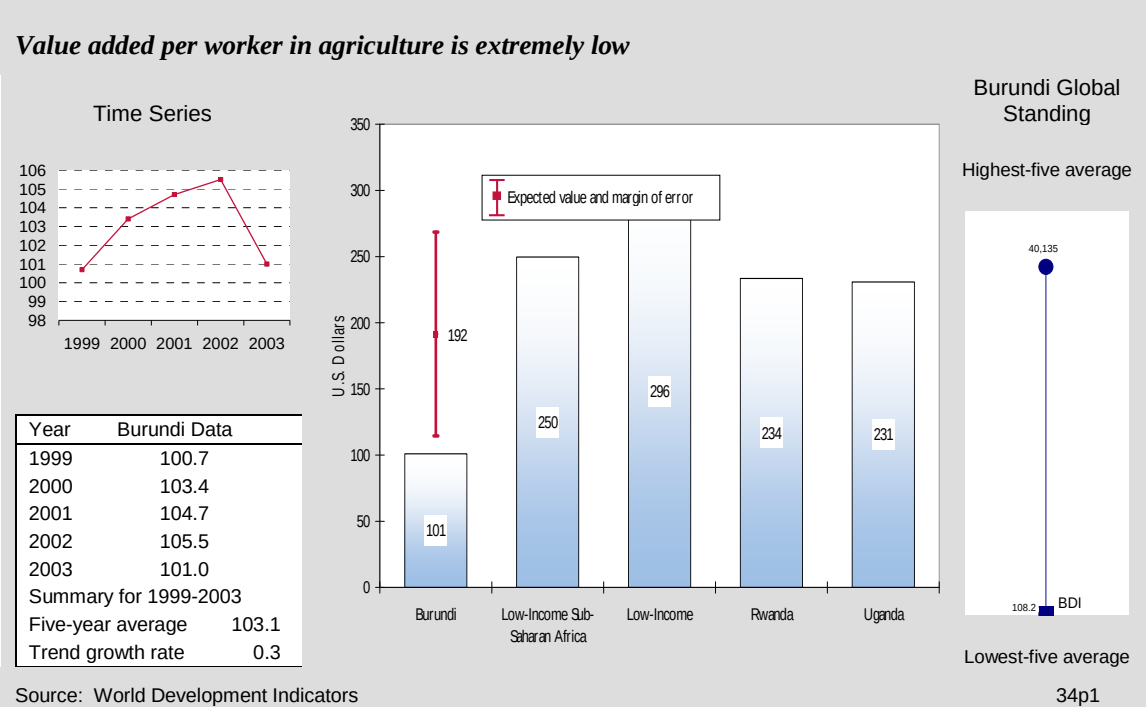
Burundi is an agricultural economy, so development of this sector is a critical determinant of growth and poverty reduction. For an estimated 94 percent of the labor force, agriculture was the main source of livelihood in 2001. Additionally, 49 percent of GDP and more than 93 percent of export earnings are attributed to agriculture.

The agricultural sector is highly vulnerable to shocks and generally performs poorly. The level of productivity per agricultural worker is one of the lowest in the world, averaging just $103.1 (in constant 1995 US$) over the five years to 2003 (Figure 4-4, Agriculture Value Added per Worker). This factor alone explains the high level of poverty. The productivity indicator shows that agriculture is exceedingly labor-intensive and is a result of the high population density. Subsistence farmers who lack the resources to buy inputs such as equipment, fertilizer, and high-quality seed drive the low productivity. The poor conditions can also be seen in the growth of agricultural value added, which averaged just 1.5 percent per year for the period 1999-2003. By comparison, the average for LI Africa is 4.2 percent. Rwanda (at 1.2 percent), and Uganda (at 2.3 percent) share with Burundi very low growth rates. The problems in agriculture are also evident in an index of crop production and a similar index of livestock production (both from the FAO). These indicators show that the production of crops and livestock has barely increased from the average levels attained in 1989–1991. On a positive note, cereal yields in Burundi (US$1,329) are above the LI Africa average (1,063) and the figure for Rwanda (1,006), though far below that of Uganda (1,641).

Given the vital importance of agriculture to the economy and to the vast majority of poor Burundians, and the very poor performance of the sector, policy reform in this sector is critically need, as are programs to enhance agricultural productivity and expand income opportunities for the rural poor.

Figure 4-4

Agriculture Value Added per Worker (constant 1995 US$)



Source: World Development Indicators 34p1

Appendix. Indicator Criteria and Benchmarking Methodology

CRITERIA FOR SELECTING INDICATORS

The scope of the paper is constrained by the availability of suitable indicators. Indicators have been chosen to balance the need for broad coverage and diagnostic value, on the one hand, and the need of brevity and clarity, on the other. The analysis covers 15 EG-related topics, and just over 100 variables. For the sake of brevity, the write-up in the text highlights issues for which the "dashboard lights" appear to be signaling problems, which suggest possible priorities for USAID intervention. The accompanying table provides a full list of the indicators examined for this report. A separate Data Supplement contains the complete data set for Burundi, including data for the benchmark comparisons, and technical notes for every indicator.

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

In areas of weak performance, the analysis proceeds to review a limited set of *diagnostic supporting indicators*. These "level II" indicators provide more details about the problem or shed light on *why* the primary indicators may be weak. For example, if economic growth is poor, one can examine data on investment and productivity as diagnostic indicators. If a country performs poorly on educational achievement, as measured by the youth literacy rate, one can examine determinants such as expenditure on primary education, and the pupil-teacher ratio.[41]

The indicators have been selected on the basis of several criteria. Each one must be accessible through USAID's Economic and Social Database or convenient public sources, particularly on the Internet. The indicators must be available for a large number of countries, including most USAID client states. The data must 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

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

Goal indicators, or evaluation data used by the Millennium Challenge Corporation. Finally, an effort has been made to minimize redundancy. If different indicators provide similar information, preference is given to one that is simplest to understand. For example, both the Gini coefficient and the share of income accruing to the poorest 20 percent of households can be used to gauge income inequality. We use the income share because it is simpler, and more sensitive to changes.

BENCHMARKING METHODOLOGY

Comparative benchmarking is the main tool used to evaluate each indicator. The analysis draws on several criteria, rather than a single mechanical rule. The starting point is a comparison of performance in Burundi relative to the average for countries in the same income group and region —in this case, low-income countries in Sub-Saharan Africa.[42] For added perspective, three other comparisons are examined: (1) the global average for this income group; (2) respective values for two comparator countries selected by the Burundi mission (Rwanda and Uganda); and (3) the average for the five best and five worst performing countries globally. 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 if they shed light on the performance assessment.[43]

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.[44] This approach has three advantages. First, the benchmark is customized to Burundi's specific level of income. Second, the comparison does not depend on the exact choice of reference group. Third, the methodology allows one to quantify the margin of error and establish a "normal band" for a country with Burundi's characteristics. An observed value falling outside this band on the side of poor performance signals a serious problem.[45]

Finally, where relevant, Burundi's performance is weighed against absolute standards. For example, the corruption perception index for Burundi was 2.1 in 2004. Regardless of the regional comparisons or regression results, this is a sign of serious economic governance problems.

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[42] Income groups as defined by the World Bank for 2004. For this study, the average is defined in terms of the mean; future studies will use the median instead, because the values are not distorted by outliers.

[43] 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.

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

[45] 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% of the observations should fall outside the normal range on the side of poor performance (and 25% 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.

LIST OF INDICATORS

	Level	MDG/MCA/EcGov[a]	CAS Indicator Code
OVERVIEW OF THE ECONOMY			
Growth Performance			
Per capita GDP, $PPP	I		11P1
Per capita GDP, current US$	I		11P2
Real GDP growth	I		11P3
Growth of labor productivity	II		11S1
Investment Productivity - Incremental Capital-Output Ratio (ICOR)	II		11S2
Gross fixed investment, % GDP	II		11S3
Gross fixed private investment, % GDP	II		11S4
Poverty and Inequality			
Human poverty index	I		12P1
Income-share, poorest 20%	I		12P2
Population living on less than $1 PPP per day	I	MDG	12P3
Poverty headcount, by national poverty line	I	MDG	12P4
PRSP Status	I	EcGov	12P5
Population below minimum dietary energy consumption	II	MDG	12S1
Poverty gap at $1 PPP a day	II		12S2
Economic Structure			
Labor force structure	I		13P1
Output structure	I		13P2
Demography and Environment			
Adult literacy rate	I		14P1
Age dependency rate	I		14P2
Environmental sustainable index	I		14P3
Population size and growth	I		14P4
Urbanization rate	I		14P5
Gender			
Adult literacy rate, ratio of male to female	I	MDG	15P1
Gross enrollment rate, all levels, ratio of male to female,	I	MDG	15P2
Life expectancy at birth, ratio of male to female	I		15P3
PRIVATE SECTOR ENABLING ENVIRONMENT			
Fiscal and Monetary Policy			
Govt. expenditure, % GDP	I	EcGov	21P1
Govt. revenue, % GDP	I	EcGov	21P2
Growth in the money supply	I	EcGov	21P3
Inflation rate	I	MCA	21P4
Overall govt. budget balance, including grants, % GDP	I	EcGov	21P5
Composition of govt. expenditure	II		21S1
Composition of govt. revenue	II		21S2
Composition of money supply growth	II		21S3

