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Jordan

Economic Performance Assessment

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Jordan

Economic Performance Assessment

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 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 JORDAN'S PERFORMANCE, RELATIVE TO BENCHMARK STANDARDS

Economic Growth	Economic growth has been strong in recent years, but insufficient given the rapidly growing population. Growth is constrained by two main factors: low productivity growth and strained regional security.
Poverty	Progress in reducing poverty has been good, but inequality and interregional disparities remain a problem.
Gender	Jordan has been improving women's access to health and education services, but the but women's rate of participation in the labor force is still very low.
Fiscal and Monetary Policy	The IMF has recognized Jordan's progress and prudent macroeconomic policies. Government expenditures—in particular subsidies and other transfers—as well as foreign aid remain high, however. The budget deficit is only sustainable with continued large inflows of grants.
Business Environment	In general, Jordan meets or exceeds regional benchmarks on legal/regulatory indicators, but conditions are far below the standards set by global leaders. To accelerate growth, impediments to doing business must be reduced.
Financial Sector	Jordan has a well-developed financial sector, with a high degree of monetization, high levels of credit to the private sector, and a well capitalized stock market.
External Sector	Jordan is a highly open economy, and export growth is strong. The current account balance depends heavily on remittances and official transfers, underscoring the need to encourage more inflows of private capital. Jordan also remains heavily indebted, so debt sustainability considerations are a priority.
Economic Infrastructure	Infrastructure development in Jordan—except railroads—is superior to that of its peers.
Health	Health indicators in Jordan are very good, and public expenditures on health are higher than regional benchmarks.
Education	Jordan's indicators for basic, secondary, and tertiary education. are very good.
Employment and Workforce	The labor force is growing rapidly, creating pressure for productive jobs and income opportunities. Unemployment, particularly among Jordan's youth, remains high, and women's participation in the labor force is particularly low.
Agriculture	Agriculture contributes very little to Jordan's GDP. Productivity is very low by regional standards.

Note: The standards used to benchmark country performance are explained in the appendix.

JORDAN: NOTABLE STRENGTHS AND WEAKNESSES— SELECTED INDICATORS

Indicators	Strengths	Weaknesses
Growth Performance		
Real GDP growth , %	X	
Poverty and Inequality		
Human poverty index	X	
Demography and Environment		
Adult literacy rate	X	
Fiscal and Monetary Policy		
Government expenditure, % of GDP		X
Inflation rate (%)	X	
Business Environment		
Cost of starting a business, % of GNI per capita		X
Corruption Perception Index	X	
Rule of Law Index	X	
Time to register property	X	
Financial Sector		
Domestic credit to private sector, %GDP (2004)	X	
Money supply (M2), % GDP (2004)	X	
Stock market capitalization rate, % of GDP (2003)	X	
External Sector		
Aid, % GNI (2003) ^a		X
Debt service ratio, % of exports (2003)		X
Present value of debt, % of GNI (2003)		X
Trade, % of GDP	X	
Export growth, good and services	X	
Economic Infrastructure		
Internet users per 1000 people	X	
Telephone density, fixed line and mobile, per 1,000 people	X	
Overall Infrastructure Quality Index	X	
Health		
Maternal mortality rate, deaths per 100,000	X	

Indicators	Strengths	Weaknesses
Education		
Persistence in school to grade 5, % of total	X	
Youth literacy rate	X	
Employment and Workforce		
Labor force participation rate, female, %		X
Unemployment rate		X
Rigidity of employment index	X	
Agriculture		
Agriculture value added per worker, constant 1995 US\$		X
Growth in agriculture value added, %		X

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

1. Introduction

This paper is one of a series of economic performance assessments prepared for the EGAT Bureau to provide USAID missions and regional bureaus with a concise evaluation of a broad range of indicators relating to economic growth performance in designated host countries. The report draws on a variety of international data sources¹ and uses international benchmarking to identify major constraints, trends, 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 the mutually supportive goals of transformational growth and poverty reduction.³ Rapid and broad-based growth is the most powerful instrument for poverty reduction. At the same time, many 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

¹ Sources include the latest data from USAID’s internal Economic and Social Database (ESDB), and from readily accessible public information sources. The ESDB is compiled and maintained by the Development Information Service (DIS), under PPC/CDIE. It is accessible to staff through the USAID intranet. For benchmarking purposes, USAID/Jordan picked two world leaders to be comparator countries: Ireland and Singapore.

² Sometimes, too, the problem is faulty wiring to the indicator—analogue here to faulty data.

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

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

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

The evaluation in this paper must be interpreted with caution, because a concise analysis of this sort cannot provide a definitive diagnosis of economic problems, or simple answers to questions about programmatic priorities. Instead, the aim of the analysis is to spot signs of economic growth problems 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
<ul style="list-style-type: none"> • Growth performance • Poverty and inequality • Economic structure • Demographic and environmental conditions • Gender 	<ul style="list-style-type: none"> • Fiscal and monetary policy • Business environment • Financial sector • External sector • Economic infrastructure • Science and technology 	<ul style="list-style-type: none"> • Health • Education • Employment and workforce • Agriculture

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 Jordan's macroeconomic performance, poverty and inequality, economic structure, demographic and environmental conditions, and indicators of gender equity.⁵ Some of the indicators cited here are descriptive rather than analytical, and are included to provide context for the performance analysis.

GROWTH PERFORMANCE

With an estimated per capita GDP of \$1,903 in 2004, Jordan ranks squarely in the middle of the World Bank's lower-middle income group. Over the past five years, growth averaged 5.4 percent, reaching 7.7 percent in 2004.⁶ The trend growth rate is well above the benchmark regression estimate of 3.8 percent for a country with Jordan's characteristics. But given the average population growth rate of 2.8 percent, Jordan must aim to *sustain* growth rates comparable to or better than its performance in 2004 in order to climb into the upper middle-income bracket and deliver visible and widespread improvements in living standards (see Figure 2-1).

Two major constraints stand in the way of Jordan making this transformation: low productivity growth and regional instability. Labor force productivity grew by an average of only 0.4 percent in the five years to 2003 (latest year of data available) (see Figure 2-2). This is well below the average for lower middle-income countries in the Middle East and North Africa (hereafter, LMI-MENA) of 1.6 percent. It is particularly problematic given the rapid growth of the labor force (see Section 4). In addition, though investment levels are in line with all benchmarks, investment efficiency is low. The incremental capital-output ratio (ICOR) of 5.5 over the past five years shows that close to \$5.50 of gross investment has been needed per \$1 of extra output. International experience suggests that countries using capital productively have an ICOR of 4 or below. Measures to improve capital productivity (lower the ICOR) are essential if Jordan is to emulate the transformational growth of countries like Ireland and Singapore (Figure 2-3). One likely explanation for weak productivity performance is the impact of regional instability on trade and investment. Jordan's best hope for transformational growth is to support efforts to bring stability to the Middle East. The government's extensive intervention in the market through state-owned enterprises may be another factor contributing to productivity problems. Other possible impediments are discussed in Section 3.

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

⁶ Latest data from Jordan's Ministry of Finance.

Figure 2-1. Real GDP Growth

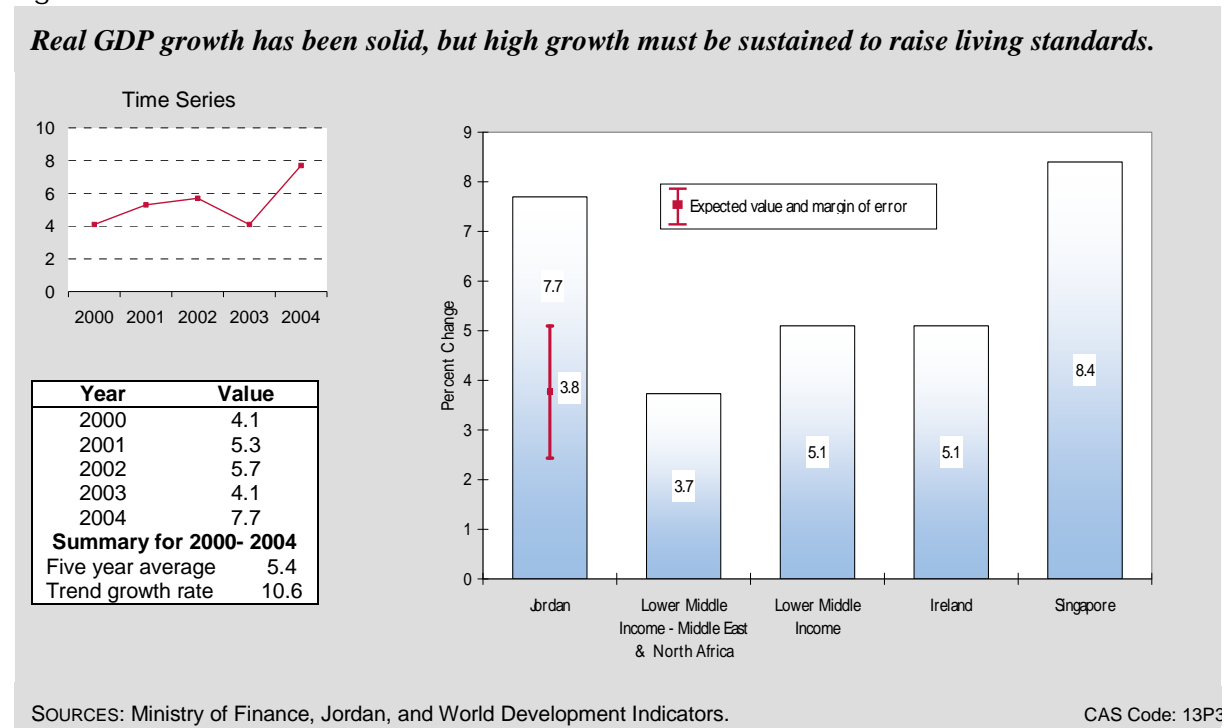


Figure 2-2. Growth of Labor Productivity

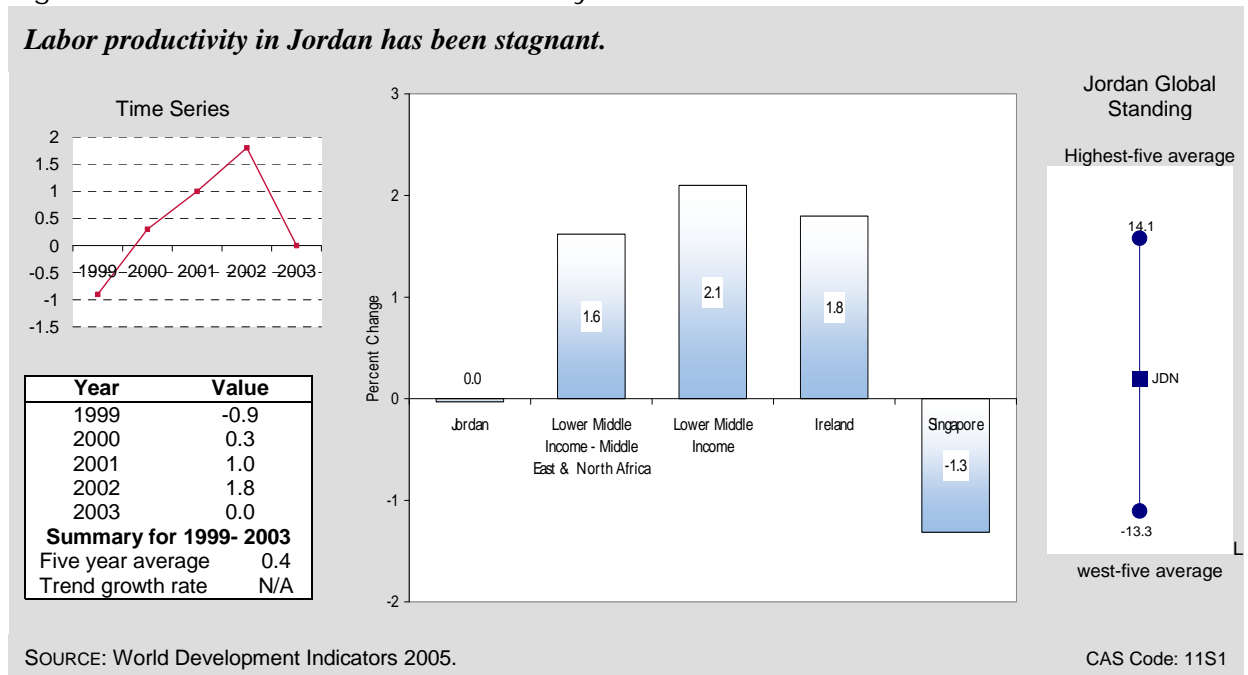
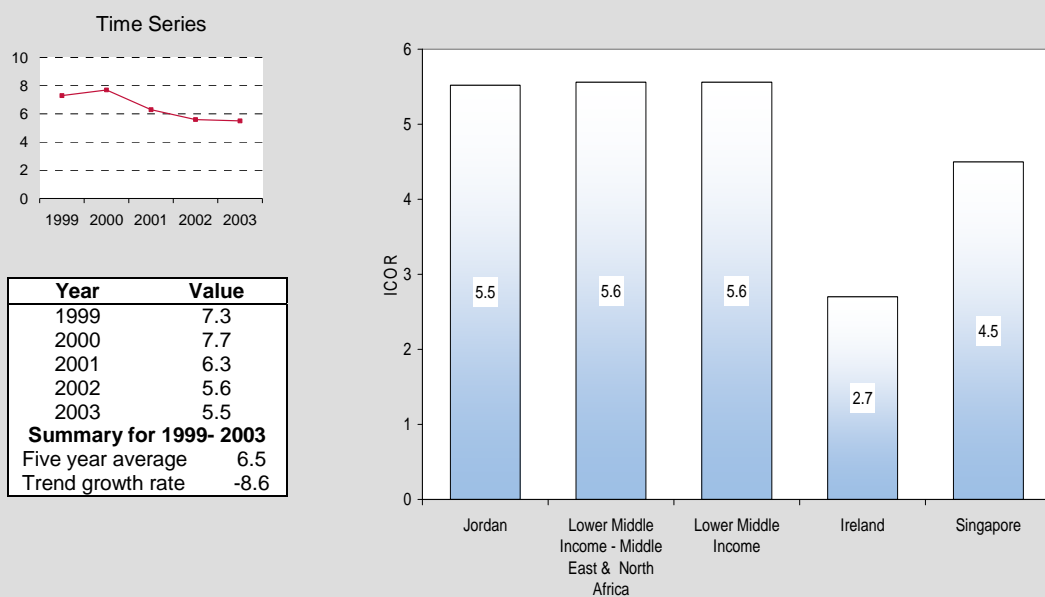


Figure 2-3. Investment Productivity—Incremental Capital–Output Ratio

Investment has not been highly efficient—more than \$5 of capital is needed per \$1 of extra output.



