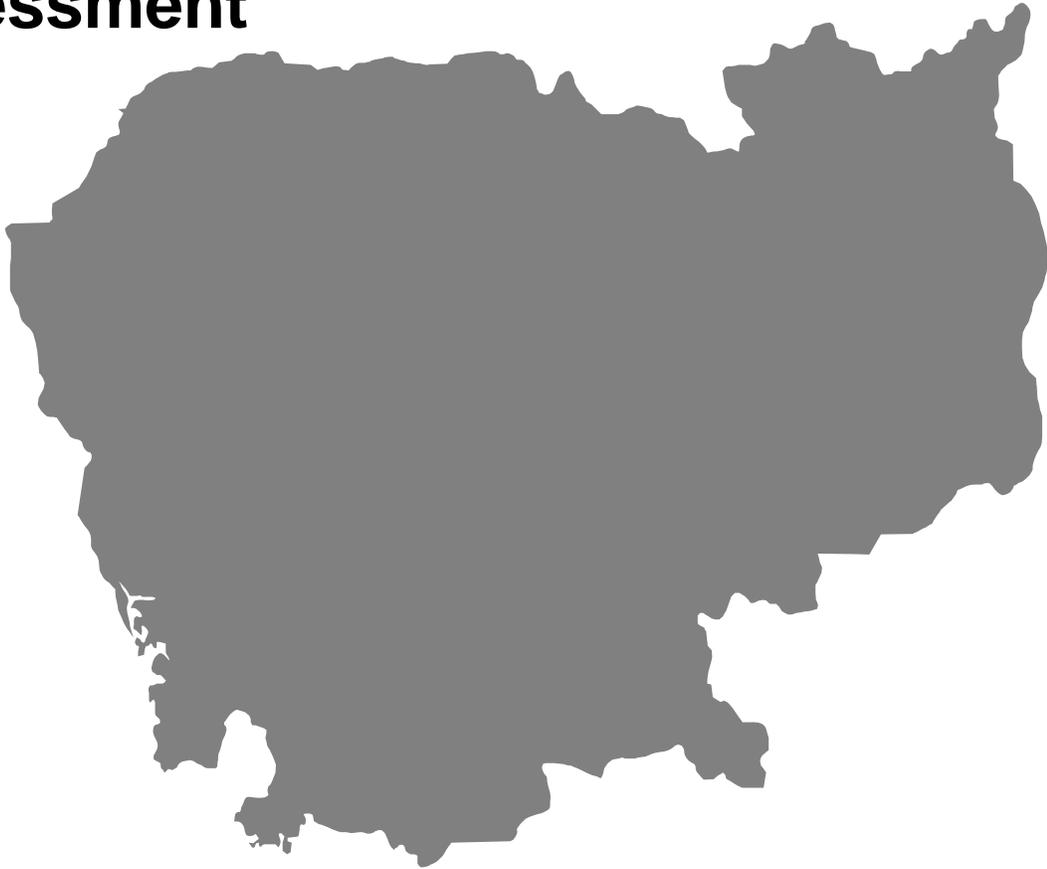




USAID
FROM THE AMERICAN PEOPLE

Cambodia

Economic Performance Assessment



November 2007

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

Cambodia

Economic Performance

Assessment

DISCLAIMER

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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

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

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

The authors of the present report are B. Lynn Salinger from Associates for International Resources and Development (AIRD), Christa Lachenmayr, and Stephanie Abdulin from Nathan Associates. Peter Miller of Nathan Associates assisted with data management.

The CTO for this project at USAID/EGAT/EG is Ravinder Aulakh. USAID missions and bureaus may seek assistance and funding for country analytical studies or in-depth follow-on studies by contacting Ms. Aulakh at RAulakh@usaid.gov.

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

Rose Mary Garcia
Chief of Party, CAS Project
Nathan Associates Inc.
RGarcia@nathaninc.com

Contents

Highlights of Cambodia’s performance	v
Cambodia: Notable Strengths and Weaknesses—Selected Indicators	vii
1. Introduction	1
Methodology	1
Data Quality and Format	3
2. Overview of the Economy	5
Growth Performance	5
Poverty and Inequality	7
Economic Structure	9
Demography and Environment	11
Gender	12
3. Private Sector Enabling Environment	15
Fiscal and Monetary Policy	15
Business Environment	17
Financial Sector	18
External Sector	20
Economic Infrastructure	23
Science and Technology	24
4. Pro-Poor Growth Environment	27
Health	27
Education	29
Employment and Workforce	31
Agriculture	32
Appendix A. CAS Methodology	
Appendix B. Data Set and Technical Notes	

Illustrations

Figures

Figure 2-1. Real GDP growth, percent	6
Figure 2-2. Gross Fixed Investment (percentage of GDP)	7
Figure 2-3. Human Poverty Index	8
Figure 2-4. Output Structure and Employment Structure	10
Figure 2-5. Urbanization Rate	11
Figure 3-1. Overall Budget Balance	16
Figure 3-2. Inflation Rate (percent)	17
Figure 3-3. Cost of Starting a Business (percent of GNI per capita)	18
Figure 3-4. Domestic Credit to the Private Sector (percent GNI per capita)	19
Figure 3-5. Trade (percent GDP)	21
Figure 3-6. Roads Paved (percent of total)	23
Figure 4-1. Life Expectancy at Birth	28
Figure 4-2. Persistence to Grade 5	30
Figure 4-3. Growth in the Labor Force	32
Figure 4-4. Cereal Yield	34

Table

Table 1-1. Topic Coverage	2
---------------------------	---

HIGHLIGHTS OF CAMBODIA'S PERFORMANCE

Economic Growth	Cambodia has a solid macroeconomic foundation and has registered impressive growth in the past several years; however, economic diversification and increased investment will be required to maintain high growth rates and distribute the benefits of economic growth more broadly, particularly to rural areas.
Poverty	Cambodia's progress in poverty reduction has been mixed. Recent economic growth, although poverty reducing in absolute terms, has worsened income inequality. Hunger is much more prevalent in Cambodia than in all benchmarks.
Economic Structure	Structural transformation in Cambodia has led to a normal decline in agriculture's contribution to the overall economy, as the services sector's share has boomed and industry remains Cambodia's most productive sector.
Demography and Environment	Population growth is consistently high, leading to a high youth dependency ratio. Cambodia's weak environmental performance is skewed by its record in environmental health, though its records on water resources, sustainable energy, and biodiversity and habitat are stronger.
Gender	A comparison of male and female performance indicates minimal gender imbalance with respect to health indicators, though not with respect to education. A high concentration of women in the agricultural and garment sectors boosts overall female labor participation rates.
Fiscal and Monetary Policy	Cambodia balanced its budget for the first time in 2005. Maintenance of a tight fiscal policy, through broadening of the tax base and improved tax collection, will help offset the decline in external development assistance (grants). Inflation has remained fairly low. Cambodia still relies heavily on trade taxes for revenue. Recent confirmation of oil and gas reserves presents expenditure and revenue management challenges and will require the government to plan carefully to avoid Dutch disease.
Business Environment	Cambodia ranks 145th of 155 countries in the World Bank's Doing Business index. Paradoxically, the poor business climate appears not to have affected growth rates, although it helps to explain the narrowly focused economy.
Financial Sector	The financial sector is shallow, but credit to the private sector as a share of GDP is increasing, the interest rate spread is declining, and the real interest rate has fallen. The real effective exchange rate has appreciated slightly, as foreign direct investment (FDI) inflows have increased demand for the riel.
External Sector	Cambodia depends heavily on trade. The negative current account balance reflects the prevalence of imported inputs; however, the surplus in the capital account generates an overall positive balance. Increases in FDI signal overseas investors' confidence in Cambodia. The NPV of debt is high, while both international reserves and remittances are low.
Economic Infrastructure	Weak economic infrastructure—94 percent of the road network is unpaved, the quality of electricity supply is poor, and the vast majority of the population has no access to telecommunications—restricts economic opportunity to urban areas.
Science and Technology	The availability of scientists and engineers is low and IPR protection is weak, but the level of FDI technology transfer is good.
Health	Cambodia's health sector performance is one of the worst in Asia. Basic indicators such as maternal mortality and child malnutrition rates are high, while life expectancy and access to improved sanitation and water sources are low. Child immunization rates, however, have improved, and the share of public expenditure for health is increasing.
Education	The education system in Cambodia has high pupil-teacher ratios, low persistence rates to grade 5, and a higher gross enrollment rate for males than females. The share of spending on primary education has increased, however.

Employment and Workforce	Growth in Cambodia's workforce continues to outpace its population growth, and rigidities in formal labor markets (in terms of hiring and firing costs and work hours), a high share of child laborers, and a large rural workforce are observed. Formal unemployment is low, but unemployment data probably mask significant underemployment.
Agriculture	Because of the high concentration of population, labor force, and poverty in rural areas, the agriculture sector is crucial to Cambodia's economy. Though labor productivity in this sector has improved since 2000, performance is still below regional comparators.

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

CAMBODIA: NOTABLE STRENGTHS AND WEAKNESSES— SELECTED INDICATORS

Selected Indicators, by Topic	Notable Strengths	Notable Weaknesses
Growth Performance		
Real GDP growth	X	
Investment productivity—incremental capital-output ratio (ICOR)	X	
Growth in labor productivity	X	
Poverty and Inequality		
Human poverty index		X
Population below minimum dietary energy consumption		X
Income share of the bottom 20 percent of households		X
Demography and Environment		
Population growth rate		X
Youth dependency rate		X
Gender		
Girls' primary completion rate	X	
Female life expectancy at birth		X
Labor force participation rates, female	X	
Fiscal and Monetary Policy		
Government budget balance	X	
Government revenue, percentage of GDP		X
Inflation rate	X	
Business Environment		
Ease of doing business ranking		X
Corruption perception index		X
Time to enforce a contract		X
Cost of starting a business		X
Financial Sector		
Domestic credit to the private sector		X
Real interest rate		X
Interest rate spread		X
External Sector		
Trade, percentage of GDP	X	
Export growth, goods and services	X	
Foreign direct investment	X	
Gross international reserves, months of imports		X
Economic Infrastructure		
Quality of electricity supply		X
Internet users per 1,000 people		X
Telephone density, fixed line and mobile		X
Roads, paved (percent total)		X

Selected Indicators, by Topic	Notable Strengths	Notable Weaknesses
Science and Technology		
FDI technology transfer index	X	
IPR protection index		X
Health		
Life expectancy at birth		X
Maternal mortality rate		X
Education		
Net primary enrollment rate	X	
Gross tertiary enrollment rate		X
Persistence to grade 5, total		X
Employment and Workforce		
Economically active children		X
Rigidity of employment index		X

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

1. Introduction

This report is one of a series of economic performance assessments prepared for the EGAT Bureau to provide USAID missions and regional bureaus with a concise evaluation of key indicators covering a broad range of issues relating to economic growth performance in designated host countries. The report draws on a variety of international data sources¹ and uses international benchmarking against reference group averages, comparator countries, and statistical norms to identify major constraints, trends, and opportunities for strengthening growth and reducing poverty. This study uses two other countries in the same region, Thailand (lower middle-income) and Vietnam (low income), as comparators. Vietnam provides a good baseline for direct comparison, whereas Thailand represents an aspiration. In addition, Cambodia's performance is compared to median values of other low-income countries in Asia (LI-Asia) and globally.

METHODOLOGY

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

The analysis is organized around two mutually supportive goals: transformational growth and poverty reduction.³ Broad-based growth is the most powerful instrument for poverty reduction. At the same time, programs to reduce poverty and lessen inequality can help to underpin rapid

¹ Sources include the World Bank, the International Monetary Fund, the Millennium Challenge Corporation, the United Nations (including the Millennium Development Goals database), the World Economic Forum, and host-country documents and data sources. This report reflects data available as of early October 2007.

² Sometimes, too, the problem is faulty wiring to the indicator—analogous 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 central strategic objective, both for its innate importance as a development goal and because growth is the most powerful engine for poverty reduction.

and sustainable growth. These interactions can create a virtuous cycle of economic transformation and human development.

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

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

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

The remainder of the report presents the most important results of the diagnostic analysis, in three sections: Overview of the Economy; Private Sector Enabling Environment; and Pro-Poor Growth Environment. Table 1-1 summarizes the topical coverage. 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

DATA QUALITY AND FORMAT

The breadth and quality of economic data collected for Cambodia are slightly above average. The World Bank gave Cambodia a score of 65 percent on its 2006 Statistical Capacity Indicator Index, with weaknesses in data collection. Cambodia's vital registration system (record of births and deaths) is incomplete, which raises questions about the accuracy of demographic indicators. Although more than half the labor force is engaged in agriculture, Cambodia has not yet implemented a national census for agriculture and relies on monthly crop reports from village and commune heads and district and province agriculture officers, which are generally viewed as unreliable. Monthly import and export price indexes, as well as industrial production data, are not available. These problems, however, do not significantly affect the analysis in the present report.

2. Overview of the Economy

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

GROWTH PERFORMANCE

With a per capita income of \$503 in current U.S. dollars in 2006, Cambodia falls squarely in the World Bank's low-income group classification;⁴ this is higher than the median income for low-income countries (\$457) but less than the median of its low-income cohorts in Asia (\$630). Although Cambodia is in a similar income bracket as Vietnam (\$723), per capita income in both countries lags significantly behind that of the lower-middle-income benchmark country, Thailand (\$3,137). Using the purchasing power parity (PPP) method to convert local currency to U.S. dollars, Cambodia's per capita income (\$3,170) is on par with that of Vietnam (\$3,367), almost double the median per capita income of low-income economies (\$1,672), and well above the median of low-income countries in Asia (LI-Asia) (\$2,309). With this method, the gap between Thailand and Cambodia widens—per capita income in Thailand is almost triple (\$9,084) that of Cambodia. When the current U.S. dollar and PPP methods reach such divergent results, the PPP method is generally a better basis for comparing living standards.

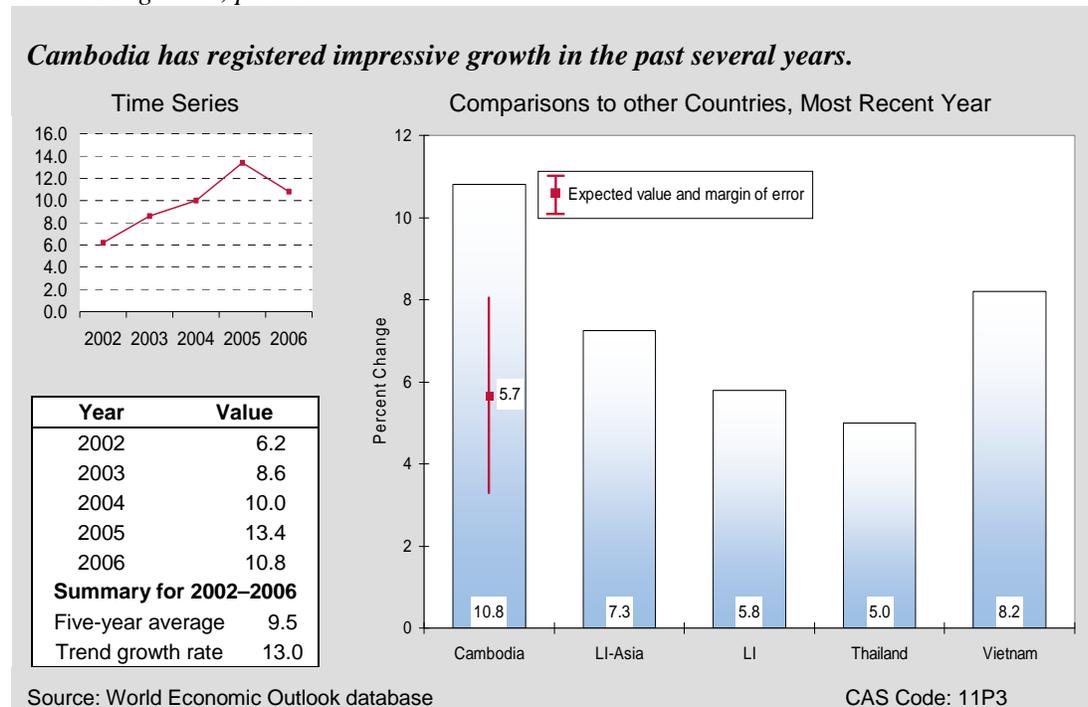
Cambodia has posted impressive growth rates over the past several years, with growth in real gross domestic product (GDP) in the double digits for three of the past five years (Figure 2-1). Growth peaked at 13.4 percent in 2005, but the 2006 growth rate was still an impressive 10.8 percent,⁵ which is higher than the upper bound of the expected value (8.0 percent) for a country with Cambodia's characteristics. The growth rate also exceeds all regional and comparator country benchmarks (5.0 percent and 8.2 percent for Thailand and Vietnam, respectively, and a 7.3 percent median for LI-Asia countries). This growth can be attributed to strong macroeconomic policies and gains in agricultural productivity. Cambodia's economy is

⁴ The income groups are: low income, \$905 or less; lower middle income, \$906–\$3,595; upper middle income, \$3,596–\$11,115; and high income, \$11,116 or more.
<http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20420458~menuPK:64133156~pagePK:64133150~piPK:64133175~theSitePK:239419,00.html>, accessed September 26, 2007.

⁵ The 2006 growth rate is obtained from the IMF and the ADB.

heavily reliant on the textile, tourism, and construction industries, however, so long-term, broad-based development will require substantial economic diversification.

Figure 2-1
Real GDP growth, percent

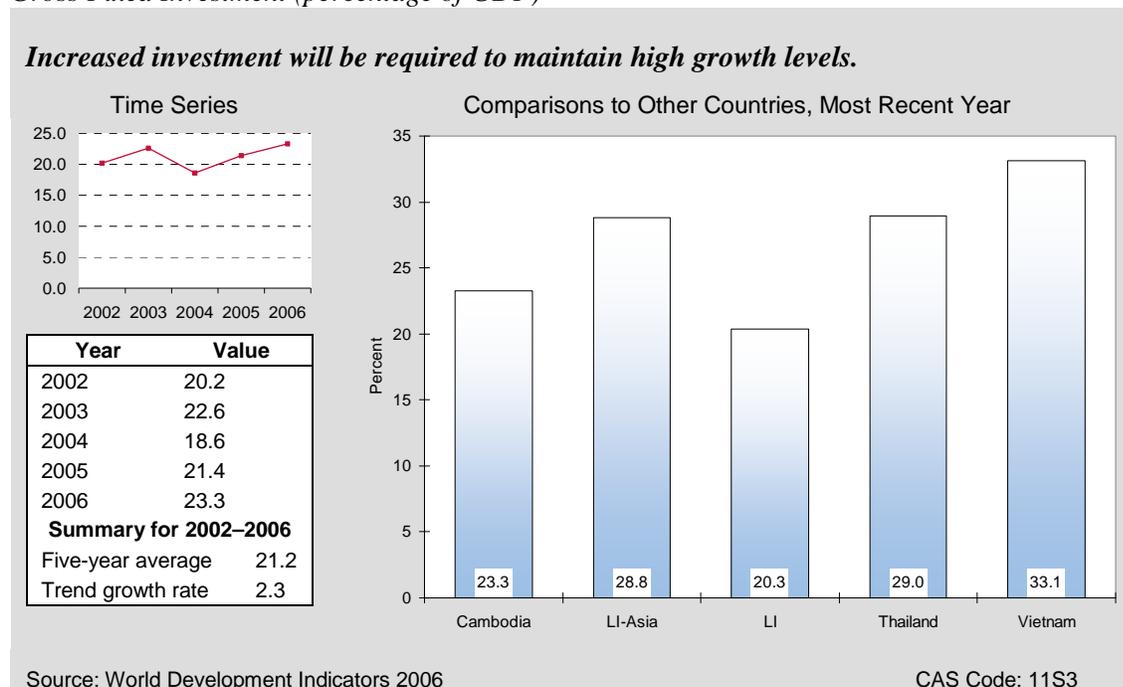


Cambodia's growth rates are particularly remarkable because gross fixed investment has remained relatively stable, averaging 21.2 percent annually for the five-year period to 2005. Average investment levels in Thailand (29.0 percent), Vietnam (33.1 percent), and the median of LI-Asia countries (28.8 percent) (Figure 2-2) were significantly higher during the same time period. This probably will change with the confirmation of oil and gas reserves in Cambodia, the extraction of which will require significant capital investment.

Cambodia's incremental capital-output ratio (ICOR) averaged 1.9 over the five years to 2005, meaning that \$1.90 of capital investment was required to achieve an extra dollar of output. (A lower value for the ICOR indicates higher investment productivity.) By this gauge, investment is more than twice as efficient in Cambodia as it is in Thailand (5.0), Vietnam (4.3), and the low-income or LI-Asia medians (both at 4.3). A low ICOR value, however, can also be the result of an economy operating at less than full capacity in which a small infusion of capital can make a large difference in economic growth. Investment in Cambodia is highly concentrated in a few sectors; the garment sector accounted for 37 percent of total foreign direct investment (FDI) in 2005⁶ (see Economic Structure, p. 9, for details).

⁶ International Trade Centre, *Investment Map Database*, accessed November 20, 2007.
<http://www.investmentmap.org/invmap/en/prioritySector.aspx?prg=0>

Figure 2-2
Gross Fixed Investment (percentage of GDP)



Labor productivity also appears to be satisfactory. From 2001 to 2005, output per working-age adult grew by an annual average of 5.8 percent. In 2005 (latest data available), this broad measure of productivity grew by 10.2 percent, outpacing all regional and income-group comparators and nearing the global high-five average of 11.5 percent. Although impressive, this indicator may be overstated, because the formula (the change in the ratio of GDP to the *working-age* population) omits the possible contribution of economically active children (see also Demography and Environment, p. 11).