	Level	MDG/MCA/EcGov[a]	CAS Indicator Code
Business Environment			
Corruption perception index	I	EcGov	22P1
Doing business composite index	I	EcGov	22P2
Rule of law index	I	MCA / EcGov	22P3
Cost of starting a business, % GNI per capita	II	EcGov	22S1
Procedures to enforce contract	II	EcGov	22S2
Procedures to register property	II	EcGov	22S3
Procedures to start a business	II	EcGov	22S4
Time to enforce a contract	II	EcGov	22S5
Time to register property	II	EcGov	22S6
Time to start a business	II	EcGov	22S7
Financial Sector			
Domestic credit to private sector, % GDP	I		23P1
Interest rate spread	I		23P2
Money supply, % GDP	I		23P3
Stock market capitalization rate, % of GDP	I		23P4
Cost to create collateral	II		23S1
Country credit rating	II	MCA	23S2
Legal rights of borrowers and lenders index	II		23S3
Real Interest rate	I		23S4
External Sector			
Aid , % GNI	I		24P1
Current account balance, % GDP	I		24P2
Debt service ratio, % exports	I	MDG	24P3
Export growth of goods and services	I		24P4
Foreign direct investment, % GDP	I		24P5
Gross international reserves, months of imports	I	EcGov	24P6
Gross Private capital inflows, % GDP	I		24P7
Present value of debt, % GNI	I		24P8
Remittance receipts, % exports	I		24P9
Trade, % GDP	I		24P10
Concentration of Exports	II		24S1
Inward FDI Potential Index	II		24S2
Net barter terms of trade	II		24S3
Real effective exchange rate (REER)	II	EcGov	24S4
Structure of merchandise exports	II		24S5
Trade policy index	II	MCA / EcGov	24S6
Economic Infrastructure			
Internet users per 1000 people	I	MDG	25P1
Overall infrastructure quality	I	EcGov	25P2
Telephone density, fixed line and mobile	I	MDG	25P3
Quality of infrastructure – railroads, ports, air transport, and electricity	II		25S1
Telephone cost, average local call	II		25S2
Science and Technology			
Expenditure for R&D, % GNI	I		26P1

	Level	MDG/MCA/EcGov[a]	CAS Indicator Code
FDI and technology transfer index	I		26P2
Patent applications filed by residents	I		26P3
PRO-POOR GROWTH ENVIRONMENT			
Health			
HIV prevalence	I		31P1
Life expectancy at birth	I		31P2
Maternal mortality rate	I	MDG	31P3
Access to improved sanitation	II	MDG	31S1
Access to improved water source	II	MDG	31S2
Births attended by skilled health personnel	II	MDG	31S3
Child immunization rate	II		31S4
Prevalence of child malnutrition (weight for age)	II		31S5
Public health expenditure, % GDP	II	EcGov	31S6
Education			
Net primary enrollment rate	I	MDG	32P1
Persistence in school to grade 5	I	MDG	32P2
Youth literacy rate	I		32P3
Education expenditure, primary, % GDP	II	MCA/ EcGov	32S1
Expenditure per student, % GDP per capita – primary, secondary, and tertiary	II	EcGov	32S2
Pupil-teacher ratio, primary school	II		32S3
Employment & Workforce			
Labor force participation rate, females, males, total	I		33P1
Rigidity of employment index	I	EcGov	33P2
Size and growth of the labor force	I		33P3
Unemployment rate	I		33P4
Agriculture			
Agriculture value added per worker	I		34P1
Cereal yield	I		34P2
Growth in agricultural value-added	I		34P3
Agricultural policy costs index	II	EcGov	34S1
Crop production index	II		34S2
Livestock production index	II		34S3

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

Burundi Economic Performance Assessment

Data Supplement

August 2005

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Full Dataset: Burundi and Benchmark Comparisons **1**

Technical Notes **17**

	Growth Performance						
	Per capita GDP, purchasing power parity Dollars	Per capita GDP, current U.S. Dollars	Real GDP growth	Growth of labor productivity	Investment productivity - incremental capital-output ratio (ICOR)	Share of gross fixed investment in GDP, current prices	Share of gross fixed private investment in GDP, current prices
Indicator Number	11P1	11P2	11P3	11S1	11S2	11S3	11S4
Burundi Data							
Latest Year (T)	*2004*	*2004*	*2004*	*2003*	*2003*	*2003*	*2002*
Value Year T	708	91	5.5	-3.8	8.8	11.6	2.5
Value Year T-1	670	83	-1.2	1.8	3.5	7.2	2.2
Value Year T-2	680	90	4.5	0.5	5.7	5.9	2.3
Value Year T-3	664	98	2.1	-3.1	-8.5	8.0	1.6
Value Year T-4	666	110	-0.9	-3.2	-3.9	8.0	2.3
Average Value, 5 year	678	94	2.0	-1.6	1.1	8.1	.
Growth Trend	1.3	-5.4	.	.	.	6.6	.
Benchmark Data							
Regression Benchmark	.	.	4.4	.	.	.	.
Lower Bound	.	.	3.1	.	.	.	.
Upper Bound	.	.	5.8	.	.	.	.
Latest Year Rwanda	*2004*	*2004*	*2004*	*2003*	*2003*	*2003*	*2003*
Rwanda Value Latest Year	1,351	215	4.0	-0.6	2.8	20.2	12.8
Latest Year Uganda	*2004*	*2004*	*2004*	*2003*	*2003*	*2003*	*2003*
Uganda Value Latest Year	1,728	265	5.9	1.9	3.1	20.3	16.5
Low-Income Sub-Saharan Africa Avg.	1,267	407	4.8	1.9	4.9	19.2	.
Low-Income Avg.	1,560	419	5.3	2.0	4.5	19.7	.
High Five Avg.	42,809	52,715	21.2	14.1	70.2	48.6	.
Low Five Avg.	664	121	-2.9	-13.3	-302.9	7.7	.

	Poverty and Inequality						
	Human poverty index (0 for poor to 100 for excellent)	Income share accruing to poorest 20%	Population (%) living on less than $1 PPP per day	Poverty headcount (%), by national poverty line	PRSP Status	Population (%) below minimum dietary energy consumption	Poverty gap at $1 PPP a day
Indicator Number	12P1	12P2	12P3	12P4	12P5	12S1	12S2
Burundi Data							
Latest Year (T)	*2002*	.	.	*2002*	*2003*	*2000-2002*	.
Value Year T	45.8	.	.	68.0	yes	68.0	.
Value Year T-1	46.3	.	.	68.0	.	.	.
Value Year T-2	.	.	.	68.7	.	.	.
Value Year T-3	.	.	.	67.7	.	.	.
Value Year T-4	.	.	.	65.6	.	.	.
Average Value, 5 year	.	.	.	67.6	.	.	.
Growth Trend	.	.	.	0.8	.	.	.
Benchmark Data							
Regression Benchmark	48.9	5.8	45.0	56.3	.	.	.
Lower Bound	43.3	5.0	36.8	46.3	.	.	.
Upper Bound	54.6	6.7	53.1	66.2	.	.	.
Latest Year Rwanda	*2002*	.	*2000*	*2000*	*2004*	*2000-2002*	*2000*
Rwanda Value Latest Year	44.7	.	51.7	60.3	yes	37.0	20.0
Latest Year Uganda	*2002*	*1999*	*1999*	*2000*	*2003*	*2000-2002*	*1999*
Uganda Value Latest Year	36.4	5.9	84.9	35.0	yes	19.0	45.6
Low-Income Sub-Saharan Africa Avg.	45.0	5.3	25.9	.	N/A	33.0	7.6
Low-Income Avg.	41.9	7.2	21.8	.	N/A	28.0	5.7
High Five Avg.	58.7	8.7	33.5	.	N/A	66.0	11.8
Low Five Avg.	3.9	5.9	2.0	.	N/A	3.0	0.5

	Economic Structure					
	Labor force in agriculture, % total employment	Labor force in industry, % total employment	Labor force in services, % total employment	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
Burundi Data						
Latest Year (T)	*2002*	*2002*	*2002*	*2003*	*2003*	*2003*
Value Year T	93.6	2.0	4.1	49.0	19.0	32.0
Value Year T-1	94.0	2.0	4.4	49.3	19.4	31.4
Value Year T-2	93.6	2.0	4.1	50.0	18.7	31.3
Value Year T-3	93.6	2.0	4.4	50.7	18.5	30.8
Value Year T-4	93.6	2.0	4.4	52.2	17.3	30.5
Average Value, 5 year	93.7	2.0	4.3	50.3	18.6	31.2
Growth Trend	0.0	0.0	-1.4	-1.5	2.4	1.1
Benchmark Data						
Regression Benchmark	.	.	.	.	.	.
Lower Bound	.	.	.	.	.	.
Upper Bound	.	.	.	.	.	.
Latest Year Rwanda	*.*	*.*	*.*	*2003*	*2003*	*2003*
Rwanda Value Latest Year	.	.	.	41.6	21.9	36.5
Latest Year Uganda	*.*	*.*	*.*	*2003*	*2003*	*2003*
Uganda Value Latest Year	.	.	.	32.4	21.2	46.5
Low-Income Sub-Saharan Africa Avg.	.	.	.	31.7	21.2	41.9
Low-Income Avg.	.	.	.	29.7	23.2	43.0
High Five Avg.	.	.	.	56.0	66.2	77.7
Low Five Avg.	.	.	.	0.8	12.3	15.4

	Demography and Environment						Gender		
	Adult literacy rate	Age dependency rate	Environmental sustainability index (0 for poor to 100 for excellent)	Population size (millions)	Population growth rate	Urbanization rate	Ratio of male to female - adult literacy rate	Ratio of male to female - gross enrollment rate, all levels	Ratio of male to female - life expectancy at birth
Indicator Number	14P1	14P2	14P3	14P4a	14P4b	14P5	15P1	15P2	15P3
Burundi Data									
Latest Year (T)	*2002*	*2003*	*2005*	*2003*	*2003*	*2003*	*2002*	2,002.0	*2002*
Value Year T	50.4	0.92	40.0	7.2	1.9	10.0	1.53	1.31	0.97
Value Year T-1	49.2	0.93	.	7.1	1.9	9.6	1.53	.	.
Value Year T-2	48.0	0.95	.	6.9	1.9	9.3	1.64	.	.
Value Year T-3	46.8	0.96	.	6.8	1.9	9.0	1.63	.	.
Value Year T-4	45.7	0.96	.	6.7	2.0	8.7	1.65	.	.
Average Value, 5 year	48.0	0.94	.	6.9	1.9	9.3	1.60	.	.
Growth Trend	2.5	-1.29	.	1.9	.	3.5	-2.17	.	.
Benchmark Data									
Regression Benchmark	.	.	46.3	.	.	24.5	.	.	.
Lower Bound	.	.	42.6	.	.	15.3	.	.	.
Upper Bound	.	.	50.0	.	.	33.8	.	.	.
Latest Year Rwanda	*2002*	*2003*	*2005*	*2003*	*2003*	*2003*	*2002*	*2002*	*2002*
Rwanda Value Latest Year	69.2	0.95	44.8	8.4	2.8	6.6	1.19	1.12	0.97
Latest Year Uganda	*2002*	*2003*	*2005*	*2003*	*2003*	*2003*	*2002*	*2002*	*2002*
Uganda Value Latest Year	68.9	1.04	51.3	25.3	2.7	15.3	1.33	1.07	0.97
Low-Income Sub-Saharan Africa Avg.	59.8	0.89	44.9	10.2	2.3	35.5	1.44	1.20	0.95
Low-Income Avg.	59.9	0.86	45.5	9.9	2.2	34.1	1.36	1.19	0.95
High Five Avg.	99.7	1.03	71.3	607.0	4.6	100.0	2.40	1.69	1.01
Low Five Avg.	35.7	0.38	29.9	0.0	-0.8	9.0	0.92	0.84	0.85