SOURCE: World Development Indicators 2005. Higher ICOR values indicate *lower* investment efficiency. 11S2

POVERTY AND INEQUALITY

Jordan has made significant progress in reducing poverty. The poverty rate, measured as the percentage of people living below the national poverty line, was 14.2 percent in 2002/03, down from more than 21 percent in 1997.⁷ Moreover, Jordan’s score on the UNDP Human Poverty Index—which measures deprivation in income, health, and education—was 7.2 in 2002, far lower than the regression benchmark of 23.7 and the LMI-MENA average of 19.2.⁸ A recent United Nations assessment of Jordan’s progress in meeting the Millennium Development Goals⁹ supports the conclusion that the country is performing very well in reducing poverty, but highlights problems with income inequality and interregional disparities. The latest household survey data show that the poorest 20 percent receive 6.9 percent of the income in Jordan. This equals the regression benchmark for a country with Jordan’s characteristics, but even if the numbers are in line with international benchmarks, inequality can still be a serious political issue. Given Jordan’s progress in reducing poverty, the main programmatic requirements are to improve the efficiency of social safety nets and strengthen welfare-to-work programs, while minimizing

⁷ Jordan Poverty Assessment, 2004.

⁸ Human poverty index ranges from 0 (zero incidence of deprivation) to 100 (high incidence of deprivation).

⁹ Ministry of Planning and International Cooperation and United Nations in Jordan. “The Millennium Development Goals Jordan Report 2004.” Jordan 2004.

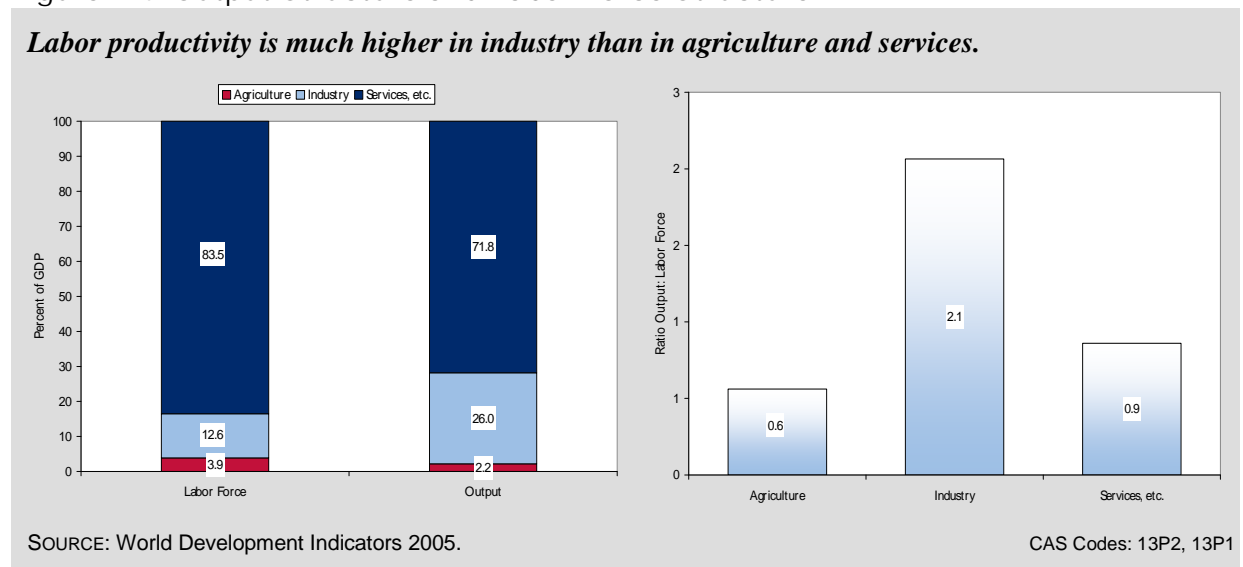
the adverse effect of welfare on incentives to work. Programs to combat regional poverty disparities are also important.

ECONOMIC STRUCTURE

The broad structure of output has been relatively stable in the past five years. Value added in agriculture accounts for 2 percent of GDP, industry for about 26 percent, and services for 72 percent. This is considerably different from the average output structure for LMI-MENA, for which agriculture accounts for 12 percent of GDP, industry for 29 percent, and services 52 percent. In fact, Jordan's output structure more closely resembles that of Ireland and Singapore, where services account for the large majority of GDP, and agriculture's role is very small.

The labor force is even more heavily skewed, with 84 percent of the workers in the service sector, 4 percent in agriculture, and just 13 percent in industry. A comparison of the output and labor force structures highlights that productivity is much higher in industry than in services or agriculture. Programs to reduce obstacles to efficient private investment in the industrial sector can make a major contribution to transformational growth (Figure 2-4).

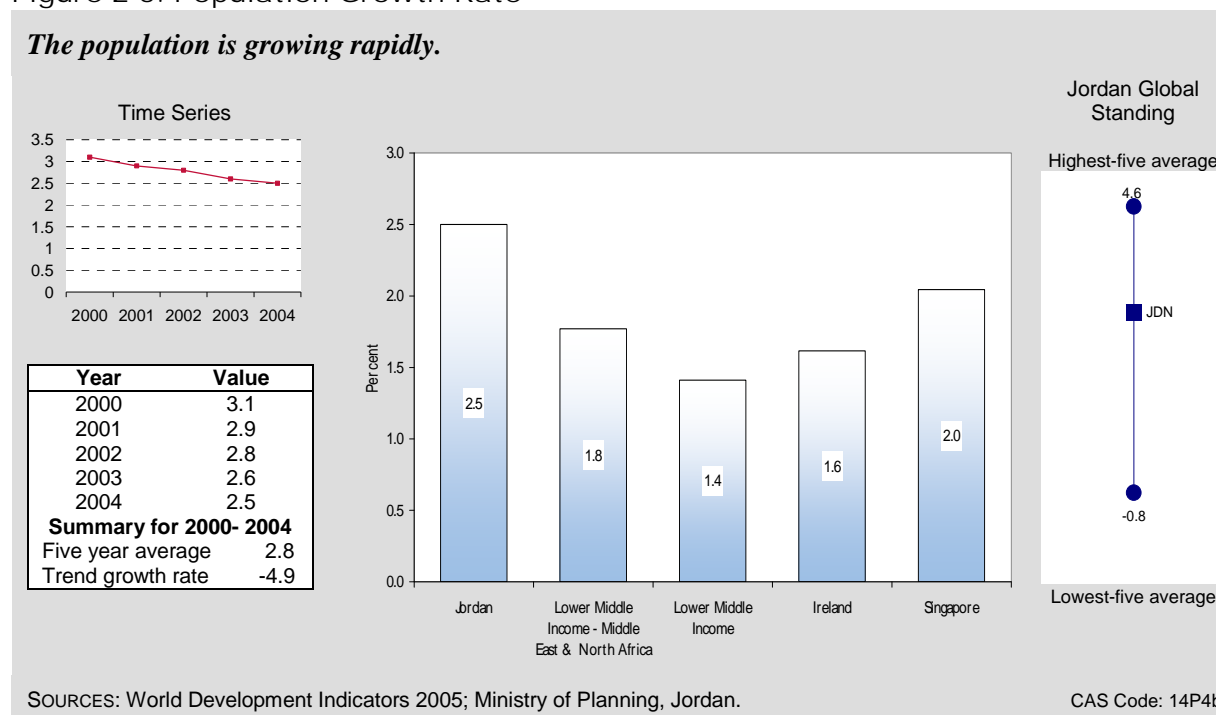
Figure 2-4. Output Structure and Labor Force Structure



DEMOGRAPHY AND ENVIRONMENT

Jordan's population in 2003 was estimated at 5.3 million, with nearly 80 percent living in urban areas. The population growth rate averaged 2.8 per annum in the preceding five years, which is very high for a middle-income country, and a notable cause of slow growth in *per capita* income (Figure 2-5). One direct result of the rapid population growth is that the age dependency ratio is high, with 0.68 dependents per person of working age, compared with an average of 0.61 for LMI-MENA and 0.58 for lower middle-income countries in general. In Ireland and Singapore, which have already gone through the demographic transition to lower population growth, the dependency ratios are 0.48 and 0.39, respectively.

Figure 2-5. Population Growth Rate



Rapid population growth also accentuates the demand for public services, such as education and health. As discussed in Section 4, Jordan has coped well with these pressures. Among other things, the working-age population is better educated than the regional average: the adult literacy rate reached 90.9 percent in 2002, compared to 73.2 percent average for LMI-MENA. However, Jordan still lags behind leaders like Ireland and Singapore, where literacy rates are 99 percent and 92 percent, respectively.

Rapid population growth can also strain the environment. A new international index of environmental sustainability that evaluates each country’s ability to maintain favorable environmental conditions gives Jordan a score of 47.8.¹⁰ This is in the middle quintile of 146 countries so evaluated, and comparable to the LMI-MENA average of 49.0, but considerably below Ireland’s score of 59.2.¹¹ Looking at the index subcategories, it is not surprising to see that Jordan’s most serious problems are water quality and water stress. Water management programs are clearly a leading priority for sustainable development.

GENDER

Jordan scores well on gender equity compared to other LMI-MENA countries, with steady improvement in women’s access to health and education services, resulting in improvements in women’s life expectancy, maternal mortality, and women’s literacy rates. Indeed, the male adult

¹⁰ The index ranges from 0 (for countries poorly positioned to maintain favorable environmental conditions) to 100 (for countries very well positioned to maintain favorable conditions); most scores cluster between 40 and 60.

¹¹ Environmental sustainability index is not available for Singapore.

literacy rate is only 1.11 times higher than the rate for females, compared to a ratio of 1.31 for the LMI-MENA benchmark. Similarly, the gross enrollment rate for all levels of schooling demonstrates full gender equity, with a male-to-female ratio of 0.99. This matches Singapore, and is much better than the average ratio of 1.07 for LMI-MENA, and even Ireland's ratio of 1.08. In terms of life expectancy, the male-to-female ratio of 0.96 for Jordan is virtually the same as for other low-income countries and LMI-MENA countries.

Education alone, however, needs to be complemented by opportunities for women to use education in obtaining suitable employment. Jordan is improving in this area, as women enter the workforce in greater numbers in sectors such as teaching and health care, and have greater influence in sectors such as banking, advertising, and other services.¹² The rate of female participation in the labor force improved from 26.3 percent to 29.4 percent in the period 1999–2003. But this is still very low, even compared to the median for LMI-MENA of 33.3 percent. Efforts to in close the gender gap in the labor market can help to accelerate growth and improve living standards.¹³

¹² Jordan Country Profile, Economist Intelligence Unit, London: March 2005, p. 13.

¹³ Female labor force participation rates for our economic performance assessments are estimated from the World Bank's World Development Indicators data series, multiplying female labor force (% of total) times total labor force to obtain the numerator; and multiplying the total population times the percentage of the population of aged 15–64 times the percentage of females in the total population. Estimates derived this way differ considerably from data reported in Jordan's Ministry of Planning Report of June 2005, which reports that women's participation in the labor force is 11.2% in 2003 (up from 6.6% in the 1991–1994 period). The report did not provide details on the methodology used to derive the rates, which may be the source of the large discrepancy. Nevertheless, both sets of estimates point to recent improvements in this area, but still considerably behind LMI-MENA and Ireland and Singapore benchmarks.

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.

FISCAL AND MONETARY POLICY¹⁴

In general, fiscal and monetary policies provide a sound footing for private sector growth in Jordan. Because the Jordanian dinar is pegged to the U.S. dollar,¹⁵ the government needs to intervene in foreign exchange markets and thus has limited control over monetary policy. Inflation has been very low, though creeping up gradually. In 2004, consumer prices rose by 3.4 percent. Growth in the broad money supply has averaged 9.4 percent per year for the period 2000–2004. As long as real growth is healthy, this pace of monetary growth is consistent with relatively low inflation.

Fiscal policy is also in reasonably good shape. Sound policies have broadened Jordan's tax base, increasing revenue to 26.2 percent of GDP in 2004.¹⁶ This is in line with the regression benchmark of 27.0 percent. That a successful country like Singapore raises only 22.2 percent of

¹⁴ The World Development Indicators 2005 database adopts new categories for Government Finance Statistics. As a result, WDI 2005 has fiscal data for very few developing countries, and group medians for fiscal variables are no longer meaningful because of the limited sample size. The benchmarking analysis for fiscal indicators is therefore based on data from WDI 2004.

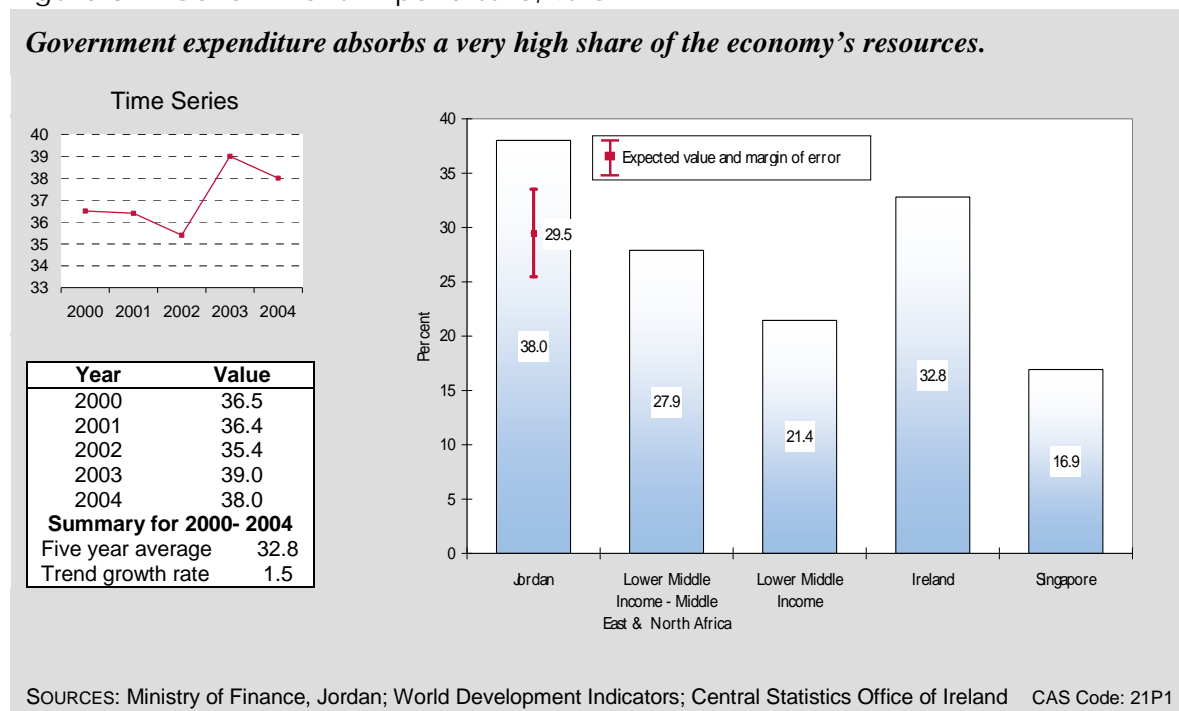
¹⁵ US\$1 = 0.708 Jordanian dinar.