Cambodia has a solid macroeconomic foundation and has registered impressive growth in the past several years; economic diversification and increased levels of investment, however, are required to maintain high growth rates and deliver the benefits of economic growth more broadly, particularly to rural areas.

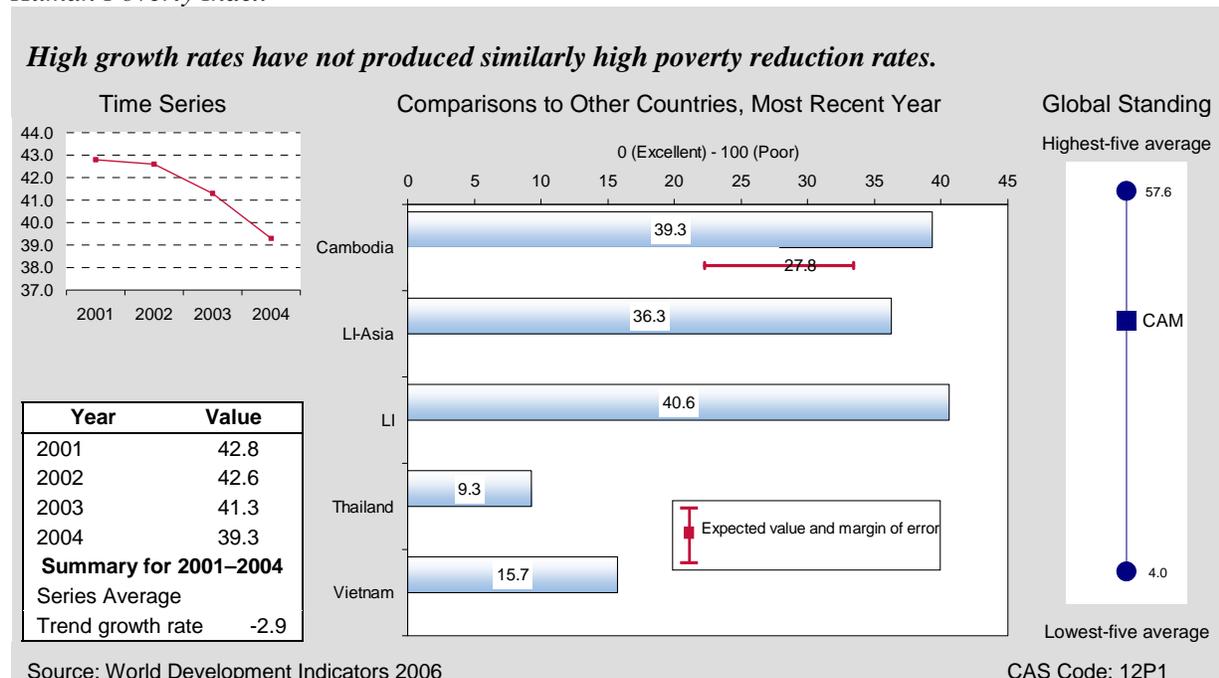
POVERTY AND INEQUALITY

Cambodia’s progress in reducing poverty has been mixed. Its score of 39.3 on the 2006 UNDP Human Poverty Index⁷ (data from 2004)—measuring deprivation in income, health, and education—was comparable to the medians of low-income countries (40.6) and LI-Asia (36.3), but much worse than the scores of Thailand (9.3) and Vietnam (15.7) (Figure 2-3). Official statistics from the 2003/04 Cambodia Socioeconomic Survey indicate that poverty has decreased by approximately 1 percent per year, from an estimated 39.0 percent in 1993/94 to 27.2 percent in

⁷ A lower score on the Human Poverty Index means better performance.

2004.⁸ Yet more than half the population in 2005 was living on incomes of less than \$2 PPP per day, while the corresponding figure for Thailand in 2002 was 25.2 percent.⁹ The percentage of Cambodia's population below the minimum dietary energy consumption level in 2002 was 33.0 percent, much greater than in all comparable benchmarks in the same year—Thailand (21.0 percent), Vietnam (17.0 percent), the low-income median (28.0 percent), and the LI-Asia median (20.0 percent). Malnutrition has important implications for economic growth and poverty reduction because of its direct effect on workforce productivity and the long-term health and well-being of the economy.

Figure 2-3
Human Poverty Index



Recent economic growth may have worsened income inequality because growth has been concentrated in the garment, construction, and tourism sectors, which has benefited mostly the urban population. More than 90 percent of Cambodia's poor live in rural areas. In 1993, the income share going to the poorest 20 percent was approximately 8.5 percent; that figure declined to 6.8 percent in 2004. This widening income inequality not only poses a threat to the sustainability of Cambodia's impressive growth but also points to an immediate need for more pro-poor growth programs.

⁸ The 1993/94 survey covered only 56 percent of the country for security reasons; all national figures from that survey are estimates.

⁹ Data for other comparators were unavailable.

ECONOMIC STRUCTURE

Although Cambodia's economic output structure has remained essentially unchanged over the past five years, the structure of its labor force has shifted dramatically, underscoring remarkable productivity gains in the agriculture sector and an employment boom in the services sector. Agriculture's share of GDP remained relatively constant from 2001 to 2005 (averaging 34.4 percent), while its share of the labor force declined by nearly 14 percent during the same period (from 73.7 percent to 60.3 percent), implying an increase in agricultural labor productivity. These gains can also be attributed to increases in land under irrigation, good weather, and increases in fisheries and livestock production. Nonetheless, labor productivity in the agriculture sector is still low compared to the productivity of the industrial and service sectors in absolute terms. Pursuing increased productivity in agriculture is a worthwhile endeavor to reduce income distribution disparities, increase food security, and lift rural areas out of poverty.

Declining labor shares devoted to agriculture are consistent with the structural transformation of the economy: the service sector grew by more than 10 percentage points between 2000 and 2004, to absorb 27.0 percent of total employment. Vietnam's share of the labor force in services is 24.7 percent and Thailand's is 37.1 percent. The boom in service sector employment reflects, in part, the phenomenal growth in the tourism industry. Cambodia's government notes that the tourism sector is the second-largest contributor to economic growth after the garment industry.¹⁰ The growth of Cambodia's tourism sector is expected to continue. Cambodia's comparatively large services sector (39.1 percent of output), which includes trade, transportation, communications, financial services, and real estate, exceeds that of Vietnam (38.1 percent) but is smaller than the services sector in Thailand (46.0 percent). There is still much room for expansion of labor in services, particularly as infrastructure improvements expand access to rural areas.

Comparing sectoral output in terms of labor productivity, industry—where 12.5 percent of the labor force produces 26.7 percent of the economy's output—is Cambodia's most efficient sector. Even so, Cambodia trails the industrial labor productivity of Vietnam, where only 17.4 percent of the labor force produces 41.0 percent of total output (Figure 2-4).

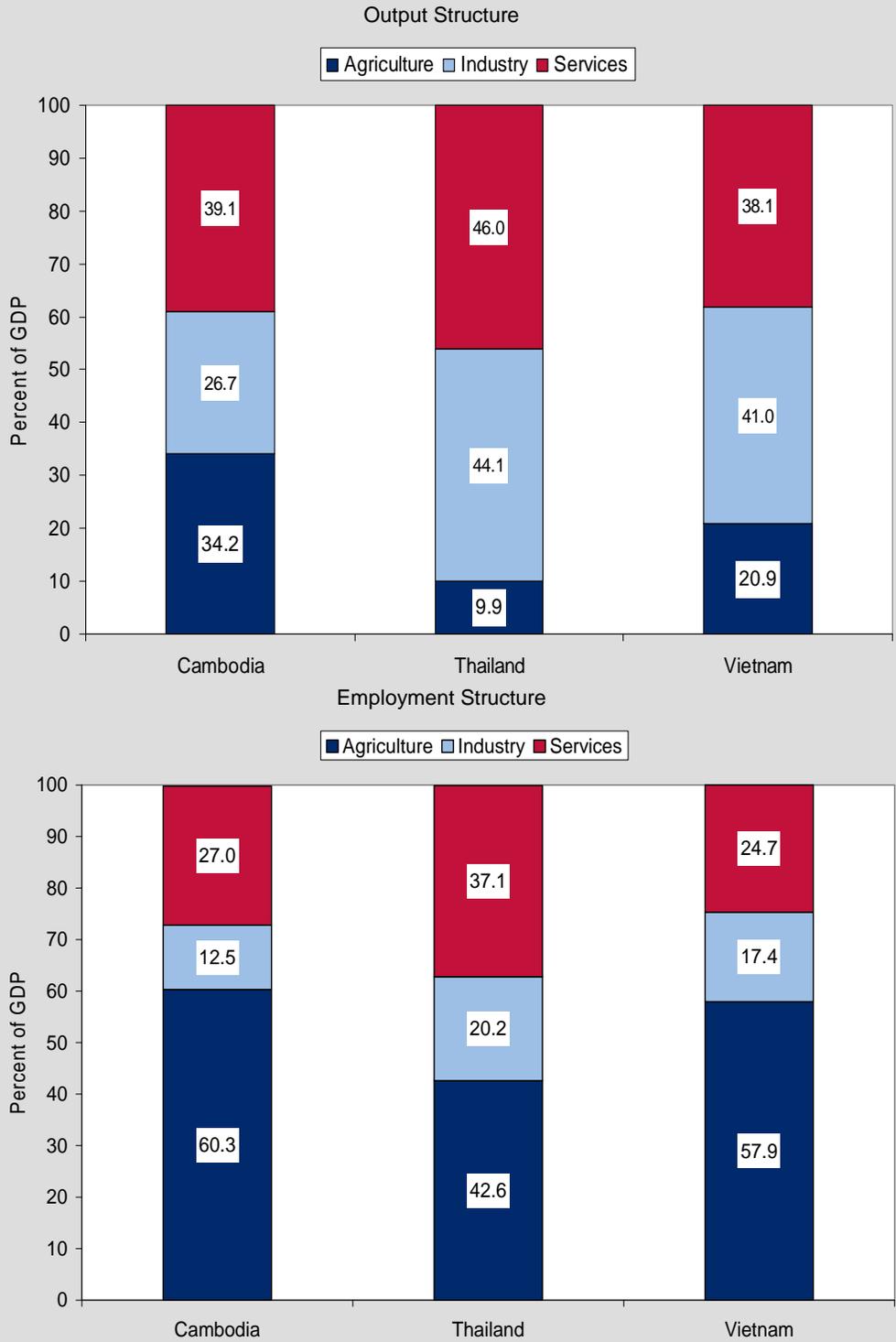
Garment manufacturing is the leading activity in Cambodia's industrial sector, which also includes mining, construction, and public utilities. Before the World Trade Organization's (WTO) Agreement on Textiles and Clothing expired in 2005 and in exchange for access to the U.S. market under the U.S.–Cambodia Bilateral Textile Agreement (1999–2004), Cambodia embarked on a program to monitor the garment industry's compliance with international labor standards. Factories are also embarking on a productivity improvement program. Challenges lie ahead, when textile safeguard measures imposed on China's textiles exports under the terms of its WTO accession protocol expire in 2009.¹¹ Cambodia must mobilize investment to diversify its industrial base beyond garments and reap the benefits from its accession to the WTO.

¹⁰ Royal Government of Cambodia, *National Strategic Development Plan 2006-2010*, p. 56

¹¹ Although textile-specific safeguards regarding China expire on December 31, 2008, a unique China-specific safeguard will be valid until December 2013, and a special methodology for measuring dumping will remain in force through December 2016 (USTR, "Background Information on China's Accession to the World Trade Organization," December 2001).

Figure 2-4
Output Structure and Employment Structure

Although agricultural productivity has increased, industry remains the most efficient sector.



Source: World Development Indicators 2006

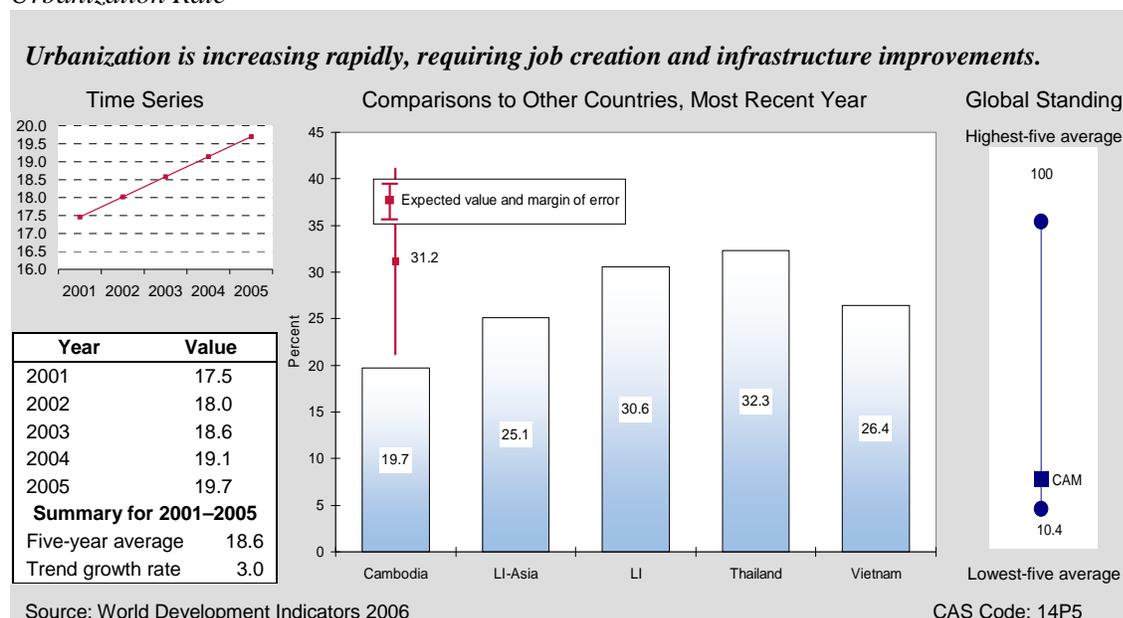
CAS Code: 13P2a-c, 13P1a-c

DEMOGRAPHY AND ENVIRONMENT

Cambodia has a population of 14.1 million (2005), while neighboring Thailand and Vietnam have much larger populations (66.4 million and 83.1 million, respectively). The population growth rate for Cambodia has been consistently high, at 2.0 percent per year for the five-year period to 2005. This growth rate creates demographic pressure and a high youth dependency ratio—0.64 dependents under age 15 per person of working age, compared with an average of 0.35 dependents in Thailand and 0.47 dependents for Vietnam. A high dependency ratio puts a strain on the educational system and accentuates the need for rapid job creation. In Cambodia’s case, the high dependency ratio, combined with high levels of rural poverty, has also led to a large percentage of economically active children.

Given Cambodians’ limited earning potential outside Phnom Penh, an urbanization rate much higher than the 2005 estimate of 19.7 percent could be expected (Figure 2-5). Low urbanization can be attributed mainly to the complete cessation of urbanization during the Khmer Rouge period (1975–1979), when urban dwellers were forcibly evicted to rural areas. Cambodia began a reurbanization process in the early 1990s, however, and urbanization in the country may approach the expected 31.2 percent in the next several years. In the long term, this is a healthy feature of structural transformation, although appropriate planning measures will need to be instituted to prepare for municipal infrastructure and services, land use planning, and job creation that will accompany the anticipated rise in urbanization.

Figure 2-5
Urbanization Rate



Rapid population growth can also put a strain on natural resources. On the Environmental Performance index, which evaluates environmental stress and ecosystem vitality in each country, Cambodia scores 49.7 out of 100. This barely falls within the lower bound of the expected value for a country with Cambodia’s characteristics and is worse than the scores for Thailand (66.8) and Vietnam (54.3). Examination of the components of the index shows that Cambodia’s score is

skewed by its poor performance in the environmental health category, which includes access to water and sanitation. The country performs particularly well in water resources and better than country and income group comparators in sustainable energy, biodiversity, and habitat.

GENDER

Gender equity can enable faster economic growth by ensuring that the productive capacities of all citizens are developed and used to the fullest extent. A comparison of basic health indicators for males and females in Cambodia indicates minimal gender imbalance, although a gender disparity against females is observed in the education sector. In addition, the high concentration of women in the agricultural and garment sectors boosts female labor participation rates.

Life expectancy at birth is a fundamental indicator of health conditions. For Cambodia, the average life expectancy in 2005 was 61 years for women and 54 years for men. Although Cambodia's life expectancy rates are among the poorest in Asia, this seven-year differential in favor of women conforms to the international norm (see Health, p. 27) for more detailed discussion of life expectancy). In countries with an advanced level of human development, women live longer than men by five years or more, on average. For instance, in Thailand the gap between women's and men's life expectancy (74 years and 67 years) is also seven years, while in Vietnam, the difference between women's and men's life expectancy is four years (73 years and 69 years).

Gross enrollment rates at all levels of schooling reveal a bias toward educating boys in Cambodia. In 2005, only 56.0 percent of females were enrolled, while 64.0 percent of males were enrolled. Differences start to emerge in secondary school-age children between boys who are more likely to work and go to school (49.3 percent) than work only (33.4 percent) and girls who are more likely to work only (51.8 percent) than work and go to school (31.9 percent) or go to school only (9.8 percent).¹² Nonetheless, a steady decline in the disparity of educational enrollment since 2001—when gross enrollment rates were 48.0 percent for females and 59.0 percent for males—is encouraging.

Cambodia's economic structure explains the narrow gap in labor force participation rates among women and men—just 1.1 percent: 82 percent of males and 80.9 percent of females participate in the labor force. This labor force gender parity can be attributed to the economic landscape, because garment manufacturing and agriculture (aside from caring for draft animals and land clearing) are principally the domain of women. Additionally, an estimated 20–30 percent of households are female-headed, which means that these women heads of households must participate in the workforce to support their families.¹³ Men are more likely to migrate in search

¹² World Bank, *Children's Work in Cambodia*, Table 2, p. 10.

¹³ The most recent statistics from the Cambodia Inter-Censal Population Survey of 2004 may be biased upward by the fact that the respondent was considered to be the head of household even if a male head of household was simply not present during the survey. See Hang Lina "Paper for Cambodia" IUSPP International Population Conference. Tours, France 2005, p. 9. Seasonal migration, when adult household members leave their rural homes in search of work (e.g., construction, transportation, fishing) within the country or in neighboring countries during slow periods in the agricultural season, is a more common coping strategy for poor households with some means than for chronically poor households. See I.

of work, while women are more likely to sell labor in their villages or the country.¹⁴ Lower educational attainment by women, however, can compromise their labor market mobility and confine them to low-skill, low-wage jobs and increase their vulnerability to trafficking. More emphasis on the importance of educating women and girls is needed to fulfill women's economic potential and contribute better to national development.

FitzGerald and So Savannarith, *Moving Out of Poverty? Trends in Community Well-Being and Household Mobility in Nine Cambodian Villages* (Phnom Penh: Cambodia Development Research Institute, 2007), p. 169.

¹⁴ FitzGerald and So, *Moving Out of Poverty?*, p. 170.

3. Private Sector Enabling Environment

This section reviews key indicators of the enabling environment for encouraging rapid and efficient growth of the private sector. Sound fiscal and monetary policies are essential for macroeconomic stability, which is a necessary (though not sufficient) condition for sustained growth. A dynamic market economy also depends on basic institutional foundations, including secure property rights, an effective system for enforcing contracts, and an efficient regulatory environment that does not impose undue barriers on business activities. Financial institutions play a major role in mobilizing and allocating 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 improving efficiency and productivity. Equally important is development of the physical infrastructure to support production and trade. Finally, developing countries need to adapt and apply science and technology to attract efficient investment, improve competitiveness, and stimulate productivity.

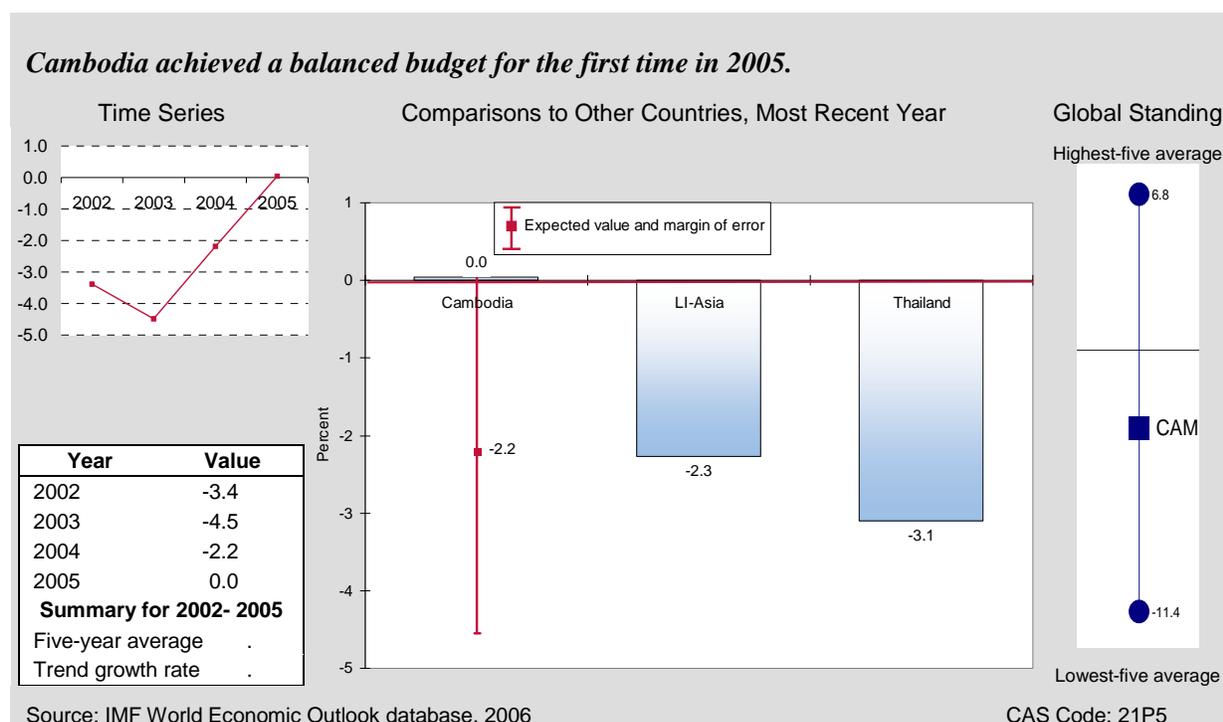
FISCAL AND MONETARY POLICY

Cambodia's overall budget was in balance in 2005 (Figure 3-1). Although grants still comprise nearly one-third of Cambodia's total revenues, grants as a percentage of government revenue declined an average of 6.6 percent per year between 2002 and 2005, from 42.1 percent in 2002 to 35.1 percent in 2005. Maintenance of a tight fiscal policy, through broadening of the tax base and improving the collection of taxes, will help maintain good fiscal health while weaning the country from external development assistance (grants).