	Fiscal and Monetary Policy									
	Government expenditure, % GDP	Government revenue, % GDP	Growth in the broad money supply	Inflation rate	Overall government budget balance, including grants, % GDP	Composition of government expenditure (wages and salaries)	Composition of government expenditure (interest payments)	Composition of government expenditure (goods and services)	Composition of government expenditure (subsidies and other current transfers)	Composition of government expenditure (capital expenditure)
Indicator Number	21P1	21P2	21P3	21P4	21P5	21S1a	21S1b	21S1c	21S1d	21S1e
Burundi Data										
Latest Year (T)	*2004*	*2004*	*2004*	*2004*	*2004*	*2004*	*2004*	*2004*	*2004*	*2004*
Value Year T	42.2	19.4	18.6	7.9	-8.0	19.9	10.2	17.6	8.7	22.0
Value Year T-1	35.3	21.1	23.1	10.7	-6.6	23.7	8.8	20.8	6.9	23.4
Value Year T-2	25.9	20.3	27.2	-1.3	-1.4	30.3	12.1	25.5	10.8	25.2
Value Year T-3	27.2	20.0	15.7	9.3	-5.2	26.7	12.3	29.5	10.6	22.2
Value Year T-4	24.3	19.2	4.3	24.3	-4.9	27.4	11.6	30.7	8.0	26.9
Average Value, 5 year	31.0	20.0	17.8	10.2	-5.2	28.1	12.0	28.6	9.8	23.9
Growth Trend	14.6	0.7	.	.	-13.0	-7.3	-5.7	-13.6	-2.6	-3.4
Benchmark Data										
Regression Benchmark	16.5	13.9	19.7	8.9	1.7	.	.	.	.	.
Lower Bound	12.4	9.9	12.7	5.6	-0.5	.	.	.	.	.
Upper Bound	20.5	17.9	26.8	12.2	3.9	.	.	.	.	.
Latest Year Rwanda	*2003*	*2003*	*2003*	*2004*	*2003*	*.*	*.*	*.*	*.*	*.*
Rwanda Value Latest Year	24.1	13.5	15.4	12.0	-5.5	.	.	.	.	.
Latest Year Uganda	*2003*	*2003*	*2003*	*2004*	*2003*	*2002*	*2002*	*2002*	*2002*	*.*
Uganda Value Latest Year	23.5	12.5	17.9	5.9	-4.9	11.1	7.1	50.2	31.7	.
Low-Income Sub-Saharan Africa Avg.	20.1	12.2	15.4	8.0	-4.6	23.9	9.3	27.0	10.0	.
Low-Income Avg.	19.2	14.9	15.8	7.6	-0.8	27.4	13.6	19.0	30.0	.
High Five Avg.	43.7	44.1	134.4	85.3	3.9	52.5	18.8	47.7	71.8	.
Low Five Avg.	12.1	8.6	-8.5	-2.7	-8.1	6.2	1.9	6.0	2.6	.

	Fiscal and Monetary Policy (cont'd)									
	Composition of government revenue (Taxes on goods and services)	Composition of government revenue (Taxes of income, profits and capital gains)	Composition of government revenue (Social security taxes)	Composition of government revenue (Taxes on international trade)	Composition of government revenue (Non-tax revenue)	Composition of money supply growth (Net credit to government)	Composition of money supply growth (Credit to the private sector)	Composition of money supply growth (Net credit to non-financial public enterprises)	Composition of money supply growth (Net foreign assets)	Composition of money supply growth (Other items, net)
Indicator Number	21S2a	21S2b	21S2c	21S2d	21S2e	21S3a	21S3b	21S3c	21S3d	21S3e
Burundi Data										
Latest Year (T)	*2004*	*2004*	*.*	*2004*	*2004*	*2004*	*2004*	*2004*	*2004*	*2004*
Value Year T	45.8	22.4	.	21.7	9.6	98.8	73.5	-9.3	-41.4	-22.2
Value Year T-1	42.9	23.8	.	21.7	11.4	.	.	.	.	.
Value Year T-2	43.8	24.8	.	19.6	11.5	.	.	.	.	.
Value Year T-3	44.2	25.8	.	18.7	6.4	.	.	.	.	.
Value Year T-4	47.6	20.3	.	23.2	4.8	.	.	.	.	.
Average Value, 5 year	45.2	23.4	.	20.5	7.6	.	.	.	.	.
Growth Trend	-1.1	1.2	.	0.2	21.7	.	.	.	.	.
Benchmark Data										
Regression Benchmark	.	.	.	.	.	.	.	.	.	.
Lower Bound	.	.	.	.	.	.	.	.	.	.
Upper Bound	.	.	.	.	.	.	.	.	.	.
Latest Year Rwanda	.	.	.	.	.	.	.	.	.	.
Rwanda Value Latest Year	.	.	.	.	.	.	.	.	.	.
Latest Year Uganda	*2002*	*2002*	*.*	*2002*	*.*	*.*	*.*	*.*	*.*	*.*
Uganda Value Latest Year	28.0	12.9	.	19.1	.	.	.	.	.	.
Low-Income Sub-Saharan Africa Avg.	.	.	.	.	.	.	.	.	.	.
Low-Income Avg.	.	.	.	.	.	.	.	.	.	.
High Five Avg.	57.9	53.7	.	34.1	.	.	.	.	.	.
Low Five Avg.	5.0	3.3	.	0.5	.	.	.	.	.	.

	Business Environment						
	Corruption Perception Index (1 for poor to 10 for excellent)	Doing business composite index (0 for poor to 100 for excellent)	Rule of law index (-2.5 for poor to 2.5 for excellent)	Regulatory quality index (0 for poor to 100 for excellent)	Cost of starting a business, % GNI per capita	Procedures to enforce a contract	Procedures to register property
Indicator Number	22P1	22P2	22P3	22P4	22S1	22S2	22S3
Burundi Data							
Latest Year (T)	.	*2004*	*2004*	*2004*	*2004*	*2004*	*2004*
Value Year T	.	50.8	-1.5	7.4	191.5	51	5
Value Year T-1	.	.	.	.	.	.	.
Value Year T-2	.	.	-1.4	.	.	.	.
Value Year T-3	.	.	.	.	.	.	.
Value Year T-4	.	.	-0.9	.	.	.	.
Average Value, 5 year	.	.	.	.	.	.	.
Growth Trend	.	.	.	.	.	.	.
Benchmark Data							
Regression Benchmark	.	.	.	.	.	.	.
Lower Bound	.	.	.	.	.	.	.
Upper Bound	.	.	.	.	.	.	.
Latest Year Rwanda	.	*2004*	*2004*	*2004*	*2004*	*2004*	*2004*
Rwanda Value Latest Year	.	57.5	-0.9	36.9	316.9	29	5
Latest Year Uganda	*2004*	*2004*	*2004*	*2004*	*2004*	*2004*	*2004*
Uganda Value Latest Year	2.6	61.9	-0.8	54.7	131.3	15	8
Low-Income Sub-Saharan Africa Avg.	.	56.4	-1.0	35.6	184.7	35	6
Low-Income Avg.	.	60.0	-1.0	64.1	133.6	35	6
High Five Avg.	.	82.5	2.0	121.6	726.5	55	16
Low Five Avg.	.	41.8	-1.9	21.3	0.5	13	2

	Business Environment (cont'd)				
	Procedures to start a business	Time to enforce a contract	Time to register property	Time to start a business	Domestic credit to private sector, % GDP
Indicator Number	22S4	22S5	22S6	22S7	23P1
Burundi Data					
Latest Year (T)	*2004*	*2004*	*2004*	*2004*	*2004*
Value Year T	11	512.0	94.0	43.0	25.3
Value Year T-1	.	.	.	.	24.4
Value Year T-2	.	.	.	.	28.1
Value Year T-3	.	.	.	.	29.9
Value Year T-4	.	.	.	.	24.0
Average Value, 5 year	.	.	.	.	25.6
Growth Trend	.	.	.	.	7.9
Benchmark Data					
Regression Benchmark	.	.	.	.	6.6
Lower Bound	.	.	.	.	-8.4
Upper Bound	.	.	.	.	21.6
Latest Year Rwanda	*2004*	*2004*	*2004*	*2004*	*2003*
Rwanda Value Latest Year	9.0	395.0	354.0	21.0	11.0
Latest Year Uganda	*2004*	*2004*	*2004*	*2004*	*2003*
Uganda Value Latest Year	17	209.0	48.0	36.0	6.9
Low-Income Sub-Saharan Africa Avg.	11	415.0	93.0	45.5	8.3
Low-Income Avg.	11	395.0	70.0	45.0	11.4
High Five Avg.	17	1,178.2	484.6	172.2	171.0
Low Five Avg.	2	50.8	2.0	4.2	1.6