¹⁶ Ministry of Finance, Jordan.

GDP in revenue suggests that the government in Jordan may be encroaching excessively on economic resources, but Ireland has been equally successful with a revenue ratio of 34.1 percent. The IMF acknowledges that Jordan's revenue performance is strong,¹⁷ while stressing the need to broaden the sales tax base and adjust the pricing of petroleum products to improve revenue mobilization.

Government expenditure accounts for a very high percentage of GDP—38.0 percent in 2004.¹⁸ This is about 9 percentage points higher than the regression benchmark, around 5 percentage points higher than the value for Ireland, and nearly double the value for Singapore (Figure 3-1). Government subsidies and transfers, which have increased steadily in recent years, account for more than one-fourth of expenditures. Also, according to the IMF, expenditures on health and education are highly inefficient and need to be tightened.¹⁹ Defense spending is also a heavy burden, accounting for 15 percent of expenditures, though this may be warranted given regional security conditions.

Figure 3-1. Government Expenditure, % GDP



The high level of government expenditure is affordable primarily because of heavy reliance on foreign aid. Including grants, the budget deficit in 2004 was only 1.9 percent of GDP; when grants are excluded from revenue and viewed as a financing item, the deficit was more than 10 percent of GDP. This would be unsustainable without large donor flows. Aid is likely to remain

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ IMF. Jordan: Post-Program Monitoring Discussion. March 2005.

high in coming years because of Jordan's critical security status. Still, the government should consider establishing strong public expenditure management systems to reduce aid dependence. As noted, areas government subsidies and transfers, health expenditures, and education expenditures merit attention.

BUSINESS ENVIRONMENT

Institutional barriers to doing business, including corruption in government, are critical determinants of private sector development and prospects for sustainable economic growth. Most business environment indicators for Jordan are close to or better than the LMI-MENA median. However, these regional standards do not exemplify the performance needed to promote strong private sector development. Ireland and Singapore, where the enabling environment provides the backbone for rapid and sustained growth, are better examples.

A composite index of the World Bank's Doing Business indicators²⁰ shows that Jordan's institutional environment matches the median for LMI-MENA (62.8 out of 100). On many important components of the index—including the time and number of procedures required to start a business, procedures to enforce a contract, procedures to register property, and time to enforce a contract—conditions in Jordan are in line with the LMI-MENA average, but well below the scores for Ireland and Singapore. Business startup costs remain discouragingly high: the cost to start a simple business in Jordan requires an average of 52.0 percent of Gross National Income (GNI) per capita, compared with only 27.3 percent for the LMI-MENA average, and much less in Ireland or Singapore (see Figure 3-2). More positively, registering property takes just 22 days in Jordan, compared with 38 days in Ireland and an average of 52 days for LMI-MENA; in Singapore, however, registering property takes only 9 days.

IMF Program Status for Jordan

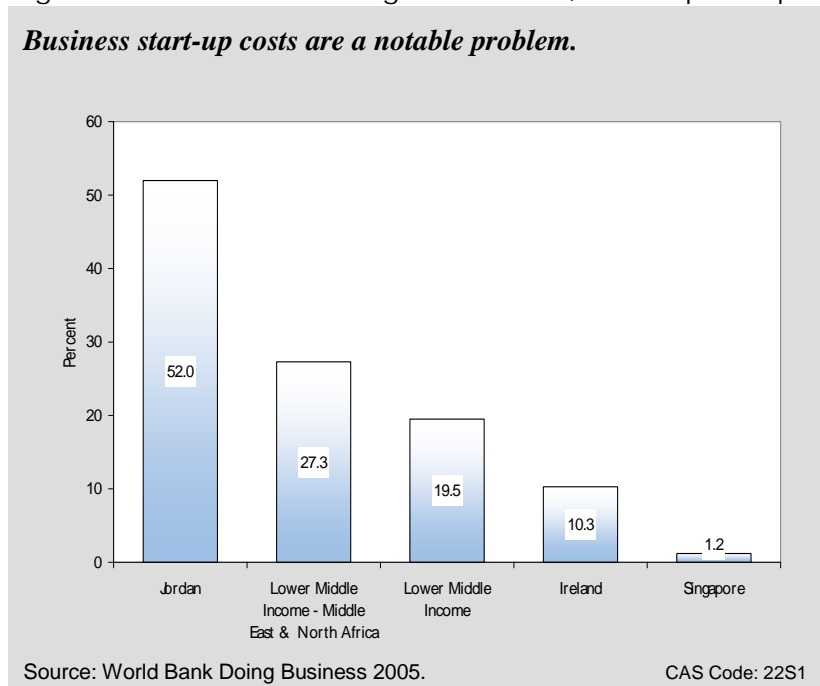
Jordan graduated from the IMF program in 2004. After the IMF held the first Post-Program Monitoring Discussions with Jordan in January 2005 it stated in its Public Information Notice (No. 05/20):

Over the past few years the Jordanian economy has made impressive progress. Spurred by rising domestic demand, global economic recovery, restoration of trade links with Iraq, and the continued implementation of prudent macroeconomic policies, economic growth has picked up sharply in 2004, while inflation remained moderate. The external position is strong, with usable gross official reserves presently comfortable at the equivalent of about seven months of prospective imports. Reflecting buoyant tax revenues and tight expenditure management, the fiscal position has strengthened and the total public debt/GDP ratio has fallen.

(Note: To qualify for enhanced HIPC debt relief and the Poverty Reduction and Growth Facility, low-income countries need to have a poverty reduction strategy paper. Jordan is not in the HIPC group nor eligible for facility support, and does not have a formal PRSP. It does have a poverty reduction strategy developed under the USAID Jordan Poverty Alleviation Program (2002-2005).

²⁰ The composite index was constructed for this report on the basis of guidance from USAID/EGAT. Details are in the technical notes in the Data Supplement.

Figure 3-2. Cost of Starting a Business, % GNI per capita



The Millennium Challenge Account uses a rule-of-law index from the World Bank as an eligibility criterion. On a scale of -2.5 to +2.5 (with a global mean of 0.0), Jordan's score is 0.3. As shown in Figure 3-3, this is higher than the average of -0.4 for LMI-MENA, but, once again, well below the standards of Singapore and Ireland (1.8 and 1.6, respectively). Likewise, Jordan's score of 0.1 on the World Bank's regulatory quality index²¹ compares favorably to the average -0.9 for LMI-MENA. On Transparency International's corruption perceptions index, Jordan's score of 5.3 out of 10 in 2004 (with a higher number indicating less corruption) is better than the LMI-MENA average of 3.2, and has improved in recent years; but it is considerably lower than the scores for Ireland (7.5) and Singapore (9.3).

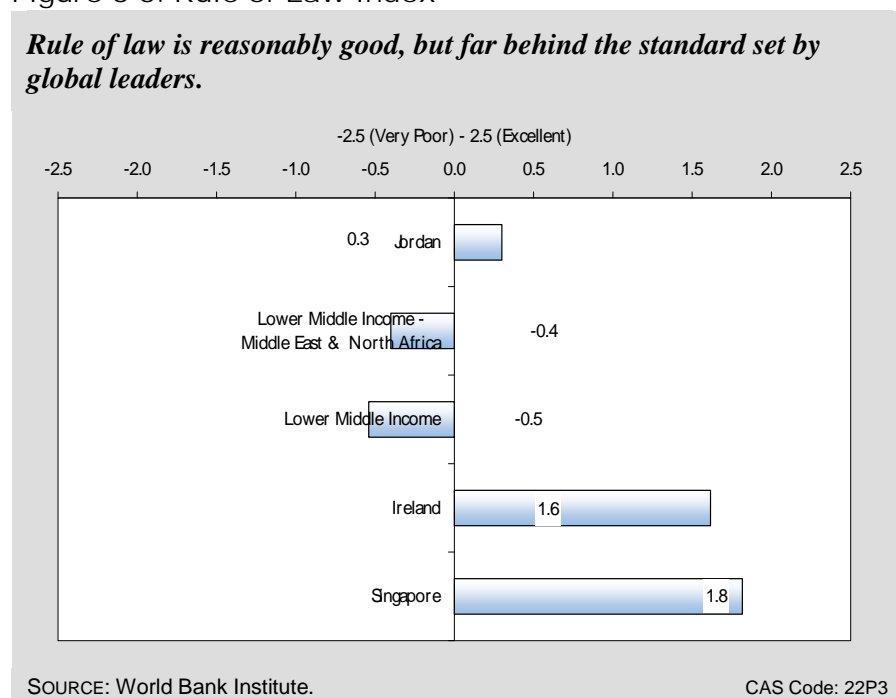
The Ireland and Singapore benchmarks illustrate that Jordan has a long way to go in offering an investor-friendly business environment. Further legal and regulatory reforms warrant serious consideration as a priority for donors and the government, to stimulate investment, productivity, and more rapid economic growth.

FINANCIAL SECTOR

A sound, efficient, and competitive financial sector is a fundamental mechanism for mobilizing saving, allocating financial resources, fostering entrepreneurship, and improving risk management. Jordan's financial sector is highly developed, on par with that of many upper middle-income countries. A simple indicator of financial development is the degree of monetization, measured by the ratio of broad money (currency plus bank deposits) to GDP. In

²¹ This index is also an eligibility criterion for the MCA.

Figure 3-3. Rule of Law Index

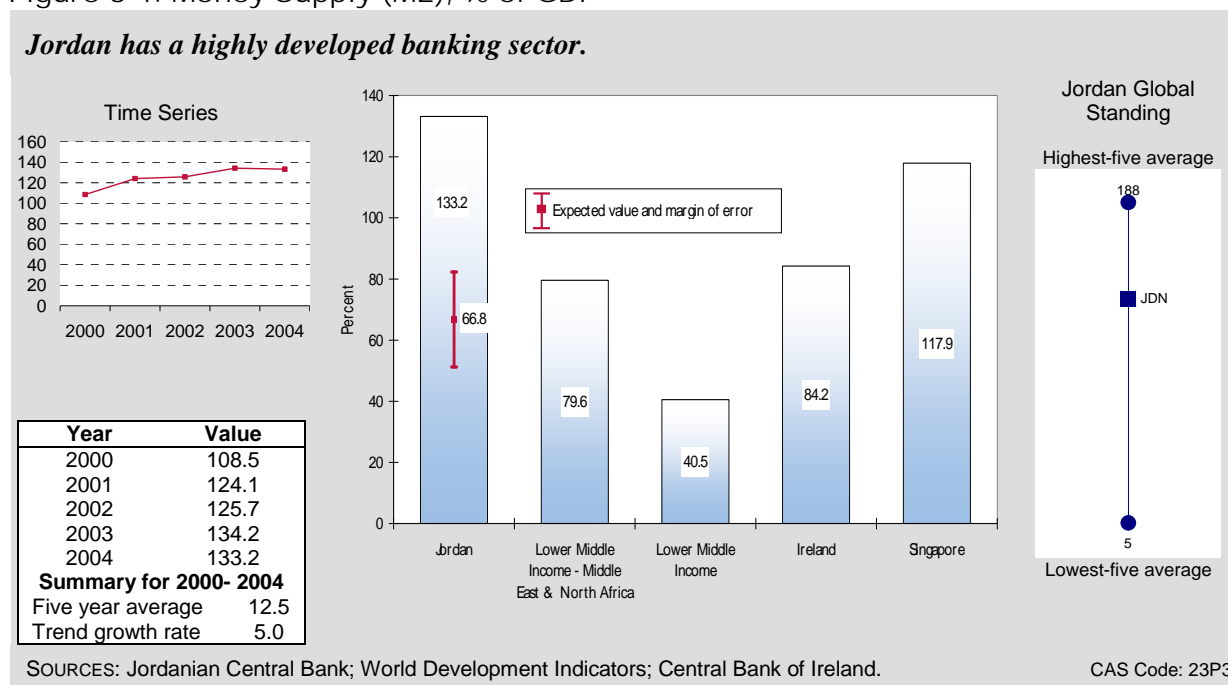


2004, Jordan's money supply was 133 percent of GDP, 66 percent higher than the LMI-MENA average and even slightly higher than monetization rates in Singapore and Ireland (Figure 3-4), indicating that Jordan's banking system is highly developed. Another indicator of an active banking system is domestic credit to the private sector. In 2004, domestic credit to the private sector amounted to 73 percent of GDP. This far exceeds the LMI-MENA average of 56 percent. Still, the financial system would have to jump to a higher plateau to match the intermediation performance of Ireland and Singapore, where private sector credit amounts to 118 and 116 percent of GDP, respectively. There are also signs of concern about the efficiency of the banking system. In particular, the spread between lending rates and borrowing rates has been rising, reaching 6.2 percentage points in 2003, compared to the benchmark regression value of 5.4 percent and spreads of 2.8 in Ireland and 4.8 in Singapore. This suggests that financial intermediation in Jordan is unusually costly, or that competition in the banking system is weak.

Looking beyond the banking system, one primary indicator of financial development is the stock market capitalization rate. This is in excellent shape. Stock market capitalization in Jordan has been growing 12 percent per year, and stood at a remarkable 111 percent of GDP in 2003. That is more than three times the LMI-MENA average of 32 percent, and twice Ireland's level of 55 percent. The capitalization rate in Singapore is much higher, at 159 percent of GDP, reflecting the role of the city-state as a highly successful regional financial center.

Overall, Jordan has a highly developed financial sector; consequently, scarce donor resources should probably be directed to programmatic activities in other areas of the economy.