Other positive developments include a steady decline in government expenditure as a share of GDP, from 9.4 percent in 2002 to 7.7 percent in 2005.¹⁵ At the same time, revenues as a percentage of GDP have remained stable—they reached their apex in 2002 at 10.3 percent and declined slightly to 9.8 percent in 2005—but continue to exceed expenditures. By comparison, in Thailand, expenditures in 2005 (24.4 percent) outpaced revenues (21.0 percent), and the same relationship held true for the LI-Asia median, with expenditures at 15.9 percent and revenues at 11.9 percent.

¹⁵ Reliable data on the composition of government expenditures for Cambodia are not available.

Figure 3-1
Overall Budget Balance

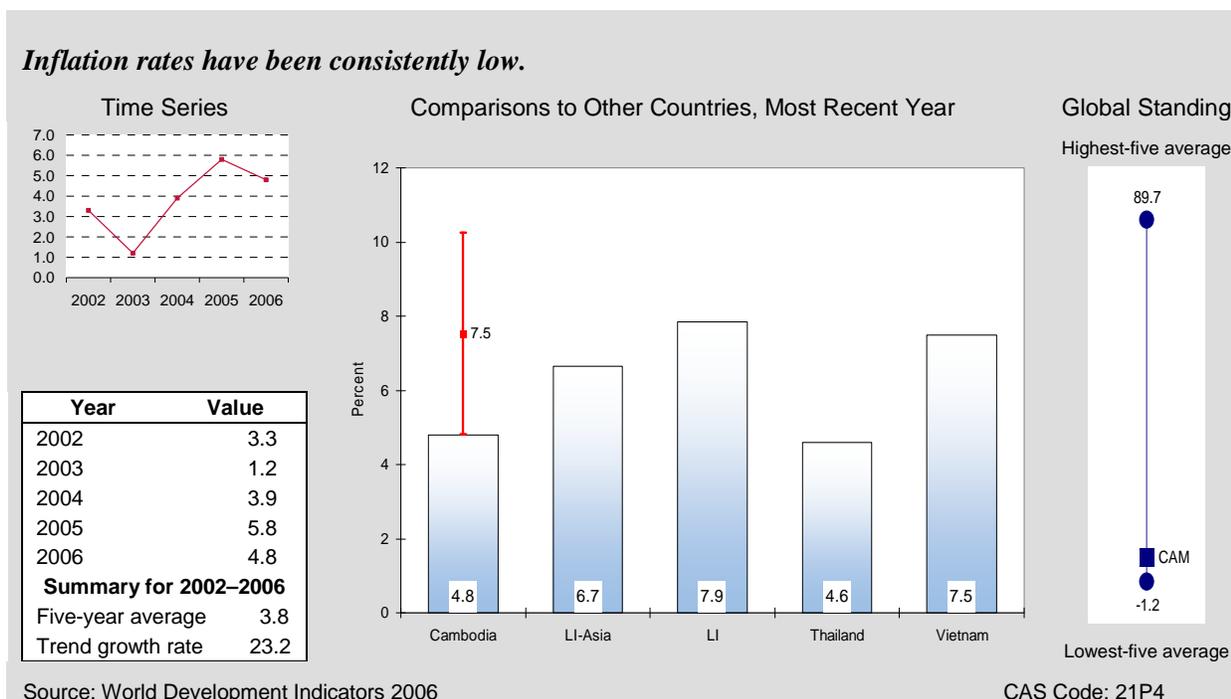


Looking at revenue, the government still relies heavily on international trade taxes—which declined only slightly, from 22.4 percent in 2002 to 20.7 percent in 2005—which indicates either a weak domestic tax base or inefficiency in domestic tax collection. In comparison, taxes on international trade comprised only 7.5 percent of total revenues for Thailand and a median of 15.7 percent for LI-Asia. After Cambodia instituted a value-added tax (VAT) in 1999, its revenues from taxes on goods and services grew from 29.7 percent in 2002 to 36.9 percent in 2005. In comparison, taxes on goods and services comprised 40.0 percent of total revenues for Thailand and nearly 30 percent of total revenues for LI-Asia. Expanding the VAT beyond large and/or incorporated taxpayers would boost revenue. As is the case in many low-income countries, taxes on wages and salaries comprise a small share of total revenues in Cambodia, although that share increased slightly between 2002 and 2005, from 5.7 percent to 7.1 percent. This is lower than the median in LI-Asia (15.8 percent) and the rate in neighboring Thailand (33.0 percent). The low percentage of taxes from income, profits, and capital gains also reflects the tax incentives that the government uses to retain its garment manufacturing base.

The recent confirmation of offshore oil and gas reserves brings with it implications for expenditure and revenue management, as well as Dutch disease concerns. Cambodia must pay careful attention to designing a transparent and appropriate system for allocating oil and gas concessions, as well as for the governance and management of revenue. Oil exploitation requires high short-term investment, which crowds out investment in other productive sectors. High inflows of FDI can cause an increase in the real exchange rate, which makes labor more expensive, which in turn makes exports more expensive on the global market, while imports become cheaper, thus harming the competitiveness of the productive sectors.

Cambodia's investment climate appears to be increasingly favorable in financial terms but still exhibits much room for improvement (see Business Environment, below). Inflation has remained fairly low—only 1.2 percent in 2003, rising to 5.8 percent in 2005, and falling to 4.8 percent by 2006. Inflation was higher in 2006 in Vietnam (7.5 percent) and the LI-Asia grouping (6.7 percent), while Thailand's rate (4.6 percent) was similar to Vietnam's (Figure 3-2).

Figure 3-2
Inflation Rate (percent)



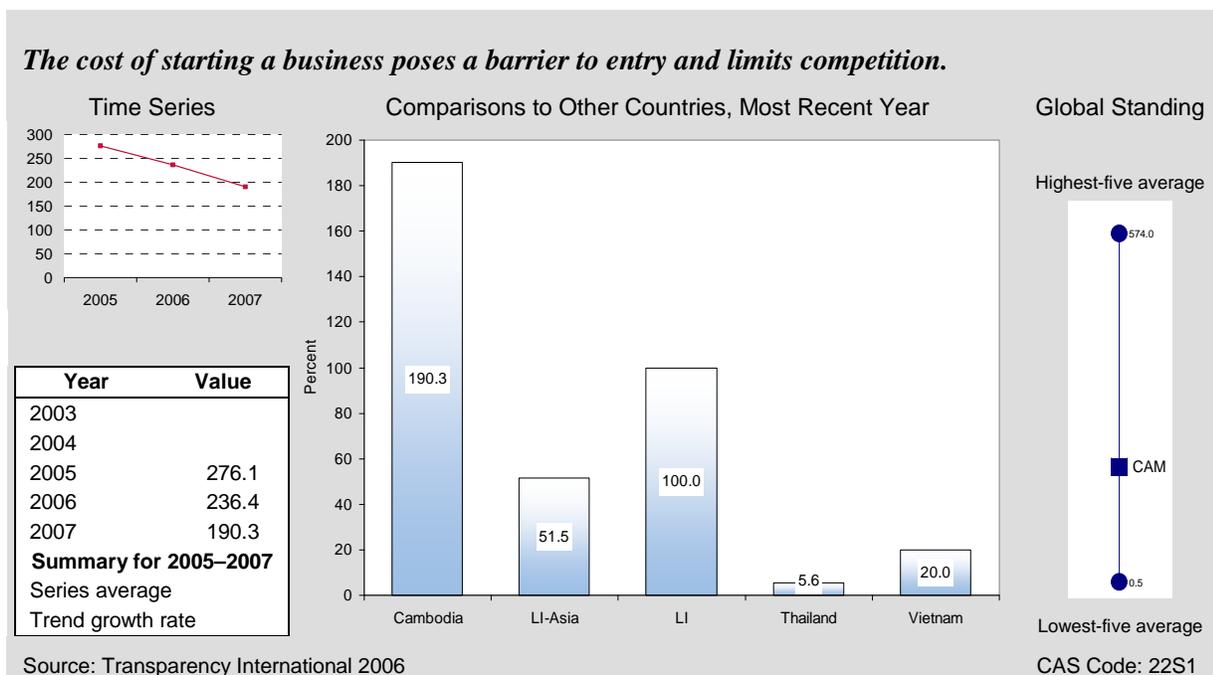
BUSINESS ENVIRONMENT

The presence of institutional barriers to doing business, including corruption in government, is generally a constraint to private sector development and prospects for sustainable growth. The World Bank's composite Doing Business index places Cambodia at an unsatisfactory 145th of 178 countries. This ranking is far outside the normal band of the expected value of 106 for a country with Cambodia's characteristics. Cambodia's performance also pales in comparison with that of Vietnam (ranking 91st), while Thailand ranks among the world leaders, at 15th—which shows what can be done with a strong program of market-supporting reforms. Paradoxically, the poor business climate appears not to have affected growth rates, although to some extent it does explain the narrowly focused economy. To continue on its current growth trajectory, Cambodia must improve its enabling environment to diversify the economic base.

Most of the business environment indicators examined for this report are in line with the international benchmarks for low-income countries but compare unfavorably with the LI-Asia median, Thailand, and Vietnam. These include the number of procedures required to enforce a contract, register property, and start a business, as well as the business costs of crime.

The good news is that the business climate in Cambodia shows signs of improvement. But there are glaring performance gaps. The most striking deficiency is the cost of starting a business, at 190.3 percent of gross national income (GNI) per capita in 2007 (Figure 3-3). Although improved from the 2005 level of 276.1 percent, this is still more than 30 times the cost in Thailand (5.6 percent), and more than nine times that for Vietnam (20.0 percent). The time required to start a business is also lengthy: carrying out the 10 procedures required to start a business takes 86 days. In comparison, although Vietnam requires one additional procedure (11), the process takes only 50 days. The median in low-income countries is 10 procedures in half as much time as it takes in Cambodia (43 days). Requiring such a lengthy process and high levels of investment to register a simple limited liability company constitute huge barriers to entry, limiting competition and discouraging efficiency.

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



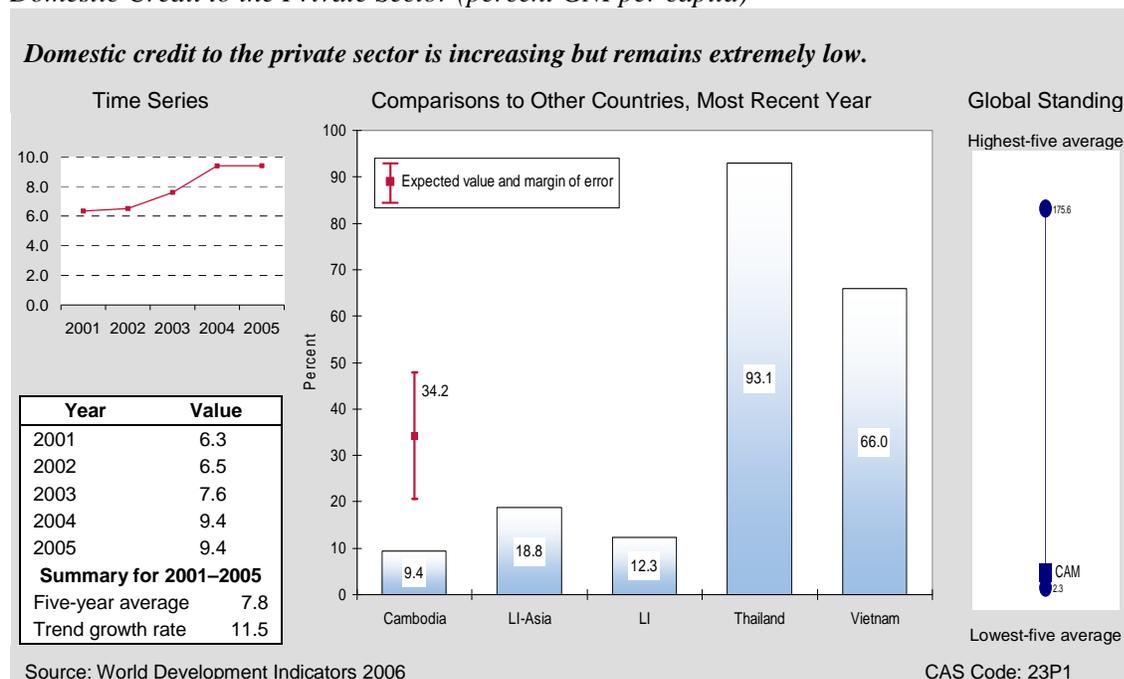
Executives perceive that the business costs of crime in Cambodia are average (3.3 on a scale of 1 to 7), which is low when compared with business executives' perceptions of the costs of crime in Thailand (5.0) and Vietnam (4.6). But corruption is persistent in Cambodia, as indicated by a score of -1.2 for the Control of Corruption index (with a scale of -2.5 for maximum corruption to +2.5 for minimal perceived corruption), which approaches the global low-five average of -1.6. Thailand and Vietnam score -0.3 and -0.7, respectively, and even the median of low-income countries, at -0.9, is higher than Cambodia's score.

FINANCIAL SECTOR

A sound and efficient financial sector is the key to mobilizing savings, fostering productive investment, and improving risk management. The financial sector in Cambodia is shallow but shows signs of deepening. Credit to the private sector as a percentage of GDP rose steadily from

6.3 percent in 2001 to 9.4 percent in 2005, which is still but half the median for LI-Asia (18.8 percent) and negligible compared to the rates in Vietnam (66.0 percent) and Thailand (93.1 percent) (Figure 3-4). As lending for investment continues to increase, lending criteria must be strict enough to prevent a build-up of nonperforming loans.

Figure 3-4
Domestic Credit to the Private Sector (percent GNI per capita)



Another positive development is that the real interest rate (i.e., adjusted for inflation), declined from a high of 18.2 percent in 2003 to 11.0 percent in 2005, but remains far higher than the rates in Thailand (1.2 percent) and Vietnam (2.4 percent). Lower interest rates will make borrowing more affordable and attractive to investors. The interest rate spread, which measures the difference between the average lending and borrowing interest rates set by commercial banks, declined from 16.5 percent in 2003 to 15.4 percent in 2005, still slightly higher than for the LI-Asia median (10.0 percent) and markedly higher than for Thailand and Vietnam (both 3.9 percent). The large difference between lending and borrowing rates in Cambodia is a signal that there is still not much competition in the banking sector.¹⁶ Facilitating entry into the banking sector will help improve competition and narrow the difference between average lending and borrowing rates.

¹⁶ Five large banks now operate in Cambodia: Canadia, the Foreign Trade Bank, ACLEDA, ANZ Royal, and Cambodian Public Bank. Canadia and FTB are owned by the same Cambodian group. ACLEDA is the country's largest microlender and dominates rural sector banking. ANZ Royal is a joint venture of Australian and Cambodian interests, while Cambodian Public Bank is a subsidiary of a Malaysian bank. IMF, *Cambodia: Selected Issues and Statistical Appendix*, August 2007, p. 25.

Money supply (M2, or broad money) as a share of GDP measures money supply relative to the size of an economy. Monetization of Cambodia's economy is increasing, but still very low: in 2001, the money supply was 13.0 percent of GDP and by 2005 increased to 17.7 percent of GDP. This is in sharp contrast to monetization rates in the benchmark countries (Thailand, 104.7 percent; and Vietnam, 68.3 percent). The IMF notes that more than 95 percent of loans and deposits are in U.S. dollars, while local currency is used in domestic transactions, which are largely cash-based and informal—and therefore unrecorded.¹⁷ This high level of informal transactions means that the actual money supply might be much higher than is captured by official statistics. The average annual growth rate of M2 accelerated from 16.1 percent in 2005 to a five-year high of 38.2 percent in 2006, caused by increases in U.S. dollar bank deposits.¹⁸

The real effective exchange rate shows a slight appreciation in the value of the Cambodian riel. Government purchases and sales of foreign currency keep the nominal exchange rate stable.¹⁹ Stable exchange rates are another signal of macroeconomic stability and attract investment from abroad.

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. Cambodia's integration into the global economy has enabled it to benefit from trade. With some economic diversification, the international flow of goods and services, capital, technology, ideas, and people offers great opportunities for Cambodia to continue to boost growth and reduce poverty by stimulating productivity and efficiency, providing access to new markets and ideas, and expanding the range of consumer choice. At the same time, globalization creates new challenges, including the need for reforms to take full advantage of international markets and cost-effective approaches to cope with the resulting adjustment costs and regional imbalances.

International Trade and Balance of Payments

Strong FDI inflows are crucial to Cambodia's balance of payments. The current account balance as a share of GDP (including grants) remained negative for the five years to 2005, widening from -2.3 percent in 2001 to -5.7 percent in 2005. Historically, Cambodia has been able to offset the trade deficit with inflows of foreign aid. However, aid as a share of GNI declined from 2002 to 2005, from 11.8 percent to 9.1 percent. Yet the capital account as a share of GDP (including grants) has been positive, fueled by strong FDI inflows. As a result, Cambodia's net balance of payments has been positive, allowing it to increase international reserves and reimburse international credits.²⁰

¹⁷ IMF, *Cambodia: Selected Issues and Statistical Appendix*, August 2007, p. 24

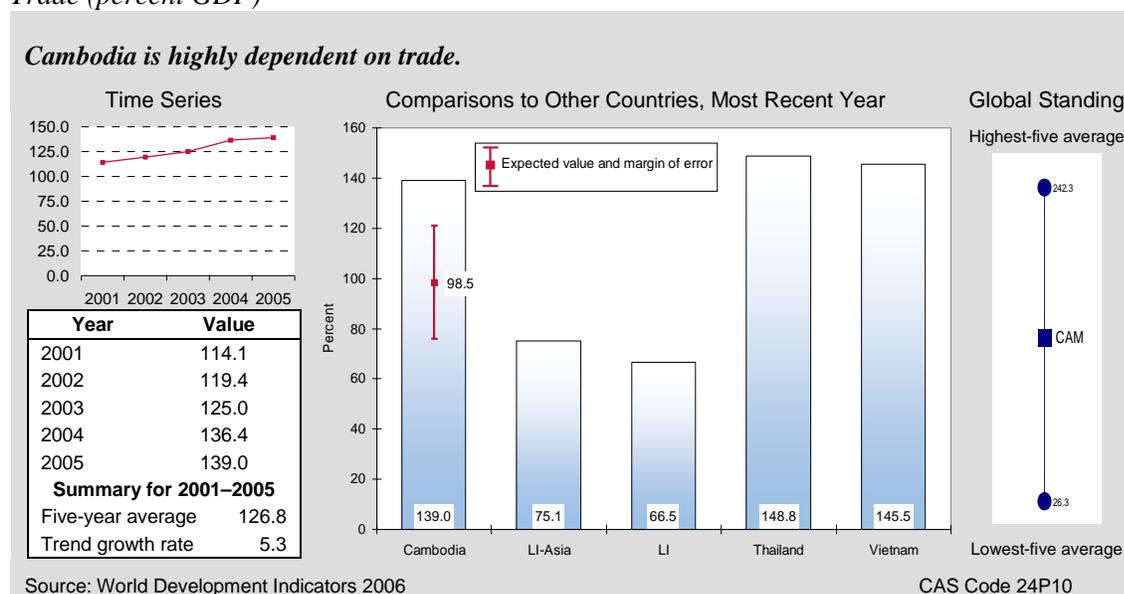
¹⁸ IMF, *Cambodia: Staff Report for the 2007 Article IV Consultation*, July 2007, p. 6

¹⁹ *Ibid.*, p. 3

²⁰ *Ibid.*, p. 22

Cambodia's trade statistics reflect its limited economic diversification. Trade as a share of GDP has been growing rapidly, from 114.1 percent in 2001 to 139.0 percent in 2005 (Figure 3-5). Trade shares over 100 percent indicate that some export industries rely heavily on imported inputs. This is true in Cambodia's garment industry, which processes imported inputs such as textiles and trims into final goods. Cambodia's export profile continues to be dominated by manufactures, which comprises 97.1 percent of total merchandise exports in 2004. Manufacturing exports also make up the largest share of exports in Thailand (76.8 percent in 2005), Vietnam (53.1 percent in 2003), and the median for LI-Asia (71.9 percent). Cambodia's ability to continue to rely on garment exports is being challenged in the wake of textile and clothing quota elimination and the accession of China and Vietnam—with their increasingly competitive garment industries—to the WTO.