	Financial Sector						
	Interest rate spread, lending rate minus deposit rate	Money supply (M2), % GDP	Stock market capitalization rate, % GDP	Cost to create collateral	Country credit rating	Legal rights of borrowers and lenders index (0 for poor to 10 for excellent)	Real interest rate
Indicator Number	23P2	23P3	23P4	23S1	23S2	23S3	23S4
Burundi Data							
Latest Year (T)	.	*2004*	.	*2004*	*2005*	.	*2003*
Value Year T	.	28.1	.	38.3	13.1	.	5.9
Value Year T-1	.	26.9	.	.	.	.	22.2
Value Year T-2	.	22.6	.	.	.	.	3.0
Value Year T-3	.	18.8	.	.	.	.	-5.6
Value Year T-4	.	19.9	.	.	.	.	11.4
Average Value, 5 year	.	23.3	.	.	.	.	7.4
Growth Trend	.	11.0	.	.	.	.	.
Benchmark Data							
Regression Benchmark	14.0	20.9	13.6	.	.	.	.
Lower Bound	11.2	6.1	-3.7	.	.	.	.
Upper Bound	16.8	35.7	30.9	.	.	.	.
Latest Year Rwanda	.	*2003*	.	.	*2005*	*2004*	.
Rwanda Value Latest Year	.	17.5	.	.	14.5	5.0	.
Latest Year Uganda	*2003*	*2003*	*2001*	*2004*	*2005*	*2004*	*2003*
Uganda Value Latest Year	9.1	18.9	0.6	11.9	21.2	5.0	8.0
Low-Income Sub-Saharan Africa Avg.	12.9	21.6	17.5	27.0	18.9	4.0	13.7
Low-Income Avg.	12.4	23.8	16.3	13.7	19.7	4.0	10.7
High Five Avg.	46.9	188.2	238.9	121.6	51.5	9.6	36.2
Low Five Avg.	1.0	4.8	1.0	0.0	9.4	1.2	-4.6

	External Sector									
	Aid, % GNI	Current account balance, % GDP	Debt service ratio, % exports	Exports growth, goods and services	Foreign direct investment, % GDP	Gross international reserves, months of imports	Private capital inflows, %GDP	Present value of debt, % GNI	Remittance receipts, % exports	Trade, % GDP
Indicator Number	24P1	24P2	24P3	24P4	24P5	24P6	24P7	24P8	24P9	24P10
Burundi Data										
Latest Year (T)	*2003*	*2004*	*2004*	*2004*	*2004*	*2004*	*2003*	*2003*	.	*2004*
Value Year T	39.0	-20.4	146.0	9.2	0.0	4.3	0.0	150.4	.	35.7
Value Year T-1	28.0	-6.1	108.3	28.8	0.0	5.3	0.0	115.1	.	29.2
Value Year T-2	20.2	-6.5	121.7	10.0	0.0	5.9	0.0	95.1	.	24.7
Value Year T-3	14.0	-5.3	39.3	6.4	0.0	2.7	1.7	86.4	.	33.1
Value Year T-4	10.6	-7.4	47.0	19.9	1.7	4.8	0.0	.	.	27.0
Average Value, 5 year	22.4	-9.1	92.5	14.9	0.3	4.6	0.3	111.7	.	29.9
Growth Trend	39.2	-24.2	38.8	.	.	4.7		20.4	.	4.4
Benchmark Data										
Regression Benchmark	22.5	-8.4	9.9	5.5	3.7	4.0	.	84.3	.	67.4
Lower Bound	17.9	-12.7	2.6	0.0	0.0	2.7	.	60.8	.	47.6
Upper Bound	27.1	-4.1	17.3	11.0	7.4	5.3	.	107.7	.	87.2
Latest Year Rwanda	*2003*	*2003*	*2003*	*2003*	*2003*	*2003*	*2002*	*2003*	*2002*	*2003*
Rwanda Value Latest Year	20.0	-11.7	14.4	3.0	0.3	5.2	0.2	57.5	5.4	36.2
Latest Year Uganda	*2003*	*2003*	*2003*	*2003*	*2003*	*2003*	*2004*	*2003*	*2003*	*2003*
Uganda Value Latest Year	15.6	-5.0	7.1	8.0	3.1	6.6	3.0	32.6	34.4	38.7
Low-Income Sub-Saharan Africa Avg.	12.4	-5.6	10.4	7.1	1.8	4.1	.	65.6	12.3	59.7
Low-Income Avg.	10.7	-4.3	10.4	7.1	1.7	3.7	.	59.1	15.0	66.7
High Five Avg.	66.1	18.0	61.5	21.6	99.4	18.6	.	380.0	86.5	228.0
Low Five Avg.	-0.3	-27.8	0.9	-19.8	-0.4	0.3	.	9.1	0.0	27.10

	External Sector (cont'd)									
	Concentration of exports (top three exports, 3-digit SITC)	Inward FDI potential index (0 for poor to 1 for excellent)	Net barter terms of trade (1995=100)	Real effective exchange rate index (1995=100)	Structure of merchandise exports (agricultural raw materials)	Structure of merchandise exports (fuel)	Structure of merchandise exports (manufactured goods)	Structure of merchandise exports (ores and metals)	Structure of merchandise exports (food)	Trade policy index (1 for excellent to 5 for poor)
Indicator Number	24S1	24S2	24S3	24S4	24S5a	24S5b	24S5c	24S5d	24S5e	24S6
Burundi Data										
Latest Year (T)	*2002*	.	*2002*	.	*2002*	.	*2002*	*2002*	*2002*	*2000*
Value Year T	85.3	.	82.0	.	1.5	.	1.9	3.4	93.1	5.0
Value Year T-1	81.7	.	73.0	.	0.8	.	0.8	10.3	87.8	5.0
Value Year T-2	87.6	.	100.0	.	7.6	.	0.5	0.8	91.0	5.0
Value Year T-3	97.1	.	116.0	.	0.5	.	0.3	1.4	97.9	5.0
Value Year T-4	.	.	121.0	.	0.2	.	0.2	0.5	99.1	.
Average Value, 5 year	87.9	.	98.4	.	2.1	.	0.7	3.3	93.8	.
Growth Trend	-4.5	.	-11.7	.	59.8	.	78.6	79.1	-2.3	.
Benchmark Data										
Regression Benchmark	.	.	.	.	.	.	.	.	.	.
Lower Bound	.	.	.	.	.	.	.	.	.	.
Upper Bound	.	.	.	.	.	.	.	.	.	.
Latest Year Rwanda	.	*2002*	*2002*	.	*2003*	*2003*	*2003*	*2003*	*2003*	*2004*
Rwanda Value Latest Year	.	0.1	69.0	.	7.3	6.8	10.3	23.3	52.3	3.0
Latest Year Uganda	.	*2002*	*2002*	.	*2003*	*2003*	*2003*	*2003*	*2003*	*2004*
Uganda Value Latest Year	.	0.1	87.0	.	23.4	0.1	9.4	0.3	66.8	3.0
Low-Income Sub-Saharan Africa Avg.	.	0.1	100.0	.	9.2	1.6	18.1	3.8	52.3	4.0
Low-Income Avg.	.	0.1	100.0	.	7.3	1.8	20.0	3.4	37.2	4.0
High Five Avg.	.	0.5	149.8	.	30.8	92.8	94.2	51.5	91.0	5.0
Low Five Avg.	.	0.1	71.8	.	0.0	0.0	2.6	0.0	0.5	1.4

	Economic Infrastructure							
	Internet users per 1000 people	Overall infrastructure quality index (1 for poor to 7 for excellent)	Telephone density, fixed line and mobile, per 1000 people	Quality of infrastructure index - air transport (1 for poor to 7 for excellent)	Quality of infrastructure index - ports (1 for poor to 7 for excellent)	Quality of infrastructure index - railroads (1 for poor to 7 for excellent)	Quality of infrastructure index - electricity (1 for poor to 7 for excellent)	Telephone cost, average local call
Indicator Number	25P1	25P2	25P3	25S1a	25S1b	25S1c	25S1d	25S2
Burundi Data								
Latest Year (T)	*2003*	.	*2003*	.	.	.	.	*2003*
Value Year T	2.0	.	12.4	.	.	.	.	0.07
Value Year T-1	0.9	.	10.6	.	.	.	.	0.02
Value Year T-2	0.9	.	7.4	.	.	.	.	0.02
Value Year T-3	0.7	.	5.4	.	.	.	.	0.02
Value Year T-4	.	.	3.0	.	.	.	.	0.02
Average Value, 5 year	.	.	7.8	.	.	.	.	0.03
Growth Trend	.	.	41.9	.	.	.	.	27.1
Benchmark Data								
Regression Benchmark	12.9	.	10.8	.	.	.	.	.
Lower Bound	-16.0	.	6.3	.	.	.	.	.
Upper Bound	41.8	.	15.3	.	.	.	.	.
Latest Year Rwanda	*2003*	.	*2002*	.	.	.	.	*2002*
Rwanda Value Latest Year	3.1	.	16.4	.	.	.	.	0.09
Latest Year Uganda	*2003*	*2004*	*2003*	*2004*	*2004*	*2004*	*2004*	*2002*
Uganda Value Latest Year	4.9	2.6	32.7	3.2	2.1	1.7	3.0	0.21
Low-Income Sub-Saharan Africa Avg.	4.3	2.4	37.9	3.4	2.1	1.7	2.4	0.09
Low-Income Avg.	5.2	2.4	44.5	3.4	2.1	1.7	2.6	0.06
High Five Avg.	585.8	6.7	1,686.0	6.7	6.6	6.5	6.9	0.41
Low Five Avg.	0.9	1.5	9.8	2.4	1.3	1.1	1.4	0.0

	Science and Technology		
	Expenditure for R&D, % GDP	FDI technology transfer index (1 for FDI bringing little new technology to 7 for FDI bringing a lot of new technology)	Patent applications filed by residents
Indicator Number	26P1	26P2	26P3
Burundi Data			
Latest Year (T)	.	.	.
Value Year T	.	.	.
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	.	.	.
Lower Bound	.	.	.
Upper Bound	.	.	.
Latest Year Rwanda	.	.	*1999*
Rwanda Value Latest Year	.	.	0.0
Latest Year Uganda	*2001*	*2004*	*2002*
Uganda Value Latest Year	1	5.3	0.0
Low-Income Sub-Saharan Africa Avg.	0.4	4.5	0.0
Low-Income Avg.	0.3	4.4	0.0
High Five Avg.	3.5	5.9	153,540.2
Low Five Avg.	0.1	3.3	0.0