Figure 3-4. Money Supply (M2), % of GDP



EXTERNAL SECTOR

Fundamental changes in international commerce and finance, including reduced transport costs, advances in telecommunications technology, and lower policy barriers, have fueled a rapid increase in global integration in the past 25 years. The international flow of goods and services, capital, technology, ideas, and people offers great opportunities for Jordan to boost growth and reduce poverty by stimulating productivity and efficiency, providing access to new markets and ideas, and expanding the range of consumer choice. Globalization also creates challenges 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 the Current Account

Jordan's economy is very open and strongly integrated with international markets. The ratio of trade (exports plus imports of goods and services) to GDP reached 114 percent in 2003, compared to an average of 66 percent for LMI-MENA. In 2004, exports increased by 20.4 percent and since 2000 have grown at an average 9.9 percent per annum, close to double the regression benchmark of 5.5 percent for a country with Jordan's characteristics. Although Jordan's exports are not heavily concentrated—the top three exports (at the 3-digit SITC classification level) accounted for 37.2 percent of the total value in 2003, compared with 38.9 in Ireland and 43.4 in Singapore—clothing has been the dominant engine of export growth in recent years, accounting for 30 percent of exports in 2004.²² The termination of textile quotas under the Multi-Fiber Agreement in

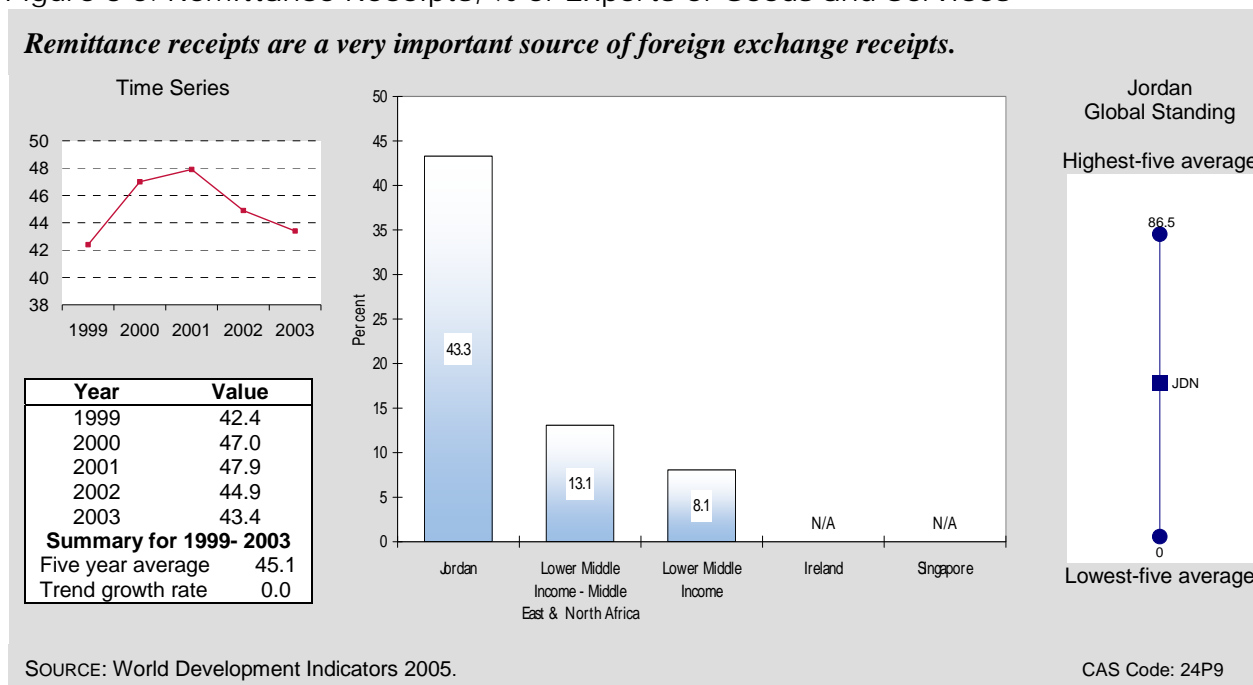
²² As reported in the EIU's Jordan Country Profile 2005, London, p. 44.

January of 2005 means that Jordan’s export performance is now more vulnerable to competition. Hence, programs to facilitate export diversification require serious attention.

Despite the high level of trade and export growth, Jordan scores a 4 on a scale of 1 (very good) to 5 (very bad) on the Heritage Foundation’s trade policy index, which the MCC uses as a criterion of eligibility. This score is based on the average level of import duties, as well as information about various nontariff barriers and corruption in the customs service. For Jordan, the low rating (high score) seems counterintuitive. It may be driven by the high maximum duty rate of 35 percent, and the implied high effective rates of protection.

Jordan has historically suffered from chronic trade deficits, reflecting a narrow industrial base and dearth of raw materials. However, workers’ remittances and official transfers have made a strong positive contribution to the current account. Indeed, remittances have been equivalent, on average, to 45.1 percent of exports of goods and services over the five years to 2003, indicating a large export of labor services (Figure 3-5). This is indicative of opportunities to work outside of Jordan, but also a lack of attractive jobs in the country.

Figure 3-5. Remittance Receipts, % of Exports of Goods and Services



The overall current account balance varies widely from year to year, averaging 2.5 percent of GDP for the period 2000–2004. For 2004, the deficit was 2.6 percent of GDP. This does not suggest any serious problems. Note, though, that the balance has been worsening at a time of strong export growth, which signals even more rapid growth of imports. This can be explained by rising oil prices, the high import content of manufactured exports, robust consumer spending, and higher government expenditure. Economic managers must pay careful attention to prevent this trend from triggering macroeconomic instability.

The analysis suggests that Jordan could benefit from reducing trade restrictions, which will reduce the price of imports, increase efficiency, and encourage more investment in export activities. Programs to foster export diversification would also contribute to maintaining export growth, especially in light of the lifting of textile quotas in 2005. Additionally, it may be possible to develop innovative programs to enhance the growth impact of remittances.

International Financing

As mentioned, foreign aid has been a major source of external financing. Net aid inflows rose from 5.4 percent of gross national income in 1999 to 12.6 percent in 2003, extremely high compared to the LMI-MENA benchmark of 1.2 percent (Figure 3-6). According to the EIU, if official transfers had returned to pre-2003 levels, then (all things being equal) the overall current account deficit would have reached about US\$1 billion, equivalent to more than 9 percent of GDP in 2004.²³ The high degree of aid dependence underscores the need to attract more private capital inflows. In 2004, foreign direct investment (FDI) inflows stood at 3.8 percent of GDP, which is quite good compared with the LMI-MENA median of just 1.0 percent, but far from Singapore's or Ireland's landmark inflows of 12.5 percent and 17.3 percent of GDP, respectively (Figure 3-7). Moreover, foreign investment in Jordan in 2004 was well below the levels achieved in 2000 and 2001, when FDI exceeded 9 percent of GDP. UNCTAD's index of inward FDI potential measures a country's attractiveness to foreign investors in terms of 12 factors. On a scale of 0.0 (poor) to 1.0 (excellent), Jordan's score of 0.26 places it 45th out of 140 countries. As with many other indicators, Jordan's attractiveness for foreign investment is reasonably good relative to the average for the LMI-MENA region, but there is great scope for improvement.

Any gap between the amount of financing coming in through the capital account and the current account balance is reflected in foreign exchange reserves. Over the past five years, Jordan's gross international reserves averaged 8.3 months of import cover. This very healthy level of reserves corroborates other signs of prudent macroeconomic management.

Debt

Despite debt forgiveness, rescheduling, and government buybacks, Jordan remains heavily indebted. Although the present value of debt as a percentage of GNI has declined from 94.5 percent in 2000 to 84.0 percent in 2003, it is still very high by benchmark standards and absolute standards²⁴ (Figure 3-8). In addition to this large stock of debt, a weakening of the U.S. dollar, to which the dinar is pegged, contributed to an increase the debt service ratio from 8.8 percent of exports in 2002 to 16.4 percent in 2003.

²³ Jordan Country Report. The Economist Intelligence Unit Limited: June 2005, p. 34.

²⁴The World Bank classifies as "severely indebted" countries with a present value of debt service greater than 80 percent of GNI. Likewise, the median value for LMI-MENA countries is 47.2 percent.

Figure 3-6. Aid, % GNI

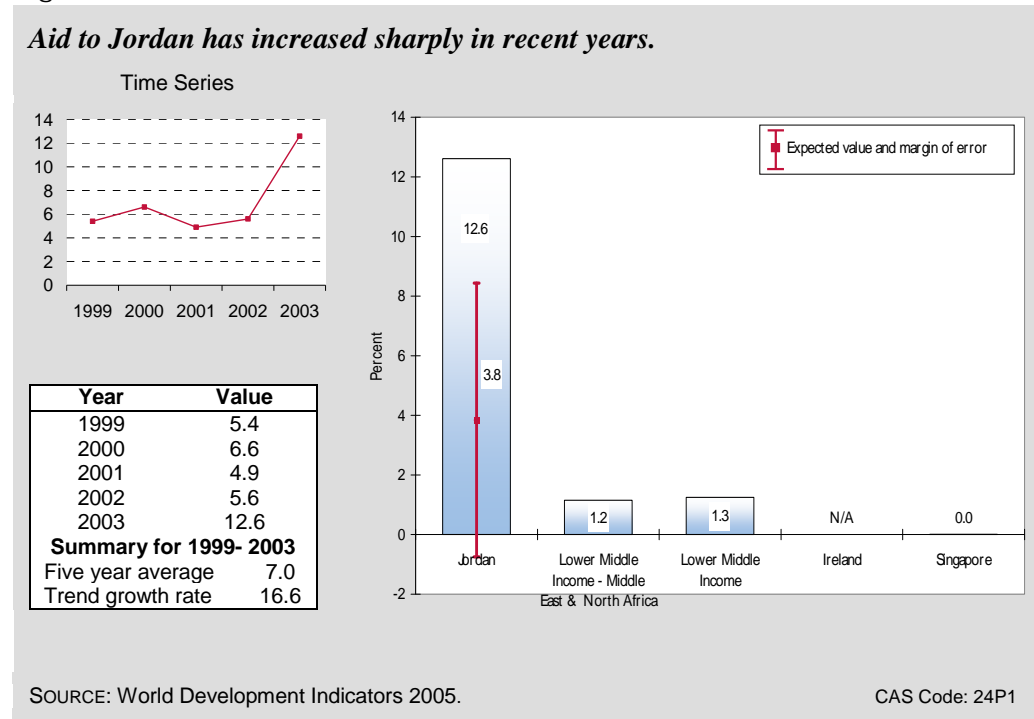


Figure 3-7. Foreign Direct Investment, %GDP

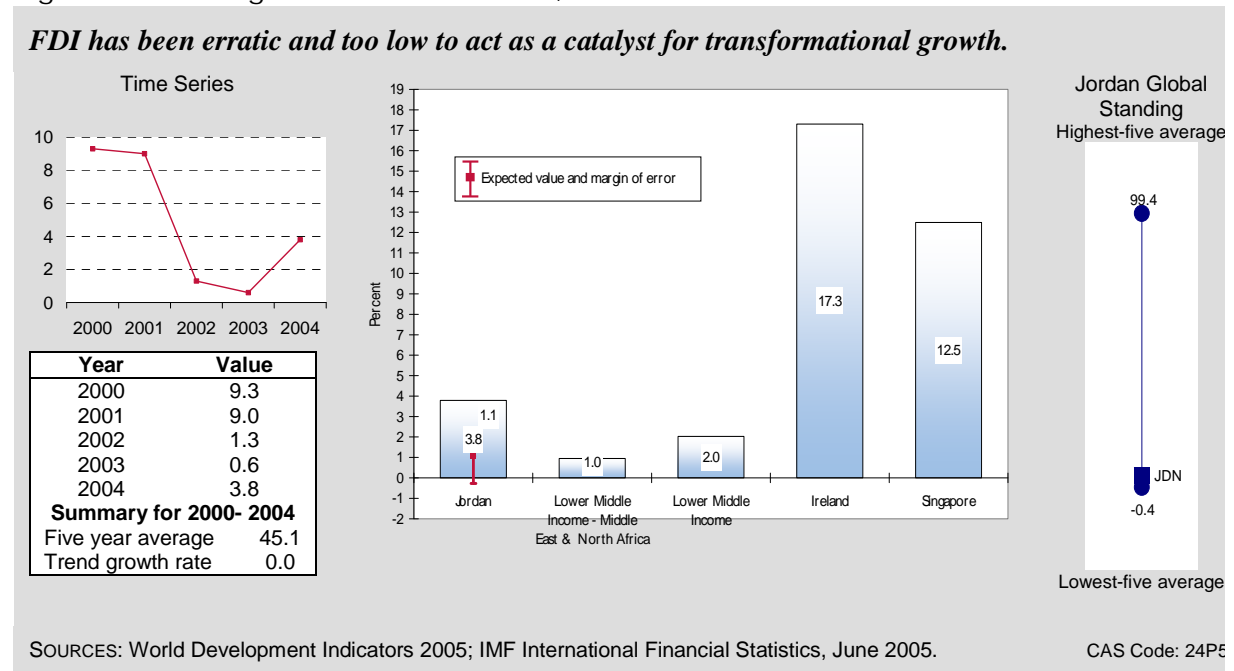
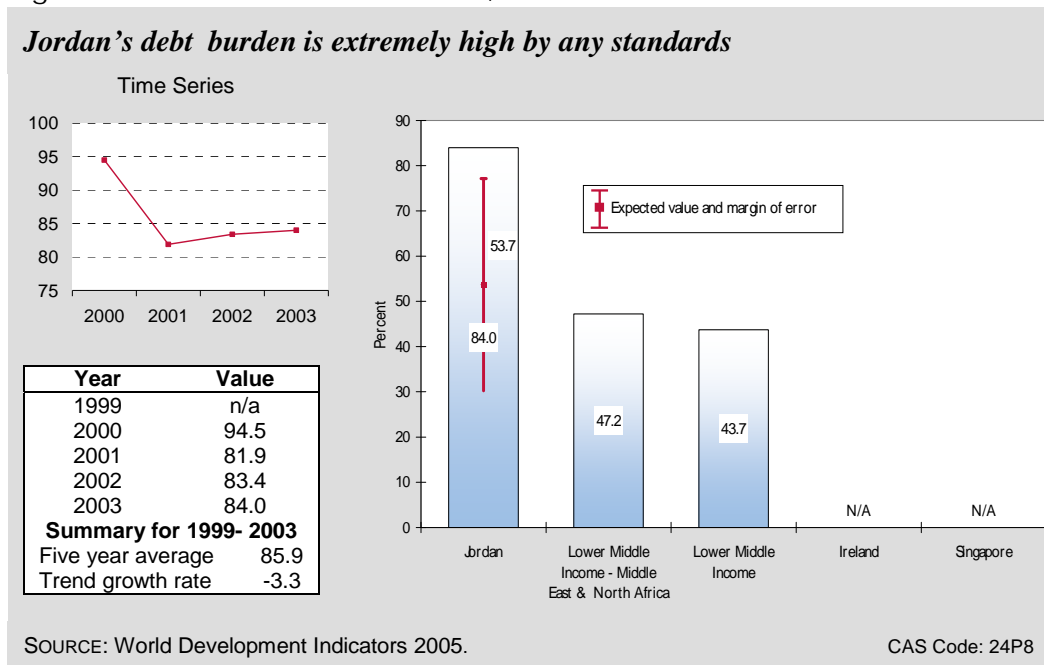


Figure 3-8. Present Value of Debt, % GNI



About 43 percent of Jordan's debt is denominated in euro and yen.²⁵ This high debt burden augments Jordan's dependence on foreign aid to finance development programs, and increases the risk of investing in the country. Further efforts to reduce the debt burden, through careful economic management, faster growth, and debt relief negotiations on the approximately 35 percent of total debt that is from official bilateral sources,²⁶ will both improve the balance of payments and strengthen the investment climate.