Figure 3-5
Trade (percent GDP)



Exports of agricultural raw materials and food from Cambodia are almost negligible, but food is the second-largest source of export revenue for its neighbors (11.6 percent for Thailand and 22.9 percent for Vietnam). Cambodia's weak agricultural exports can be attributed at least in part to the dominance in the Cambodian farming system of rice paddy production for domestic consumption. At current levels of productivity, farmers cannot diversify production, and exportable surpluses are not produced. Cambodia is seeking to expand exports of agricultural and fisheries products, however, as well as labor services.²¹

Trade in services as a share of GDP increased from 21.3 percent in 2003 to 28.1 percent in 2005, reflecting the increased contribution of tourism to growth. The level of trade in services is similar to the rate in Thailand (27.3 percent) but much lower than that in Vietnam (18.0 percent).

²¹ Royal Government of Cambodia, *National Strategic Development Plan 2006–2010*, 56.

Remittances from household members working domestically and abroad allow for consumption smoothing—maintaining a constant level of consumption even when income levels vary widely—among recipient households. Garment workers are an important source of remittances, sending one-third of their incomes home to their families in rural areas.²² Remittances from workers employed outside Cambodia comprised only 4.0 percent of Cambodia’s GDP in 2005, however, compared to 40.6 percent for Thailand in 2003.

Foreign Investment, External Assistance, and International Reserves

FDI can catalyze productivity gains and growth by transferring technology, developing human capital, and enhancing competition. FDI to Cambodia increased to 2.5 percent of GDP in 2004 and more than doubled the next year to 6.1 percent. Cambodia’s FDI was higher than the median level for LI-Asia countries (0.9 percent) and than the rates of Thailand (2.6 percent), and Vietnam (3.7 percent). The increase in FDI to Cambodia signals the confidence of overseas investors in the stability of Cambodia’s economy.

Although the balance-of-payments surplus has allowed international reserves to increase, gross international reserves measured in the number of months of imports have fallen from 3.7 months in 2002 to 2.8 months in 2005. Similar reserves are found for the LI-Asia median (2.8 months) and Vietnam (2.7 months); the volume of reserves is higher only in Thailand (4.5 months). International reserves lie near the lower bound of the expected value of 2.4 months, indicating that the level of reserves has not kept pace with rapidly rising import levels. Persistently low levels of international reserves could lead to difficulty ahead in the financing of imports. The level of reserves should be monitored as a precautionary measure, so that a sufficient level is available to cover exchange rate shocks and imports can remain stable.²³

The net present value (NPV) of debt as a share of GNI remains high, although it did decline from 67.6 percent in 2004 to 57.9 percent in 2005. The 2005 figure is similar to that of the LI-Asia median (50.3 percent), but much higher than the NPV of debt in Thailand (32.4 percent) and Vietnam (38.0 percent). If the domestic currency continues to appreciate, the NPV of debt will continue to decline. As the IMF noted in 2004, “while the nominal stock of debt and debt service payments are modest relative to GDP, the revenue base...may pose difficulties in servicing debt.”²⁴ The decline in NPV of debt was accompanied by a slight increase in the debt service ratio as a share of exports, from 0.3 percent in 2001 to 0.5 percent in 2005. The debt service ratio is higher in Thailand (2.4 percent) and Vietnam (2.1 percent) than in Cambodia, and the median for LI-Asia is much higher (8.2 percent).

²² World Bank, *Cambodia: Halving Poverty By 2015? Poverty Assessment 2006*, February 2006, p. 141

²³ IMF, *Cambodia: Staff Report for the 2007 Article IV Consultation*, July 2007, p. 10

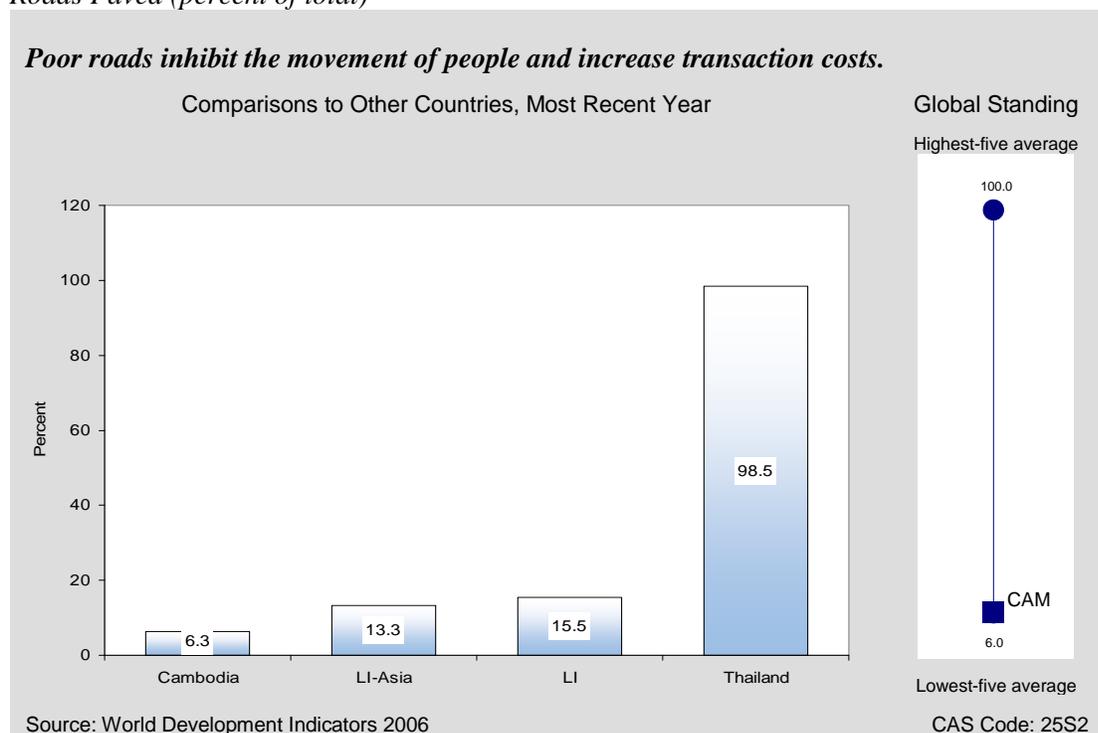
²⁴ IMF (2004), Attachment 10. Cambodia: Debt Sustainability, p. 128, <http://siteresources.worldbank.org/INTCAMBODIA/Resources/Debt-Sustainability1.pdf>

ECONOMIC INFRASTRUCTURE

Reliable physical infrastructure—for transportation, communications, power, and information technology—is crucial for improving competitiveness and expanding productive capacity. Cambodia’s infrastructure is weak, and the gap between Cambodia and the comparator countries is vast. Poor infrastructure is an impediment to commerce and diminishes Cambodia’s attractiveness as a destination for FDI.

The quality of transport infrastructure in Cambodia is poor. The country relies heavily on the road network—nearly 70 percent of cargo and 65 percent of passengers use road transport—²⁵ yet only 6.3 percent of the road network in Cambodia was paved in 2004. This is lower than the LI-Asia median (13.3 percent) and far below the share in Thailand (98.5 percent in 2000) (Figure 3-6).

Figure 3-6
Roads Paved (percent of total)



Not only are the roads poor, the rail system in Cambodia is inadequate. On a scale of 1 to 7, with 7 rated as excellent, the perceived quality of the rail system is 1.5, which approaches the global low-five average of 1.1 and is much worse than the perceived quality of the rail system in Vietnam (2.2) and Thailand (3.6).²⁶ Only two railway lines operate in Cambodia, and both

²⁵ Council for the Development of Cambodia, Cambodian Investment Board, Government of Cambodia, http://www.cambodiainvestment.gov.kh/?q=ii_infra

²⁶ The Quality of Infrastructure indices are the perceptions of business executives, so comparisons among countries should be made with caution.

originate in Phnom Penh.²⁷ Of the three transportation modes, air transport infrastructure ranks highest in all three countries; Cambodia's score (3.9) is similar to Vietnam's (3.8), but both aspire to Thailand's score (5.5).

The quality of the electricity supply is also poorly rated in Cambodia (2.4), even below Vietnam's weak rating (3.5), and far below the rating in Thailand (5.5). To meet demand for electricity, Cambodia plans to import power from Vietnam and electricity from Thailand and construct hydropower plants in Kamchay.²⁸

Regarding communications infrastructure, in 2003 only 40 people out of 1,000 had access to either a landline or mobile phone in Cambodia. This is far below the teledensity in Thailand (537 people per 1,000 in 2004) and Vietnam (306 people of 1,000 in 2005). In 2004, just three of every 1,000 people in Cambodia had access to the Internet, which is in line with the LI-Asia median (4 people per 1,000), but far behind the rates in Thailand (110 users per 1,000 people in 2005) and Vietnam (129 per 1,000 in 2005). Limited competition in the telecommunications sector may be a factor in low teledensity—four companies provide mobile phone service, three provide landline service, and seven companies are Internet service providers.²⁹

SCIENCE AND TECHNOLOGY

Science and technology provide other vital inputs to a dynamic business environment and are driving forces behind increased productivity and competitiveness. Although no data were available for Cambodia's research and development expenditure as a share of GDP, or the number of scientific and technology journal articles published, limited data for other indicators suggest the unavailability of scientists and engineers and poor IPR protection but good FDI technology transfer.

The availability of scientists and engineers in Cambodia, on a scale of 1 to 7 (with 7 being excellent), was 2.8 in 2006, which was not even close to Thailand's and Vietnam's scores (4.7 and 4.5 respectively) and neared the global low-five average of 2.6. This is not surprising, given the lack of employment opportunities for scientists and engineers in Cambodia and the country's history of conflict.

The FDI technology transfer index illustrates executives' perceptions of the extent to which FDI is a source of new technology (on a scale of 1 to 7, with 7 being excellent). In 2006, Cambodia's score was 5.0, similar to those of Thailand (5.3) and Vietnam (5.2). The IPR protection index is another measure of executives' perceptions of the quality of IPR in their country. Cambodia's score on the IPR index (a scale of 1 to 7, 7 being excellent) in 2006 was 2.5; Vietnam's score was similarly low (2.7), but Thailand's was higher (4.2). Cambodia has been a member of the World Intellectual Property Organization (WIPO) since 1995 and the Paris Convention for the Protection of Industrial Property since 1998. The country signed the ASEAN Framework Agreement on

²⁷ Council for the Development of Cambodia, Cambodian Investment Board, Government of Cambodia, http://www.cambodiainvestment.gov.kh/?q=ii_infra

²⁸ Idem.

²⁹ Idem.

Intellectual Property Cooperation in 1990, the U.S.–Cambodia Trade Relations and Intellectual Property Rights Protection Agreement in 1996, and the Thailand–Cambodia Memorandum of Understanding on Intellectual Property Cooperation in 1997.³⁰ Although FDI is already considered a good source of technology transfer, IPR protection must be improved so that Cambodia continues to attract FDI in the future.

³⁰ L. Phanna, Intellectual Property Division, Cambodian Ministry of Commerce, *Development of the Intellectual Property Protection System in Cambodia*, http://www.moc.gov.kh/laws_regulation/development_of_cambodia's_ipr.htm.

4. Pro-Poor Growth Environment

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

HEALTH

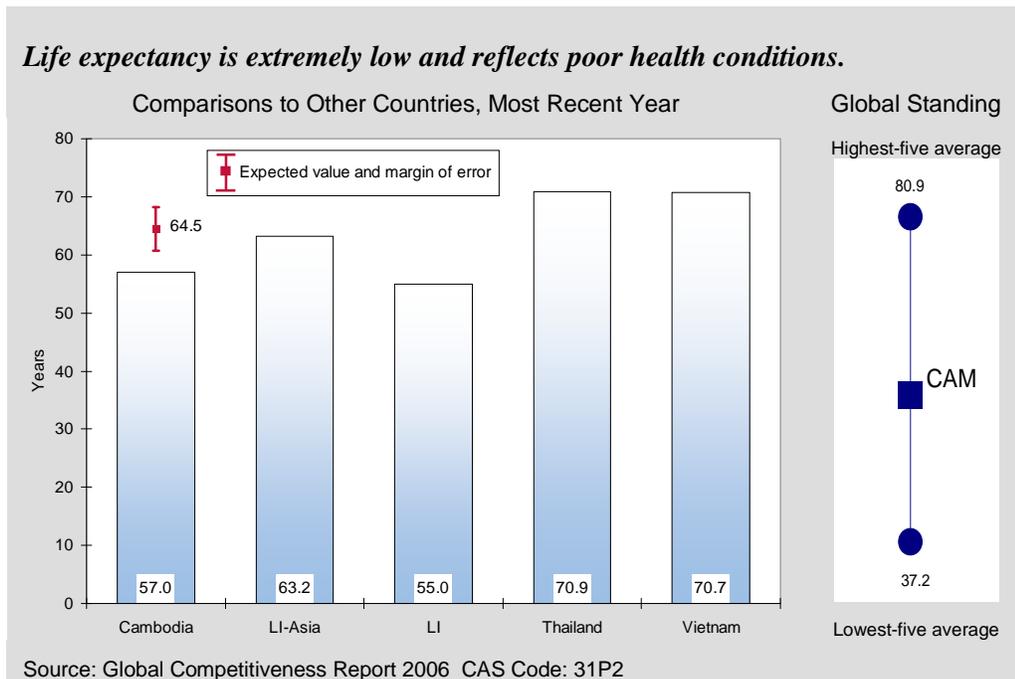
The provision of basic health services is a major form of human capital investment and a significant determinant of growth and poverty reduction. Although the management of health programs does not fall under USAID's Bureau for Economic Growth, Agriculture, and Trade (EGAT), an understanding of health conditions can influence the design of economic growth interventions. Cambodia's performance in the health sector is one of the worst in Asia. Cambodia performs poorly on basic indicators such as maternal mortality, child malnutrition, life expectancy, and access to improved sanitation and water sources. There is some reason to believe, however, that the health status will improve, because child immunization rates have improved and the share of public expenditure for health is increasing.

Life expectancy at birth is commonly regarded as the best overall indicator of health status of a population. In 2005, life expectancy was remarkably low for Cambodian males and females, at 54 years and 61 years, respectively. Life expectancy in 2004 was much higher in both Thailand (67 for males, 74 for females) and Vietnam (69 for males, 73 for females), as was the median for LI-Asia countries (62 for males, 64 for females) (Figure 4-1).³¹ Cambodia's extremely low rate merits attention. According to the World Health Organization, adult mortality rates in Cambodia for 2004 were 450 males and 270 females per 1,000, almost double the rates for Thailand (265

³¹ In addition to health indicators, another possible cause of low life expectancy could be attributed to accidentally stepping on landmines. UNICEF and other organizations destroyed 6,000 mines and 17,000 pieces of unexploded ordnances. http://www.unicef.org/infobycountry/cambodia_2190.html

males and 154 females) and Vietnam (197 males and 122 females). Other than HIV, to which 10 percent of all deaths (adult and child) were attributed, the other leading causes of death are no longer considered fatal in many parts of the world. Tuberculosis, for example, was responsible for 8 percent of deaths in Cambodia, while diarrheal and perinatal diseases claimed 7 percent each.

Figure 4-1
Life Expectancy at Birth



A key contributor to low life expectancy for Cambodian women is a high maternal mortality rate. The most recent figures for maternal mortality are alarmingly high: 450 deaths per 100,000 live births in 2000. Although this figure is only slightly higher than the median for LI-Asia (420 deaths), it is nearly 10 times higher than that of Thailand (44 deaths) and nearly four times higher than that of Vietnam (130 deaths per 100,000 live births). These deaths reflect the limited numbers of health personnel in rural areas in Cambodia, where most of the poor live; for example, health clinic staffing levels are about 17 per 100,000 people.³² Poor hygiene, sanitation, and malnutrition put women at further risk.³³ In 2005, only 43.8 percent of births were attended by skilled personnel, which was higher than the median for LI-Asia countries (27.7 percent) but far below the rates for Thailand (99.3 percent in 2000) and Vietnam (90.0 percent in 2004).

Access to an improved water source and sanitation can vastly reduce the incidence and spread of communicable and life-threatening waterborne diseases and increase life expectancy. In 2004, fewer than half of Cambodians (41.0 percent) had access to an improved water source, whereas 85.0 percent of Vietnamese and an average of 70.0 percent of the populations in LI-Asia

³² <http://www.moeys.gov.kh/details-directions01-02/StrategicAnalysis/chapter2.htm>

³³ P. Chatterjee, "Cambodia tackles high maternal mortality," *The Lancet* 366 (23 July 2005): 281-282.

countries had such access. In 2004, not even one-fifth (17.0 percent) of Cambodians had access to improved sanitation, which compares poorly with the rates in Vietnam (61.0 percent) and LI-Asia (39.0 percent). The figures for both indicators in Thailand—99.0 percent—are exceptional. Increased investment in water and sanitation is urgently required to curb the spread of preventable illnesses and improve the quality of life.

Another indicator of a population's health is its child immunization and malnutrition rates. In Cambodia, child immunization rates have increased dramatically in recent years, from 53.0 percent in 2002 to 80.5 percent in 2005, but remain lower than those in Thailand (97.0 percent) and Vietnam (95.0 percent) in 2005.³⁴ Almost one-fourth of Cambodian children suffered from malnutrition in 2005, which falls between rates in Thailand (19.0 percent) and Vietnam (28.4 percent) (2003).

Public health expenditure increased from 1.3 percent of GDP in 2000 to 1.7 percent in 2004 in Cambodia; the share of health expenditure was similarly low in Vietnam and LI-Asia (both at 1.5 percent), while for Thailand the number was somewhat higher (2.2 percent of GDP). Although increasing health expenditures can contribute to the expansion of health services, increasing health services alone does not guarantee access to or affordability of these services because the cost and location of health services can prevent or restrict access to them. Low life expectancy rates, high maternal mortality rates, a relatively high incidence of child malnutrition, and relatively poor access to improved water sources and sanitation facilities signal many Cambodians' lack of access not only to preventive health care but also to urgent medical attention. Another dimension of scarce preventative and urgent medical attention is the poverty-inducing effect that it can have on a household—in terms of both income foregone due to illness and the high costs of treating illnesses that could have been prevented by vaccinations or other routine medical care.

EDUCATION

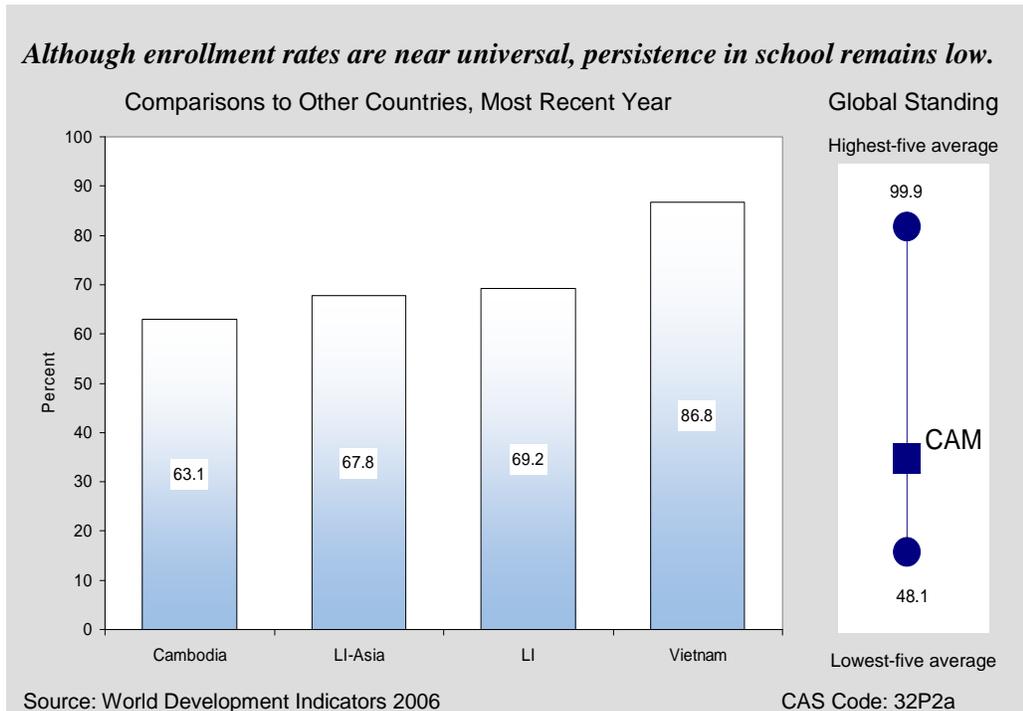
Investment in human capital is a cornerstone of economic growth and development. Education enables the acquisition of skills, which in turn provides access to higher income-generating employment opportunities and helps pull households out of poverty. Statistics show a mixed picture of education in Cambodia: as measured in pupil-teacher ratios, persistence to grade 5, and gross enrollment rates, education is weak, but net primary enrollment and youth literacy rates indicate surprising strength. Furthermore, the government has begun recently to fund education more generously.