	Health								
	HIV prevalence	Life expectancy at birth	Maternal mortality rate (deaths per 100,000 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
Burundi Data									
Latest Year (T)	*2003*	*2003*	*2000*	*2002*	*2002*	*2000*	*2003*	*2000*	*2004*
Value Year T	6.0	41.6	1,000	36.0	79.0	25.2	74.5	45.1	1.0
Value Year T-1	.	41.7	.	.	.	.	74.5	.	0.6
Value Year T-2	6.2	.	.	.	.	.	74.5	.	0.7
Value Year T-3	.	.	.	.	.	.	74.5	.	0.7
Value Year T-4	.	.	.	.	.	.	74.5	.	0.6
Average Value, 5 year	.	.	.	.	.	.	74.5	.	0.6
Growth Trend	.	.	.	.	.	.	.	.	1.4
Benchmark Data									
Regression Benchmark	.	43.6	1,210	.	.	.	.	.	.
Lower Bound	.	39.9	1,066	.	.	.	.	.	.
Upper Bound	.	47.3	1,354	.	.	.	.	.	.
Latest Year Rwanda	*2003*	*2003*	*2000*	*2002*	*2002*	*2000*	*2003*	*2000*	*2002*
Rwanda Value Latest Year	5.1	39.8	1,400	41.0	73.0	31.3	93.0	24.3	3.2
Latest Year Uganda	*2003*	*2003*	*2000*	*2002*	*2002*	*2001*	*2003*	*2001*	*2002*
Uganda Value Latest Year	4.1	43.2	880	41.0	56.0	39.0	81.5	22.9	2.1
Low-Income Sub-Saharan Africa Avg.	4.4	46.2	880	34.0	59.0	50.8	69.0	30.8	2.1
Low-Income Avg.	3.1	51.8	685	37.0	62.0	40.6	71.5	31.0	2.2
High Five Avg.	30.2	80.5	1,720	100.0	100.0	.	99.0	36.3	8.7
Low Five Avg.	0.1	37.3	2	8.0	26.4	20.8	39.0	7.3	0.6

	Education									
	Net primary enrollment rate (total)	Net primary enrollment rate (female)	Net primary enrollment rate (male)	Persistence in school to grade 5 (total)	Persistence in school to grade 5 (female)	Persistence in school to grade 5 (male)	Youth literacy rate	Education expenditure, primary, %GDP	Expenditure per student, % GDP per capita, primary	Expenditure per student, % GDP per capita, secondary
Indicator Number	32P1a	32P1b	32P1c	32P2a	32P2b	32P2c	32P3	32S1	32S2a	32S2b
Burundi Data										
Latest Year (T)	*2002*	*2002*	*2002*	*2001*	*2001*	*2001*	*2002*	*2004*	*2002*	*2002*
Value Year T	57.4	52.3	62.4	67.5	69.8	65.8	66.1	1.3	12.5	63.5
Value Year T-1	53.4	48.0	58.8	64.0	58.8	68.3	65.1	1.3	11.6	61.7
Value Year T-2	54.1	49.0	59.2	.	.	.	64.0	.	10.7	65.7
Value Year T-3	44.7	40.7	48.7	.	.	.	62.7	.	12.6	121.6
Value Year T-4	.	.	.	.	.	.	61.5	.	.	.
Average Value, 5 year	52.4	47.5	57.3	.	.	.	63.9	.	11.8	78.1
Growth Trend	7.7	7.6	7.7	.	.	.	1.8	.	0.3	-23.2
Benchmark Data										
Regression Benchmark	48.8	.	.	57.1	.	.	70.9	.	.	.
Lower Bound	41.9	.	.	48.1	.	.	62.9	.	.	.
Upper Bound	55.7	.	.	66.1	.	.	79.0	.	.	.
Latest Year Rwanda	*2002*	*2002*	*2002*	*2001*	*2001*	*2001*	*2002*	*2004*	*2000*	*2000*
Rwanda Value Latest Year	86.7	88.3	85.1	46.6	48.3	44.9	84.9	1.8	6.9	22.0
Latest Year Uganda	*2000*	*2000*	*2000*	*2001*	*2001*	*2001*	*2002*	*2004*	.	.
Uganda Value Latest Year	.	.	.	63.6	64.4	62.9	80.2	1.5	.	.
Low-Income Sub-Saharan Africa Avg.	64.3	59.1	67.8	66.9	64.7	65.4	75.0	2.0	11.8	33.0
Low-Income Avg.	68.8	67.7	74.9	64.8	65.2	63.7	77.4	1.8	9.7	17.4
High Five Avg.	100.0	100.0	100.0	99.2	99.8	99.3	99.8	5.5	31.3	46.9
Low Five Avg.	42.3	36.9	47.6	52.3	51.5	51.8	46.4	0.2	6.24	6.0

	Education (cont'd)		Employment and Workforce						
	Expenditure per student, % GDP per capita, tertiary	Pupil-teacher ratio, primary school	Labor force participation rate (total)	Labor force participation rate (male)	Labor force participation rate (female)	Rigidity of employment index (0 for minimum rigidity to 100 for maximum rigidity)	Size of labor force	Labor force growth rate	Unemployment rate
Indicator Number	32S2c	32S3	33P1a	33P1b	33P1c	33P2	33P3a	33P3b	33P4
Burundi Data									
Latest Year (T)	*2002*	*2002*	*2003*	*2003*	*2003*	*2004*	*2003*	*2003*	*.*
Value Year T	545.5	49.9	102.1	107.7	96.7	50.0	3,833,655	2.3	.
Value Year T-1	691.5	49.1	102.4	108.1	97.1	.	3,747,912	2.3	.
Value Year T-2	910.5	50.2	102.8	108.4	97.5	.	3,663,755	2.3	.
Value Year T-3	945.3	56.8	103.1	108.7	97.9	.	3,581,163	1.7	.
Value Year T-4	.	57.0	103.7	109.4	98.3	.	3,520,215	1.8	.
Average Value, 5 year	773.2	52.6	.	108.5	97.5	.	3,669,340	2.1	.
Growth Trend	-30.3	-4.0	-0.4	-0.4	-0.4	.	2.2	.	.
Benchmark Data									
Regression Benchmark	.	.	.	.	.	56.4	.	.	.
Lower Bound	.	.	.	.	.	45.1	.	.	.
Upper Bound	.	.	.	.	.	67.7	.	.	.
Latest Year Rwanda	*2000*	*2002*	*2003*	*2003*	*2003*	*2004*	*2003*	*2003*	*.*
Rwanda Value Latest Year	575.0	59.9	109.7	119.9	101.1	76.0	4,568,055	2.9	.
Latest Year Uganda	*.*	*2002*	*2003*	*2003*	*2003*	*2004*	*2003*	*2003*	*.*
Uganda Value Latest Year	.	52.7	99.1	105.1	93.1	7.0	12,250,688	2.5	.
Low-Income Sub-Saharan Africa Avg.	201.3	46.9	86.3	98.0	75.6	64.5	4,567,207	2.4	10.0
Low-Income Avg.	62.4	42.6	85.2	97.1	73.0	50.0	4,566,358	2.4	6.8
High Five Avg.	344.3	65.5	102.4	112.6	97.0	84.6	316,912,650	5.7	24.3
Low Five Avg.	10	11.7	50.4	70.9	21.5	1.2	125,146.6	-0.3	1.7

	Agriculture					
	Agriculture value added per worker	Cereal yield	Growth in agricultural value-added	Agricultural policy costs index (1 for poor to 7 for excellent)	Crop production index (1989-91=100)	Livestock production index (1989-91=100)
Indicator Number	34P1	34P2	34P3	34S1	34S2	34S3
Burundi Data						
Latest Year (T)	*2003*	*2004*	*2003*	.	*2004*	*2004*
Value Year T	101.0	1,329.4	-0.8	.	104.2	100.2
Value Year T-1	105.5	1,336.3	3.9	.	107.2	100.2
Value Year T-2	104.7	1,334.3	3.8	.	109.4	100.1
Value Year T-3	103.4	1,306.5	3.8	.	104.1	100.2
Value Year T-4	100.7	1,249.5	-3.0	.	95.1	96.3
Average Value, 5 year	103.1	1,311.2	1.5	.	104.0	99.4
Growth Trend	0.3	1.5	.	.	2.1	0.8
Benchmark Data						
Regression Benchmark	191.6	.	.	.	.	.
Lower Bound	114.5	.	.	.	.	.
Upper Bound	268.6	.	.	.	.	.
Latest Year Rwanda	*2003*	*2004*	*2003*	.	*2004*	*2004*
Rwanda Value Latest Year	233.5	1,006.1	1.2	.	113.8	105.5
Latest Year Uganda	*2003*	*2004*	*2003*	*2004*	*2004*	*2004*
Uganda Value Latest Year	230.9	1,641.3	2.3	4.5	107.6	117.1
Low-Income Sub-Saharan Africa Avg.	249.7	1,063.1	4.2	3.5	104.7	107.0
Low-Income Avg.	295.9	1,302.0	4.0	3.6	105.0	107.6
High Five Avg.	40,134.9	7,775.3	22.0	5.3	134.9	145.5
Low Five Avg.	108.2	312.1	-13.4	2.4	69.5	78.3

Technical Notes

The following technical notes (updated as of August, 2005) 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.

GROWTH PERFORMANCE

Per capita GDP, 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

Per capita GDP, purchasing power parity dollars

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

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

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

Coverage: Data are available for about 85 USAID countries.

CAS Code #11P1

Real GDP growth

Source: IMF World Economic Outlook database, updated every 6 months; latest country data from IMF Article IV Review Reports available at:

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

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

Coverage: Data are available for about 85 USAID countries.

CAS Code #11P3

Growth of labor productivity

Source: World Development Indicators 2005. Estimated by calculating the annual percentage change of the ratio of GDP (constant 1995 US$) (NY.GDP.MKTP.KD) to the population age 15-64, which in turn is the product of the total population (SP.POP.TOTL) times the percentage of total population that is in this age group (SP.POP.1564.IN.ZS).