ECONOMIC INFRASTRUCTURE

A country's physical infrastructure—for transportation, communications, power, and information technology—is the backbone for strengthening competitiveness and expanding productive capacity.²⁷ The broadest indicator of infrastructure quality is a subjective index of executive perceptions compiled by the World Economic Forum (WEF). The value for Jordan is 5.0 (out of 7), which is superior to the average of 3.9 for LMI-MENA and even Ireland's score of 3.8, although not as high as Singapore's 6.6.²⁸ Jordan scores well above the LMI-MENA average for the sub-indices for air transport, electricity, and ports, but not on the sub-index for the quality of railroad services, where the score is 2.0. Improvement in this area can enhance transportation

²⁵ Jordan Country Report, p. 35.

²⁶ Ministry of Finance. General Government Finance Bulletin. July 2005.

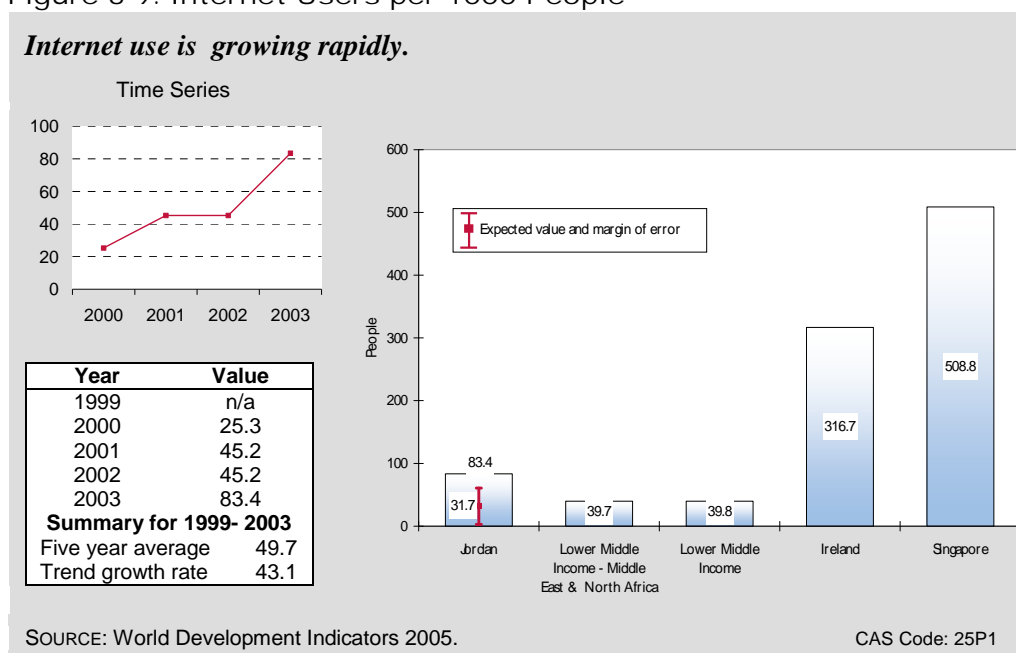
²⁷ This section relies on perception indicators to assess infrastructure quality and adequacy. Objective measures of infrastructure *quantity* often have little diagnostic value. For example, a low value for kilometers of paved roads does not imply that there is a problem to be fixed, since unpaved all-weather roads may be more efficient than paving secondary and tertiary roads in poor countries.

²⁸ Overall infrastructure quality index ranges from 1 (poorly developed and inefficient) to 7 (among the best in the world).

efficiency and competitiveness. The shortfall has not gone unnoticed: the Economist Intelligence Unit (EIU) reports that the Ministry of Transport recently initiated a process for establishing a railway development strategy.²⁹

In terms of telecommunications infrastructure, Jordan's indicators also show strong development in comparison to the LMI-MENA average, while lagging far behind the standards of Singapore and Ireland. In 2003, telephone density in Jordan reached 355 lines per 1,000 people (including mobile phones), compared to a regression benchmark of 164 lines; the corresponding values for Singapore and Ireland exceed 1,300 lines. Internet use is also growing fast in Jordan. From 25 Internet users per 1,000 people in 2000, the figure tripled to 83 in 2003 (Figure 3-9). This compares very favorably with the LMI-MENA median of roughly 40, but not the levels in Ireland or Singapore (316 and 508, respectively).

Figure 3-9. Internet Users per 1000 People



The picture is therefore quite clear. With the important exception of rail service, Jordan has highly developed infrastructure for a lower middle-income country. While there is certainly scope for improvement, basic infrastructure problems do not appear to be a critical constraint on private sector development.

SCIENCE AND TECHNOLOGY

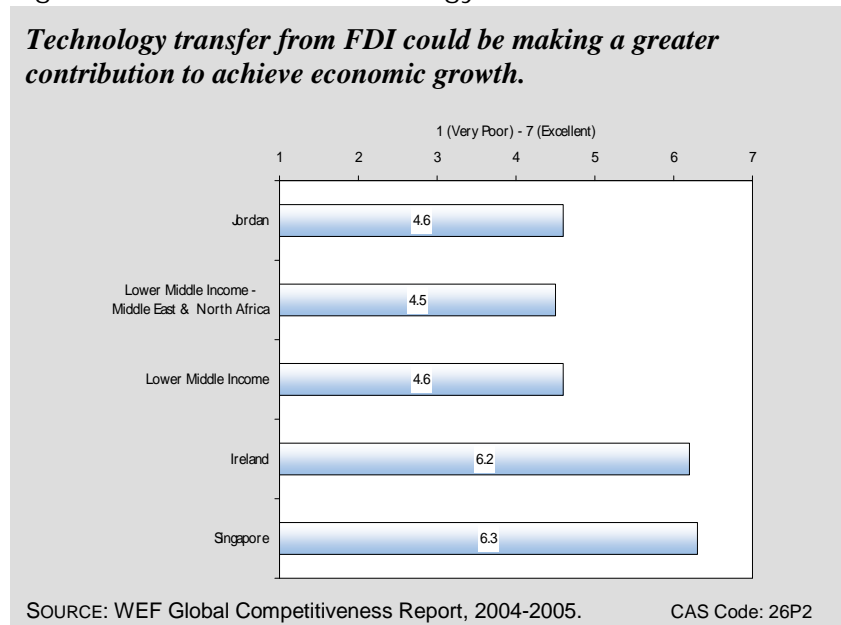
Science and technology are central elements of a dynamic growth process because technical knowledge is a driving force for rising productivity and competitiveness. For lower middle-income countries like Jordan, transformational development increasingly depends on acquiring

²⁹ Jordan Country Profile, 2005, p.20

and adapting technology from the global economy, and applying it in ways that are appropriate to their level of development. A lack of capacity to acquire and use technology prevents an economy from benefiting fully from globalization. Unfortunately, few international indicators of science and technology are available for judging performance in lower income countries. Hence, one must draw inferences from a very limited data set, as proxies for other missing information.

Over the five years to 2004, Jordan averaged 42.2 patent applications filed by residents, an indicator of a country's indigenous capability in science and technology. Jordan's score exceeds the LMI-MENA benchmark of 13, which provides evidence of a superior local science and technology capacity than the country group of reference. Nevertheless, it is still far behind Ireland and Singapore, where patent applications by residents reached 1,255 and 511 in 2002, respectively.

Figure 3-10. FDI and Technology Transfer Index



Another indicator is the World Economic Forum's FDI technology transfer index, which gauges executive perceptions of the extent to which FDI brings in new technology (on a scale of 1 to 7). Jordan's score of 4.6 is in line with the median of 4.5 for LMI-MENA, but far from Ireland's and Singapore's 6.2 and 6.3, which are the world's best (Figure 3-10). Another basic indicator of technology status is the number of internet users per 1,000 people; as mentioned in the discussion of infrastructure, Jordan's internet use is growing rapidly, but is far behind the world class standards of Ireland and Singapore.

Given the importance of technology to modern economic growth, Jordan could focus more on attracting FDI that embodies a high rate of technology transfer, and strengthening the quality of science and technology education (as discussed below). The broader concern, of course, is to increase FDI overall, as discussed in the previous section.

4. Pro-poor Growth Environment

Although rapid growth is the most powerful and dependable instrument for poverty reduction, the relationship of growth to poverty reduction is not mechanical. In some countries, income growth for poor households exceeds the overall rise in per capita income, while in others growth benefits the non-poor far more than the poor. A pro-poor growth environment stems from policies and institutions that improve opportunities and capabilities for the poor, while reducing their vulnerabilities. Pro-poor growth is associated with improvements in primary health and education, the creation of jobs and income opportunities, the development of skills, microfinance, agricultural development (in countries with heavily rural poverty), and gender equality.³⁰ This section focuses on four of these issues: 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 growth and poverty reduction. Although health programs do not fall under the EGAT bureau, an understanding of health conditions can influence the design of EG interventions.

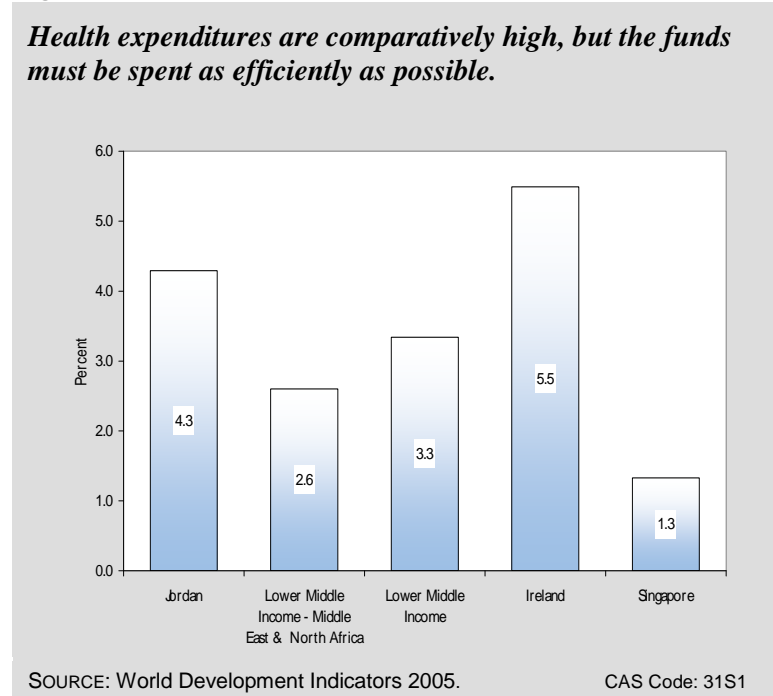
Jordan's health care sector is relatively well developed. The broadest indicator of health is life expectancy. In Jordan, life expectancy is 72 years, marginally higher than the benchmark regression value of 70 but lower than the level of 78 years in both Ireland and Singapore. Maternal care is also relatively advanced. The maternal mortality rate (MMR) was 41 per 100,000 in 2000, far better than the LMI-MENA average of 110, and not much higher than Singapore's rate of 30. Jordan is also very close to reaching the Millennium Development Goal, which calls for a three-fourths reduction from the MMR prevailing in 1990. By this standard, the goal for Jordan is 37, to be achieved by 2015. HIV is also well under control, with just 0.1 percent of the population suffering from the virus.

Jordan's improved health environment can be attributed partly to increases in public health expenditures as a percentage of GDP. In 2002, this figure was 4.3 percent, considerably above the LMI-MENA average, and more than three times the spending rate in Singapore, though lower than in Ireland (Figure 4-1). The World Bank commends Jordan for its efforts to increase health

³⁰ For purposes of economic growth programming, the template does not cover emergency relief.

spending, but warns that much of the spending is inefficient, and points out that service delivery in the sector needs to improve.³¹

Figure 4-1. Public Health Expenditure, %GDP



The evidence indicates that health conditions are not a major constraint on growth in Jordan, though better outcomes could be achieved with improvements in public expenditure management, as suggested in the discussion of fiscal and monetary policy.

EDUCATION

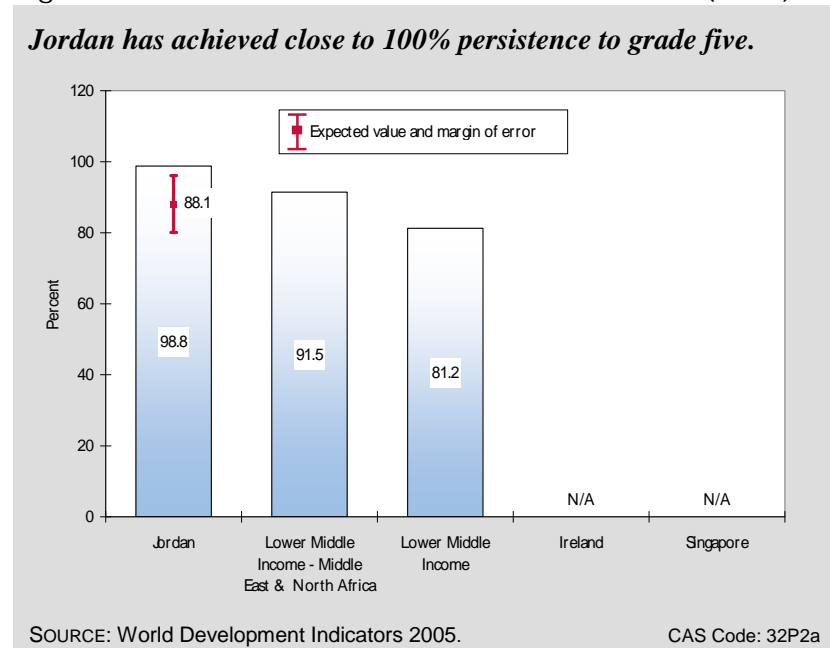
Jordan is committed to universal education. The net primary enrollment rate was 92 percent in 2002 (latest data available), which is on par with the LMI-MENA benchmark of 91.7 percent, and not far from Ireland's rate of 96 percent. Moreover, net primary enrollment has improved by 2.4 percentage points over the latest five-year period. Persistence in school to grade 5 is also very high, 98.8 percent, indicating a high degree of efficiency in retaining students in primary school (Figure 4-2). The youth literacy rate of 99.4 percent is also outstanding. In comparison, the median for LMI-MENA is 94.3 percent. It is difficult to gauge education quality using international statistics. One rough proxy is the pupil-teacher ratio for primary schools,³² which reached 23.9 in 2002 according to UNDP. This compares favorably with the LMI-MENA

³¹ World Bank. The Hashemite Kingdom of Jordan Country Assistance Evaluation. October 2003.