Net primary enrollment appears lofty in Cambodia (nearly 90 percent total in 2005) and total youth literacy in Cambodia is also a respectable 83.4 percent (2006). But despite the strong net primary enrollment and the relatively high youth literacy rate, persistence to grade 5 hovers at only about 60 percent (2004). This is lower than the LI-Asia median (68 percent) and markedly

³⁴ PATH (Program for Appropriate Technology in Health), the University of Melbourne, UNICEF, the Global Alliance for Vaccines and Immunizations, and the World Health Organization responded to the government's request for technical assistance in increasing immunization rates. See PATH, "Cambodia Achieves Significant Boost in Immunization," http://www.path.org/news/pr061012_cambodia_imm.php.

lower than in Vietnam (87 percent) (Figure 4-2). The high share of children in the workforce (discussed below) may help explain why this rate is so low in Cambodia. Pupil–teacher ratios are also remarkably high in Cambodia—53.2 pupils to one teacher in 2005.

Figure 4-2
Persistence to Grade 5



The high pupil–teacher ratio and low persistence to grade 5 rate point to efficiency concerns and education access issues.³⁵ The government appears to be attempting to address these issues by making efforts to increase teachers’ salaries and the number of schools in remote areas; it is also proposing the creation of targeted scholarships at all education levels for the poor. Spending on primary education as a share of GDP per capita increased significantly between 2004 and 2007, from 0.2 percent to 1.3 percent, which although still low in absolute terms, brings the country in line with the median of LI-Asia countries (1.4 percent) and with Thailand (1.3 percent) and Vietnam (1.5 percent). Furthermore, the government plans to continue to increase education spending.³⁶ To make effective use of increased spending on education, policymakers should focus on educational quality and resolving the high attrition rates.

Educational expenditure per student jumps dramatically from the secondary level (6.7 percent of GDP per capita) to the tertiary level (77.5 percent of GDP per capita)—rates that are consistent with the LI-Asia medians (11.9 percent and 66.5 percent). This emphasis on tertiary education in Cambodia seems misplaced given the country’s economic structure and employment

³⁵ Ibid, p. 61

³⁶ Ibid, p.22

opportunities. In Thailand, for example, the gap in spending between the two levels is much lower (13.1 percent and 23.0 percent).

EMPLOYMENT AND WORKFORCE

Cambodia is characterized by a largely informal, rural labor force, inefficient labor market (in terms of hiring and firing), and a large proportion of child laborers. The agriculture sector dominates the workforce, employing 60 percent of workers (2004).

Cambodia's labor force is small (6.6 million) compared to those of its neighbors (35.7 million in Thailand and 44.0 million in Vietnam), and its labor force participation rate was 81.4 percent of the total population in 2005, similar to rates in Thailand (80.4 percent) and Vietnam (81.5 percent). Men and women participate at fairly equal rates—80.9 percent for women and 82.0 percent for men—a more balanced picture than in Thailand and Vietnam, and much more balanced than the median for LI-Asia as a whole (56.8 percent female and 85.4 percent male participation).³⁷ This balance is due in part to the dominance of the apparel industry, which employs predominantly women.

Only 18 percent of females and 24 percent of males are employed in the formal sector, while the remainder work in the informal sector.³⁸ Rigidity of employment is one barrier to opportunities in the formal sector, and in 2007, Cambodia scored 45 of 100 on the Rigidity of Employment index, worse than Thailand (18), Vietnam (27), and the LI-Asia median (31).³⁹ The costs of firing in Cambodia are considerably lower (39 weeks of wages) than the costs in Thailand (54 weeks) and in Vietnam (87 weeks); however, the difficulty of hiring and the rigidity of work hours drag the score down. Regulatory reform to increase labor market flexibility will help Cambodia not only to attract FDI, but also to generate employment-intensive growth and encourage domestic investors to open businesses.

Official figures show a decrease in unemployment, between 2000 and 2004, from 2.5 percent to 0.8 percent. Unemployment is higher in Thailand (1.5 percent) and Vietnam (2.1 percent). Unemployment statistics capture only those who have registered as unemployed, however; actual unemployment rates could be much higher.

Cambodia faces an enormous logistical challenge to bring about the structural changes that are vital to any developing economy, given that almost 60 percent of Cambodia's workforce is employed in the agricultural sector and four-fifths of the population lives in rural areas. A further challenge is that job creation will have to keep pace with the average annual growth of the labor force (about 3 percent), which continues to surpass the average annual 2 percent increase in

³⁷ In contrast, women's participation rates in South Asia are significantly lower: India, 35.9 percent; Pakistan, 34.3 percent; and Sri Lanka, 38.1 percent. Only in Bangladesh, with its large apparel industry, do 55 percent of women ages 15–64 participate in the labor force.

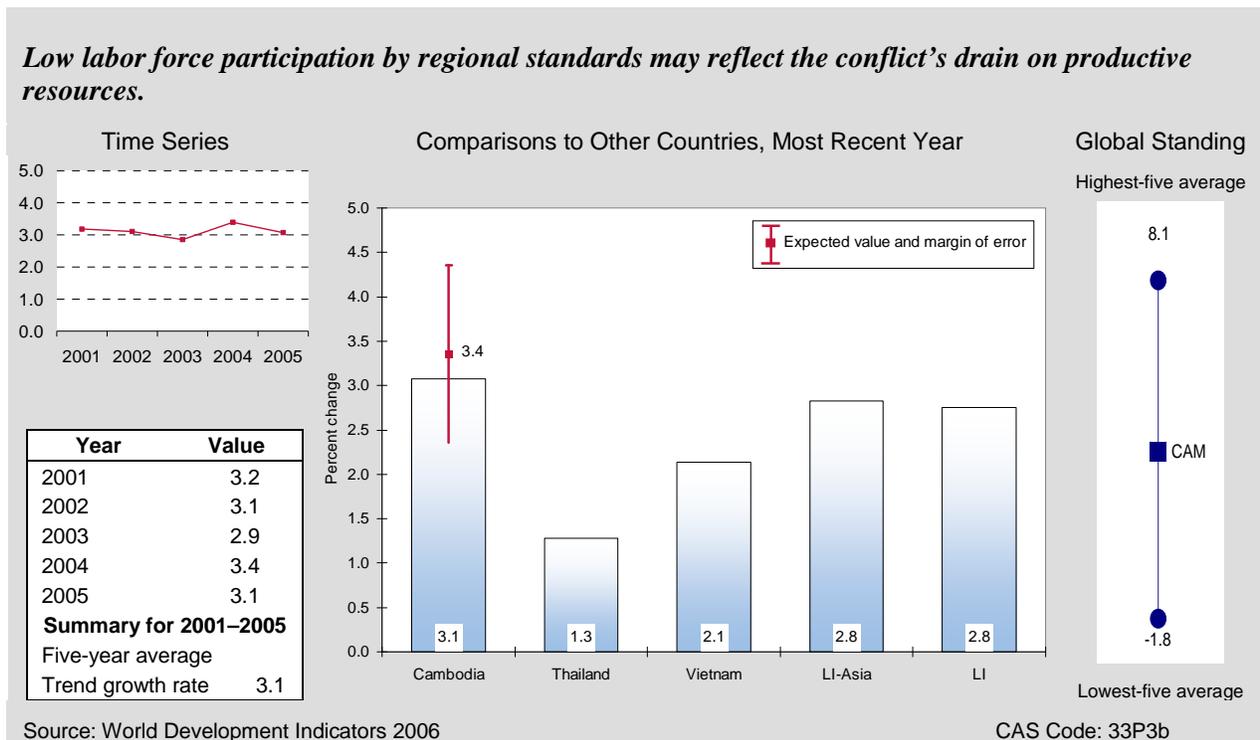
³⁸ World Bank (2007), *Sharing Growth: Equity and Development in Cambodia, Equity Report 2007*, p. 140

³⁹ The Rigidity of Employment index is an average of three indices, reflecting the difficulty of hiring, difficulty of firing, and rigidity of work hours, with 1 being the least and 100 the most rigid.

population (Figure 4-3). This could be challenging given the high cost of borrowing money to start a business and the relatively high rigidity of employment. In addition, to enable growth and poverty reduction throughout the country, investments that help to create industry and services sector jobs outside of the country's two urban centers will be essential.

Another substantial challenge that Cambodia faces is weaning its economy from child labor. The latest data on economically active children in Cambodia (2001) indicate that an estimated 52.3 percent of children ages 7 to 14 are employed, and 75 percent of these children work in the agricultural sector.⁴⁰ If children are working, they lose the opportunity to gain formal education early in life and acquire the skills in reading, writing, and arithmetic that would enable them to find higher-paid work as adults. Poverty pushes children into employment, thus creating a self-perpetuating cycle of poverty. Keeping children in school can help break the intergenerational poverty trap.

Figure 4-3
Growth in the Labor Force



AGRICULTURE

By virtue of the high concentration of the population, the labor force, and poverty in rural areas in Cambodia, the agricultural sector is crucial to the country's economy and to poverty reduction.

⁴⁰ UNICEF, ILO and The World Bank (2006), *Children's Work in Cambodia: A Challenge for Growth and Poverty Reduction*, p. ii

However, as is typical of agriculture everywhere, Cambodia's agricultural sector is less productive than its other sectors. The agriculture sector employs 60 percent of the labor force, but accounts for only 34 percent of national income, while the 12 percent of the workforce working in industry earns 27 percent of national income. The services sector also outperforms agriculture, employing 27 percent of the working population and generating nearly 40 percent of total value added. Improving agricultural performance is therefore vitally important for achieving poverty reduction and the Millennium Development Goals in Cambodia.

Modest increases in agricultural value added per worker have been achieved, from \$290 in 2000 to \$305 in 2004,⁴¹ but this still falls short of the lower bound of the expected value for a country with Cambodia's characteristics (\$318). The percentage change in value added is highly variable, as can be expected in a country largely dependent on rainfed agriculture. Though Cambodia's principal crop is paddy rice, only an astonishing 7 percent of cropland was said to be irrigated in Cambodia in 2003, compared with same-year figures of 28.2 percent in Thailand and 33.7 percent in Vietnam,⁴² largely because of a lack of trained irrigation engineers, high capital costs, and high energy (electricity and diesel) costs, which all discourage irrigation infrastructure investment.⁴³

Cambodia produced a record of 3.9 million tons of rice in 2006,⁴⁴ largely a reflection of improved weather conditions that year. Nevertheless, Cambodia's average cereal yield (1,999 kg per hectare) pales in comparison to cereal yields in Thailand (2,723 kg per hectare) and Vietnam (4,780 kg per hectare) (Figure 4-4).⁴⁵ Since agricultural policy costs do not substantially hinder production—Cambodia's score of 4.2⁴⁶ compares well with the 4.4 for Thailand and the 4.0 for Vietnam—poor agricultural productivity may be explained by other factors, such as poor planting material, unavailability of improved inputs (fertilizer and other agro-chemicals), and missing or poorly functioning markets for inputs, credit, or labor.

The livestock sector makes up 21 percent of agricultural GDP (slightly less than 8 percent of overall GDP).⁴⁷ Cattle, used as draft animals for paddy production and found in higher income

⁴¹ Measured in constant 1995 U.S. dollars, World Bank, World Development Indicators.

⁴² World Bank, World Development Indicators.

⁴³ D. Dapice, T. J. Vallyely, and Ben Wilkinson, "Raising Rural Incomes in Cambodia: Beyond Sectoral Policy, Towards a Framework for Growth." cited in Vallyely, Dapice, and Wilkinson, "Raising Farm Incomes in Cambodia," presented to Second Cambodia Economic Forum, May 9, 2007, Phnom Penh (Cambridge, MA: Harvard University, John F. Kennedy School of Government), ssec.gov.kh/Doc/Raising%20Rural%20Incomes%20Presentation%208.5.07%201625.ppt.

⁴⁴ FAO, <http://www.fao.org/giews/workstation/page.jsp>, accessed September 26, 2007.

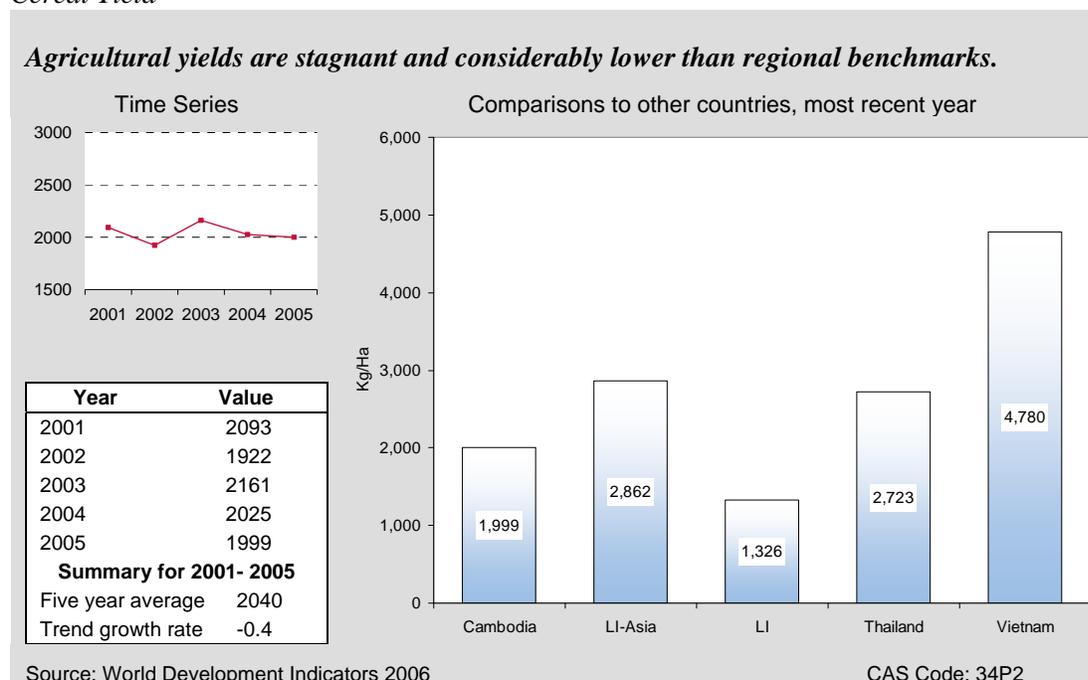
⁴⁵ Lower population density in Cambodia (81 people per square km [2006] and 305 rural people per square kilometer of arable land [2005]), compared with those in Thailand (126.7 overall [2006]; no rural density figure available) and Vietnam (271.3 overall [2006] and 927 rural people per square km of arable land [2005]) may also partly explain the lower productivity, as posited by Ester Boserup over 40 years ago in *The Conditions of Agricultural Growth: The Economics of Agrarian Change under Population Pressure* (1965).

⁴⁶ This index measures executives' perceptions of agricultural policy costs in their country on a scale of 1 (excessively burdensome) to 7 (balanced).

⁴⁷ Food and Agriculture Organization (FAO), http://www.fao.org/ag/againfo/resources/en/publications/sector_briefs/lsb_KHM.pdf, accessed September 26, 2007.

households, make up more than 80 percent of the total livestock units in the sector. The other 20 percent are small animals: more than 90 percent of agricultural households raise livestock such as sheep and poultry. Although stable, the livestock production index (101.0 in 2004 with a five-year average of 103.6) masks increased numbers of animals and declining productivity.⁴⁸ Improving productivity in the livestock sector through agricultural extension and veterinary services—particularly for small animals—can provide a much-needed protein source for food-insecure households.

Figure 4-4
Cereal Yield



The fisheries sector is even more important to the diet and labor force in Cambodia than the livestock sector.⁴⁹ The Ministry of Agriculture is currently involved in fisheries sector development, implementing initiatives in community fisheries, aquaculture development, research and conservation, suppression of illegal fishing activities, and extension-related activities. Cambodia must proceed carefully, however, to ensure that increased fisheries production does not result in overfishing and environmental degradation.

⁴⁸ These figures are relative to the base period 1999-2001 = 100.

⁴⁹ According to the FAO Food Balance Sheet for Cambodia (2005), the country produced 218,000 tons of meat (of which 126,000 was pork), and 383,000 tons of fish (of which 326,000 was freshwater). Catch levels for marine and inland fisheries were at historic highs in 2006. Fish and shrimp culture is also up 8,200 tons from 2005 to 34,200 tons.

Appendix A. CAS Methodology

CRITERIA FOR SELECTING INDICATORS

The economic performance evaluation in this report is designed to balance the need for broad coverage and diagnostic value, on the one hand, and the requirement of brevity and clarity, on the other. The analysis covers 15 economic growth–related topics, and just over 100 variables. For the sake of brevity, the write-up in the text highlights issues for which the “dashboard lights” appear to be signaling problems, which suggest possible priorities for USAID intervention. The accompanying table provides a full list of indicators examined for this report. The separate Data Supplement contains the complete data set for Cambodia, including data for the benchmark comparisons, and technical notes for every indicator.⁵⁰

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.

When Level I indicators suggest weak performance, we review a limited set of *diagnostic supporting indicators*. These Level II indicators provide additional details, or shed light on *why* the primary indicators may be weak. For example, if economic growth is poor, one can examine data on investment and productivity as diagnostic indicators. If a country performs poorly on educational achievement, as measured by the youth literacy rate, one can examine determinants such as expenditure on primary education, and the pupil–teacher ratio.⁵¹

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

⁵⁰ The Data Supplement is available at <http://www.nathaninc.com/projects/projectdetails.asp?pid=138&pfid=0&repid=4&rid=9>.

⁵¹ Deeper analysis of the topic using more detailed data (Level III) is beyond the scope of this series.

two indicators provide similar information, preference is given to one that is simplest to understand or most widely used. For example, both the Gini coefficient and the share of income accruing to the poorest 20 percent of households can be used to gauge income inequality. We use the income share because it is simpler and more sensitive to changes.

BENCHMARKING METHODOLOGY

Comparative benchmarking is the main tool used to evaluate each indicator. The analysis draws on several criteria rather than a single mechanical rule. The starting point is a comparison of performance in Cambodia relative to the average for countries in the same income group and region—in this case, low-income countries in Asia.⁵² For added perspective, three other comparisons are examined: (1) the global average for this income group; (2) respective values for two comparator countries approved by the Cambodia mission (in this case Thailand and Vietnam); 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 when this information sheds light on the performance assessment.⁵³

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.⁵⁴ This approach has three advantages. First, the benchmark is customized to Cambodia’s specific level of income. Second, the comparison does not depend on the exact choice of reference group. Third, the methodology allows the quantification of the margin of error and establishment of a “normal band” for a country with Cambodia’s characteristics. An observed value falling outside this band on the side of poor performance signals a serious problem.⁵⁵

Finally, when relevant, the three countries’ performances are weighed against absolute standards. For example, gross international reserves equivalent to less than three months of imports signal an urgent need for a balance-of-payments adjustment through macroeconomic policies or a devaluation of the exchange rate.

⁵² 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.

⁵³ 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.

⁵⁴ This is a cross-sectional OLS regression using data for all developing countries. For any indicator, Y , the regression equation takes the form: Y (or $\ln Y$, as relevant) = $a + b * \ln \text{PCI} + c * \text{Region} + \text{error}$ – where PCI is per capita income in PPP\$, and Region is a set of 0-1 dummy variables indicating the region in which each country is located. When estimates are obtained for the parameters a , b , and c , the predicted value for Cambodia is computed by plugging in Cambodia-specific values for PCI and Region. Where applicable, the regression also controls for population size and petroleum exports (as a percentage of GDP).

⁵⁵ This report uses a margin of error of 0.66 times the standard error of estimate (adjusted for heteroskedasticity, where appropriate). With this value, 25 percent of the observations should fall outside the normal range on the side of poor performance (and 25 percent on the side of good performance). Some regressions produce a very large standard error, giving a “normal band” that is too wide to provide a discerning test of good or bad performance.