Definition: Labor productivity is defined here as the ratio of GDP (in constant prices) to the size of the working age population (ages 15 to 64 years). The more familiar calculation, based on employment, labor force, or work hours, is not used here because low participation or employment rates are themselves structural productivity problems; also, many low-income countries do not report data needed to compute these alternative measures of labor productivity.

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 2005, 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 (a) the investment share of GDP to (b) 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 Reports for latest country data; international benchmark from the World Development Indicators 2005 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 Reports, for latest country data; World Development Indicators 2004, for international comparison data (explanation below). The estimation of this indicator involves taking the difference between gross fixed capital formation (% of GDP) (NE.GDI.FTOT.ZS) and government capital expenditure (% of GDP). The latter term is the product of government capital expenditure (% of total expenditure) (GB.XPK.TOTL.ZS) and total government expenditure (% of GDP) (GB.XPD.TOTL.GD.ZS).

Definition: This indicator measures gross fixed capital formation by non-government 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 Reports 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 includes elements of current expenditure.

CAS Code #11S4

POVERTY AND INEQUALITY

Human poverty index

Source: UNDP, Human Development Report.

http://hdr.undp.org/reports/global/2004/pdf/hdr04_HDI.pdf for 2004 edition; updates may be found at http://hdr.undp.org/reports/view_reports.cfm?type=1

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

Coverage: Data are available for about 60 USAID countries.

CAS Code #12P1

Income share held by lowest 20%

Source: World Development Indicators 2005 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. Alternate source for target countries: Country 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 2005 series SI.POV.DDAY, original data from National Surveys. Alternate 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 which can differ widely; even similar surveys may not be strictly comparable because of difference in quality.

CAS Code #12P3

Population below minimum dietary energy consumption

Source: UN Millennium Indicators Database at http://millenniumindicators.un.org/unsd/mi/mi_series_results.asp?rowId=566, 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 a light physical activity.

Coverage: Data are available for about 82 USAID countries.

CAS Code # 12S1

Poverty headcount, national poverty line

Source: World Development Indicators 2005 series SI.POV.NAHC. Alternate source: Country Poverty Reduction Strategy Paper (PRSP):

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 due to 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 (PRSP) 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 WB and IMF to ensure host country ownership of poverty reduction programs).

Coverage: All countries having PRSPs are so indicated.

CAS Code #12P5

Poverty gap at $1 PPP a day

Source: World Development Indicators 2005 series SI.POV.GAPS, original data from national surveys. Alternate source: the country's Poverty Reduction Strategy Paper: http://www.imf.org/external/np/prsp/prsp.asp

Definition: The poverty gap is the mean shortfall from the poverty line (counting the non-poor as having zero shortfall), expressed as a percentage of the poverty line. This measure reflects the depth of poverty as well as its incidence.

Coverage: Data are available for about 58 USAID countries going back to 1997; data for 2000 or later are available for about 32 USAID countries.

CAS Code #12S2

ECONOMIC STRUCTURE

Labor force or employment structure

Source: World Development Indicators 2005 series SL.AGR.EMPL.ZS for agriculture, series SL.IND.EMPL.ZS for industry, and series SL.SRV.EMPL.ZS for services. Alternate source: CIA World Fact Book . http://www.cia.gov/cia/publications/factbook/.

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 from International Labor Organization. Some countries report labor force structure instead of employment, thus the data must be checked carefully prior to making comparisons.

CAS Code #13P1

Output structure

Source: World Development Indicators 2005 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 comprised of value added by major sectors of the economy (agriculture, industry, and services) as percentages of GDP, where value added is the net output of a sector after adding up all outputs and subtracting intermediate inputs. Value added is calculated without making 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 should be 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 2005 series SE.ADT.LITR.ZS, based on UNESCO calculations.

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

Coverage: Data are available for about 66 USAID countries.

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

CAS Code # 14P1

Age dependency rate

Source: World Development Indicators 2005 series SP.POP.DPND.

Definition: The ratio of dependents (those younger than 15 and older than 64) to the working-age population (those ages 15-64).

Coverage: Data are available for about 89 USAID countries.

CAS Code #14P2

Environmental Sustainability Index

Source: Center for International Earth Science Information Network (CIESIN) at Columbia University, and Yale Center for Environmental Law and Policy at Yale University. The 2005 index is at http://www.yale.edu/esi/ESI2005.pdf. For updates: http://www.yale.edu/esi/ .

Definition: The index measures the likelihood that a country will be able to preserve valuable environmental resources effectively. It is a composite index integrating 76 data sets tracking natural resource endowments, pollution levels, environmental management efforts, and the capacity of a society to improve its environmental performance. The index values range from a low of 0 (for countries that are positioned poorly to maintain favorable environmental conditions into the future) to a high of 100 (for countries that are positioned very well to maintain favorable environmental conditions into the future); most scores cluster between 40 and 60.

Coverage: Data are available for about 83 USAID countries.

CAS Code #14P3

Population size (in millions) and growth

Source: World Development Indicators 2005 series SP.POP.TOTL for total population, and series SP.POP.GROW for the population growth rate.

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

Coverage: Data are available for about 88 USAID countries.

CAS Code # 14P4

Urbanization rate

Source: World Development Indicators 2005 series SP.URB.TOTL.IN.ZS.

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

Coverage: Data are available for about 86 USAID countries.

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

CAS Code #14P5

GENDER

Adult literacy rate , ratio of male to female

Source: Computed from UNDP Human Development Indicators: http://hdr.undp.org/statistics/data/

Definition: The ratio of adult male literacy rate to adult female literacy rate.

Coverage: Data are available for about 74 USAID countries.

CAS Code #15P1

Gross enrollment rate, all levels of education, ratio of male to female

Source: Computed from UNDP Human Development Indicators: http://hdr.undp.org/statistics/data/.

Definition: The ratio of the gross enrollment rate for males to that of females. The gross enrollment rate is the ratio of students enrolled in primary, secondary, and tertiary levels of education, regardless of age, to the total school age population for all three levels, assuming normal age of entry into the system and uninterrupted continuation to completion.

Coverage: Data are available for about 83 USAID countries.

CAS Code # 15P2

Life expectancy, ratio of male to female

Source: Estimated from UNDP Human Development Indicators: http://hdr.undp.org/statistics/data/.

Definition: The ratio of life expectancy at birth (years) for males, divided by the life expectancy at birth (years) for females. Life expectancy at birth indicates the number of years a newborn infant would live if current age-specific mortality were to stay the same throughout its life. The ratio shows the disparity in life expectancies between males and females.

Coverage: Data are available for about 85 USAID countries.

CAS Code #15P3

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 quite limited. For these reasons, the template will continue to use some data from WDI 2004, along with new data from WDI 2005 data, as appropriate.

Overall budget balance (including grants), or Cash surplus/deficit, as percentages 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 2005 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 is obtained from national data sources or from IMF Article IV Reviews:

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

Definition: The cash surplus/deficit is revenue (including grants) minus expenses, minus net acquisition of non-financial assets. This is close to the previous concept *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 2005 for 41 USAID countries.

CAS Code # 21P5

Composition of government expenditure (for countries not using GFS 2001 system)

Source: Benchmarking data are from World Development Indicators 2004. Country data constructed from national data sources or from IMF Article IV Consultative Reports: www.imf.org/external/np/sec/aiv/index.htm.

Definition: Central government expenditure, broken down using categories from WDI 2004: (1) subsidies and other current transfers, (2) wages and salaries, (3) interest payments, (4) goods and services expenditure, and (5) capital expenditure, all as a percent of total expenditure.

Coverage: Data are available for about 37 USAID countries from World Development Indicators 2004. As explained at the beginning of this section, WDI no longer reports government *expenditures* starting in 2005. The template will include this variable when the required data can be obtained from IMF Article IV Consultation Reports or national data sources for the target country and the comparison countries. Group. The group benchmarks will still be computed from WDI 2004 (since group averages tend to be relatively stable).

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

CAS Code # 21S1

Composition of government expenses (for countries using GFS 2001 system)

Source: Group benchmarking data are from the World Development Indicators 2005. Latest country data are constructed from national sources or from IMF Article IV Reports: www.imf.org/external/np/sec/aiv/index.htm.

Definition: WDI 2005 disaggregates central government expenses into five categories: compensation of employees, goods and services, interest payments, subsidies and other transfers, and other expenses. The expense in each category is expressed as a percentage of total expenses.

Coverage: Data are available for about 42 USAID countries from the World Development Indicators 2005.

CAS Code # 21S1

Composition of government revenue

Source: The latest country and comparison country data is taken from national data sources or from IMF Article IV Reviews: 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 contributions (% of revenue), series GC.REV.SOCL.ZS; and (6) grants and other revenue (% of revenue), series GC.REV.GOTR.ZS.

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

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

Data Quality: Many countries report their revenue in non-comparable 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 or national data sources or IMF Article IV Reviews from:

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 credit to government, (2) credit to the private sector, (3) net credit to public enterprises, (4) net foreign assets (reserves), 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

Government expense, percentage of GDP (for countries using GFS 2001 system)

Source: Benchmarking data obtained from World Development Indicators 2005 series GC.XPN.TOTL.GD.ZS. Original source of WDI data is the International Monetary Fund, International Financial Statistics Yearbook, World Bank and OECD estimates. Latest country data obtained from national sources or from IMF Article IV Reviews: www.imf.org/external/np/sec/aiv/index.htm;

Definition: Expense is an accrued obligation to pay for operating activities of the government in providing goods and services. It includes compensation of employees (such as wages and salaries), interest and subsidies, grants, social benefits, and other expenses such as rent and dividends.[1]

Coverage: Data are available for about 42 USAID countries.

CAS Code # 21P1

Government expenditure, percentage of GDP (for countries not using GFS 2001 system)

Source: Benchmarking data obtained from World Development Indicators 2004, series GB.XPD.TOTL.GD.ZS.[2] Original source of WDI data is the International Monetary Fund, Government Finance Statistics Yearbook, and World Bank estimates. Latest country data are obtained from national sources or IMF Article IV Reports: www.imf.org/external/np/sec/aiv/index.htm.