³²Evidence of the link between class size and educational outcomes is far from clear-cut. Nonetheless, there is a presumption that small classes permit teachers to attend more closely to individual students and facilitate learning. Thus, the pupil-teacher ratio is a popular if rough indicator of educational quality and a measure of the country's commitment to primary education.

benchmark of 27.5. According to a recent EIU report, the pupil–teacher ratio has now declined to 19.5, including both primary and secondary schools.³³ These impressive educational indicators suggest that the system of basic education is building a sound foundation for transformational growth. Equally important, the statistics for higher levels of education also appear to be very good. In particular, the net secondary enrollment rate of 81 percent and the gross tertiary enrollment rates of 31 percent are not far out of line with world leaders.³⁴

Figure 4-2. Persistence in School to Grade Five (total)



Since the 1970s, Jordan has been highly successful in educating its citizens to obtain professional jobs in the oil-rich states of the Gulf.³⁵ The challenge is to create more opportunities in Jordan itself for well-educated workers. The investment environment is weakened by regional security problems, but, as the discussion in Section 3 showed, much could still be done to improve the business enabling environment. In addition, as with health spending, better management of public expenditure might boost the cost-effectiveness and quality of funding for education at all levels.

EMPLOYMENT AND WORKFORCE

Previous sections highlighted the need for Jordan to accelerate the creation of productive jobs and income-generating opportunities for its growing population. Reflecting Jordan's youthful demographic structure, the labor force is estimated to be expanding by 3.6 percent per year. Consequently, the economy needs to absorb roughly 60,000 new workers each year, while offering more opportunities for the current stock of well-educated labor. Although labor laws

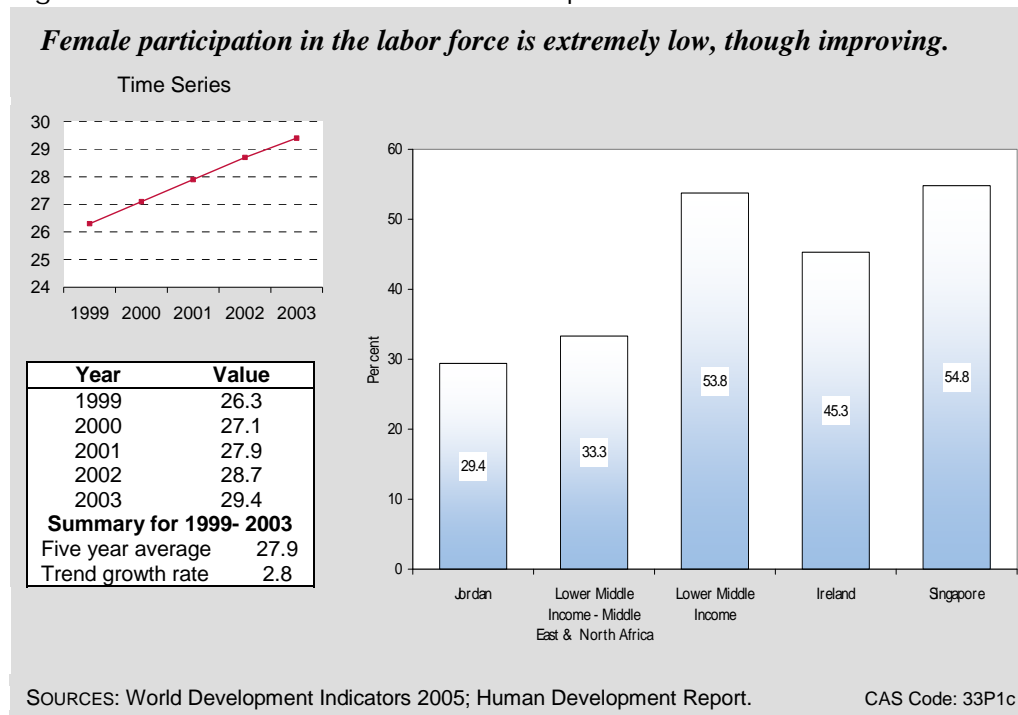
³³ Jordan Country Profile, p. 18.

³⁴ World Development Indicators 2005.

³⁵ Jordan Country Profile, p. 18.

and regulations are not a critical impediment to job creation,³⁶ unemployment is already a serious problem. According to the Ministry of Finance, the unemployment rate in 2004 was 12.5 percent, on par with the LMI-MENA average of 12 percent, but far higher than the rates in Ireland (4.2) and Singapore (5.2). More worrying, the *Human Development Report* for Jordan reports that 30 percent of the youth are unemployed. Furthermore, women's participation in the labor force is extremely low (Figure 4-3). This is changing, and as educated young women increasingly seek to join the labor force the need for job creation will be even greater.

Figure 4-3. Female Labor Force Participation Rate



Programs to promote skill development and youth employment are needed, along with work-oriented safety nets to prevent young jobseekers from falling into the poverty trap at the outset of their careers. But the critical mechanism for job creation has to be private investment, to ensure that these workers contribute productively to growth and wealth creation. Here, too, the critical concern is to pursue further reforms to improve the investment climate, as discussed earlier.

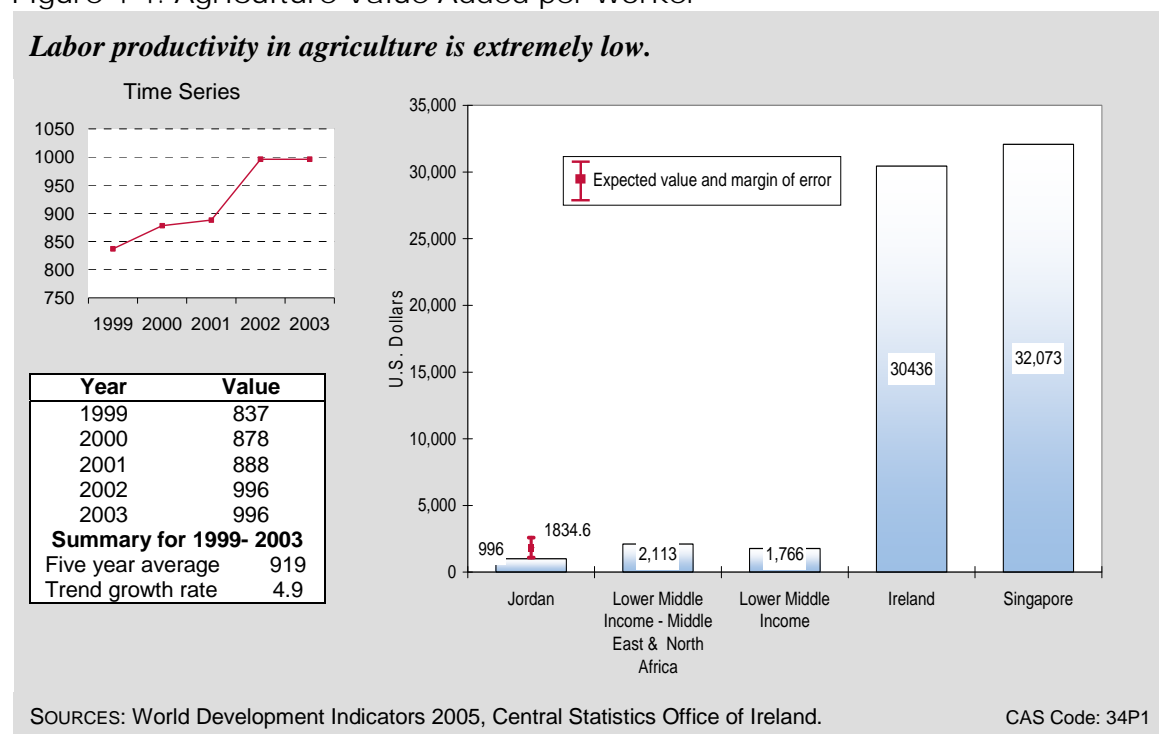
AGRICULTURE

As indicated in the section on economic structure, agriculture contributes only 2 percent of GDP and employs about 4 percent of the labor force. Thus, in Jordan, the sector's role in the economy

³⁶ The World Bank's index of Rigidity of Employment, which measures the difficulty in hiring and firing worker on a scale of 0 to 100 (with higher values indicating greater rigidity), gives Jordan a score of 34, much lower than the LMI-MENA average of 53, and only marginally higher than the score of 29 for Ireland.

is minimal. Agricultural activity is divided into two main areas: rain-fed upland crops, mainly cereals, and capital-intensive, high-yield irrigated farms in the Jordan Valley, which produce fruit and vegetables, some for export to the Gulf. The irrigated farms mainly employ low-paid migrant workers.³⁷ Overall production does not come near to satisfying Jordan’s growing demand for food, which is to be expected given the arid environment and severe water constraints.

Figure 4-4. Agriculture Value Added per Worker



Nonetheless, recent performance in the sector has been poor. Agricultural value added has been growing erratically in recent years, but not enough to recover from a steep decline of 29.3 percent in 1999. Value added per worker in agriculture—a basic measure of labor productivity—has risen by 4.9 percent per year over the five years to 2003, but the absolute level of productivity, at US\$996 per worker,³⁸ is far below the LMI-MENA benchmark of US\$2,113 (Figure 4-4). Cereal yields, though fluctuating from year to year, have been comparable to the LMI-MENA benchmark of 1,439 kg per ha, but dropped sharply from 1,403 in 2003 to a mere 521 in 2004 because of extreme weather.³⁹ A broad measure of crop production from the Food and Agriculture Organization shows sluggish growth in recent years. The index, defined to equal 100 for 1999–2001, stood at 116.7 in 2000 and 127.4 in 2004. A similar index of livestock production has shown no increase at all since 1999–2001. In short, productivity is low, and agriculture has not contributed significantly to recent growth. It is unlikely to have much of an impact in the

³⁷ Jordan Country Profile, p. 36

³⁸ See Technical Notes for details. Data measured in constant 1995 US\$.

³⁹ Jordan Country Profile, p. 36.

future, though further investment in capital-intensive high-value crops, with sophisticated water management techniques, might spur potential for growth.

Appendix

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 main 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 Jordan, 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.¹

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 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

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

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 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 Jordan relative to the average for countries in the same income group and region—in this case, lower middle-income countries in the Middle East and North Africa (LMI-MENA).² For added perspective, three other comparisons are made: (1) the global average for this income group; (2) respective values for two comparator countries selected by the Jordan mission (Ireland and Singapore); 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.³

For selected variables, a second source of benchmark values uses statistical regression analysis to establish an expected value for the indicator, controlling for income and regional effects.⁴ This approach has three advantages. First, the benchmark is customized to Jordan'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 Jordan's characteristics. An observed value falling outside this band on the side of poor performance signals a serious problem.⁵

Finally, where relevant, Jordan's performance is weighed against absolute standards. For example, the unemployment rate for Jordan was 12.5 percent in 2004. Regardless of the regional comparisons or regression results, this is a high percentage that needs to be reduced.

² 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.

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

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

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

LIST OF INDICATORS EXAMINED

	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

	Level	MDG/MCA/EcGov ^a	CAS Indicator Code
Science and Technology			
Expenditure for R&D, % GNI	I		26P1
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.



USAID
FROM THE AMERICAN PEOPLE

Jordan

Economic Performance Assessment

Data Supplement

September 2005

This publication was produced by Nathan Associates Inc. for review by the United States Agency for International Development.

Jordan

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Data Supplement

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

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Growth Performance							
Indicator Number	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
	11P1	11P2	11P3	11S1	11S2	11S3	11S4
<i>Jordan Data</i>							
<i>Latest Year (T)</i>	2004	2004	2004	2003	2003	2003	2004
Value Year T	4,383	1,903	7.7	0.0	5.5	21.4	15.3
Value Year T-1	4,174	1,816	4.1	1.8	5.6	21.6	12.6
Value Year T-2	4,085	1,773	5.7	1.0	6.3	21.2	15.8
Value Year T-3	3,936	1,725	5.3	0.3	7.7	21.1	16.4
Value Year T-4	3,794	1,676	4.1	-0.9	7.3	23.5	.
Average Value, 5 year	4,074	1,779	5.4	0.4	6.5	21.7	15.0
Growth Trend	3.5	3.1	10.6	.	-8.6	-1.6	.
<i>Benchmark Data</i>							
Regression Benchmark	.	.	3.8	.	.	.	.
Lower Bound	.	.	2.4	.	.	.	.
Upper Bound	.	.	5.1	.	.	.	.
<i>Latest Year Ireland</i>	2004	2004	2004	2003	2002	2002	.
Ireland Value Latest Year	37,663	44,888	5.1	1.8	2.7	22.1	.
<i>Latest Year Singapore</i>	2004	2004	2004	2003	2003	2003	.
Singapore Value Latest Year	26,799	24,740	8.4	-1.3	4.5	24.9	.
LMI-MENA Avg.	4,383	1,947	3.7	1.6	5.6	23.4	.
Lower Middle Income Avg.	5,573	2,130	5.1	2.1	5.6	22.1	.
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							
Indicator Number	Human poverty index (0=excellent; 100=poor)	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
	12P1	12P2	12P3	12P4	12P5	12S1	12S2
<i>Jordan Data</i>							
Latest Year (T)	2002	2002	2002	2002/03	.	2001	.
Value Year T	7.2	6.9	4.0	14.2	Yes	6.0	.
Value Year T-1	7.5	.	.	.	.	.	.
Value Year T-2	.	.	.	.	.	.	.
Value Year T-3	.	.	.	.	.	.	.
Value Year T-4	.	.	.	.	.	.	.
Average Value, 5 year	.	.	.	.	.	.	.
Growth Trend	.	.	.	.	.	.	.
<i>Benchmark Data</i>							
Regression Benchmark	23.7	6.9	6.9	18.8	.	.	.
Lower Bound	18.0	6.1	-1.0	8.8	.	.	.
Upper Bound	29.3	7.8	14.7	28.7	.	.	.
Latest Year Ireland	.	2004	.	.	.	.	.
Ireland Value Latest Year	.	7.1	.	.	.	.	.
Latest Year Singapore	.	2004	.	.	.	.	.
Singapore Value Latest Year	.	5.0	.	.	.	.	.
LMI-MENA Avg.	19.2	7.3	2.0	.	.	5.5	0.5
Lower Middle Income Avg.	14.7	8.2	4.2	.	.	11.0	1.2
High Five Avg.	58.7	9.3	55.6	41.2	.	66.0	11.8
Low Five Avg.	3.9	2.5	2.0	37.1	.	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
<i>Jordan Data</i>						
Latest Year (T)	2002	2002	2002	2003	2003	2003
Value Year T	3.9	12.6	83.5	2.2	26.0	71.8
Value Year T-1	.	.	.	2.2	25.9	71.9
Value Year T-2	.	.	.	2.1	25.2	72.7
Value Year T-3	.	.	.	2.3	25.3	72.4
Value Year T-4	.	.	.	2.4	25.8	71.9
Average Value, 5 year	.	.	.	2.2	25.7	72.1
Growth Trend	.	.	.	-2.0	0.4	-0.1
<i>Benchmark Data</i>						
Regression Benchmark	.	.	.	.	.	.
Lower Bound	.	.	.	.	.	.
Upper Bound	.	.	.	.	.	.
Latest Year Ireland	2001	2001	2001	2002	2002	2002
Ireland Value Latest Year	7.0	29.1	63.4	3.3	41.5	55.2
Latest Year Singapore	2001	2001	2001	2003	2003	2003
Singapore Value Latest Year	0.3	25.4	74.2	0.1	34.9	65.0
LMI-MENA Avg.	12.0	28.8	58.5	11.7	29.1	51.7
Lower Middle Income Avg.	25.3	22.0	50.3	12.2	30.4	55.8
High Five Avg.	41.5	37.1	72.8	56.0	66.2	77.7
Low Five Avg.	0.3	12.9	36.0	0.8	12.3	15.4