STANDARD CAS INDICATORS

Indicator	Level	MDG, MCA, or EcGov ^a
Statistical Capacity Indicator	I	EcGov
Growth Performance		
Per capita GDP, in purchasing power parity dollars	I	
Per capita GDP, in current U.S. dollars	I	
Real GDP Growth	I	
Growth of labor productivity	II	
Investment productivity, incremental capital-output ratio (ICOR)	II	
Gross fixed investment, percent of GDP	II	
Gross fixed private investment, percent of GDP	II	
Poverty and Inequality		
Human poverty index (0 for excellent to 100 for poor)	I	
Income share of poorest 20 percent	I	
Population living on less than \$1 PPP per day/ \$2 PPP per day ⁵⁶	I	MDG
Poverty headcount, by national poverty line	I	MDG
PRSP status	I	EcGov
Population below minimum dietary energy consumption	II	MDG
Economic Structure		
Employment or labor force structure	I	
Output structure	I	
Demography and Environment		
Adult literacy rate	I	
Youth dependency rate or elderly dependency rate ⁵⁷	I	
Environmental performance index (0 for poor to 100 for excellent)	I	
Population size and growth	I	
Urbanization rate	I	
Gender		
Girls primary completion rate	I	MCA
Gross enrollment rate, all levels, male, female	I	MDG
Life expectancy at birth, male, female	I	
Labor force participation rate, male, female	I	
Fiscal and Monetary Policy		
Government expenditure, percent of GDP	I	EcGov
Government revenue, excluding grants, percent of GDP	I	EcGov

⁵⁶ \$1 PPP for lower income countries and \$2 PPP for lower middle income countries

⁵⁷ Elderly dependency rate for Eastern Europe and Former Soviet Union countries and youth dependency rate for all others

Indicator	Level	MDG, MCA, or EcGov ^a
Growth in the broad money supply	I	EcGov
Inflation rate	I	MCA
Overall government budget balance, including grants, percent of GDP	I	MCA, EcGov
Composition of government expenditure	II	
Composition of government revenue	II	
Composition of money supply growth	II	
Business Environment		
Control of Corruption Index (-2.5 for poor to 2.5 for excellent)	I	EcGov
Ease of doing business ranking	I	EcGov
Rule of law index (-2.5 for poor to 2.5 for excellent)	I	MCA, EcGov
Regulatory quality index (-2.5 for poor to 2.5 for excellent)	I	MCA, EcGov
Government effectiveness index (-2.5 for poor to 2.5 for excellent)	I	MCA, EcGov
Cost of starting a business	II	MCA, EcGov
Procedures to enforce a contract	II	EcGov
Procedures to register property	II	EcGov
Procedures to start a business	II	EcGov
Time to enforce a contract	II	EcGov
Time to register property	II	EcGov
Time to start a business	II	MCA, EcGov
Total tax payable by business	II	EcGov
Business costs of crime, violence, terrorism index (1 for poor to 7 for excellent)	II	
Senior manager time spent dealing with government regulations	II	EcGov
Financial Sector		
Domestic credit to private sector, percent of GDP	I	
Interest rate spread	I	
Money supply, percent of GDP	I	
Stock market capitalization rate, percent of GDP	I	
Credit information index (0 for poor to 6 for excellent)	I	
Legal rights of borrowers and lenders index (0 for poor to 10 for excellent)	II	
Real interest rate	II	
Number of active microfinance borrowers	II	
External Sector		
Aid, percent of GNI	I	
Current account balance, percent of GDP	I	
Debt service ratio, percent of exports	I	MDG
Export growth of goods and services	I	
Foreign direct investment, percent of GDP	I	

Indicator	Level	MDG, MCA, or EcGov ^a
Gross international reserves, months of imports	I	EcGov
Gross private capital inflows, percent of GDP	I	
Present value of debt, percent of GNI	I	
Remittance receipts, percent of exports	I	
Trade, percent of GDP	I	
Trade in services, percent of GDP	I	
Concentration of exports	II	
Inward FDI potential index	II	
Net barter terms of trade	II	
Real effective exchange rate	II	EcGov
Structure of merchandise exports	II	
Trade policy index (0 for poor to 100 for excellent)	II	MCA, EcGov
Ease of trading across borders ranking	II	EcGov
Economic Infrastructure		
Internet users per 1,000 people	I	MDG
Overall infrastructure quality index (1 for poor to 7 for excellent)	I	EcGov
Telephone density, fixed line and mobile	I	MDG
Quality of infrastructure—railroads, ports, air transport, and electricity	II	
Roads paved, percent of total roads	II	
Science and Technology		
Expenditure for R&D, percent of GDP	I	
FDI and technology transfer index (1 for poor to 7 for excellent)	I	
Availability of scientists and engineers index (1 for poor to 7 for excellent)	I	
Science and technology journal articles per million people	I	
IPR protection index (1 for poor to 7 for excellent)	I	
Health		
HIV prevalence	I	
Life expectancy at birth	I	
Maternal mortality rate	I	MDG
Access to improved sanitation	II	MDG
Access to improved water source	II	MDG
Births attended by skilled health personnel	II	MDG
Child immunization rate	II	MCA
Prevalence of child malnutrition (weight for age)	II	
Public health expenditure, percent of GDP	II	MCA, EcGov
Education		
Net primary enrollment rate – female, male, total	I	MDG
Persistence in school to grade 5	I	MDG

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

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

^b MDG—Millennium Development Goal indicator

MCA—Millennium Challenge Account indicator

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

Appendix B. Data Set and Technical Notes

Indicator Number	Growth Performance							
	Statistical Capacity Indicator	Per capita GDP, in Purchasing Power Parity Dollars	Per capita GDP, in current U.S. Dollars	Real GDP Growth	Growth of Labor Productivity	Investment Productivity, Incremental Capital Output Ratio (ICOR)	Gross Fixed Investment, % of GDP	Gross Fixed Private Investment, % of GDP
	11P0	11P1	11P2	11P3	11S1	11S2	11S3	11S4
<i>Cambodia Data</i>								
<i>Latest Year (T)</i>	2006	2006	2006	2006	2005	2005	2006	2006
Value Year T	65	3,170	503	10.8	10.2	1.9	23.3	21.6
Value Year T-1	63	2,983	450	13.4	6.8	2.2	21.4	20.7
Value Year T-2	58	2,597	389	10.0	5.3	2.0	18.6	19.4
Value Year T-3	.	2,336	342	8.6	2.7	2.0	22.6	19.2
Value Year T-4	.	2,143	325	6.2	3.8	1.9	20.2	19.4
Average Value, 5 year	.	2,646	402	9.5	5.8	2.0	21.2	20.1
Growth Trend	.	10.3	11.5	15.5	29.0	0.5	2.3	2.9
<i>Benchmark Data</i>								
Regression Benchmark	.	.	.	5.7	.	.	.	.
Lower Bound	.	.	.	3.3	.	.	.	.
Upper Bound	.	.	.	8.0	.	.	.	.
<i>Latest Year Thailand</i>	2006	2006	2006	2006	2005	2005	2005	2001
Thailand Value Latest Year	80	9,084	3,136	5.0	3.4	5.0	29.0	18.6
<i>Latest Year Vietnam</i>	2006	2006	2006	2006	2005	2005	2005	2002
Vietnam Value Latest Year	75	3,367	723	8.2	5.9	4.3	33.1	22.2
LI-Asia Median	63	2,309	630	7.3	3.3	4.3	28.8	.
LI Median	56	1,672	457	5.8	1.9	4.3	20.3	.
Low Five Avg.	23	709	153	-5.4	-8.7	-86.2	8.2	4.4
High Five Avg.	91	43,504	53,335	15.9	11.5	54.5	44.7	30.5

Poverty and Inequality							
Indicator Number	Human Poverty Index (0 for excellent to 100 for poor)	Income Share, Poorest 20%	Percentage of Population Living on Less Than \$1 PPP per Day	Percentage of Population Living on Less Than \$2 PPP per Day	Poverty Headcount, National Poverty Line	PRSP Status	Population % Below Minimum Dietary Energy Consumption
	12P1	12P2	12P3a	12P3b	12P4	12P5	12S1
Cambodia Data							
Latest Year (T)	2004	2004	2005	2005	2004	.	2002
Value Year T	39.3	6.8	27.2	54.2	35.0	yes	33.0
Value Year T-1	41.3	.	.	.	.	.	.
Value Year T-2	42.6	.	.	.	.	.	.
Value Year T-3	42.8	.	.	.	.	.	.
Value Year T-4	.	.	.	.	.	.	.
Average Value, 5 year	.	.	.	.	.	.	.
Growth Trend	.	.	.	.	.	.	.
Benchmark Data							
Regression Benchmark	27.8	7.5	19.2	61.4	36.3	.	.
Lower Bound	22.3	6.6	11.9	53.1	28.2	.	.
Upper Bound	33.4	8.4	26.4	69.8	44.5	.	.
Latest Year Thailand	2004	2002	2002	2002	.	.	2002
Thailand Value Latest Year	9.3	6.3	2.0	25.2	.	.	21.0
Latest Year Vietnam	2004	2004	.	.	2002	.	2002
Vietnam Value Latest Year	15.7	9.0	.	.	28.9	.	17.0
LI-Asia Median	36.3	.	.	.	.	.	20.0
LI Median	40.6	.	.	.	.	.	28.0
Low Five Avg.	4.0	3.1	2.0	4.7	22.3	-	2.5
High Five Avg.	57.6	8.7	33.7	69.8	51.2	-	67.0

Economic Structure						
	Labor Force Structure (Employment in agriculture, % total)	Labor Force Structure (Employment in industry, % total)	Labor Force Structure (Employment in services, % total)	Output structure (Agriculture, value added, % GDP)	Output structure (Industry, value added, % GDP)	Output structure (Services, etc., value added, % GDP)
Indicator Number	13P1a	13P1b	13P1c	13P2a	13P2b	13P2c
Cambodia Data						
<i>Latest Year (T)</i>	2004	2004	2004	2005	2005	2005
Value Year T	60.3	12.5	27.0	34.2	26.7	39.1
Value Year T-1	.	.	.	32.7	27.7	39.6
Value Year T-2	.	.	.	34.3	26.9	38.8
Value Year T-3	70.2	10.5	18.7	34.0	25.8	40.2
Value Year T-4	73.7	8.4	17.1	36.7	23.6	39.7
Average Value, 5 year	.	.	.	34.4	26.1	39.5
Growth Trend	.	.	.	-1.8	3.2	-0.5
Benchmark Data						
Regression Benchmark	55.8	12.9	30.3	26.0	28.6	47.6
Lower Bound	49.2	9.7	25.2	20.2	23.1	41.5
Upper Bound	62.4	16.2	35.5	31.9	34.1	53.8
<i>Latest Year Thailand</i>	2005	2005	2005	2005	2005	2005
Thailand Value Latest Year	42.6	20.2	37.1	9.9	44.1	46.0
<i>Latest Year Vietnam</i>	2004	2004	2004	2005	2005	2005
Vietnam Value Latest Year	57.9	17.4	24.7	20.9	41.0	38.1
LI-Asia Median	.	.	.	27.7	23.7	39.6
LI Median	.	.	.	34.9	21.1	43.2
Low Five Avg.	0.4	11.1	30.5	2.2	11.6	19.7
High Five Avg.	54.7	38.6	79.7	63.6	67.6	80.6

Demography and Environment							
	Adult Literacy Rate	Youth Dependency Rate	Elderly Dependency Rate	Environmental Performance Index (1 to 100)	Population Size (Millions)	Population Growth, Annual %	Urbanization Rate
Indicator Number	14P1	14P2a	14P2b	14P3	14P4a	14P4b	14P5
<i>Cambodia Data</i>							
<i>Latest Year (T)</i>	2006	2004	2005	2006	2005	2005	2005
Value Year T	73.61	63.9	5.7	49.7	14.1	2.0	19.7
Value Year T-1	.	65.5	5.7	.	13.8	2.0	19.1
Value Year T-2	74.00	67.4	5.7	.	13.5	2.0	18.6
Value Year T-3	.	69.8	5.7	.	13.3	2.0	18.0
Value Year T-4	.	72.6	5.7	.	13.0	2.0	17.5
Average Value, 5 year	.	67.8	5.7	.	13.5	2.0	18.6
Growth Trend	.	-3.2	0.0	.	2.0		3.0
<i>Benchmark Data</i>							
Regression Benchmark	74.5	65.0	6.0	55.1	.	.	31.2
Lower Bound	65.2	58.4	4.0	50.0	.	.	21.2
Upper Bound	83.8	71.6	8.0	60.3	.	.	41.1
<i>Latest Year Thailand</i>	2006	2004	2005	2006	2006	2005	2005
Thailand Value Latest Year	92.65	35.0	10.2	66.8	66.4	0.8	32.3
<i>Latest Year Vietnam</i>	2006	2004	2005	2006	2005	2005	2005
Vietnam Value Latest Year	90.28	47.2	8.4	54.3	83.1	1.2	26.4
LI-Asia Median	61.01	65.8	6.5	51.3	18.3	2.0	25.1
LI Median	59.50	79.4	6.0	51.0	11.7	2.2	30.6
Low Five Avg.	24.66	16.6	1.8	31.8	0.0	-0.7	10.4
High Five Avg.	99.68	99.4	27.5	86.9	611.1	5.5	100.0

Gender							
	Girls' Primary Completion Rate	Gross Enrollment Rate, All Levels of Education, Male	Gross Enrollment Rate, All Levels of Education, Female	Life Expectancy, Male	Life Expectancy, Female	Labor Force Participation Rate, Male	Labor Force Participation Rate, Female
Indicator Number	15P1	15P2a	15P2b	15P3a	15P3b	15P4a	15P4b
<i>Cambodia Data</i>							
<i>Latest Year (T)</i>	2005	2005	2005	2005	2005	2005	2005
Value Year T	90.4	64.0	56.0	54	61	82.0	80.9
Value Year T-1	77.80	65.0	55.0	53	60	81.6	81.0
Value Year T-2	65.02	65.0	55.0	.	.	81.1	80.8
Value Year T-3	56.91	65.0	54.0	52	60	81.3	81.0
Value Year T-4	46.18	59.0	48.0	.	.	81.3	81.4
Average Value, 5 year	67.26	63.6	53.6	.	.	81.5	81.0
Growth Trend	16.55	1.6	3.3	.	.	0.2	-0.1
<i>Benchmark Data</i>							
Regression Benchmark	83.9	61.3	58.1	63	66	85.0	58.7
Lower Bound	74.5	55.2	51.0	59	62	81.4	50.4
Upper Bound	93.3	67.5	65.1	66	70	88.6	67.0
<i>Latest Year Thailand</i>	2003	2004	2004	2004	2004	2005	2005
Thailand Value Latest Year	81.27	73.0	74.0	67	74	88.2	73.0
<i>Latest Year Vietnam</i>	2003	2004	2004	2004	2004	2005	2005
Vietnam Value Latest Year	97.6	65.0	61.0	69	73	84.2	78.8
LI-Asia Median	76.0	63.3	55.3	62	64	85.4	56.8
LI Median	52.5	52.5	46.5	54	56	88.6	61.9
Low Five Avg.	22.2	28.2	21.8	35	35	67.6	19.2
High Five Avg.	117.0	101.2	106.8	79	84	98.6	92.2

Fiscal and Monetary Policy										
Indicator Number	Government Expenditure, % of GDP	Government Revenue, % of GDP	Growth in the Money Supply	Inflation Rate	Overall Budget Balance, Including Grants, % of GDP	Composition of Government Expenditure (Wages and salaries)	Composition of Government Expenditure (Goods and services)	Composition of Government Expenditure (Interest payments)	Composition of Government Expenditure (Subsidies and other current transfers)	Composition of Government Expenditure (Other expenditure)
	21P1	21P2	21P3	21P4	21P5	21S1a	21S1b	21S1c	21S1d	21S1e
<i>Cambodia Data</i>										
<i>Latest Year (T)</i>	2005	2005	2006	2006	2005	2005	.	2005	2005	2005
Value Year T	7.7	9.8	38.2	4.8	0.0	3.3	.	0.2	0.5	4.1
Value Year T-1	8.3	10.0	16.1	5.8	-2.2	3.5	.	0.2	0.5	4.6
Value Year T-2	9.4	9.5	30.4	3.9	-4.5	.	.	.	.	.
Value Year T-3	9.4	10.3	15.0	1.2	-3.4	.	.	.	.	.
Value Year T-4	.	.	31.1	3.3	.	.	.	.	.	.
Average Value, 5 year	.	.	26.2	3.8	.	.	.	.	.	.
Growth Trend	.	.	4.8	.	.	.	.	.	.	.
<i>Benchmark Data</i>										
Regression Benchmark	29.0	16.4	17.0	7.5	-2.2	.	.	.	.	.
Lower Bound	21.7	11.4	10.5	4.8	-4.5	.	.	.	.	.
Upper Bound	36.4	21.5	23.4	10.3	0.1	.	.	.	.	.
<i>Latest Year Thailand</i>	2005	2005	2005	2006	2005	2001	2001	2001	2001	2001
Thailand Value Latest Year	24.4	21.0	5.9	4.6	-3.1	29.8	54.8	6.3	16.7	22.2
<i>Latest Year Vietnam</i>	.	.	2005	2006	.	.	.	2001	.	2002
Vietnam Value Latest Year	.	.	30.9	7.5	.	.	.	3.6	.	34.6
LI-Asia Median	15.9	11.9	22.2	6.7	-2.3	.	.	9.3	.	18.4
LI Median	.	13.4	18.1	7.9	.	.	.	.	.	.
Low Five Avg.	10.6	8.9	5.2	-1.2	-11.4	3.2	4.6	0.6	16.2	.
High Five Avg.	48.8	50.6	107.2	89.7	6.8	69.2	48.8	35.6	71.2	.

Fiscal and Monetary Policy (cont'd)

Indicator Number	21S2a	21S2b	21S2c	21S2d	21S2e	21S2f	21S3a	21S3b	21S3c	21S3d	21S3e
<i>Cambodia Data</i>											
<i>Latest Year (T)</i>	2005	2005	2005	.	2005	2005	2006	2006	.	.	.
Value Year T	7.1	36.9	20.7	.	0.2	35.1	-10.6	24.6	.	.	.
Value Year T-1	6.3	37.7	25.5	.	0.2	30.3	-4.9	13.3	.	.	.
Value Year T-2	7.1	32.5	25.5	.	0.8	34.2	-2.4	14.5	.	.	.
Value Year T-3	5.7	29.7	22.4	.	0.2	42.1	.	.	.	.	.
Value Year T-4	.	.	.	.	.	.	.	.	.	.	.
Average Value, 5 year	.	.	.	.	.	.	.	.	.	.	.
Growth Trend	.	.	.	.	.	.	.	.	.	.	.
<i>Benchmark Data</i>											
Regression Benchmark	.	.	.	.	.	.	.	.	.	.	.
Lower Bound	.	.	.	.	.	.	.	.	.	.	.
Upper Bound	.	.	.	.	.	.	.	.	.	.	.
<i>Latest Year Thailand</i>	2005	2005	2005	2005	2005	2005	.	.	.	.	.
Thailand Value Latest Year	33.0	40.0	7.5	4.8	1.2	13.5	.	.	.	.	.
<i>Latest Year Vietnam</i>	.	.	.	.	.	.	.	.	.	.	.
Vietnam Value Latest Year	.	.	.	.	.	.	.	.	.	.	.
LI-Asia Median	15.8	29.3	15.7	.	1.2	31.4	.	.	.	.	.
LI Median	.	.	.	.	.	.	.	.	.	.	.
Low Five Avg.	1.7	3.1	-1.7	0.4	.	3.0	.	.	.	.	.
High Five Avg.	53.8	64.6	44.9	45.3	19.8	78.7	.	.	.	.	.

Business Environment									
Indicator Number	Control of Corruption Index (-2.5 for poor to +2.5 for excellent)	Ease of Doing Business Ranking (1 to 178)	Rule of Law Index (-2.5 for poor to 2.5 for excellent)	Regulatory Quality Index (-2.5 for poor to 2.5 for excellent)	Government Effectiveness Index (0 for poor to 1 for excellent)	Cost of Starting a Business % GNI per Capita	Procedures to Enforce a Contract	Procedures to Register Property	Procedures to Start a Business
	22P1	22P2	22P3	22P4	22P5	22S1	22S2	22S3	22S4
Cambodia Data									
<i>Latest Year (T)</i>	2006	2007	2006	2006	2006	2007	2007	2007	2007
Value Year T	-1.2	145	-1.1	-0.6	-1.0	190.3	44	7	10
Value Year T-1	-1.1	146	-1.1	-0.5	-0.9	236.4	44	7	10
Value Year T-2	-1.0	.	-1.2	-0.4	-0.8	276.1	44	7	10
Value Year T-3	-0.9	.	-1.2	-0.3	-0.8	.	.	.	.
Value Year T-4	-1.0	.	-1.1	-0.3	-0.7	.	.	.	.
Average Value, 5 year	-1.0	.	-1.1	-0.4	-0.9	.	.	.	.
Growth Trend	-1.0	.	0.1	-18.5	-8.3	.	.	.	.
Benchmark Data									
Regression Benchmark	-0.8	106	-0.5	-0.6	-0.6	.	.	.	.
Lower Bound	-1.0	85	-0.8	-0.9	-0.8	.	.	.	.
Upper Bound	-0.5	127	-0.2	-0.3	-0.3	.	.	.	.
<i>Latest Year Thailand</i>	2006	2007	2006	2006	2006	2007	2007	2007	2007
Thailand Value Latest Year	-0.3	15	0.0	0	0	5.6	35	2	8
<i>Latest Year Vietnam</i>	2006	2007	2006	2006	2006	2007	2007	2007	2007
Vietnam Value Latest Year	-0.7	91	-0.4	0	0	20.0	34	4	11
LI-Asia Median	-1.0	108	-0.9	-1	-1	51.5	43	6	8
LI Median	-0.9	146	-0.9	-1	-1	100.0	41	6	10
Low Five Avg.	-1.6	-	-1.8	-2	-2	0.5	23	2	2
High Five Avg.	2.4	-	2.0	2	2	574.0	54	14	18

Business Environment (cont'd)						
Indicator Number	Time to Enforce a Contract	Time to Register Property	Time to Start a Business	Total Tax Payable by Business, % operating profit	Business Costs of Crime, Violence and Terrorism (1 for poor to 7 for excellent)	Senior Manager Time Spent Dealing with Government Regulations (%)
	22S5	22S6	22S7	22S8	22S9	22S10
<i>Cambodia Data</i>						
Latest Year (T)	2007	2007	2007	2007	2006	2003
Value Year T	401	56	86	22.6	3.3	8.6
Value Year T-1	401	56	86	22.6	.	.
Value Year T-2	401	56	86	22.6	.	.
Value Year T-3	.	.	.	.	.	.
Value Year T-4	.	.	.	.	.	.
Average Value, 5 year	.	.	.	.	.	.
Growth Trend	.	.	.	.	.	.
<i>Benchmark Data</i>						
Regression Benchmark	.	.	.	.	.	.
Lower Bound	.	.	.	.	.	.
Upper Bound	.	.	.	.	.	.
Latest Year Thailand	2007	2007	2007	2007	2006	2004
Thailand Value Latest Year	479	2	33	37.7	5.0	1.3
Latest Year Vietnam	2007	2007	2007	2007	2006	2005
Vietnam Value Latest Year	295	67	50	41.1	4.6	5.8
LI-Asia Median	591	70	56	38.4	3.6	.
LI Median	530	78	43	44.0	3.5	.
Low Five Avg.	183	2	4	12.2	1.9	1.5
High Five Avg.	1,612	486	288	251.2	6.6	17.4