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

Coverage: Data are available for about 41 USAID countries.

CAS Code # 21S2

Government revenue, excluding grants, percentage of GDP

Source: Latest country data obtained from national data sources or IMF Article IV Reviews: www.imf.org/external/np/sec/aiv/index.htm. Benchmarking data from World Development Indicators 2005 series GC.REV.XGRT.GD.ZS. Original source of WDI data is the International Monetary Fund, Government Finance Statistics Yearbook and data file, and World Bank estimates.

Definition: Revenue consists of cash receipts from taxes, social contributions, and other revenues such as fines, fees, rent, and income from property or sales. Grants are also a form of revenue but are excluded here to focus on domestic revenue mobilization.

Coverage: Data are available for about 47 USAID countries.

CAS Code # 21P2

Inflation rate

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

Money supply growth

Source: Latest country data are from national data sources or from IMF Article IV Reviews: www.imf.org/external/np/sec/aiv/index.htm. Benchmarking data are from World Development Indicators 2005, series FM.LBL.MQMY.ZG. Original source of WDI data is

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[1] In the technical notes to WDI 2005, expense is defined as "cash payments." This is inconsistent with the original source, GFS, which defines expense on an accrual basis as indicated here.

[2] This variable is no longer available in WDI 2005.

International Monetary Fund, 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 International Monetary Fund's (IMF) International Financial Statistics (IFS).

Coverage: Data are available for about 81 USAID countries.

CAS Code #21P3

BUSINESS ENVIRONMENT

Corruption perception index

Source: Transparency International:

http://www.transparency.org/cpi/2004/cpi2004.en.html.

Definition: Corruption Perceptions Index (CPI) is a composite index that ranks countries in terms of the degree to which corruption is perceived to exist among public officials and politicians. The index ranges from 1 (for most corruption) to 10 (for least corruption). Values below 3.0 are considered to indicate rampant corruption. This threshold is used in the template as an absolute benchmark standard.

Coverage: Data are available for about 79 USAID countries.

Data Quality: This indicator uses perception and opinions gathered from local businessmen as well as third-party experts and not hard empirical data; thus, the indicator is largely subjective. Also standard errors are large. For both reasons, international comparisons are problematic, though widely used.

CAS Code # 22P1

Doing business composite index

Source: Constructed using World Bank, Doing Business Indictors http://rru.worldbank.org/DoingBusiness/ by scaling all the "Doing Business" indicators from 0 (lowest in the world) to 100 (highest) and then taking an average of all the scaled indicators, weighting each of seven Doing Business categories equally.

Definition: Index measures the quality of a country's business environment, composed of performance measures and indicators related to Starting a Business, Hiring and Firing Workers, Registering Property, Getting Credit, Protecting Investors, Enforcing Contracts, and Closing a Business.

Coverage: Data are available for about 74 USAID countries.

CAS Code # 22P2

Rule of law index

Source: World Bank Institute,

http://www.worldbank.org/wbi/governance/govdata2002/index.html. This indicator is based on the perceptions of the legal system, drawn from 12 separate data sources.

Definition: The Rule of Law Index is an aggregation of various indicators which 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. 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 #22P3

Regulatory Quality Index

Source: World Bank Institute;

http://www.worldbank.org/wbi/governance/govdata2002/index.html.

Definition: The regulatory quality index measures the incidence of market-unfriendly policies such as price controls or inadequate bank supervision, as well as perceptions of the burdens imposed by excessive regulation in areas such as foreign trade and business development. It is computed from survey data from multiple sources. The index values range from -2.5 (for very poor performance) to +2.5 (for 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

Cost to start a business, % of GNI per capita

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

http://rru.worldbank.org/DoingBusiness/ExploreTopics/StartingBusiness/CompareAll.aspx

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

Coverage: Data are available for about 74 USAID countries.

CAS Code #22S1

Procedures to enforce a contract

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

http://rru.worldbank.org/DoingBusiness/ExploreTopics/EnforcingContracts/CompareAll.aspx

Definition: Number of procedures required to enforce recovery of a valid debt contract through the court system. Where a procedure is defined as any interactive step the company must undertake with the government agencies, lawyers, notaries, etc. to proceed with the enforcement action.

Coverage: Data are available for about 74 USAID countries.

CAS Code # 22S2

Procedures to register property

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

http://rru.worldbank.org/DoingBusiness/ExploreTopics/RegisteringProperty/CompareAll.aspx

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

Coverage: Data are available for about 74 USAID countries.

CAS Code #22S3

Procedures to start a business

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

http://rru.worldbank.org/DoingBusiness/ExploreTopics/StartingBusiness/CompareAll.aspx

Definition: Number of procedural steps required to legalize a simple limited liability company. Procedures are interactions of a company with the government agencies, lawyers, auditors, notaries, and the like, including interactions required to obtain necessary permits and licenses and to complete all inscriptions, verifications, and notifications to start operations.

Coverage: Data are available for about 74 USAID countries.

CAS Code # 22S4

Time to enforce a contract

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

http://rru.worldbank.org/DoingBusiness/ExploreTopics/EnforcingContracts/CompareAll.aspx

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

Coverage: Data are available for about 74 USAID countries.

CAS Code # 22S5

Time to register property

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

http://rru.worldbank.org/DoingBusiness/ExploreTopics/RegisteringProperty/CompareAll.aspx

Definition: The time required to accomplish the full sequence of procedures to transfer the 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 about 74 USAID countries.

CAS Code #22S6

Time to start a business

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

http://rru.worldbank.org/DoingBusiness/ExploreTopics/StartingBusiness/CompareAll.aspx

Definition: 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 about 74 USAID countries.

CAS Code #22S7

FINANCIAL SECTOR

Cost to Create Collateral

Source: World Bank Doing Business; Getting Credit category:

http://rru.worldbank.org/DoingBusiness/ExploreTopics/GettingCredit/CompareAll.aspx

Definition: The indicator assesses the cost of creating and registering collateral as a percentage of income per capita.

Coverage: Data are available for about 74 USAID countries.

Data Quality: Countries without a collateral registry usually have lower costs, although the secured creditor is disadvantaged elsewhere because they are unable to notify other creditors of their right to the collateral through a registry.

CAS Code #23S1

Country credit rating

Source: Millennium Challenge Corporation. Original data comes from the Institutional Investor Magazine. http://www.mca.gov/countries/rankings/index.shtml

Definition: Bankers' and fund managers' perception of the country's risk of default based on a semi-annual survey. Index ranges in value from 0 (for very poor performance) to 100 (for excellent performance).

Coverage: Data are available for about 58 USAID countries.

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

CAS Code # 23S2

Domestic credit to private sector, percent of GDP

Source: IMF Article IV Reviews or national data sources for latest country data; World Development Indicators 2005 series FS.AST.PRVT.GD.ZS for benchmarking data The WDI data originate from the International Monetary Fund, 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 2005 series FR.INR.LNDP. Original data from International Monetary Fund, 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

Legal rights of borrowers and lenders

Source: World Bank Doing Business; Getting Credit category:

http://rru.worldbank.org/DoingBusiness/ExploreTopics/GettingCredit/CompareAll.aspx. The index is based on data collected through research of collateral and insolvency laws supported by survey data on secured transactions laws.

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

Coverage: Data are available for about 74 USAID countries.

CAS Code # 23S3

Money supply, percent of GDP

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

www.imf.org/external/np/sec/aiv/index.htm. Benchmarking data from World Development Indicators 2005 series FM.LBL.MQMY.GD.ZS. WDI data originate from International Monetary Fund, International Financial Statistics and data files, and World Bank and OECD GDP estimates.

Definition: Money supply (M2), also called broad money, and is defined as non-bank 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 (CDs), money market instruments, and/or treasury bills.

CAS Code # 23P3

Real interest rate

Source: World Development Indicators 2005 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 # 23S4

Stock Market Capitalization Rate, % of GDP

Source: World Development Indicators 2005, series CM.MKT.LCAP.GD.ZS.

Definition: The 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

EXTERNAL SECTOR

Aid, % of GNI

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

www.imf.org/external/np/sec/aiv/index.htm. Benchmarking data from World Development Indicators 2005 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 does 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

Concentration of exports

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

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

Coverage: Available for about 74 USAID countries.

Data Quality: Smuggling represents a serious problem in a number of 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 non-reporting countries; trans-shipments 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

Current Account Balance, percent of GDP

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

www.imf.org/external/np/sec/aiv/index.htm. Benchmarking data from World Development Indicators 2005 series BN.CAB.XOKA.GD.ZS, based on International Monetary Fund, Balance of Payments Statistics Yearbook and data files, and 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 Reviews:

www.imf.org/external/np/sec/aiv/index.htm. Benchmarking data from World Development Indicators 2005, 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

Foreign Direct Investment, percent of GDP

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

www.imf.org/external/np/sec/aiv/index.htm. Benchmarking data from World Development Indicators 2005, series BX.KLT.DINV.DT.GD.ZS, based on International Monetary Fund, International Financial Statistics and Balance of Payments databases, World Bank, Global Development Finance, and World Bank and OECD GDP estimates.

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

Coverage: Data are available for about 82 USAID countries.

CAS Code #24P5

Gross international reserves, months of imports

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

www.imf.org/external/np/sec/aiv/index.htm. Benchmarking data from World Development Indicators 2005, 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 International Monetary Fund (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, percent of GDP

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

www.imf.org/external/np/sec/aiv/index.htm. Benchmarking data derived from the International Financial Statistics (sum of lines 78BED and 78BGD).

Definition: Gross private capital flows are the sum of the absolute values of 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 International Monetary Fund's average official exchange rate for the year shown.

CAS Code #24P7

Exports growth, goods and services

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

www.imf.org/external/np/sec/aiv/index.htm. Benchmarking data from World Development Indicators 2005, 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

Inward FDI Potential Index

Source: UNCTAD. Indicator is available online at http://www.unctad.org/Templates/WebFlyer.asp?intItemID=2471&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 un-weighted 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 2005, 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 1995.

Coverage: Data are available for about 51 USAID countries.