Indicator Number	Demography and Environment						Gender		
	Adult literacy rate	Age dependency rate	Environmental sustainability index (0=poor; 100=excellent)	Population size	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
	14P1	14P2	14P3	14P4a	14P4b	14P5	15P1	15P2	15P3
<i>Jordan Data</i>									
<i>Latest Year (T)</i>	2002	2003	2005	2004	2004	2003	2002	2002	2002
Value Year T	90.9	0.68	47.8	5.3	2.5	79.1	1.11	0.99	0.96
Value Year T-1	90.3	0.69	.	5.3	2.6	79.0	.	.	.
Value Year T-2	89.8	0.70	.	5.2	2.8	78.8	.	.	.
Value Year T-3	89.2	0.71	.	5.0	2.9	78.7	.	.	.
Value Year T-4	88.5	0.73	.	4.9	3.1	78.6	.	.	.
Average Value, 5 year	89.8	0.70	.	5.1	2.8	78.8	.	.	.
Growth Trend	0.7	-1.45	.	2.3	-4.9	0.2	.	.	.
<i>Benchmark Data</i>									
Regression Benchmark	.	.	45.6	.	.	56.8	.	.	.
Lower Bound	.	.	41.9	.	.	47.6	.	.	.
Upper Bound	.	.	49.3	.	.	66.1	.	.	.
<i>Latest Year Ireland</i>	2004	2003	.	2003	2003	2003	.	2002	.
Ireland Value Latest Year	99.0	0.48	59.2	4.0	1.6	59.8	.	1.08	0.93
<i>Latest Year Singapore</i>	2004	2003	2005	2003	2003	2003	2002	2002	.
Singapore Value Latest Year	92.5	0.39	.	4.3	2.0	100.0	1.09	0.99	0.94
LMI-MENA Avg.	73.2	0.61	49.0	24.7	1.8	62.5	1.31	1.07	0.96
Lower Middle Income Avg.	87.8	0.58	49.5	8.2	1.4	57.8	1.03	1.00	0.93
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										
Indicator Number	Government expenditure, % GDP	Government revenue, % GDP	Growth in the broad money supply	Inflation rate	Overall budget balance, including grants, % GDP	Composition of government expense (wages and salaries)	Composition of government expense (goods and services)	Composition of government expense (interest payments)	Composition of government expense (subsidies and other current transfers)	Composition of government expense (other expense)
	21P1	21P2	21P3	21P4	21P5	21S1a	21S1b	21S1c	21S1d	21S1e
<i>Jordan Data</i>										
<i>Latest Year (T)</i>	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004
Value Year T	38.0	26.2	11.7	3.4	-1.9	15.7	3.5	8.4	26.3	46.0
Value Year T-1	39.0	23.3	12.4	1.6	-2.8	16.2	3.6	10.4	22.5	47.2
Value Year T-2	35.4	24.3	7.0	1.8	-3.3	17.4	3.5	10.8	21.6	46.8
Value Year T-3	36.4	26.1	5.8	1.8	-0.4	17.6	3.8	12.9	21.0	44.6
Value Year T-4	36.5	26.5	10.2	0.7	.	.	.	.	.	.
Average Value, 5 year	37.1	25.3	9.4	1.9	-2.1	16.7	3.6	10.6	22.9	46.2
Growth Trend	1.5	2.8	.	.	-63.4	-4.0	-2.1	-12.3	7.5	1.0
<i>Benchmark Data</i>										
Regression Benchmark	29.5	27.0	11.4	4.2	-2.5	.	.	.	.	.
Lower Bound	25.5	23.0	4.4	0.9	-4.8	.	.	.	.	.
Upper Bound	33.5	30.9	18.4	7.5	-0.3	.	.	.	.	.
<i>Latest Year Ireland</i>	2004	2004	2004	2005	2004	.	.	.	.	.
Ireland Value Latest Year	32.8	34.1	9.2	2.3	1.3	.	.	.	.	.
<i>Latest Year Singapore</i>	2002	2002	2003	2004	2002	.	2002	2002	2002	.
Singapore Value Latest Year	16.9	22.2	8.1	1.7	4.8	.	34.4	1.7	33.0	.
LMI-MENA Avg.	27.9	29.4	16.0	3.6	.	.	.	.	.	.
Lower Middle Income Avg.	21.4	19.3	14.2	5.5	.	.	.	.	.	.
High Five Avg.	43.7	44.1	134.4	85.3	3.9	52.5	47.7	18.8	71.8	22.1
Low Five Avg.	12.1	8.6	-8.5	-2.7	-8.1	6.2	6.0	1.9	2.6	0.3

Fiscal and Monetary Policy (cont'd)												
Indicator Number	21S2a	21S2b	21S2c	21S2d	21S2e	21S2f	21S2g	21S3a	21S3b	21S3c	21S3d	21S3e
<i>Jordan Data</i>												
<i>Latest Year (T)</i>	2004	2004	2004	.	.	2004	2004	2004	2004	2004	2004	2004
Value Year T	10.2	38.7	12.5	5.4	.	30.4	37.8	24.7	55.4	14.2	41.5	-35.8
Value Year T-1	11.7	35.6	12.5	4.8	.	32.7	55.8	-0.5	16.0	1.6	103.3	-20.4
Value Year T-2	11.9	31.1	13.4	4.4	.	34.7	30.0	15.4	27.5	-4.2	77.0	-15.7
Value Year T-3	11.8	30.3	13.8	4.2	.	35.1	26.1	.	.	.	.	.
Value Year T-4	10.1	29.2	16.6	4.5	.	34.7	24.5	.	.	.	.	.
Average Value, 5 year	11.1	33.0	13.8	4.7	.	33.5	34.8	13.2	33.0	3.9	74.0	-24.0
Growth Trend	0.1	7.5	-6.4	5.1	.	-3.3	12.9	.	.	.	.	.
<i>Benchmark Data</i>												
Regression Benchmark	.	.	.	.	.	.	.	.	.	.	.	.
Lower Bound	.	.	.	.	.	.	.	.	.	.	.	.
Upper Bound	.	.	.	.	.	.	.	.	.	.	.	.
<i>Latest Year Ireland</i>												
Ireland Value Latest Year	.	.	.	.	.	.	.	.	.	.	.	.
<i>Latest Year Singapore</i>												
Singapore Value Latest Year	31.0	18.5	2.0	.	.	.	.	.	.	.	.	.
LMI-MENA Avg.	.	.	.	.	.	.	.	.	.	.	.	.
Lower Middle Income Avg.	.	.	.	.	.	.	.	.	.	.	.	.
High Five Avg.	53.7	57.9	34.1	5.4	45.0	.	65.4	.	.	.	.	.
Low Five Avg.	3.3	5.0	0.5	0.0	0.5	.	3.2	.	.	.	.	.

Business Environment											
Indicator Number	Corruption Perception Index (1=poor; 10=excellent)	Doing business composite index (0=poor; 100=excellent)	Rule of law index (2.5=poor; 2.5=excellent)	Regulatory quality index (0=poor; 100=excellent)	Cost of starting a business, % GNI per capita	Procedures to enforce a contract	Procedures to register property	Procedures to start a business	Time to enforce a contract	Time to register property	Time to start a business
Indicator Number	22P1	22P2	22P3	22P4	22S1	22S2	22S3	22S4	22S5	22S6	22S7
<i>Jordan Data</i>											
<i>Latest Year (T)</i>	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004	2004
Value Year T	5.3	62.8	0.3	0.1	52.0	43.0	8.0	11.0	342	22	36
Value Year T-1	4.6	.	.	.	.	.	.	.	.	.	.
Value Year T-2	4.5	.	0.3	0.1	.	.	.	.	.	.	.
Value Year T-3	4.9	.	.	.	.	.	.	.	.	.	.
Value Year T-4	4.6	.	0.6	0.7	.	.	.	.	.	.	.
Average Value, 5 year	4.8	.	.	.	.	.	.	.	.	.	.
Growth Trend	2.2	.	.	.	.	.	.	.	.	.	.
<i>Benchmark Data</i>											
Regression Benchmark	.	.	.	.	.	.	.	.	.	.	.
Lower Bound	.	.	.	.	.	.	.	.	.	.	.
Upper Bound	.	.	.	.	.	.	.	.	.	.	.
<i>Latest Year Ireland</i>	2004	.	2004	2004	2004	2004	2004	2004	2004	2004	2004
Ireland Value Latest Year	7.5	.	1.6	1.6	10.3	16.0	5.0	4.0	217	38	24
<i>Latest Year Singapore</i>	2004	.	2004	2004	2004	2004	2004	2004	2004	2004	2004
Singapore Value Latest Year	9.3	.	1.8	1.9	1.2	23.0	3.0	7.0	69	9	8
LMI-MENA Avg.	3.2	62.8	-0.4	-0.9	27.3	43.0	7.0	11.0	407	52	36
Lower Middle Income Avg.	3.1	64.9	-0.5	-0.3	19.5	29.0	7.0	10.0	339	45	43
High Five Avg.	9.5	82.5	2.0	1.9	726.5	55.4	15.6	17.2	1,178	485	172
Low Five Avg.	1.6	41.8	-1.9	-2.3	0.5	13.4	1.6	2.4	51	2	4

Indicator Number	Financial Sector								External Sector			
	Domestic credit to private sector, % GDP	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=poor; 10=excellent)	Real interest rate	Aid, % GNI	Current account balance, % GDP	Debt service ratio, % exports	Exports growth, goods and services
	23P1	23P2	23P3	23P4	23S1	23S2	23S3	23S4	24P1	24P2	24P3	24P4
<i>Jordan Data</i>												
<i>Latest Year (T)</i>	2004	2003	2004	2003	2004	2005	2004	2003	2003	2004	2003	2004
Value Year T	72.5	6.2	133.2	111.2	56.3	44.0	6.0	7.3	12.6	-2.6	16.4	20.4
Value Year T-1	71.1	5.8	134.2	75.6	.	.	.	8.9	5.6	10.6	8.8	6.8
Value Year T-2	72.4	5.1	125.7	71.5	.	.	.	10.9	4.9	3.8	10.6	13.4
Value Year T-3	74.1	4.8	124.1	58.4	.	.	.	12.0	6.6	0.0	12.6	6.8
Value Year T-4	76.4	4.0	108.5	71.7	.	.	.	12.6	5.4	0.7	10.0	2.1
Average Value, 5 year	73.3	5.2	125.1	77.7	.	.	.	10.3	7.0	2.5	11.7	9.9
Growth Trend	-1.5	10.8	5.0	12.0	.	.	.	-13.0	16.6	.	6.6	.
<i>Benchmark Data</i>												
Regression Benchmark	49.4	5.4	66.8	19.4	.	.	.	.	3.8	-0.5	12.2	5.5
Lower Bound	33.8	2.8	51.2	2.1	.	.	.	.	-0.8	-4.9	4.9	0.0
Upper Bound	65.0	8.1	82.3	36.7	.	.	.	.	8.4	4.0	19.6	11.0
<i>Latest Year Ireland</i>	2003	2003	2004	2003	2004	2004	2004	2002	.	2003	.	2002
Ireland Value Latest Year	117.6	2.8	84.2	55.3	3.2	87.5	8.0	1.5	.	-1.4	.	6.2
<i>Latest Year Singapore</i>	2003	2003	2003	2003	2004	.	2004	2003	2003	2003	.	.
Singapore Value Latest Year	116.2	4.8	117.9	158.9	0.3	.	10.0	5.7	0.0	30.9	.	.
LMI-MENA Avg.	56.0	5.7	79.6	31.5	37.6	36.4	4.0	8.4	1.2	3.6	12.3	4.9
Lower Middle Income Avg.	24.6	7.1	40.5	25.1	11.2	29.7	5.0	8.9	1.3	-1.7	11.6	5.8
High Five Avg.	171.0	46.9	188.2	238.9	121.6	51.5	9.6	36.2	66.1	18.0	61.5	21.6
Low Five Avg.	1.6	1.0	4.8	1.0	0.0	9.4	1.2	-4.6	-0.3	-27.8	0.9	-19.8

External Sector						
	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	24P5	24P6	24P7	24P8	24P9	24P10
<i>Jordan Data</i>						
<i>Latest Year (T)</i>	2004	2004	2003	2003	2003	2003
Value Year T	3.8	7.7	3.2	84.0	43.3	114.6
Value Year T-1	0.6	11.3	-0.2	83.3	44.9	111.6
Value Year T-2	1.3	9.3	-0.9	81.9	47.9	111.0
Value Year T-3	9.0	6.9	7.6	94.5	47.0	110.2
Value Year T-4	9.3	6.4	1.6	.	42.4	104.8
Average Value, 5 year	4.8	8.3	2.3	85.9	45.1	110.4
Growth Trend	-35.7	9.0	.	-3.3	-0.03	1.9
<i>Benchmark Data</i>						
Regression Benchmark	1.1	6.8	.	53.7	.	84.8
Lower Bound	-2.6	5.5	.	30.2	.	64.9
Upper Bound	4.7	8.1	.	77.2	.	104.6
<i>Latest Year Ireland</i>	2003	2003	2003	.	2003	2002
Ireland Value Latest Year	17.3	0.3	86.5	.	0.0	168.7
<i>Latest Year Singapore</i>	2003	2003	2003	.	.	2004
Singapore Value Latest Year	12.5	6.7	12.9	.	.	416.7
LMI-MENA Avg.	1.0	8.7	.	47.2	13.1	66.0
Lower Middle Income Avg.	2.0	4.0	.	43.7	8.1	78.1
High Five Avg.	99.4	18.6	.	380.0	86.5	228.0
Low Five Avg.	-0.4	0.3	.	9.1	0.0	27.1