Financial Sector							
Indicator Number	Domestic Credit to Private Sector, % GDP	Interest Rate Spread	Money Supply (M2), % GDP	Stock Market Capitalization Rate, % GDP	Credit Information Index (0 for poor to 6 for excellent)	Legal Rights of Borrowers and Lenders (0 for poor to 10 for excellent)	Real Interest Rate
	23P1	23P2	23P3	23P4	23P5	23S1	23S2
<i>Cambodia Data</i>							
<i>Latest Year (T)</i>	2005	2005	2005	.	2007	2007	2005
Value Year T	9.4	15.4	17.7	.	0.0	0.0	11.0
Value Year T-1	9.4	15.8	18.0	.	0.0	0.0	11.6
Value Year T-2	7.6	16.5	17.1	.	0.0	0.0	18.2
Value Year T-3	6.5	13.7	15.2	.	.	.	14.7
Value Year T-4	6.3	12.1	13.0	.	.	.	13.4
Average Value, 5 year	7.8	14.7	16.2	.	.	.	13.8
Growth Trend	11.5	6.2	7.9	.	.	.	-6.4
<i>Benchmark Data</i>							
Regression Benchmark	34.2	9.7	44.8	27.8	1.3	.	.
Lower Bound	20.4	6.7	30.7	-0.8	0.0	.	.
Upper Bound	48.1	12.7	59.0	56.4	2.5	.	.
<i>Latest Year Thailand</i>	2005	2005	2005	2005	2007	2007	2005
Thailand Value Latest Year	93.1	3.9	104.7	69.9	5.0	5.0	1.2
<i>Latest Year Vietnam</i>	2005	2005	2005	.	2007	2007	2005
Vietnam Value Latest Year	66.0	3.9	68.3	.	3.0	6.0	2.4
LI-Asia Median	18.8	10.0	39.6	.	0.0	4.0	6.3
LI Median	12.3	13.6	25.1	.	0.0	4.0	11.5
Low Five Avg.	2.3	1.5	8.7	1.1	0.0	0.6	-11.9
High Five Avg.	175.6	56.8	185.7	246.3	6.0	9.4	29.4

External Sector											
	Aid, % of GNI	Current Account Balance, % GDP	Debt Service ratio, % Exports	Exports Growth, Goods and Services	Foreign Direct Investment, % GDP	Gross International Reserves, Months of Imports	Gross Private Capital Inflows, % GDP	Present Value of Debt, % GNI	Remittance Receipts, % Exports	Trade, % GDP	Trade in Services, % GDP
Indicator Number	24P1	24P2	24P3	24P4	24P5	24P6	24P7	24P8	24P9	24P10	24P11
<i>Cambodia Data</i>											
<i>Latest Year (T)</i>	2005	2005	2005	2005	2005	2005	2005	2005	2005	2005	2005
Value Year T	9.1	-5.7	0.5	16.7	6.1	2.8	19.7	57.9	4.0	139.0	28.1
Value Year T-1	9.6	-3.5	0.5	28.4	2.5	3.3	17.5	67.6	4.2	136.4	25.0
Value Year T-2	11.7	-5.2	0.4	11.5	1.8	3.5	21.5	.	4.7	125.0	21.3
Value Year T-3	11.8	-2.5	0.3	13.1	3.4	3.7	19.7	.	5.1	119.4	22.9
Value Year T-4	10.9	-2.3	0.3	16.7	3.8	3.2	18.5	.	5.2	114.1	22.0
Average Value, 5 year	10.6	-3.8	0.4	17.3	3.5	3.3	19.4	.	4.7	126.8	23.9
Growth Trend	-5.65	.	17.4	7.8	6.6	-3.2	0.1	.	-7.3	5.3	5.7
<i>Benchmark Data</i>											
Regression Benchmark	11.2	-0.5	8.7	12.7	1.4	3.8	.	62.7	17.4	98.5	28.4
Lower Bound	6.4	-5.4	3.8	6.3	-0.9	2.4	.	41.4	8.7	75.9	17.8
Upper Bound	16.0	4.5	13.6	19.0	3.7	5.2	.	84.1	26.0	121.1	39.1
<i>Latest Year Thailand</i>	2005	2005	2005	2005	2005	2005	2005	2005	2003	2005	2005
Thailand Value Latest Year	-0.1	-2.1	2.4	4.35	2.6	4.5	9.4	32.4	40.6	148.8	27.3
<i>Latest Year Vietnam</i>	2005	2005	2005	2005	2005	2005	.	2005	.	2005	2005
Vietnam Value Latest Year	3.72	0.4	2.1	16.5	3.7	2.7	.	38.0	.	145.5	18.0
LI-Asia Median	10.1	-0.1	8.2	8.2	0.9	2.8	0.9	50.3	20.2	75.1	16.5
LI Median	12.5	-4.1	7.4	6.5	1.5	3.1	1.9	38.0	7.5	66.5	14.0
Low Five Avg.	-0.2	-20.5	0.6	-15.5	-0.7	0.4	-2.1	10.9	0.0	26.3	5.0
High Five Avg.	51.9	21.0	56.8	49.0	90.7	16.4	178.6	352.4	83.1	242.3	92.1

External Sector (Cont'd)

Indicator Number	24S1	24S2	24S3	24S4	24S5a	24S5b	24S5c	24S5d	24S5e	24S6	24S7
<i>Cambodia Data</i>											
<i>Latest Year (T)</i>	.	.	.	2005	2004	2004	2004	2004	2004	2007	2007
Value Year T	.	.	.	88	1.8	0.0	97.1	0.0	1.1	47.2	139.0
Value Year T-1	.	.	.	91	2.1	0.00	97.3	0.0	0.5	68.4	136.0
Value Year T-2	.	.	.	95	2.1	0.00	97.0	0.0	0.8	67.0	.
Value Year T-3	.	.	.	101	2.4	0.00	96.4	0.0	1.2	67.0	.
Value Year T-4	.	.	.	100	2.9	0.00	96.1	0.0	1.0	83.0	.
Average Value, 5 year	.	.	.	95	2.3	0.00	96.8	0.0	0.9	66.5	.
Growth Trend	.	.	.	-3.6	-10.9	-9.29	0.3	30.2	-7.4	-11.1	.
<i>Benchmark Data</i>											
Regression Benchmark	.	.	.	.	.	.	.	.	.	.	.
Lower Bound	.	.	.	.	.	.	.	.	.	.	.
Upper Bound	.	.	.	.	.	.	.	.	.	.	.
<i>Latest Year Thailand</i>	2005	2004	2005	.	2005	2005	2005	2005	2005	2007	2007
Thailand Value Latest Year	0	0	92.8	.	4.5	4.1	76.8	1.2	11.6	69.2	50.0
<i>Latest Year Vietnam</i>	2003	2004	.	.	2003	2003	2003	2003	2003	2007	2007
Vietnam Value Latest Year	0	0	.	.	2.3	20.6	53.1	0.5	22.9	51.0	63.0
LI-Asia Median	.	0	.	.	1.8	1.5	71.9	0.9	13.3	51.5	125.5
LI Median	.	0	96.6	.	4.3	1.7	17.0	3.0	26.1	55.3	147.5
Low Five Avg.	-	0.1	65.7	-	0.0	0.0	3.0	0.0	0.2	40.0	-
High Five Avg.	-	0.5	130.7	-	34.5	92.2	95.2	52.0	87.6	52.0	-

Economic Infrastructure								
Indicator Number	Internet Users per 1,000 people	Overall Infrastructure Quality (1 for poor to 7 for excellent)	Telephone Density, Fixed Line and Mobile per 1,000 people	Quality of Infrastructure - Air Transport Infrastructure Index (1 for poor to 7 for excellent)	Quality of Infrastructure - Port Infrastructure Quality Index (1 for poor to 7 for excellent)	Quality of Infrastructure - Rail Development Index (1 for poor to 7 for excellent)	Quality of Infrastructure - Quality of Electricity Supply Index (1 for poor to 7 for excellent)	Roads, Paved (% total)
	25P1	25P2	25P3	25S1a	25S1b	25S1c	25S1d	25S2
Cambodia Data								
<i>Latest Year (T)</i>	2004	2006	2003	2006	2006	2006	2006	2004
Value Year T	3	3.4	40	3.9	3.3	1.5	2.4	6.3
Value Year T-1	3	.	31	.	.	.	.	.
Value Year T-2	2	.	20	.	.	.	.	.
Value Year T-3	1	.	13	.	.	.	.	.
Value Year T-4	0	.	9	.	.	.	.	.
Average Value, 5 year	2	.	23	.	.	.	.	.
Growth Trend	49	.	38	.	.	.	.	.
Benchmark Data								
Regression Benchmark	15	2.5	107	.	.	.	.	.
Lower Bound	5	2.1	61	.	.	.	.	.
Upper Bound	24	3.0	152	.	.	.	.	.
<i>Latest Year Thailand</i>	2005	2006	2004	2006	2006	2006	2006	2000
Thailand Value Latest Year	110	5.0	537	5.5	4.7	3.6	5.5	98.5
<i>Latest Year Vietnam</i>	2005	2006	2005	2006	2006	2006	2006	.
Vietnam Value Latest Year	129	2.6	306	3.8	2.7	2.2	3.5	.
LI-Asia Median	4	2.5	35	3.6	2.6	2.2	2.7	13.3
LI Median	2	2.3	23	3.2	2.4	1.8	2.7	15.5
Low Five Avg.	1	1.7	9	2.2	1.3	1.1	1.5	6.0
High Five Avg.	667	6.6	1730	6.7	6.6	6.5	6.9	100.0

Science and Technology					
	Expenditure in Research and Development, % GDP	FDI Technology Transfer Index	Availability of Scientists and Engineers (1 for poor to 7 for excellent)	Scientific and Technology Journal Articles, per Million People	IPR Protection (1 for poor to 7 for excellent)
Indicator Number	26P1	26P2	26P3	26P4	26P5
Cambodia Data					
<i>Latest Year (T)</i>	.	2006	2006	.	2006
Value Year T	.	5.0	2.8	.	2.5
Value Year T-1	.	.	.	.	.
Value Year T-2	.	.	.	.	.
Value Year T-3	.	.	.	.	.
Value Year T-4	.	.	.	.	.
Average Value, 5 year	.	.	.	.	.
Growth Trend	.	.	.	.	.
Benchmark Data					
Regression Benchmark	0.3	4.8	3.9	391.0	2.8
Lower Bound	0.1	4.5	3.5	351.4	2.5
Upper Bound	0.5	5.2	4.3	430.6	3.1
<i>Latest Year Thailand</i>	2003	2006	2006	2003	2006
Thailand Value Latest Year	0.3	5.3	4.7	1,072.0	4.2
<i>Latest Year Vietnam</i>	2002	2006	2006	2003	2006
Vietnam Value Latest Year	0.2	5.2	4.5	216.0	2.7
LI-Asia Median	.	4.8	4.2	9.0	2.5
LI Median	.	4.8	3.9	11.0	2.7
Low Five Avg.	0.1	3.7	2.6	6.0	1.9
High Five Avg.	3.7	6.1	6.2	17,149.0	6.4

Health									
	HIV Prevalence	Life Expectancy at Birth	Maternal Mortality Rate, per 100,000 Live Births	Access to Improved Sanitation	Access to Improved Water Source	Births Attended by Skilled Health Personnel	Child Immunization Rate	Prevalence of Child Malnutrition, Weight for Age	Public Health Expenditure, % GDP
Indicator Number	31P1	31P2	31P3	31S1	31S2	31S3	31S4	31S5	31S6
<i>Cambodia Data</i>									
Latest Year (T)	2005	2005	2000	2004	2004	2005	2005	2005	2004
Value Year T	1.6	57.0	450	17.00	41.0	43.8	80.5	36.0	1.7
Value Year T-1	.	56.0	.	.	.	.	82.5	.	1.8
Value Year T-2	2.6	.	.	.	.	.	67.0	.	2.0
Value Year T-3	.	55.8	.	.	.	.	53.0	.	1.8
Value Year T-4	2.7	.	.	.	.	.	59.5	.	1.3
Average Value, 5 year	.	.	.	.	.	.	68.5	.	1.7
Growth Trend	.	.	.	.	.	.	10.5	.	6.2
<i>Benchmark Data</i>									
Regression Benchmark	-0.6	64.5	402	.	.	.	.	.	.
Lower Bound	-4.3	60.7	235	.	.	.	.	.	.
Upper Bound	3.0	68.3	569	.	.	.	.	.	.
Latest Year Thailand	.	2005	2000	2004	2004	2000	2005	2003	2005
Thailand Value Latest Year	.	70.9	44	99.00	99.0	99.3	97.0	19.0	2.2
Latest Year Vietnam	.	2005	2000	2004	2004	2004	2005	2003	2004
Vietnam Value Latest Year	.	70.7	130	61.00	85.0	90.0	95.0	28.4	1.5
LI-Asia Median	.	63.2	420	39.00	70.0	27.7	75.0	37.9	1.5
LI Median	.	55.0	690	35.50	61.5	43.3	79.5	27.2	2.0
Low Five Avg.	0.1	37.2	3	8.00	26.4	15.0	37.6	5.6	0.7
High Five Avg.	33.4	80.9	1800	100.00	100.0	99.6	99.0	44.0	10.2

Education									
Indicator Number	Net Primary Enrollment Rate, Total	Net Primary Enrollment Rate, Female	Net Primary Enrollment Rate, Male	Persistence to Grade 5, Total	Persistence to Grade 5, Female	Persistence to Grade 5, Male	Youth Literacy Rate, Total	Youth Literacy Rate, Male	Youth Literacy Rate, Female
	32P1a	32P1b	32P1c	32P2a	32P2b	32P2c	32P3a	32P3b	32P3c
<i>Cambodia Data</i>									
<i>Latest Year (T)</i>	2005	2005	2005	2004	2004	2004	2006	2006	2006
Value Year T	89.1	89.5	88.8	63.1	64.8	61.5	83.4	87.9	78.9
Value Year T-1	86.1	84.5	87.7	59.7	61.3	58.2	83.4	87.9	78.9
Value Year T-2	88.6	86.5	90.6	60.9	62.3	59.6	.	.	.
Value Year T-3	76.6	75.5	77.6	70.4	69.6	71.1	.	.	.
Value Year T-4	75.4	73.9	76.9	62.8	62.7	62.9	.	.	.
Average Value, 5 year	83.2	82.0	84.3	63.4	64.1	62.7	.	.	.
Growth Trend	4.5	5.0	4.1	-1.6	-0.6	-2.4	.	.	.
<i>Benchmark Data</i>									
Regression Benchmark	86.8	.	.	73.9	.	.	82.0	.	.
Lower Bound	79.1	.	.	66.4	.	.	73.5	.	.
Upper Bound	94.5	.	.	81.4	.	.	90.5	.	.
<i>Latest Year Thailand</i>	.	.	.	.	.	.	2006	2006	2006
Thailand Value Latest Year	.	.	.	.	.	.	98.0	98.1	97.8
<i>Latest Year Vietnam</i>	2002	.	.	2002	2002	2002	2006	2006	2006
Vietnam Value Latest Year	81.9	.	.	86.8	86.5	87.2	93.9	94.2	93.6
LI-Asia Median	.	.	.	67.8	67.6	67.5	77.4	83.4	71.2
LI Median	29.6	59.0	60.6	69.2	68.8	67.9	70.5	77.4	65.9
Low Five Avg.	40.0	35.3	44.5	48.1	48.9	46.3	32.8	45.9	21.3
High Five Avg.	100.0	100.0	100.0	99.9	100.0	98.9	99.9	99.9	99.9

Education (Cont'd)							
Indicator Number	Net School Enrollment Rate, Total	Gross Tertiary Enrollment Rate, Total	Expenditure on Primary Education, % GDP	Educational Expenditure per Student, % GDP per capita, Primary	Educational Expenditure per Student, % GDP per capita, Secondary	Educational Expenditure per Student, % GDP per capita, Tertiary	Pupil-teacher Ratio, Primary School
	32P4	32P5	32S1	32S2a	32S2b	32S2c	32S3
<i>Cambodia Data</i>							
<i>Latest Year (T)</i>	2005	2005	2007	2004	2001	2004	2005
Value Year T	24.5	3.3	1.3	6.1	6.7	77.5	53.2
Value Year T-1	25.8	2.9	0.2	6.0	.	.	55.1
Value Year T-2	26.5	3.1	0.2	5.6	.	.	56.2
Value Year T-3	21.2	2.6	0.2	7.2	11.4	45.9	56.3
Value Year T-4	16.5	2.3	.	5.9	.	.	52.9
Average Value, 5 year	22.9	2.8	.	6.2	.	.	54.7
Growth Trend	9.9	8.8	.	-1.4	.	.	-0.1
<i>Benchmark Data</i>							
Regression Benchmark	44.0	10.7	.	.	.	.	.
Lower Bound	35.9	3.7	.	.	.	.	.
Upper Bound	52.1	17.7	.	.	.	.	.
<i>Latest Year Thailand</i>	.	2005	2007	2004	2004	2004	2003
Thailand Value Latest Year	.	43.0	1.3	13.9	13.1	23.0	20.7
<i>Latest Year Vietnam</i>	2005	2005	2007	.	.	.	2005
Vietnam Value Latest Year	69.3	16.0	1.5	.	.	.	21.6
LI-Asia Median	36.5	6.3	1.4	7.6	11.9	66.5	37.2
LI Median	19.7	2.6	2.0	.	.	.	41.0
Low Five Avg.	7.8	0.7	0.0	5.9	6.1	11.2	10.0
High Five Avg.	97.8	83.9	6.2	24.3	47.8	470.0	68.3

Employment and Workforce							
Indicator Number	Labor Force Participation Rate, Total	Rigidity of Employment Index (0 for minimum rigidity to 100 for maximum rigidity)	Size of the Labor Force	Growth of the Labor Force, Annual % Change	Unemployment Rate	Economically Active Children, % Children Ages 7-14	Firing Costs, Weeks of Wages
	33P1	33P2	33P3a	33P3b	33P4	33P5	33S1
<i>Cambodia Data</i>							
<i>Latest Year (T)</i>	2005	2007	2005	2005	2004	2001	2007
Value Year T	81.4	45.0	6.8	3.1	0.8	52.3	39.0
Value Year T-1	81.3	49	6.6	3.4	.	.	39.0
Value Year T-2	80.9	49	6.4	2.9	.	.	39.0
Value Year T-3	81.1	.	6.2	3.1	1.8	.	.
Value Year T-4	81.4	.	6.0	3.2	2.5	.	.
Average Value, 5 year	81.2	.	6.4	3.1	.	.	.
Growth Trend	0.0	.	3.1	.	.	.	.
<i>Benchmark Data</i>							
Regression Benchmark	72.0	32	.	3.4	4.4	27.7	.
Lower Bound	67.4	21	.	1.9	1.9	17.1	.
Upper Bound	76.6	43	.	4.8	6.8	38.4	.
<i>Latest Year Thailand</i>	2005	2007	2005	2005	2004	.	2007
Thailand Value Latest Year	80.4	18	35.7	1.3	1.5	.	54.0
<i>Latest Year Vietnam</i>	2005	2007	2005	2005	2004	.	2007
Vietnam Value Latest Year	81.5	27	44.0	2.1	2.1	.	87.0
LI-Asia Median	71.6	31	8.7	2.8	.	.	39.0
LI Median	75.9	38	4.4	2.8	.	33.1	36.0
Low Five Avg.	49.7	0	0.1	-1.8	2.5	4.6	0.0
High Five Avg.	92.3	73	306.8	8.1	28.7	70.2	226.3

Agriculture							
Indicator Number	Agriculture Value Added per Worker 34P1	Cereal Yield 34P2	Growth in Agricultural Value Added 34P3	Agricultural Policy Costs Index (1 for poor to 7 for excellent) 34S1	Crop Production Index (1999-2001 = 100) 34S2	Livestock Production Index (1999-2001 = 100) 34S3	Agricultural Export Growth 34S4
<i>Cambodia Data</i>							
<i>Latest Year (T)</i>	2004	2005	2005	2006	2004	2004	2004
Value Year T	305.1	1,999.1	16.6	4.2	105.7	101.0	9.5
Value Year T-1	309	2,025	1.2	.	115.0	106.7	9.6
Value Year T-2	282	2,161	12.1	.	96.7	102.8	16.0
Value Year T-3	296	1,922	-2.2	.	101.7	104.9	-11.4
Value Year T-4	290	2,093	4.5	.	99.1	102.6	.
Average Value, 5 year	296	2,040	6.5	.	103.6	103.6	.
Growth Trend	1.4	-0.4	.	.	2.5	-0.1	.
<i>Benchmark Data</i>							
Regression Benchmark	524	2,717	3.6	.	.	.	.
Lower Bound	318	2,097	-0.6	.	.	.	.
Upper Bound	730	3,337	7.9	.	.	.	.
<i>Latest Year Thailand</i>	2004	2005	2005	2006	2004	2004	2005
Thailand Value Latest Year	605	2,723	-2.4	4.4	109.5	92.3	8.1
<i>Latest Year Vietnam</i>	2004	2005	2005	2006	2004	2004	2003
Vietnam Value Latest Year	304	4,780	4.9	4.0	122.0	132.6	26.5
LI-Asia Median	318	2,862	3.9	3.7	108.3	112.3	-5.4
LI Median	288	1,326	2.9	3.7	108.4	109.1	3.5
Low Five Avg.	110	369	-17.1	2.5	68.1	86.5	-0.6
High Five Avg.	39,551	7,896	17.9	5.2	135.9	148.4	8.1

Technical Notes

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

STATISTICAL CAPACITY

Statistical Capacity Indicator

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

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

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

CAS Code # 01P1

GROWTH PERFORMANCE

Per capita GDP, in Purchasing Power Parity Dollars

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

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

Coverage: Data are available for about 85 USAID countries.