CAS Code # 24S3

Present value of debt, percent of GNI

Source: World Development Indicators 2005 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. 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 due to the wide spectrum of debt instruments, the unwillingness on the part of the government to provide information, and lack of capacity in reporting. Discrepancies are significant when the exchange rate fluctuations, debt cancellations and re-scheduling occur.

CAS Code # 24P8

Real effective exchange rate (REER)

Source: IMF Article IV Reviews:

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

Definition: The REER is an index number with base 1995=100, 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

Remittances receipts, percent of exports

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

www.imf.org/external/np/sec/aiv/index.htm. Benchmarking data is obtained from World Development Indicators 2005, It is constructed by dividing Worker's Remittances (receipts), series BX.TRF.PWKR.CD, by Exports of Goods and Services, series BX.GSR.GNFS.CD.

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

Coverage: Data are available for about 74 USAID countries.

CAS Code # 24P9

Structure of merchandise exports

Source: World Development Indicators 2005. 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 in goods and services, as a percentage of GDP

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

www.imf.org/external/np/sec/aiv/index.htm. Benchmarking data from World Development Indicators 2005, 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 Policy Index

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

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 custom service. The index ranges in value from 1 (for low levels of barriers to trade) to 5 (for high levels of barriers to trade).

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

ECONOMIC INFRASTRUCTURE

Internet users per 1,000 people

Source: World Development Indicators 2005 series IT.NET.USER.P3, derived from the International Telecommunication Union database.

Definition: Indicator quantifies the number of internet users, defined as those with access to the world-wide network, per 1,000 people.

Coverage: Data are available for about 88 USAID countries.

CAS Code # 25P1

Overall Infrastructure Quality

Source: Global Competitiveness Report 2004-2005, World Economic Forum. The indicator can be found in the Data Tables, Section V. General Infrastructure; 5.01.

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

Coverage: Data are available for about 52 USAID countries.

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

CAS Code # 25P2

Telephone density, fixed line and mobile

Source: World Development Indicators 2005 series IT.TEL.TOTL.P3, derived from the International Telecommunication Union database..

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

Coverage: Data are available for about 88 USAID countries.

CAS Code #25P3

Quality of infrastructure- railroads, ports, air transport and electricity

Source: Global Competitiveness Report 2004-2005, World Economic Forum. The indicators can be found in the Data Tables, Section V. General Infrastructure; 5.02, 5.03, 5.04, and 5.05 for Railroad, Port; Air Transport, and Electricity, respectively.

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

Coverage: Data are available for about 52 USAID countries.

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

CAS Code #25S1

Telephone cost, average local call

Source: World Development Indicators 2005 series IT.MLT.CLCL.CD, , derived from the International Telecommunication Union database.

Definition: Cost of local call is measured by the cost of a three-minute, peak rate, fixed line call within the same exchange area using the subscriber's equipment (i.e., not from a public phone).

Coverage: Data are available for about 82 USAID countries.

CAS Code #25S2

SCIENCE AND TECHNOLOGY

Expenditure in Research and Development, percent of GDP

Source: World Development Indicators 2005, series GB.XPD.RSDV.GD.ZS, based on data from the UNESCO Institute of Statistics.

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

Coverage: Data are available for about 26 USAID countries.

CAS Code #26P1

FDI technology transfer index

Source: Global Competitiveness Report 2004-2005, World Economic Forum. The indicator can be found in the Data Tables, Section III. Technology: Innovation and Diffusion; 3.04.

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

Coverage: Data are available for about 52 USAID countries.

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

CAS Code # 26P2

Patent applications filed, by residents

Source: World Development Indicators 2005 series IP.PAT.RESD, based on WIPO data.

Definition: The indicator is the number of applications filed by host-country residents with the national patent office for exclusive rights for an invention – a product or process that provides a new way of doing something or offers a new technical solution to a problem.

Coverage: Data are available for about 63 USAID countries.

CAS Code #26P3

HEALTH

HIV prevalence rate

Source: UNAIDS for most recent country data:

http://www.unaids.org/Unaids/EN/Resources/epidemiology.asp. World Development Indicators 2005 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, as well as other surveillance information.

CAS Code # 31P1

Life expectancy at birth

Source: World Development Indicators 2005, (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 its birth were to stay the same throughout its life.

Coverage: Data are available for about 88 USAID countries.

Data Quality: Life expectancy at birth is estimated based on 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/mi/mi_series_results.asp?rowId=553 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 survivorships 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 2005, 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.

Data Quality: The coverage rates are based on service users on the facilities their households use, rather than on information service providers who may include nonfunctioning systems—therefore somewhat reliable.

CAS Code #31S1

Access to improved water source

Source: World Development Indicators 2005 series SH.H2O.SAFE.ZS

Definition: The indicator is percentage of 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 2005, series SH.STA.BRTC.ZS.

Definition: The indicator is 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 2005, 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 receiving vaccination coverage for four diseases-measles and diphtheria, pertussis (whopping cough), and tetanus (DDPT).

Coverage: Data are available for about 88 USAID countries.

CAS Code #31S4

Prevalence of childmalnutrition, weight for age

Source: World Development Indicators 2005, series SH.STA.MALN.ZS.

Definition: The indicator is based on percentage of children under 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, percent of GDP

Source: Latest data for host country is obtained from the MCC http://www.mca.gov/countries/rankings/index.shtml.

International benchmarking data from World Development Indicators 2005, (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 as often teachers are paid proportional to the number of pupils enrolled. The indicator does not measure the quality of the education provided.

CAS Code # 32P1

Persistence to grade 5 – female, male, and total

Source: World Development Indicators 2005 series SE.PRM.PRS5.FE.ZS (female); SE.PRM.PRS5.MA.ZS (male); and SE.PRM.PRS5.ZS (total).

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

Coverage: Data are available for about 48 USAID countries.

CAS Code # 32P2

Youth literacy rate

Source: World Development Indicators 2005, 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 2-3 years.

CAS Code #32P3

Expenditure on primary education, percent GDP

Source: Millennium Challenge Corporation http://www.mca.gov/countries/rankings/index.shtml

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 via US embassies.

CAS Code #32S1

Educational expenditure per student, percentage GDP per capita – Primary, Secondary and Tertiary

Source: World Development Indicators 2005 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 2005 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 – total, male, female

Source: Derived from World Development Indicators, but the precise computation differs depending on whether a particular country study uses the 2004 or 2005 WDI.

To calculate the *total* labor force participation rate using WDI 2004: the numerator is Labor force, total (SL.TLF.TOTL.IN), and the denominator is Population ages 15-64, total (SP.POP.1564.TO). Using WDI 2005, the denominator is calculated as the total population (SP.POP.TOTL) times the percentage of the population in the age group 15-64 (SP.POP.1564.IN.ZS).

To calculate the *female* labor force participation rate using WDI 2004: the numerator is the Labor force, female (% of total labor force) (SL.TLF.TOTL.FE.ZS) times Labor force, total (SL.TLF.TOTL.IN); the denominator is simply Population ages 15-64, female (SP.POP.1564.FE.IN). Using WDI 2005, the denominator (female population, ages 15-64), can only be estimated by multiplying the total population (SP.POP.TOTL) times the percentage of the population ages 15-64 (SP.POP.1564.IN.ZS) times the percentage of females in the total population (SP.POP.TOTL.FE.ZS).

To calculate the *male* labor force participation rate using WDI 2004: the numerator is calculated by subtracting the female labor force, derived above, from the total labor force (SL.TLF.TOTL.IN). The denominator is Population ages 15-64, male (SP.POP.1564.MA.IN). Using WDI 2005, the denominator is an estimated of the male population, ages 15-64, calculated as the total population (SP.POP.TOTL) times the percentage ages 15-64 (SP.POP.1564.IN.ZS) times the percentage of males in the total population, where the final factor is computed as 100 minus the percentage of females in the total population (SP.POP.TOTL.FE.ZS)..

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

Coverage: Data are available for about 88 USAID countries.

CAS Code #33P1

Rigidity of employment index

Source: World Bank, Doing Business in 2005, Hiring and Firing Workers Category: http://rru.worldbank.org/DoingBusiness/ExploreTopics/HiringFiringWorkers/CompareAll.aspx

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 a Difficulty of firing Index. Index ranges in value from 0 (minimum rigidity) to 100 (maximum rigidity).

Coverage: Data are available for about 74 USAID countries.

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

CAS Code # 33P2

Size and growth of the labor force

Source: Size of labor force from World Bank 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 comprises of people who meet the International Labour 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 employed and the unemployed. While national practices vary in the treatment of such groups 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 2005 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 being 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

AGRICULTURE

Agriculture value added per worker

Source: World Development Indicators 2005 series EA.PRD.AGRI.KD, derived from World Bank national accounts files and Food and Agriculture Organization, Production Yearbook and data files.

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

Coverage: Data are available for about 80 USAID countries.

CAS Code # 34P1

Cereal yield

Source: World Development Indicators 2005 series AG.YLD.CREL.KG based on Food and Agriculture Organization (FAO), Production Yearbook and data files.

Definition: Cereal yield is 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 Reviews: www.imf.org/external/np/sec/aiv/index.htm. The benchmarking data are from World Development Indicators 2005 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 adding up all outputs and subtracting intermediate inputs. It is calculated without making deductions for depreciation of fabricated assets or depletion and degradation of natural resources.

Coverage: Data are available for about 84 USAID countries.

CAS Code # 34P3

Agricultural policy costs index

Source: Global Competitiveness Report 2004-2005, World Economic Forum. The indicator can be found in the Data Tables, Section II. Macroeconomic Environment; 2.20.

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

Coverage: Data are available for about 52 USAID countries.

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

CAS Code # 34S1

Crop production index

Source: World Development Indicators 2005 series AG.PRD.CROP.XD, based on FAO statistics.

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

Coverage: Data are available for about 85 USAID countries.

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

Coverage: Data are available for about 85 USAID countries.

CAS Code # 34S2

Livestock Production index

Source: World Development Indicators 2005 series AG.PRD.LVSK.XD, based on FAO.

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

Coverage: Data are available for about 85 USAID countries.

Data Quality: See comments on the Crop Production Index.

CAS Code # 34S3