External Sector (cont'd)										
Indicator Number	Concentration of exports (top three exports, 3-digit SITC)	Inward FDI potential index (0=poor; 1=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 (5=poor; 1=excellent)
	24S1	24S2	24S3	24S4	24S5a	24S5b	24S5c	24S5d	24S5e	24S6
<i>Jordan Data</i>										
<i>Latest Year (T)</i>	2003	2002	2002	2003	2003	2003	2003	2003	2003	2005
Value Year T	37.2	0.26	97.0	114.5	0.2	0.3	68.8	16.1	14.5	4
Value Year T-1	41.3	0.26	99.0	112.9	0.2	0.0	67.7	16.7	15.4	4
Value Year T-2	36.9	0.20	100.0	132.8	0.2	0.0	66.0	18.9	14.9	5
Value Year T-3	30.0	0.20	107.0	.	0.5	0.0	69.0	14.6	15.9	4
Value Year T-4	40.2	0.21	107.0	.	0.4	0.0	57.4	25.6	16.7	4
Average Value, 5 year	36.3	0.23	102.0	120.1	0.3	0.1	65.8	18.4	15.5	4.2
Growth Trend	.	6.5	-2.7	.	-17.5	68.0	3.5	-7.5	-3.1	.
<i>Benchmark Data</i>										
Regression Benchmark	.	.	.	.	.	.	.	.	.	.
Lower Bound	.	.	.	.	.	.	.	.	.	.
Upper Bound	.	.	.	.	.	.	.	.	.	.
<i>Latest Year Ireland</i>	2003	2002	2002	2003	2003	2003	2003	2003	2003	2005
Ireland Value Latest Year	38.9	0.43	103.3	117.4	0.5	0.2	86.0	0.4	8.3	2
<i>Latest Year Singapore</i>	2003	2002	2003	2003	2003	2003	2003	2003	2003	2005
Singapore Value Latest Year	43.4	0.47	94.0	93.8	0.3	8.4	84.7	1.1	1.9	1
LMI-MENA Avg.	.	0.18	98.0	.	0.9	43.8	31.0	1.5	8.6	4
Lower Middle Income Avg.	.	0.17	98.0	.	2.3	5.8	48.1	3.2	14.3	4
High Five Avg.	.	0.50	149.8	.	30.8	92.8	94.2	51.5	91.0	5.0
Low Five Avg.	.	0.06	71.8	.	0.0	0.0	2.6	0.0	0.5	1.4

Economic Infrastructure								
Indicator Number	Internet users per 1000 people	Overall infrastructure quality index (1=poor; 7=excellent)	Telephone density, fixed line and mobile, per 1000 people	Quality of infrastructure index - air transport (1=poor; 7=excellent)	Quality of infrastructure index - ports (1=poor; 7=excellent)	Quality of infrastructure index - railroads (1=poor; 7=excellent)	Quality of infrastructure index - electricity (1=poor; 7=excellent)	Telephone cost, average local call
	25P1	25P2	25P3	25S1a	25S1b	25S1c	25S1d	25S2
<i>Jordan Data</i>								
Latest Year (T)	2003	2004	2003	2004	2004	2004	2004	2003
Value Year T	83.4	5.0	355	5.6	4.7	2.0	5.90	0.05
Value Year T-1	45.2	.	.	.	.	.	.	0.04
Value Year T-2	45.2	.	.	.	.	.	.	0.04
Value Year T-3	25.3	.	.	.	.	.	.	0.04
Value Year T-4	.	.	.	.	.	.	.	0.04
Average Value, 5 year	49.7	.	355	.	.	.	.	0.04
Growth Trend	43.1	.	.	.	.	.	.	3.4
<i>Benchmark Data</i>								
Regression Benchmark	32	.	164	.	.	.	.	.
Lower Bound	3	.	95	.	.	.	.	.
Upper Bound	61	.	233	.	.	.	.	.
<i>Latest Year Ireland</i>								
Ireland Value Latest Year	317	3.8	1,371	4.9	3.9	2.5	6.20	0.17
<i>Latest Year Singapore</i>								
Singapore Value Latest Year	509	6.6	1,303	6.9	6.8	5.5	6.70	0.02
LMI-MENA Avg.	40	3.9	.	4.3	3.9	3.2	5.30	0.03
Lower Middle Income Avg.	40	3.3	.	4.1	3.7	2.3	4.10	0.03
High Five Avg.	585.8	6.7	1,686	6.7	6.6	6.5	6.90	0.41
Low Five Avg.	0.9	1.5	10	2.4	1.3	1.1	1.40	0.00

Indicator Number	Science and Technology			Health				
	Expenditure for R&D, % GDP	FDI and technology transfer Index (1=poor; 7=excellent)	Patent applications filed by residents	HIV prevalence	Life expectancy at birth	Maternal mortality rate, per 100,000 live births	Access to improved sanitation	Access to improved water source
	26P1	26P2	26P3	31P1	31P2	31P3	31S1	31S2
<i>Jordan Data</i>								
Latest Year (T)	.	2004	2004	2003	2003	2000	2002	2002
Value Year T	.	4.6	42.0	0.1	72	41.0	93.0	91.0
Value Year T-1	.	.	25.0	.	72	.	.	.
Value Year T-2	.	.	21.0	0.1	.	.	.	.
Value Year T-3	.	.	52.0	.	.	.	.	.
Value Year T-4	.	.	71.0	0.0	.	.	.	.
Average Value, 5 year	.	.	42.2	.	.	.	.	.
Growth Trend	.	.	-2.4	.	.	.	.	.
<i>Benchmark Data</i>								
Regression Benchmark	.	.	.	.	70	119.0	.	.
Lower Bound	.	.	.	.	66	-25.3	.	.
Upper Bound	.	.	.	.	73	263.2	.	.
Latest Year Ireland	2001	2004	2002	2003	2003	2000	.	.
Ireland Value Latest Year	1.1	6.2	1,255.0	0.1	77.7	9.0	.	.
Latest Year Singapore	2002	2004	2002	2003	2001	2000	.	.
Singapore Value Latest Year	2.2	6.3	511.0	0.2	78	30.0	.	.
LMI-MENA Avg.	0.6	4.5	.	0.1	70	110.0	80.0	84.5
Lower Middle Income Avg.	0.3	4.6	13.0	0.1	69	110.0	74.0	85.5
High Five Avg.	3.5	5.9	153,540.2	30.2	80	1,720.0	100.0	100.0
Low Five Avg.	0.1	3.3	0.0	0.1	37	1.8	8.0	26.4

Indicator Number	Health (cont'd)				Education						
	Births attended by skilled health personnel	Child immunization rate	Prevalence of child malnutrition (weight for age)	Public health expenditure, % GDP	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
	31S3	31S4	31S5	31S6	32P1a	32P1b	32P1c	32P2a	32P2b	32P2c	32P3
<i>Jordan Data</i>											
Latest Year (T)	2002	2003	2002	2002	2002	2002	2002	2002	.	.	2002
Value Year T	99.5	96.5	4.4	4.3	92.0	92.7	91.3	98.8	.	.	99.4
Value Year T-1	.	95.0	.	4.3	91.3	91.7	91.0	.	.	.	99.3
Value Year T-2	.	99.0	.	4.2	.	.	.	.	.	.	99.2
Value Year T-3	.	92.5	.	4.3	90.0	90.4	89.7	.	.	.	99.0
Value Year T-4	.	95.5	.	4.6	89.6	89.9	89.2	.	.	.	98.8
Average Value, 5 year	.	95.7	.	4.3	.	.	.	.	.	.	99.1
Growth Trend	.	0.5	.	-1.4	.	.	.	.	.	.	0.2
<i>Benchmark Data</i>											
Regression Benchmark	.	.	.	.	87.3	.	.	88.1	.	.	85.9
Lower Bound	.	.	.	.	80.4	.	.	80.1	.	.	78.3
Upper Bound	.	.	.	.	94.2	.	.	96.1	.	.	93.5
Latest Year Ireland	.	2003	.	2002	2002	2002	2002	2003	2003	2003	.
Ireland Value Latest Year	.	81.5	.	5.5	96.0	97.0	95.0	100.0	100.0	100.00	.
Latest Year Singapore	.	2003	.	2002	2003	.	.	.	.	.	.
Singapore Value Latest Year	.	90.0	.	1.3	95.0	.	.	.	.	.	.
LMI-MENA Avg.	89.6	94.5	6.0	2.6	91.7	91.8	92.8	91.5	92.3	90.7	94.3
Lower Middle Income Avg.	69.0	92.5	7.0	3.3	92.0	91.5	92.3	81.2	80.4	79.5	96.8
High Five Avg.	.	99.0	36.3	8.7	100.0	100.0	100.0	99.2	99.8	99.3	99.8
Low Five Avg.	20.8	39.0	7.3	0.6	42.3	36.9	47.6	52.3	51.5	51.8	46.4

Indicator Number	Education (cont'd)					Employment and Workforce			
	Education expenditure, primary, %GDP	Expenditure per student, % GDP per capita, primary	Expenditure per student, % GDP per capita, secondary	Expenditure per student, % GDP per capita, tertiary	Pupil-teacher ratio, primary school	Labor force participation rate (total)	Labor force participation rate (male)	Labor force participation rate (female)	Rigidity of employment index (0=minimum rigidity;100=maximum rigidity)
	32S1	32S2a	32S2b	32S2c	32S3	33P1a	33P1b	33P1c	33P2
<i>Jordan Data</i>									
Latest Year (T)	.	2001	2001	.	2002	2003	2003	2003	2004
Value Year T	.	15.0	18.0	.	23.9	55.5	79.7	29.4	34
Value Year T-1	.	.	.	.	.	55.3	79.9	28.7	.
Value Year T-2	.	.	.	.	.	55.0	80.0	27.9	.
Value Year T-3	.	13.6	15.8	.	.	54.6	80.0	27.1	.
Value Year T-4	.	.	.	.	.	54.3	80.0	26.3	.
Average Value, 5 year	.	.	.	.	.	.	79.9	27.9	.
Growth Trend	.	.	.	.	.	0.5	-0.1	2.8	.
<i>Benchmark Data</i>									
Regression Benchmark	.	.	.	.	.	.	.	.	42.6
Lower Bound	.	.	.	.	.	.	.	.	31.3
Upper Bound	.	.	.	.	.	.	.	.	54.0
Latest Year Ireland	.	2001	2001	2001	2001	2003	.	2004	2004
Ireland Value Latest Year	.	12.0	18	27.2	19.4	42.8	.	45.3	29
Latest Year Singapore	.	.	.	.	2004	2003	.	2004	2004
Singapore Value Latest Year	.	.	.	.	24.0	49.7	.	54.8	0
LMI-MENA Avg.	2.02	13.9	21	64.0	27.5	57.0	81.4	33.3	53
Lower Middle Income Avg.	2.37	11.5	15	35.5	21.6	69.7	85.0	53.8	40
High Five Avg.	5.54	31.3	47	344.3	65.5	102.4	112.6	97.0	85
Low Five Avg.	0.17	6.2	6	9.8	11.7	50.4	70.9	21.5	1

Indicator Number	Employment and Workforce (cont'd)			Agriculture					
	Size of labor force	Labor force growth rate	Unemployment rate	Agriculture value added per worker	Cereal yield	Growth in agricultural value-added	Agricultural policy costs index (1=poor; 7=excellent)	Crop production index (1999-01=100)	Livestock production index (1999-01=100)
	33P3a	33P3b	33P4	34P1	34P2	34P3	34S1	34S2	34S3
<i>Jordan Data</i>									
<i>Latest Year (T)</i>	2003	2003	2004	2003	2004	2003	2004	2004	2004
Value Year T	1,739,769	3.6	12.5	996	521	1.0	3.8	127.4	98.8
Value Year T-1	1,679,548	3.8	14.5	996	1,404	13.4	.	139.1	98.9
Value Year T-2	1,618,863	3.9	15.3	888	1,294	2.2	.	148.9	99.3
Value Year T-3	1,557,915	4.4	14.7	878	1,380	8.4	.	96.6	100.7
Value Year T-4	1,492,111	4.4	13.7	837	1,724	-29.3	.	116.7	99.8
Average Value, 5 year	1,617,641	4.0	14.1	919	1,265	-0.9	.	125.7	99.5
Growth Trend	3.9	-5.7	-2.0	4.9	-21.2	.	.	5.5	-0.4
<i>Benchmark Data</i>									
Regression Benchmark	.	.	.	1,835	.	.	.	.	.
Lower Bound	.	.	.	1,083	.	.	.	.	.
Upper Bound	.	.	.	2,586.4	.	.	.	.	.
<i>Latest Year Ireland</i>	2003	2003	2002	2004	2004	2004	2004	2004	2004
Ireland Value Latest Year	1,711,389	2.1	4.2	30,436	7,332	1.8	4.1	102.1	98.2
<i>Latest Year Singapore</i>	2003	2003	2002	2004	.	2003	2004	2004	2004
Singapore Value Latest Year	2,113,058	1.8	5.2	32,073	.	-0.6	5.5	100.0	70.7
LMI-MENA Avg.	7,004,296	3.6	12.0	2,113	1,439	4.1	3.8	116.6	103.1
Lower Middle Income Avg.	4,374,291	2.3	9.1	1,766	2,434	2.5	3.5	105.3	105.1
High Five Avg.	316,912,650	5.7	24.3	40,135	7,775	22.0	5.3	134.9	145.5
Low Five Avg.	125,147	-0.3	1.7	108	312	-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.GDLFTOT.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

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 Indicators <http://ru.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://ru.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://ru.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/site3-3d/indexre.htm>.

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

Coverage: Available for about 74 USAID countries.

Data Quality: Smuggling 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 FL.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/Unaid/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 (whooping cough), and tetanus (DDPT).

Coverage: Data are available for about 88 USAID countries.

CAS Code #31S4

Prevalence of child malnutrition, weight for age

Source: World Development Indicators 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 semi-official reports of crop yields, area under production, and livestock numbers. If data are not available, the FAO makes estimates. To ease cross-country comparisons, the FAO uses international commodity prices to value production expressed in international dollars (equivalent in purchasing power to the U.S. dollar). This method assigns a single price to each commodity so that, for example, one metric ton of wheat has the same price regardless of where it was produced. The use of international prices eliminates fluctuations in the value of output due to transitory movements of nominal exchange rates unrelated to the purchasing power of the domestic currency.

Coverage: Data are available for about 85 USAID countries.

CAS Code # 34S2

Livestock Production index

Source: World Development Indicators 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