CAS Code #11P1

Per capita GDP, in current US Dollars

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

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

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

Coverage: Data are available for about 85 USAID countries.

CAS Code #11P2

Real GDP Growth

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

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

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

Coverage: Data are available for about 85 USAID countries.

CAS Code #11P3

Growth of Labor Productivity

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

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

Coverage: Data are available for about 85 USAID countries.

CAS Code # 11S1

Investment Productivity, Incremental Capital-Output Ratio (ICOR)

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

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

Coverage: Data are available for about 81 USAID countries.

CAS Code #11S2

Gross Fixed Investment, Percentage of GDP

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

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

Coverage: Data are available for about 84 USAID countries.

CAS Code # 11S3

Gross Fixed Private Investment, Percentage of GDP

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

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

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

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

CAS Code #11S4

POVERTY AND INEQUALITY

Human Poverty Index

Source: UNDP, Human Development Report.

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

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

Coverage: Data are available for about 60 USAID countries.

CAS Code #12P1

Income Share, Poorest 20%

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

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

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

CAS Code # 12P2

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

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

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

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

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

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

CAS Code #12P3a

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

Source: World Development Indicators, most recent publication series SI.POV.2DAY, original data from national surveys. Alternative source for target countries: the country’s Poverty Reduction Strategy Paper:

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

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

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

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

CAS Code #12P3b

Poverty Headcount, National Poverty Line

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

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

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

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

CAS Code #12P4

PRSP Status

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

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

Coverage: All countries having PRSPs are so indicated.

CAS Code #12P5

Percent of Population below Minimum Dietary Energy Consumption

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

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

Coverage: Data are available for about 82 USAID countries.

CAS Code # 12S1

ECONOMIC STRUCTURE

Employment or Labor Force Structure

Source: World Development Indicators, most recent publication series SL.AGR.EMPL.ZS for agriculture, series SL.IND.EMPL.ZS for industry, and series SL.SRV.EMPL.ZS for services. Alternative source: CIA World Fact Book:

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

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

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

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

CAS Code #13P1

Output Structure

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

Definition: The output structure is composed of value added by major sector of the economy (agriculture, industry, and services) as percentages of GDP, where value added is the net output of a sector after all outputs are added up and

intermediate inputs are subtracted. Value added is calculated without deductions for depreciation of fabricated assets or depletion and degradation of natural resources. Agriculture includes forestry, hunting, and fishing, as well as cultivation of crops and livestock production. Industry includes manufacturing, mining, construction, electricity, water, and gas. Services include wholesale and retail trade (including hotels and restaurants), transport, and government, financial, professional, and personal services such as education, health care, and real estate services.

Coverage: Data are available for about 86 USAID countries.

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

CAS Code #13P2

DEMOGRAPHY AND ENVIRONMENT

Adult Literacy Rate

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

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

Coverage: Data are available for about 66 USAID countries.

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

CAS Code # 14P1

Youth Dependency Rate

Source: World Development Indicators, most recent publication series.

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

Coverage: Data are available for about 89 USAID countries.

CAS Code #14P2a

Elderly Dependency Rate

Source: World Development Indicators, most recent publication series.

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

Coverage: Data are available for about 89 USAID countries.

CAS Code #14P2b

Environmental Performance Index

Source: Center for International Earth Science Information Network (CIESIN) at Columbia University, and the Center

for Environmental Law and Policy at Yale University. <http://www.yale.edu/epi/>.

Definition: The Environmental Performance Index (EPI) is a composite index of national environmental protection, which tracks (1) environmental health, (2) air quality, (3) water resources, (4) biodiversity and habitat, (5) productive natural resources, and (6) sustainable energy. The index is a weighted average of these six policy categories, with more weight given environmental health, (i.e., $EPI = 0.5 \times \text{environmental health} + 0.1 \times (\text{air quality} + \text{water resources} + \text{productive natural resources} + \text{biodiversity and habitat} + \text{sustainable energy})$). The index values range from 0 (very poor performance) to 100 (very good performance). The 2006 edition is considered a work in progress.

Coverage: Data are available for about 80 USAID countries.

CAS Code #14P3

Population Size and Growth

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

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

Coverage: Data are available for about 88 USAID countries.

CAS Code #14P4

Percent of Population Living in Urban Areas

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

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

Coverage: Data are available for about 86 USAID countries.

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

CAS Code #14P5

GENDER

Girls' Primary Completion Rate

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

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

Coverage: Data are available for about 80 USAID countries.

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

CAS Code #15P1

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

Source: UNDP Human Development Report <http://hdr.undp.org/hdr2006/statistics/indicators/225.html> and <http://hdr.undp.org/hdr2006/statistics/indicators/224.html>

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

Coverage: Data are available for about 80 USAID countries.

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

CAS Code #15P2

Life Expectancy, Male and Female

Source: Estimated from UNDP Human Development Indicators:

<http://hdr.undp.org/hdr2006/statistics/indicators/221.html>.

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

Coverage: Data are available for about 85 USAID countries.

CAS Code #15P3

Labor Force Participation Rate, Male and Female

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

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

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

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

Coverage: Data are available for about 88 USAID countries.

CAS Code #15P4

FISCAL AND MONETARY POLICY

In the World Development Indicators for 2005, the World Bank has adopted a new system for government budget statistics, switching from data based on cash outlays and receipts to a system with revenues booked on receipt and expenses booked on accrual, in accordance with the IMF's *Government Financial Statistics Manual, 2001*. On the revenue side, the changes are minor, and comparisons to the old system may still be valid. There is a major change, however, in the reporting of capital outlays, which are now treated as balance sheet entries; only the annual capital consumption allowance (depreciation) is reported as an expense. Hence, the data on total *expense* is not comparable to the former data on total *expenditure*. In addition, WDI 2005 now provides data on the government's cash surplus/deficit; this differs from the previous concept of the overall budget balance by excluding net lending minus repayments (which are now a financing item under net acquisition of financial assets). Many countries do not use the new GFS system, so country coverage of fiscal data in WDI 2005 is limited. For these reasons, the template will continue to use some data from WDI 2004, along with new data from WDI 2005 and subsequent WDI series, as appropriate.

Government Expenditure, Percentage of GDP

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

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

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

CAS Code # 21P1

Government Revenue, excluding grants, Percentage of GDP

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

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

Gaps: Data missing for about 24 USAID countries.

CAS Code # 21P2

Growth in Broad Money Supply

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

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

Coverage: Data are available for about 81 USAID countries.

CAS Code #21P3

Inflation Rate

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

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

Coverage: Data are available for about 85 USAID countries.

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

CAS Code # 21P4

Overall Budget Balance, Including Grants, Percentage of GDP

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

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

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

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

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

CAS Code # 21P5

Composition of Government Expenditure

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

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

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

calendar year, ratios to GDP may be calculated by interpolating budget data from two adjacent fiscal years.

CAS Code # 21S1

Composition of Government Revenue

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

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

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

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

CAS Code # 21S2

Composition of Money Supply Growth

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

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

Coverage: Data are available for about 86 USAID countries.

CAS Code # 21S3

BUSINESS ENVIRONMENT

Control of Corruption Index

Source: World Bank Institute

<http://www.govindicators.org>

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

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

Coverage: Data are available for nearly all USAID countries.

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

CAS Code # 22P1

Ease of Doing Business Index

Source: World Bank, Doing Business Indicators <http://rru.worldbank.org/DoingBusiness/>

Definition: The Ease of Doing Business index ranks economies from 1 to 178. The index is calculated as the ranking on the simple average of country percentile rankings on each of the 10 topics covered in Doing Business in 2007: starting a business, dealing with licenses, hiring and firing, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, and closing a business.

Coverage: Data are available for nearly all USAID countries.

CAS Code # 22P2

Rule of Law Index

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

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

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

Coverage: Data are available for nearly all USAID countries.

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

CAS Code #22P3

Regulatory Quality Index

Source: World Bank Institute;

<http://www.govindicators.org>

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

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

Gaps: Data are available for nearly all USAID countries.

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

country whose score appears to increase may not actually have tangible improvements in their legal environment.

CAS Code #22P4

Government Effectiveness Index

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

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

Coverage: Data are available for nearly all USAID countries.

CAS Code #22P5

Cost of Starting a Business

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

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

Coverage: Data are available for nearly all USAID countries.

CAS Code #22S1

Procedures to Enforce a Contract

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

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

Coverage: Data are available for nearly all USAID countries.

CAS Code # 22S2

Procedures to Register Property

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

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

Coverage: Data are available for nearly all USAID countries.

CAS Code #22S3

Procedures to Start a Business

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

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

Coverage: Data are available for nearly all USAID countries.

CAS Code # 22S4

Time to Enforce a Contract

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

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

Coverage: Data are available for nearly all USAID countries.

CAS Code # 22S5

Time to Register Property

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

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

Coverage: Data are available for nearly all USAID countries.

CAS Code #22S6

Time to Start a Business

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

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

Coverage: Data are available for nearly all USAID countries.

CAS Code #22S7

Total Tax Payable by Business

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

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

Coverage: Data are available for nearly all USAID countries

CAS Code #22S8

Business Costs of Crime, Violence and Terrorism Index

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

Definitions: The index measures executives’ perceptions of the business costs of terrorism in their respective country. Executives grade, on a scale from 1 to 7, whether crime,

violence and terrorism impose (1) significant costs on business, or (7) do not impose significant costs on business.

Coverage: Data are available for about 52 USAID countries.

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

CAS Code #22S9

Senior Manager Time Spent Dealing with Government Regulations

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

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

Coverage: Data available for about 80 USAID countries.

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

CAS Code #22S10

FINANCIAL SECTOR

Domestic Credit to Private Sector, Percentage of GDP

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

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

Coverage: Data are available for about 82 USAID countries.

CAS Code # 23P1

Interest Rate Spread

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

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

Coverage: Data are available for about 66 USAID countries.

CAS Code # 23P2

Money Supply, Percentage of GDP

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

Definition: Money supply (M2), also called broad money, is defined as nonbank private sector's holdings of notes, coins,

and demand deposits, plus savings deposits and foreign currency deposits. Ratio of M2 to GDP is calculated to assess the degree of monetization of an economy.

Coverage: Data are available for about 81 USAID countries.

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

CAS Code # 23P3

Stock Market Capitalization Rate, Percentage of GDP

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

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

Coverage: Data are available for about 54 USAID countries.

CAS Code # 23P4

Credit Information Index

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

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

Coverage: Data are available for nearly all USAID countries.

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

CAS Code # 23P5

Legal Rights of Borrowers and Lenders Index

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

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

Coverage: Data are available for nearly all USAID countries.

CAS Code # 23S1

Real Interest Rate

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

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

Coverage: Data are available for about 68 USAID countries.

CAS Code # 23S2

Number of Active Microfinance Borrowers

Source: The Mix Market.

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

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

Coverage: Data are available for about 68 USAID countries.

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

CAS Code # 23S3

EXTERNAL SECTOR

Aid, Percentage of GNI

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

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

Coverage: Data are available for about 84 USAID countries.

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

CAS Code #24P1

Current Account Balance, Percentage of GDP

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

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

Coverage: Data are available for about 79 USAID countries.

CAS Code # 24P2

Debt Service ratio

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

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

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

Coverage: Data are available for about 77 USAID countries.

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

CAS Code # 24P3

Exports Growth, Goods and Services

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

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

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

Coverage: Data are available for about 81 USAID countries.

CAS Code # 24P4

Foreign Direct Investment, Percentage of GDP

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

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

Coverage: Data are available for about 82 USAID countries.

CAS Code #24P5

Gross International Reserves, Months of Imports

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

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

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

Coverage: Data are available for about 77 USAID countries.

CAS Code # 24P6

Gross Private Capital Inflows, Percentage of GDP

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

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

Coverage: Information on coverage is not easily accessible.

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

CAS Code #24P7

Present Value of Debt, Percentage of GNI

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

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

Coverage: Data are available for about 80 USAID countries.

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

CAS Code # 24P8

Remittances Receipts, Percentage of Exports

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

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

Coverage: Data are available for about 74 USAID countries.

CAS Code # 24P9

Trade, Percentage of GDP

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

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

Coverage: Data available for about 84 USAID countries.

CAS Code # 24P10

Trade in Services, Percentage of GDP

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

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

Coverage: Data available for about 80 USAID countries.

CAS Code # 24P11

Concentration of Exports

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

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

Coverage: Available for about 74 USAID countries.

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

CAS Code # 24S1

Inward FDI Potential Index

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

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

Coverage: Data are available for about 77 USAID countries.

CAS Code # 24S2

Net Barter Terms of Trade

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

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

Coverage: Data are available for about 51 USAID countries.

CAS Code # 24S3

Real Effective Exchange Rate (REER)

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

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

Coverage: Information on coverage is not easily accessible.

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

CAS Code # 24S4

Structure of Merchandise Exports

Source: World Development Indicators, most recent publication. Exports from five categories are used: Food exports series TX.VAL.FOOD.ZS.UN; Agricultural raw

materials exports series TX.VAL.AGRI.ZS.UN; Manufactures exports series TX.VAL.MANF.ZS.UN; Ores and metals exports series TX.VAL.MMTL.ZS.UN; and Fuel exports series TX.VAL.FUEL.ZS.UN.

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

Coverage: Data are available for about 78 USAID countries.

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

CAS Code # 24S5

Trade Policy Index

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

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

Coverage: Data are available for about 83 USAID countries.

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

CAS Code # 24S6

Ease of Trading Across Borders Ranking

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

Definitions: The 178 economies covered by the Doing Business report are ranked on the ease with which one may import into and export out of the economy. The ranking is based on a simple average of the economy's ranking on each of the composite indicators for Trading Across Borders: number of documents to import and export, cost to import and export, and time to import and export.

Coverage: Data are available for nearly all USAID countries.

CAS Code # 24S7

ECONOMIC INFRASTRUCTURE

Internet Users per 1,000 people

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

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

Coverage: Data are available for about 88 USAID countries.

CAS Code # 25P1

Overall Infrastructure Quality Index

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

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

Coverage: Data are available for about 52 USAID countries.

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

CAS Code # 25P2

Telephone Density, Fixed Line and Mobile

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

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

Coverage: Data are available for about 88 USAID countries.

CAS Code #25P3

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

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

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

Coverage: Data are available for about 52 USAID countries.

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

CAS Code #25S1

Roads, paved (% total)

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

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

Coverage: Data are available for nearly all USAID countries.

CAS Code #25S2

SCIENCE AND TECHNOLOGY

Expenditure in Research and Development, Percentage of GDP

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

Definition: Expenditures for research and development are current and capital expenditures (both public and private) on

creative, systematic activity that increases the stock of knowledge. Included are fundamental and applied research and experimental development work leading to new devices, products, or processes.

Coverage: Data are available for about 26 USAID countries.

CAS Code #26P1

FDI Technology Transfer Index

Source: Global Competitiveness Report 2006-2007, World Economic Forum. The indicator can be found in the Data Tables, Section III. Technology: Innovation and Diffusion; 3.04.

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

Coverage: Data are available for about 52 USAID countries.

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

CAS Code # 26P2

Availability of Scientists and Engineers Index

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

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

Coverage: Data are available for about 52 USAID countries.

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

CAS Code #26P3

Science and Technology Journal Articles, per Million People

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

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

Coverage: Data are available for about 82 USAID countries.

CAS Code #26P4

IPR Protection Index

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

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

Coverage: Data are available for about 52 USAID countries.

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

CAS Code #26P5

HEALTH

HIV Prevalence

Source: UNAIDS for most recent country data:

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

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

Coverage: Data are available for about 79 USAID countries.

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

CAS Code # 31P1

Life Expectancy at Birth

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

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

Coverage: Data are available for about 88 USAID countries.

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

CAS Code # 31P2

Maternal Mortality Rate

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

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

Coverage: Data are available for about 87 USAID countries.

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

CAS Code # 31P3

Access to Improved Sanitation

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

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

Coverage: Data are available for about 82 USAID countries.

CAS Code #31S1

Access to Improved Water Source

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

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

Coverage: Data are available for about 83 USAID countries.

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

CAS Code # 31S2

Births Attended by Skilled Health Personnel

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

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

Coverage: Data are available for about 62 USAID countries.

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

CAS Code # 31S3

Child Immunization Rate

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

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

Coverage: Data are available for about 88 USAID countries.

CAS Code #31S4

Prevalence of Child Malnutrition—Weight for Age

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

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

Coverage: Data are available for about 55 USAID countries.

CAS Code # 31S5

Public Health Expenditure, Percentage of GDP

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

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

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

Coverage: Data are available for about 88 USAID countries.

CAS Code #31S6

EDUCATION

Net Primary Enrollment Rate—Female, Male and Total

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

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

Coverage: Data are available for about 80 USAID countries.

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

CAS Code # 32P1

Persistence to Grade 5—Female, Male, and Total

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

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

Coverage: Data are available for about 48 USAID countries.

CAS Code # 32P2

Youth Literacy Rate—Female, Male, and Total

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

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

Coverage: Data are available for about 67 USAID countries.

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

CAS Code #32P3

Net Secondary Enrollment Rate, Total

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

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

Coverage: Not available for draft.

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

CAS Code #32P4

Gross Tertiary Enrollment Rate, Total

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

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

Coverage: Not available for draft.

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

CAS Code #32P5

Expenditure on Primary Education, Percentage of GDP

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

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

Coverage: Data are available for about 58 USAID countries.

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

CAS Code #32S1

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

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

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

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

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

CAS Code # 32S2

Pupil-teacher Ratio, Primary School

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

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

Coverage: Data are available for about 76 USAID countries.

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

CAS Code # 32S3

EMPLOYMENT AND WORKFORCE

Labor Force Participation Rate

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

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

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

Coverage: Data are available for about 88 USAID countries.

CAS Code #33P1

Rigidity of Employment Index

Source: World Bank, Doing Business in 2007, Employing workers category:

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

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

Coverage: Data are available for nearly all USAID countries.

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

CAS Code # 33P2

Size and Growth of the Labor Force

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

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

Coverage: Data are available for about 88 USAID countries.

CAS Code #33P3

Unemployment Rate

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

Definition: The unemployment rate refers to the share of the labor force that is without work but available for and seeking

employment. For this purpose, informal sector workers and own-account workers (including subsistence farmers) are counted as employed.

Coverage: Data are available for about 50 USAID countries.

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

CAS Code # 33P4

Economically Active Children, Percentage Children Ages 7-14

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

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

CAS Code # 33P5

Firing Costs, Weeks of Wages

Source: World Bank, Doing Business, Employing Workers

Category: <http://www.doingbusiness.org/MethodologySurveys/EmployingWorkers.aspx>.

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

Coverage: Data available for nearly all USAID countries.

CAS Code # 33S1

AGRICULTURE

Agriculture Value Added per Worker

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

Definition: Agriculture value added per worker is a basic measure of labor productivity in agriculture. Value added in agriculture measures the output of the agricultural sector (ISIC divisions 1–5)—forestry, hunting, fishing, cultivation of crops, and livestock production—less the value of intermediate inputs. Data are in constant 2000 U.S. dollars.

Coverage: Data are available for about 80 USAID countries.

CAS Code # 34P1

Cereal Yield

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

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

Coverage: Data are available for about 84 USAID countries.

Data Quality: Data on cereal yield may be affected by a variety of reporting and timing differences. The FAO allocates production data to the calendar year in which the bulk of the harvest took place. But most of a crop harvested near the end of a year will be used in the following year.

Cereal crops harvested for hay or harvested green for food, feed, or silage, and those used for grazing, are generally excluded. But millet and sorghum, which are grown as feed for livestock and poultry in Europe and North America, are used as food in Africa, Asia, and countries of the former Soviet Union. So some cereal crops are excluded from the data for some countries and included elsewhere, depending on their use.

CAS Code # 34P2

Growth in Agricultural Value-Added

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

www.imf.org/external/np/sec/aiv/index.htm. The benchmarking data are from World Development Indicators, most recent publication series NV.AGR.TOTL.KD.ZG

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

Coverage: Data are available for about 84 USAID countries.

CAS Code # 34P3

Agricultural Policy Costs Index

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

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

Coverage: Data are available for about 52 USAID countries.

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

CAS Code # 34S1

Crop Production Index

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

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

Coverage: Data are available for about 85 USAID countries.

Data Quality: Regional and income group aggregates for the FAO's production indices are calculated from the underlying values in international dollars, normalized to the base period 1999–2001. The FAO obtains data from official and semiofficial reports of crop yields, area under production, and livestock numbers. If data are not available, the FAO makes estimates. To ease cross-country comparisons, the FAO uses international commodity prices to value production expressed in international dollars (equivalent in purchasing power to the U.S. dollar). This method assigns a single price to each commodity so that, for example, one metric ton of

wheat has the same price regardless of where it was produced. The use of international prices eliminates fluctuations in the value of output due to transitory movements of nominal exchange rates unrelated to the purchasing power of the domestic currency.

Coverage: Data are available for about 85 USAID countries.

CAS Code # 34S2

Livestock Production Index

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

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

Coverage: Data are available for about 85 USAID countries.

Data Quality: See comments on the Crop Production Index.

CAS Code # 34S3

Agriculture Export Growth

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

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

Coverage: Not available for draft.

CAS Code # 34S4